



# What's Behind the Black-White Homeownership Gap in Philadelphia

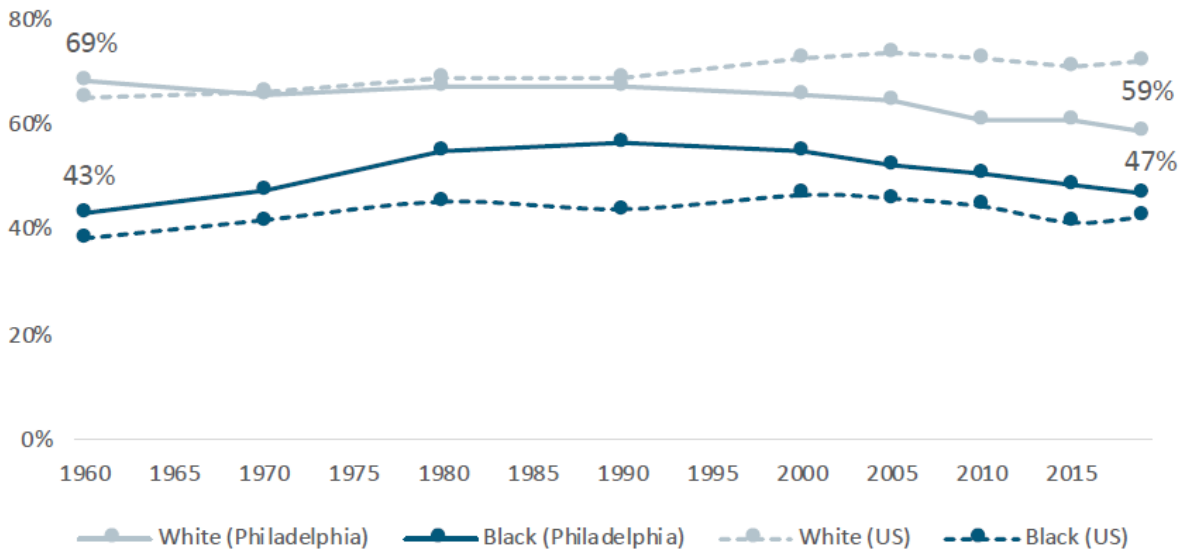
Lei Ding

# Equity of Homeownership

- Homeownership remains an important means of building wealth. Accumulated wealth provides financial security and often determines the life-long opportunities for homeowners.
- Two research briefs with Jacob Whiton and Theresa Singleton
  - *“What’s Behind the Racial Homeownership Gap in Philadelphia?”*
  - *“Supporting Philadelphia’s Black Homeowners in the Aftermath of the COVID-19 Crisis”*
- Major findings
  - Significant disparities in homeownership access and performance between Black and White Philadelphians
  - Black-White homeownership gap is associated with the legacy of historical discrimination and longstanding inequalities
  - Solutions need to address both the immediate needs of current/aspiring homeowners, as well as structural barriers in the labor and housing markets

# Overall Trend

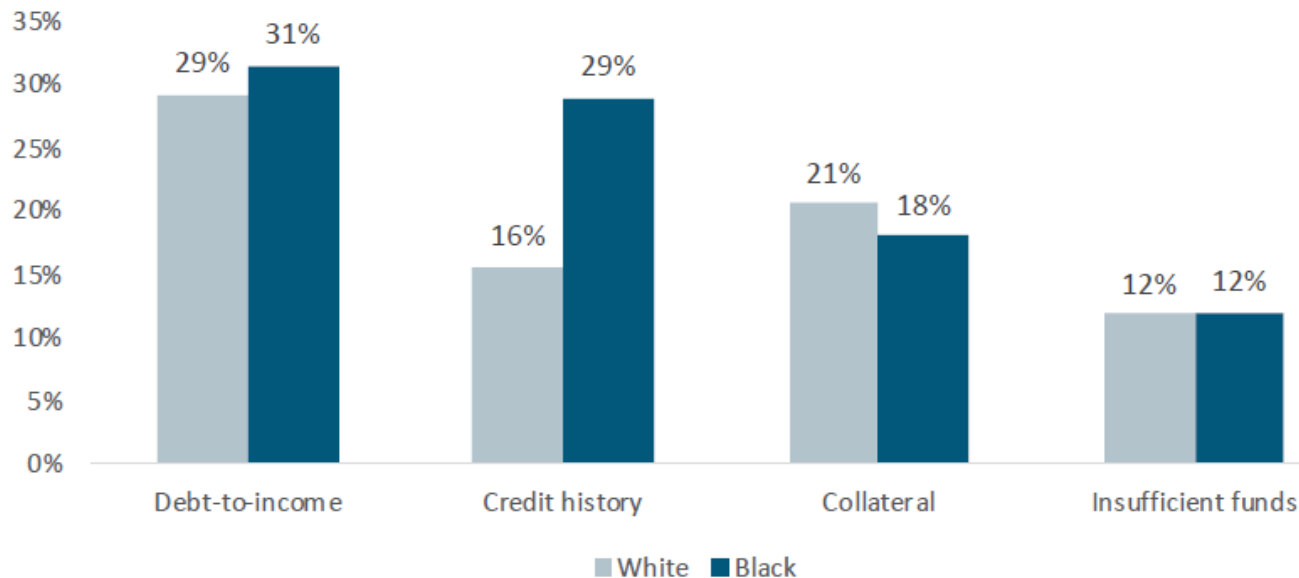
**Figure 1. Homeownership Rate in Philadelphia and in the U.S. by Race-Ethnicity, 1960-2019**



- Declining Black homeownership rates in recent decades
- A persistent and slightly widened Black-White homeownership gap

# Access to Credit

**Figure 5. Share of Denied Mortgage Applications by Reason for Denial in Philadelphia by Race, 2020**



- Black mortgage applicants were 2.7 times more likely to be denied by lenders than White applicants
- Black applicants are much more likely to be denied because of limited credit histories and low credit scores

# Legacy of Historical Redlining

**Figure 7. Mortgage Denial Rate in Philadelphia by Tract HOLC Grade and Race, 2020**

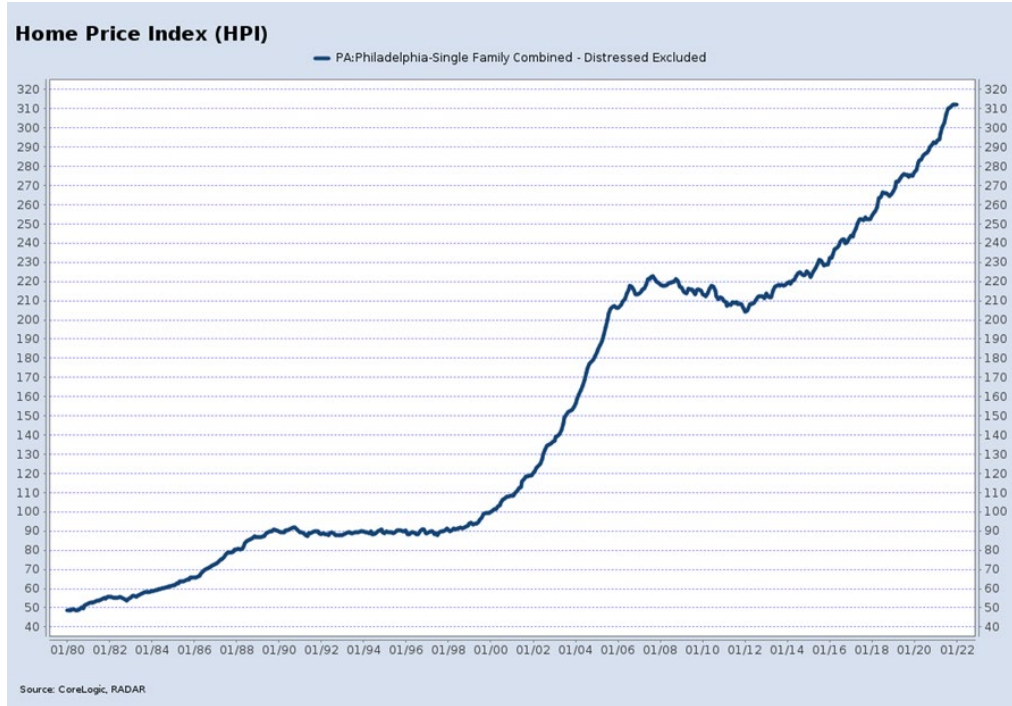
	Census tract HOLC grade		
	<b>A&amp;B</b>	<b>C</b>	<b>D</b>
White	6.5%	6.6%	5.1%
Black	13.6%	17.3%	17.1%

Note: Restricted to first lien home purchase loan applications originated, approved but not accepted, or denied.

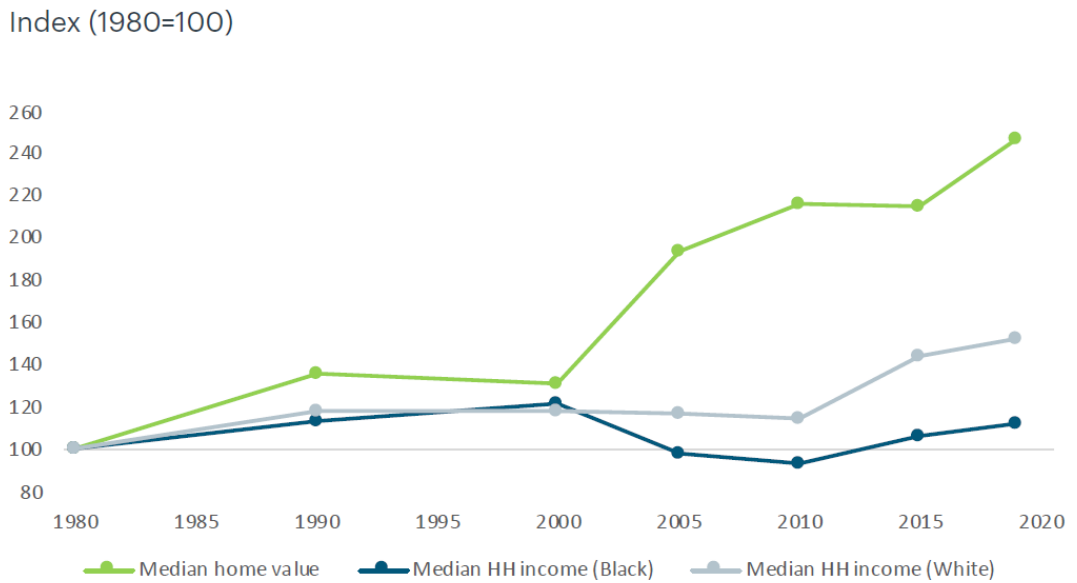
Source: Authors' calculations using 2020 public HMDA data.

- Mortgage denial rates for Black applicants were significantly higher in neighborhoods previously redlined neighborhoods, and the racial gap in denial rates tends to be larger in those neighborhoods.

# Affordability

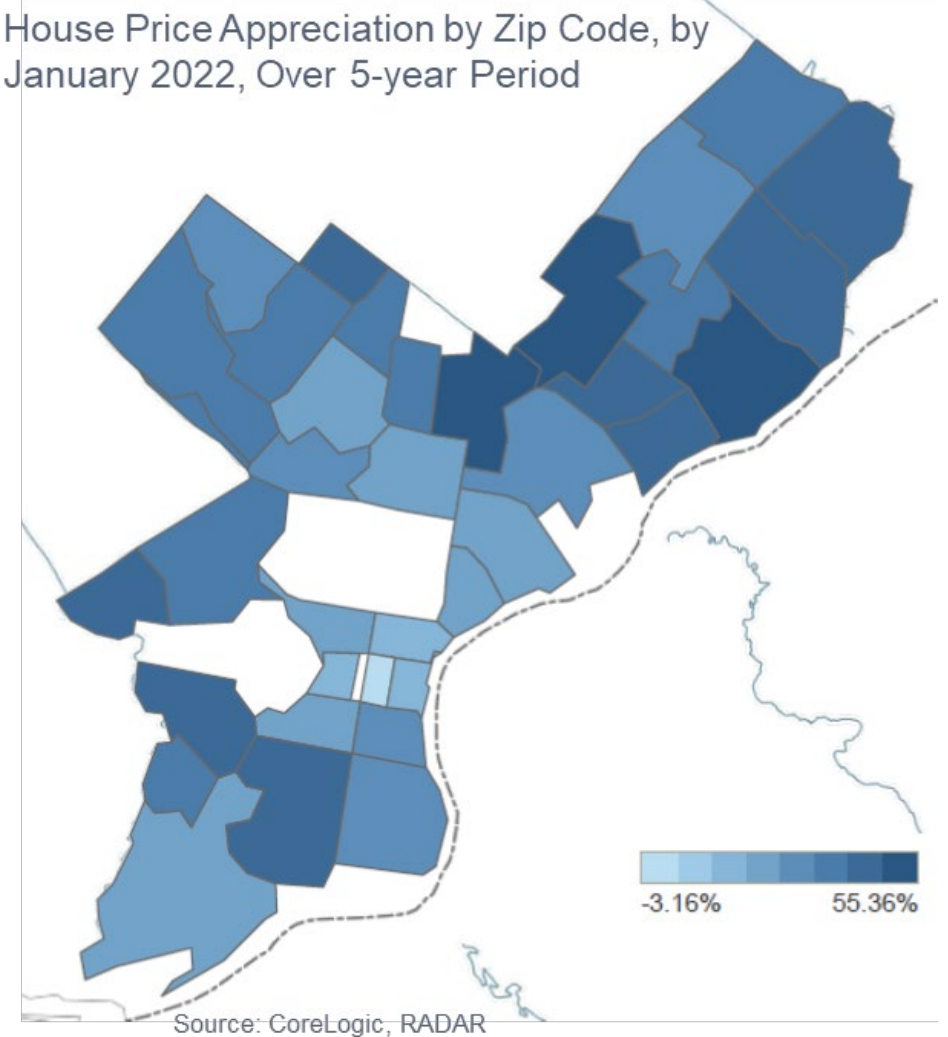


**Figure 3. Growth in Real Home Values and Household Incomes in Philadelphia by Race-Ethnicity, 1980–2019**



- While housing prices remain relatively low in Philadelphia, homes become increasingly less affordable for Black households.
- Falling homeownership rates have coincided with a period of rapid home value appreciation and more sluggish income growth for Black households.

# Affordability: Recent Trend



- Majority Black neighborhoods experienced similar level of price appreciations (single-family properties) in the past 5 years.