

Analysis of Impediments to Fair Housing Choice in West Tennessee

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Long Name, Simple Premise

Uncover barriers people face to fair housing, and how to overcome those barriers

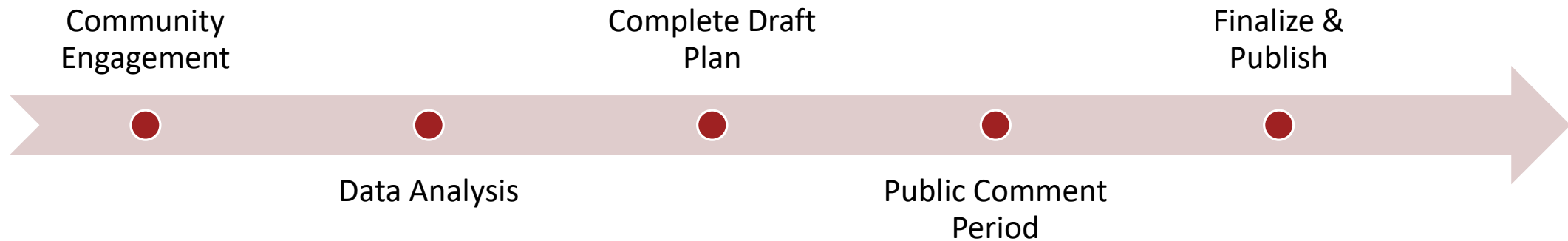
Impediments are:

- “Any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status, or national origin which restrict housing choices or the availability of housing choices [and]
- Any actions, omissions, or decisions which have [this] effect.”

Note: Tennessee Fair Housing Laws also include Creed

AI Process

- Every 5 years
- Required by HUD for jurisdictions receiving federal funding (including CDBG)
- Addressed by the 5 year Consolidated Plan



How Do We Determine Impediments to Fair Housing?

- Background data
 - Demographic
 - Geographic
 - Socioeconomic
 - Community/city/county/regional/state resources
 - Ex. Transportation, jobs, economy, housing stock and housing trends
 - Housing availability and affordability
- Policies and Practices
 - Housing/fair housing policies
 - Local/State policies
 - Lending practices
 - Education on renting/lending
 - Compliance and enforcement of codes and regulations
- Focus Groups and Surveys
 - Determine trends among protected classes
 - Find regional differences
 - Discover attitudes and viewpoints
 - Determine special needs for underrepresented groups
- City AI Analysis

Why it matters

- Use community outreach and data to identify potential issues and regional issues
 - Improve community planning and policy
- Issues disproportionately affect individuals with disabilities and minorities
- Impacts both renters and potential homeowners
- Concerns both the public and private markets
- Educate about Fair Housing
- Determine solutions to improve quality of life for individuals by making communities better places to live

City of Jackson Impediments - 2012

Banking, Finance, Insurance and other Industry related impediments

- Impacts of increased foreclosures, rising unemployment rates, the sub-prime mortgage lending crises on housing choice, affordability and sustainability.
- Low number of loan applications for minorities and lower origination rates for minority applicants
- Predatory lending and other industry practices

Socio-Economic Impediments

- Poverty and low-income, and lack of affordability and insufficient Income among minority populations impacting fair housing choice
- Higher poverty and lower incomes among minority populations and lack of access to healthy, affordable food choices

Neighborhood Conditions Related Impediments

- Limited resources to assist lower income, elderly and indigent homeowners maintain their homes and stability in neighborhoods
- Geographical Location and Concentration of Public and Assisted Housing units, and Locations of Section 8 Voucher utilization largely relegated to minority concentrated census tracts and zip codes

Public Policy Related Impediments

- Increased public awareness of fair housing rights and local fair housing legislation and local enforcement should be evaluated

City of Memphis Impediments - 2011

City

- Flawed city Fair Housing ordinances
- Lack of housing accessible to persons with disabilities
- Inadequate affordable housing supply relative to resident income
- Need for a critical review of Memphis Housing Authority's policies & practices
- Inadequate transit system, particularly for residents with disabilities

County

- No Fair Housing ordinance
- Historically inadequate code enforcement by Shelby County (ADA compliance for new construction)
- Limited transit options
- Limited LIHTC development
- NIMBYism

State

- State legislation
- Weakening CRA (Community Reinvestment Act) legislation
- Lack of resources/incentives for developers to build for the lowest income households
- U.S. Department of housing and urban development does not adequately fund or incentivize phase to utilize mobility strategies
- Racial segregation of project based housing

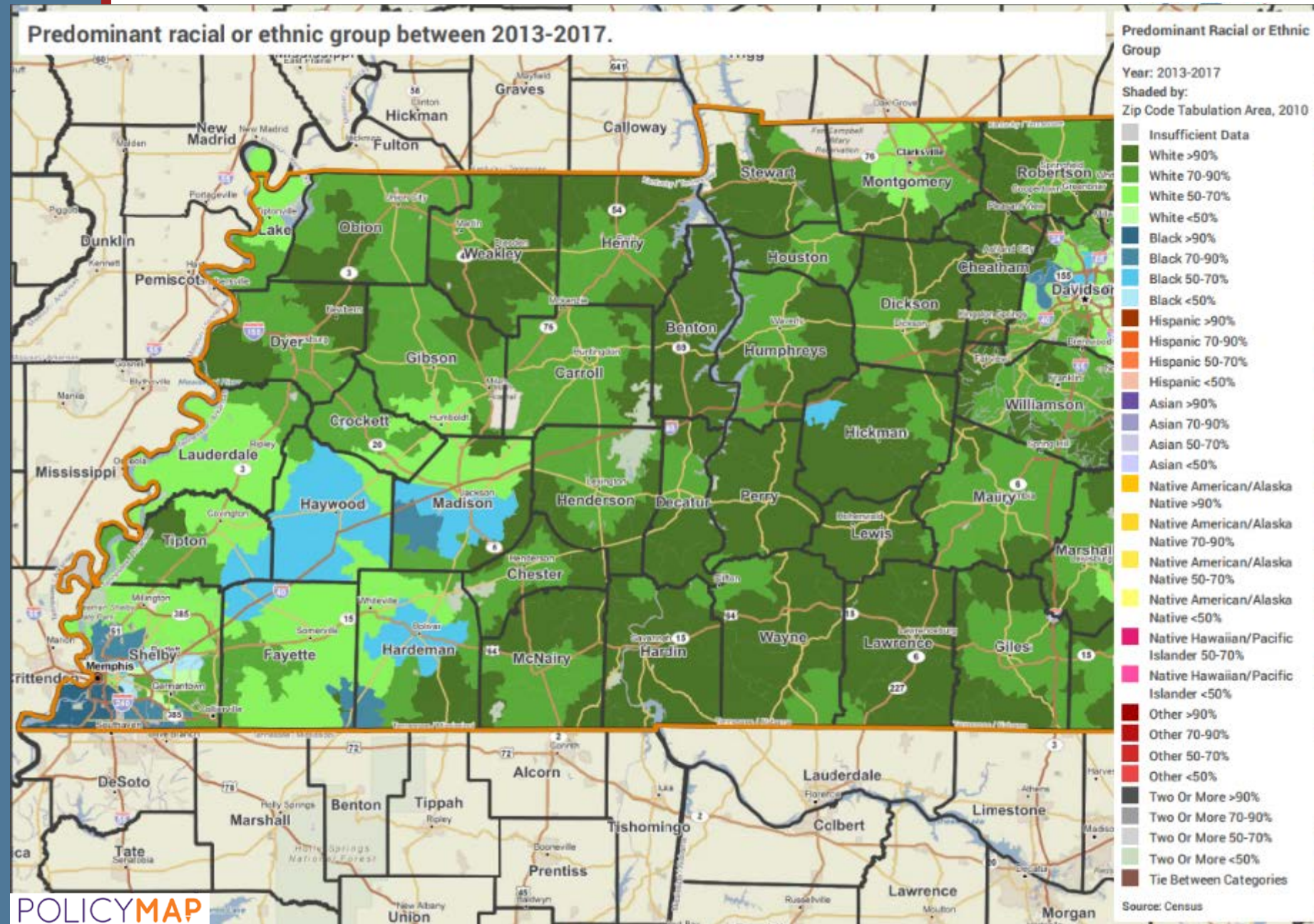
Private Market

- Mortgage lending
- Homeowners insurance
- Housing sales and rental markets

Shelby County Impediments - 2011

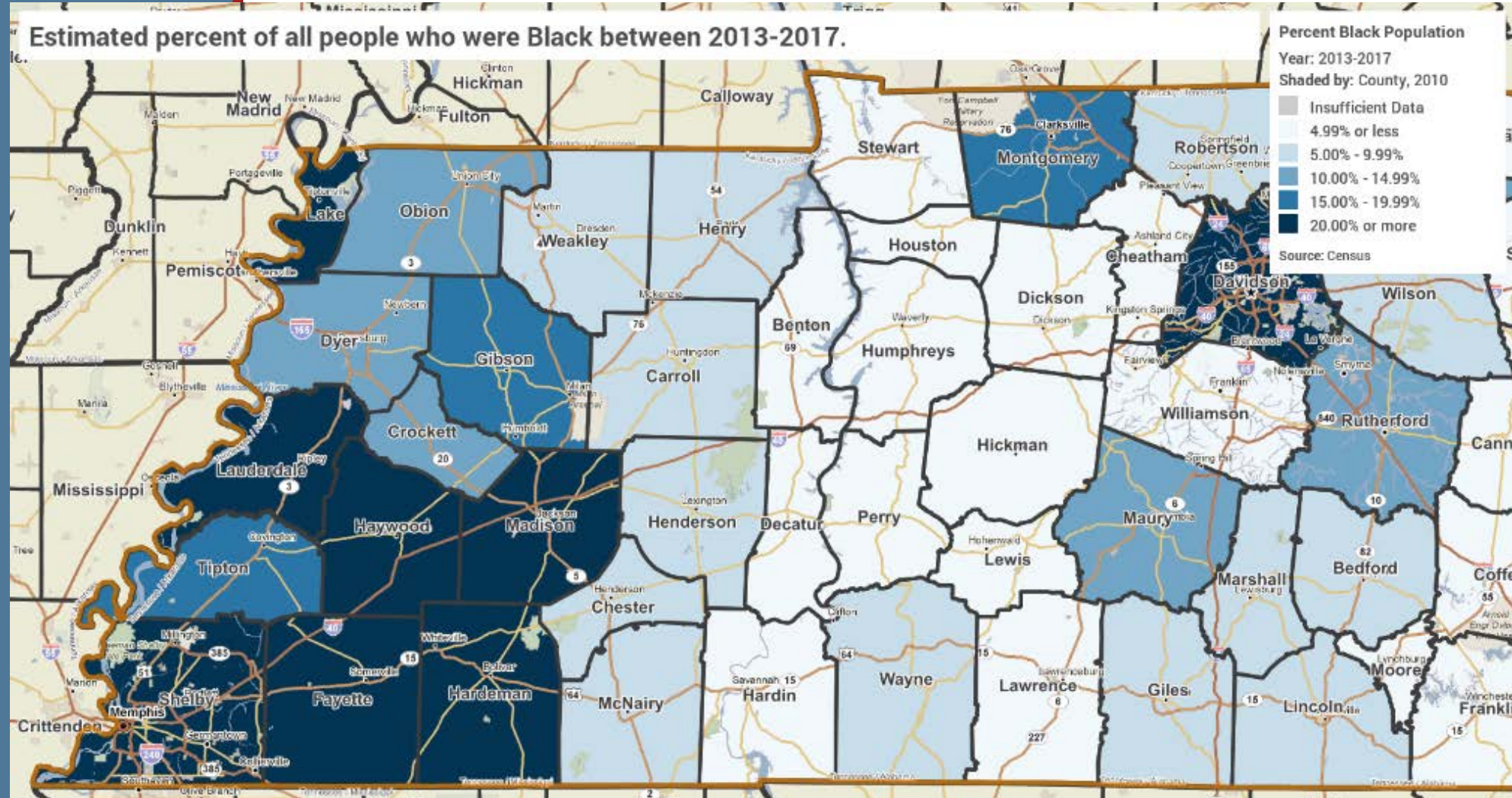
- Inadequate supply of affordable housing
 - Lack of affordable rental housing for large families
- Standard rents exceed the Fair Market Rents established by HUD
- Limited amount of Low Income Housing Tax Credit development in Shelby County
- Land acquisition costs, tax rates, small amount of federal funding, lack of affordable housing incentives
- Lack of accessible housing for persons with disabilities and lack of education about reasonable accommodations for property managers
- Discriminatory lending; lack of full service banks in low income and minority concentrated areas
- Hispanic segregation and lack of language services
- Inadequate transportation services
- Exclusionary zoning and restrictive covenants
- Lack of fair housing ordinances, a fair housing officer, and unintended adverse effects of government actions

Predominant Racial & Ethnic Groups, West Tennessee



Race & Ethnicity

Black or African American Residents



Estimated percent of all people who were Hispanic between 2013-2017.

Percent Hispanic Population
Year: 2013-2017
Shaded by: County, 2010

- Insufficient Data
- 2.99% or less
- 3.00% - 5.99%
- 6.00% - 8.99%
- 9.00% or more

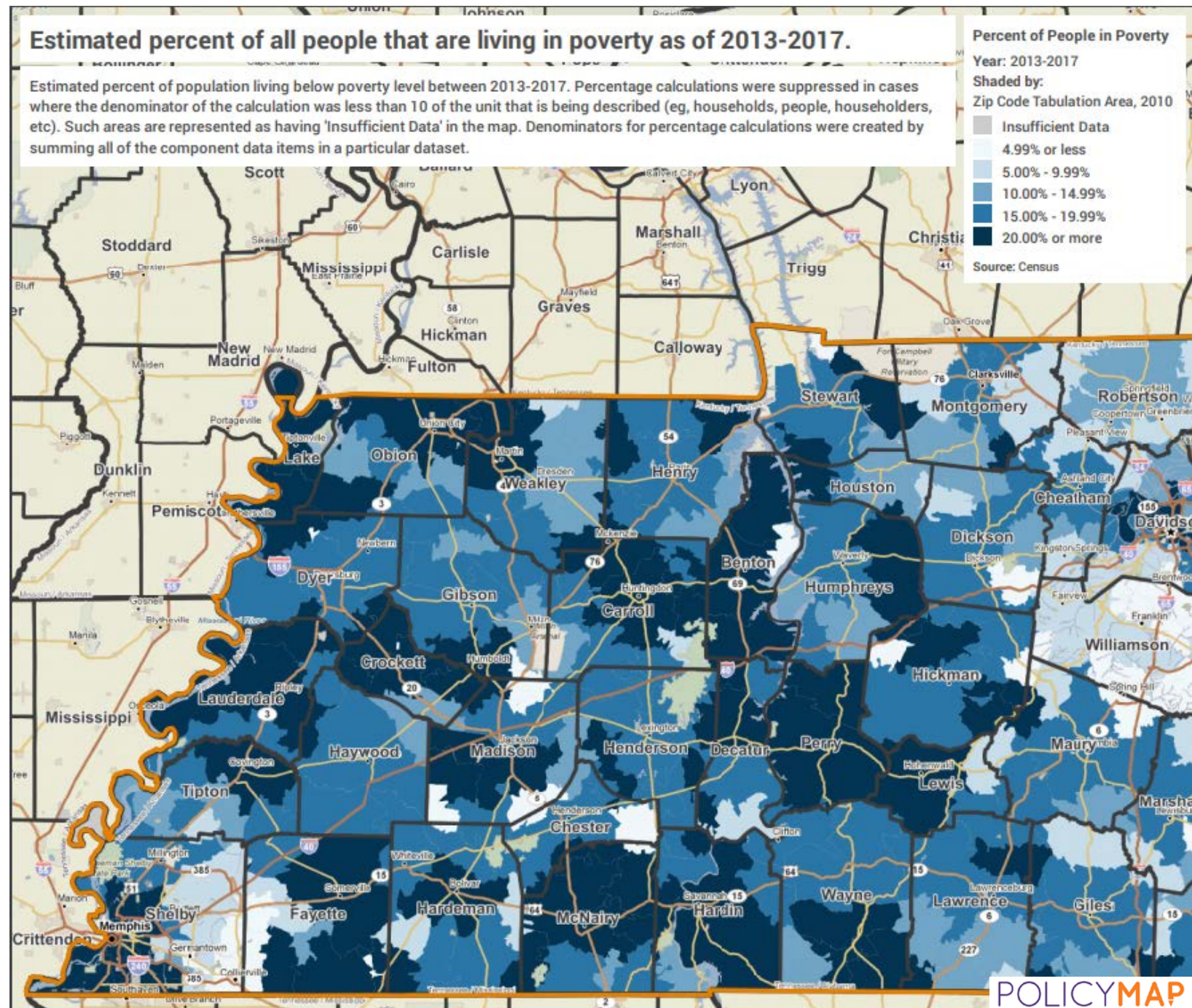
Source: Census

Some counties in West Tennessee experienced greater than 25% change in the percent of Hispanic residents.

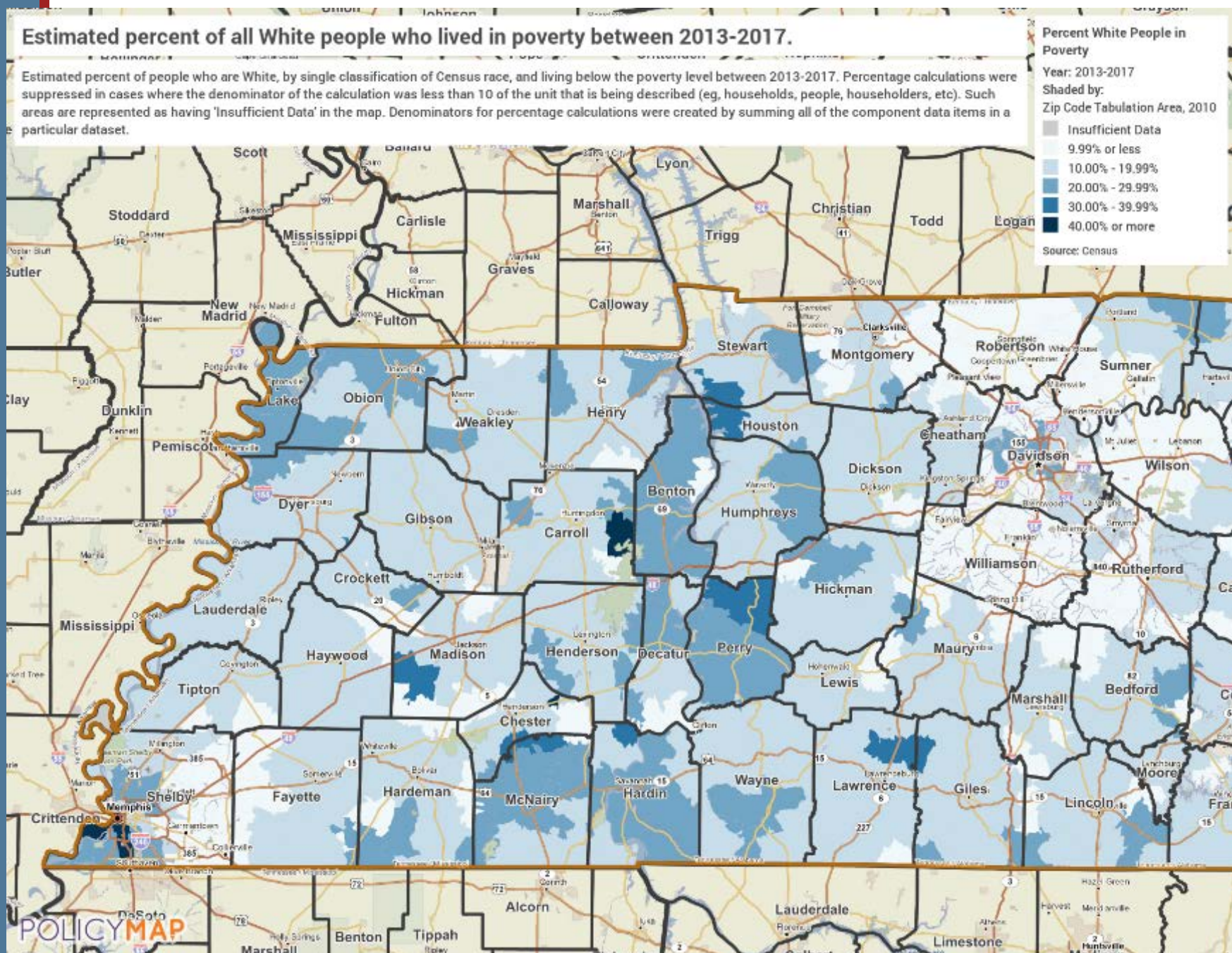


Families Living in Poverty

A significant number of communities in West Tennessee have high poverty rates with more than 20 percent of people living in poverty.



Race/Ethnicity & Poverty



Race/Ethnicity & Poverty

Estimated percent of all Black people who lived in poverty between 2013-2017.

Estimated percent of people who are Black or African American, by single classification of Census race, and living below the poverty level between 2013-2017. Percentage calculations were suppressed in cases where the denominator of the calculation was less than 10 of the unit that is being described (eg, households, people, householders, etc). Such areas are represented as having 'Insufficient Data' in the map. Denominators for percentage calculations were created by summing all of the component data items in a particular dataset.

Percent Black People in Poverty

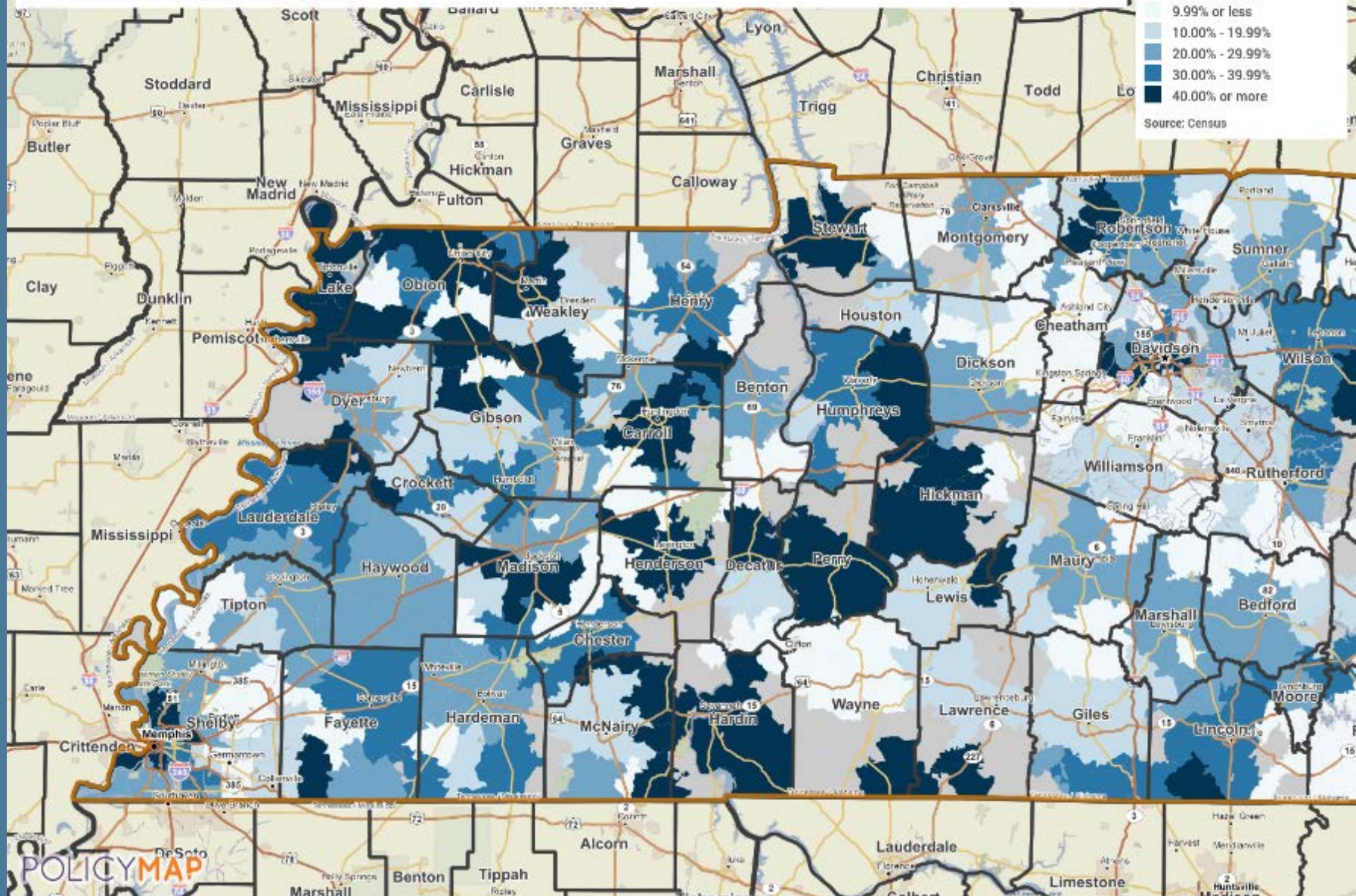
Year: 2013-2017

Shaded by:

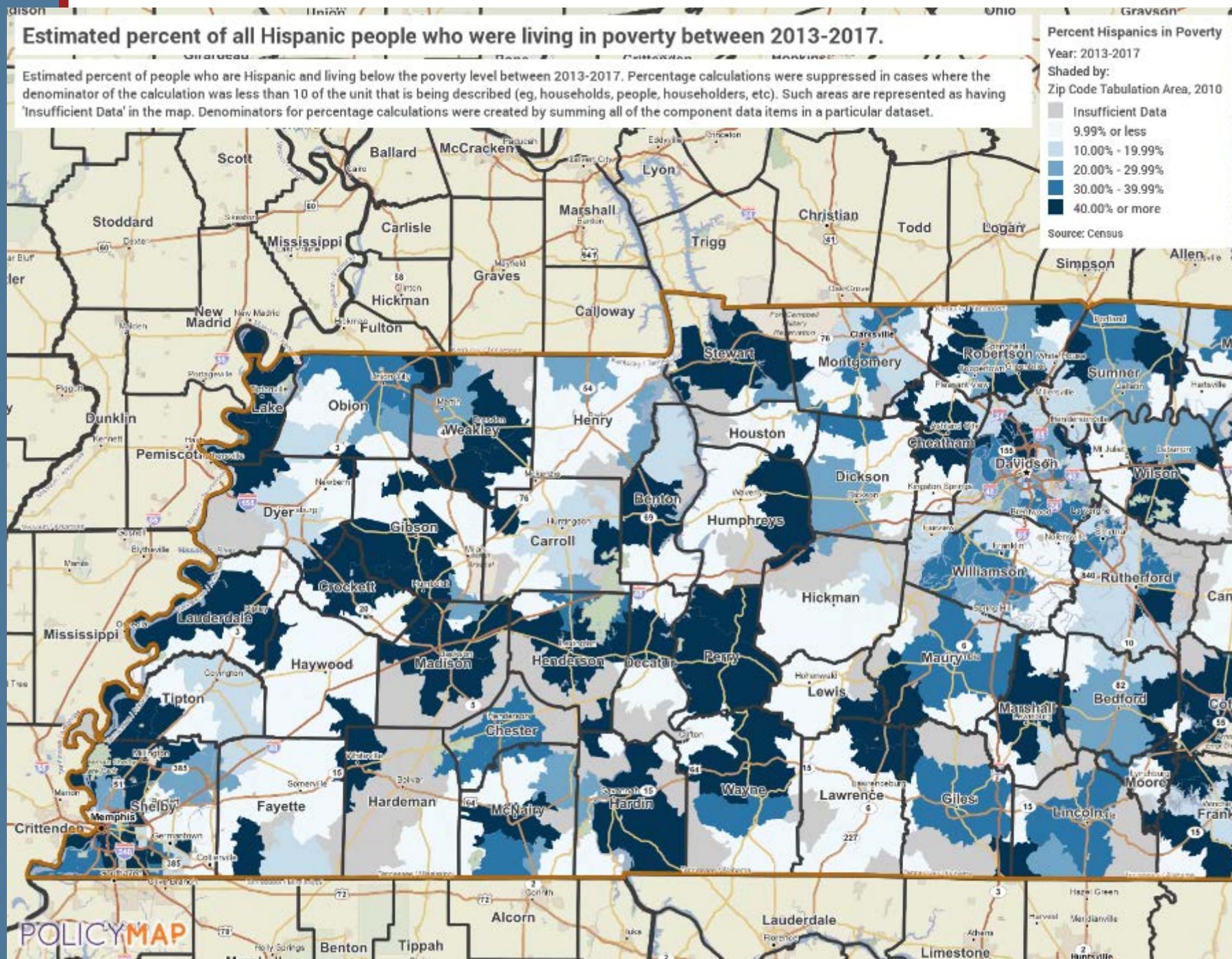
Zip Code Tabulation Area, 2010

- Insufficient Data
- 9.99% or less
- 10.00% - 19.99%
- 20.00% - 29.99%
- 30.00% - 39.99%
- 40.00% or more

Source: Census



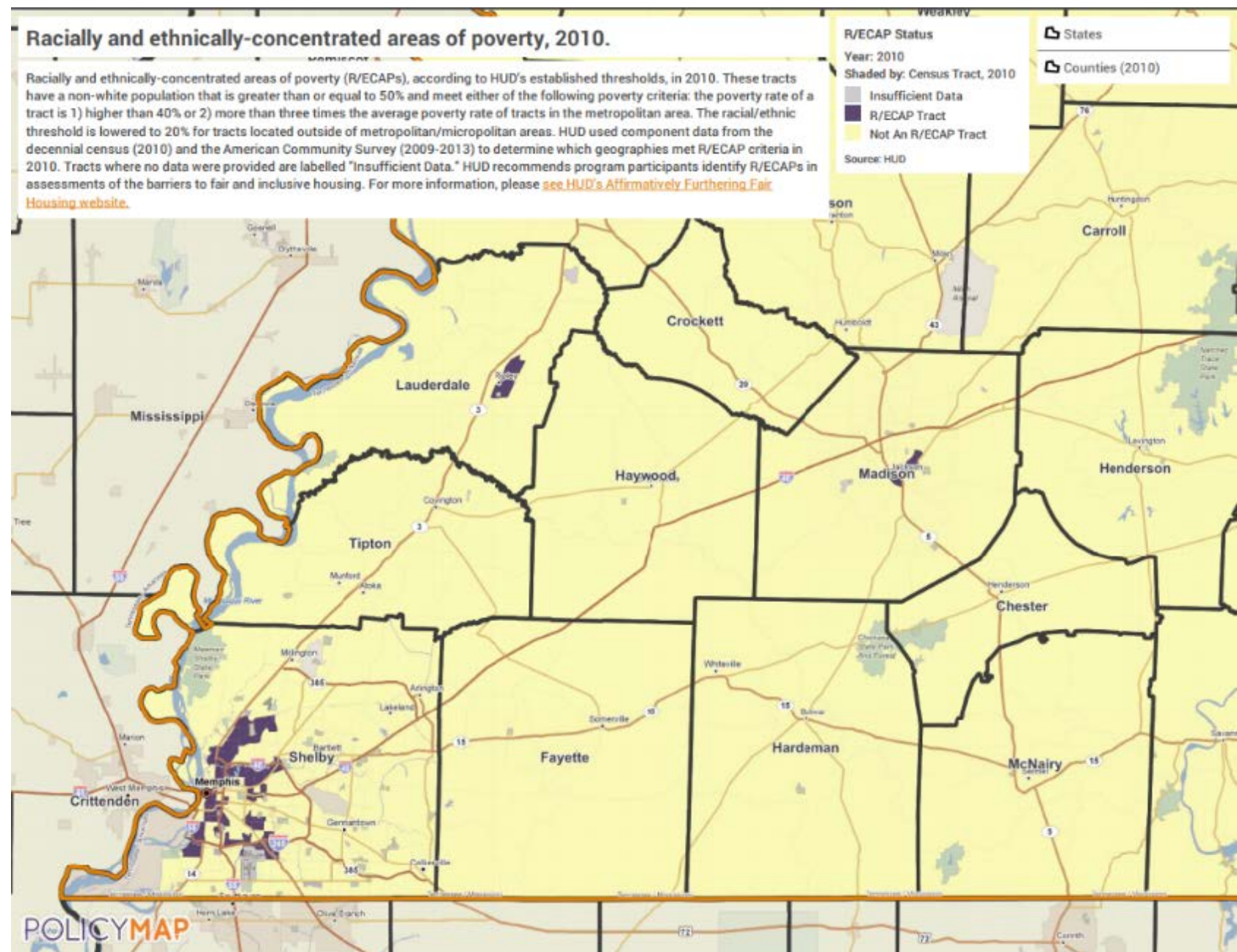
Race/Ethnicity & Poverty



R/ECAPs 2010

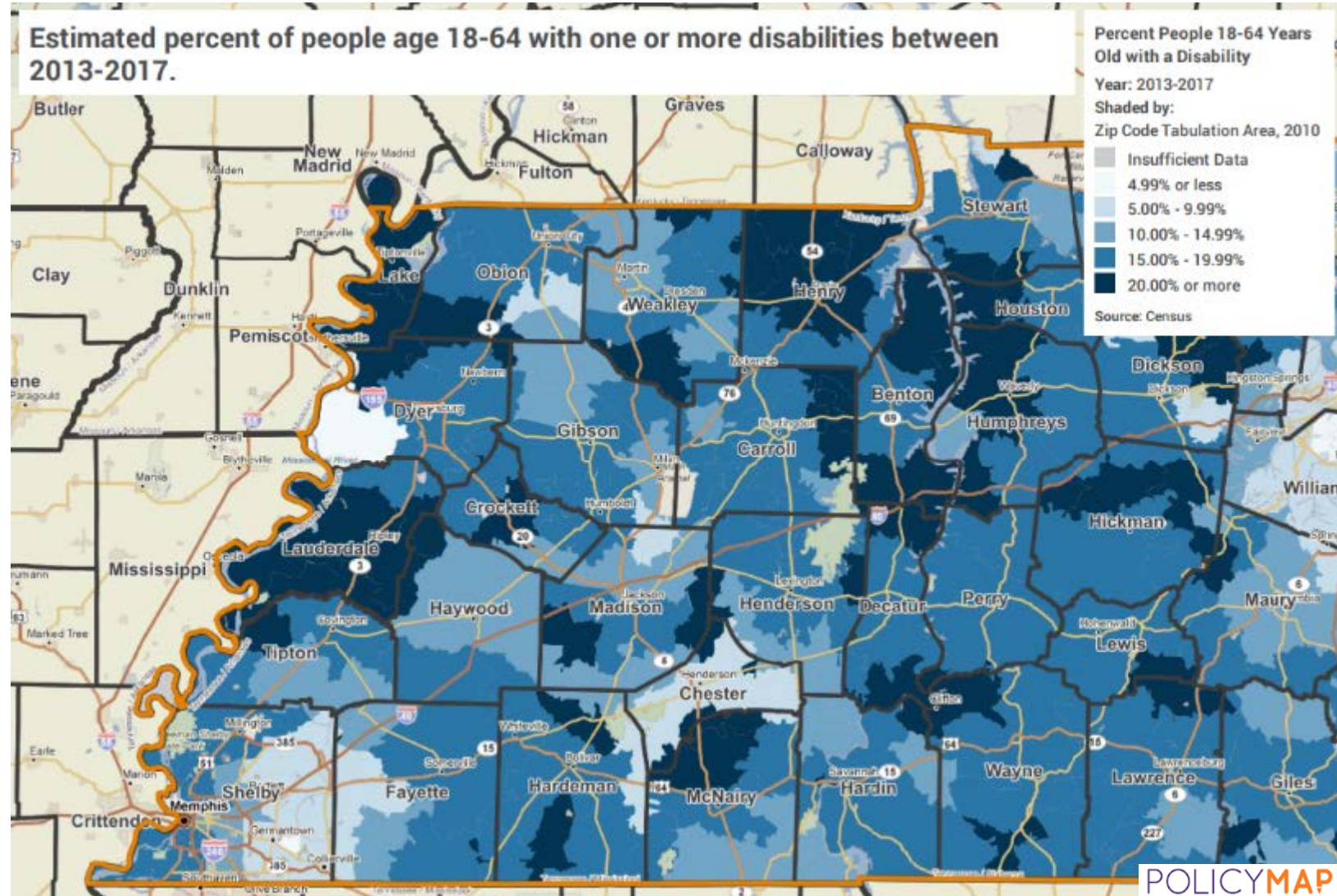
Racially or Ethnically Concentrated Areas of Poverty (by Census Tract)

- Extreme poverty
 - 40% or 3 times the average poverty rate for the area (whichever is lower)
- Minority group concentration
 - 50% or more of the population or
 - 20% or more for tracts located outside of a metro/micropolitan area

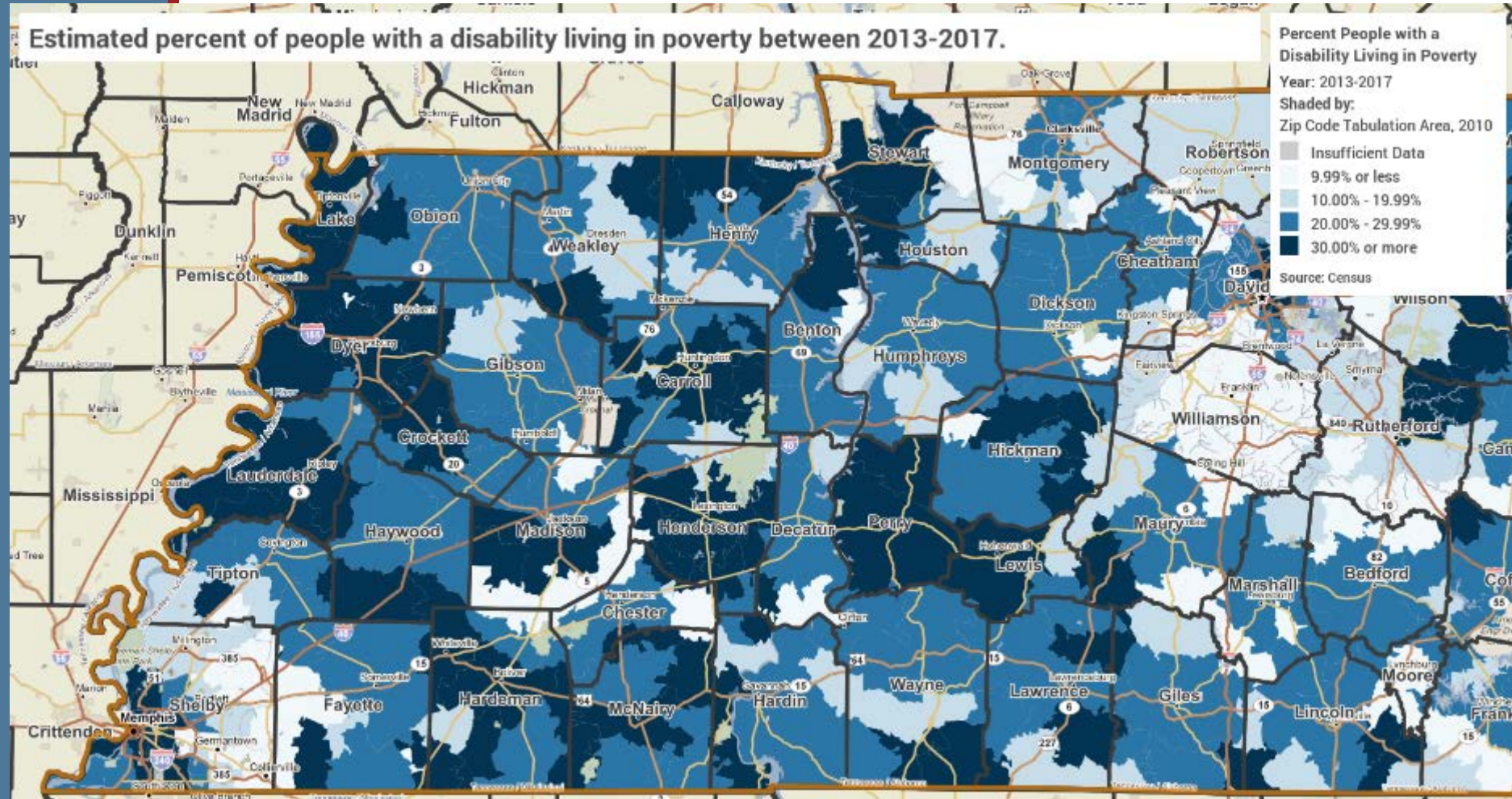


Disability

More than 80% of fair housing complaints in Tennessee in the past 5 years were related to disability status.



Persons with a Disability Living in Poverty

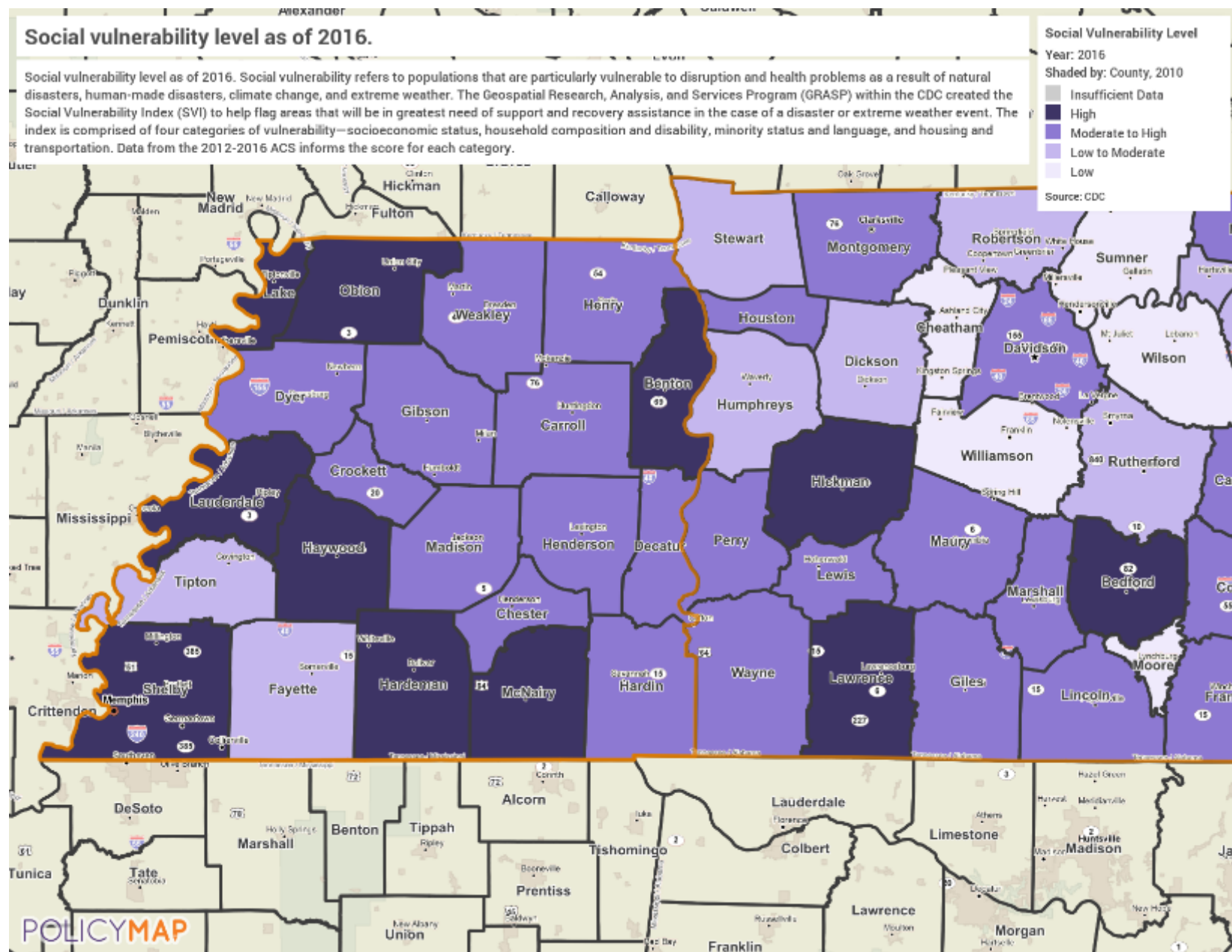


Social Vulnerability Index

Social vulnerability refers to populations that are particularly vulnerable to disruption and health problems as a result of natural disasters, human-made disasters, climate change, and extreme weather.

Four Categories

- socioeconomic status
- household composition and disability
- minority status and language
- housing and transportation

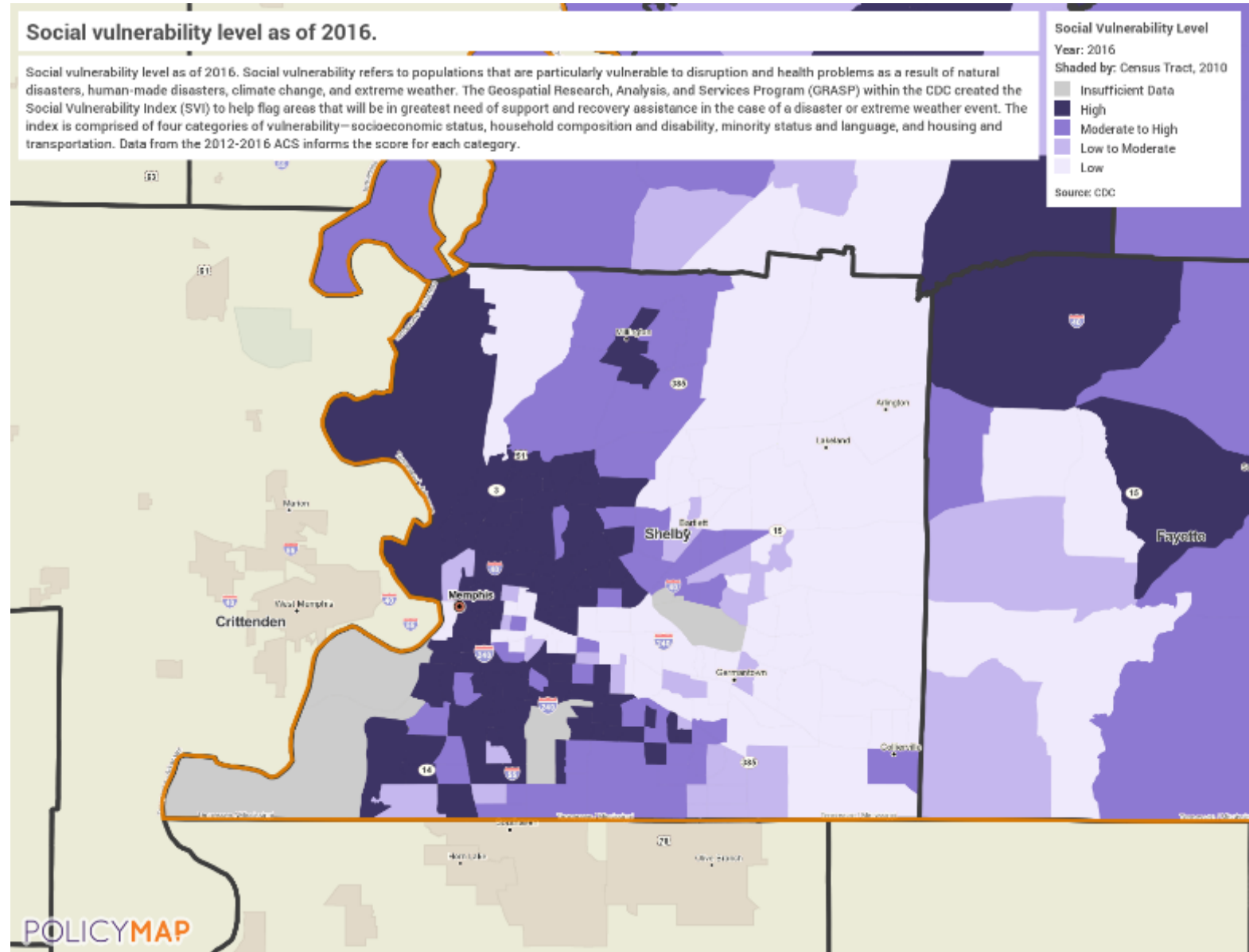


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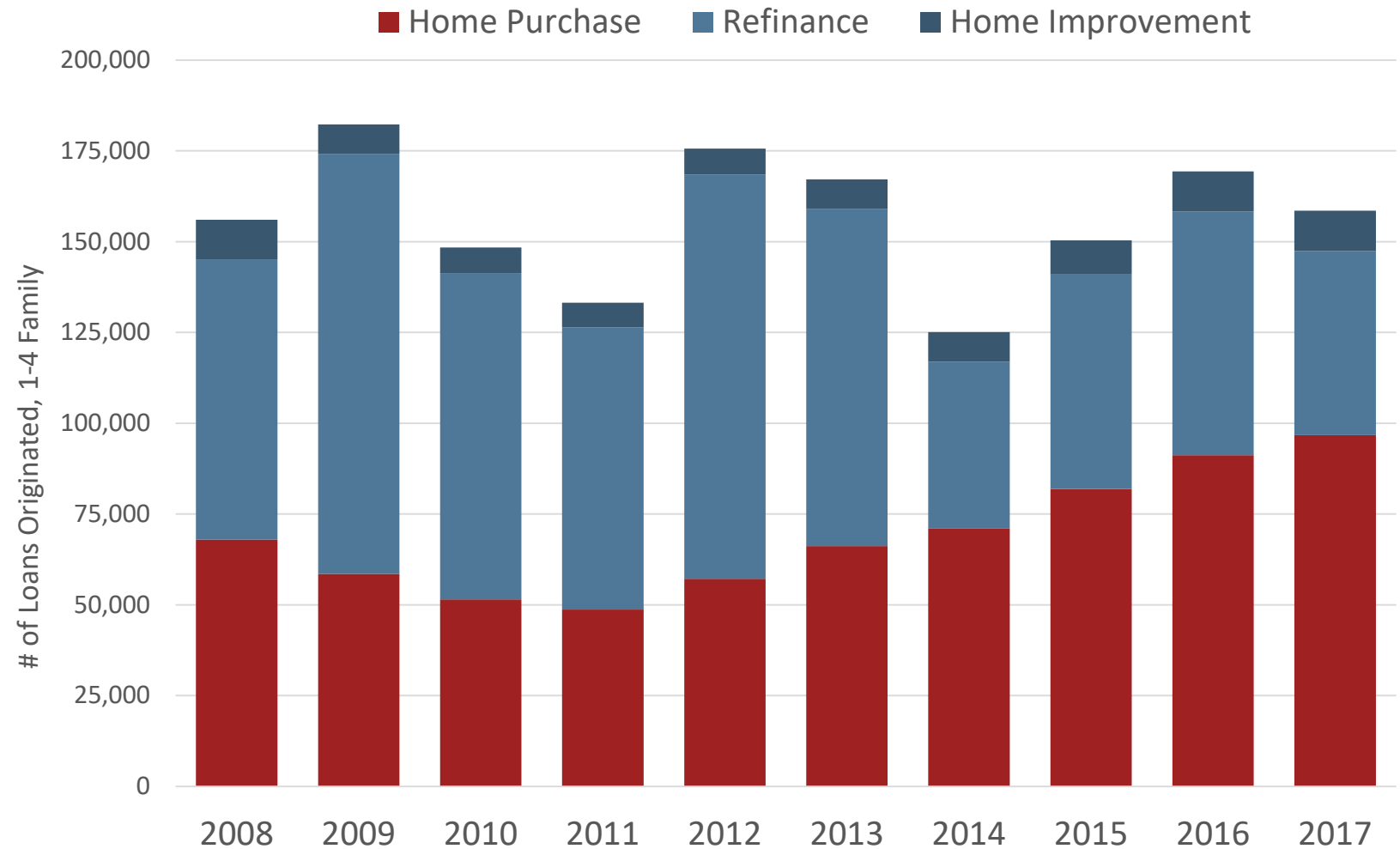
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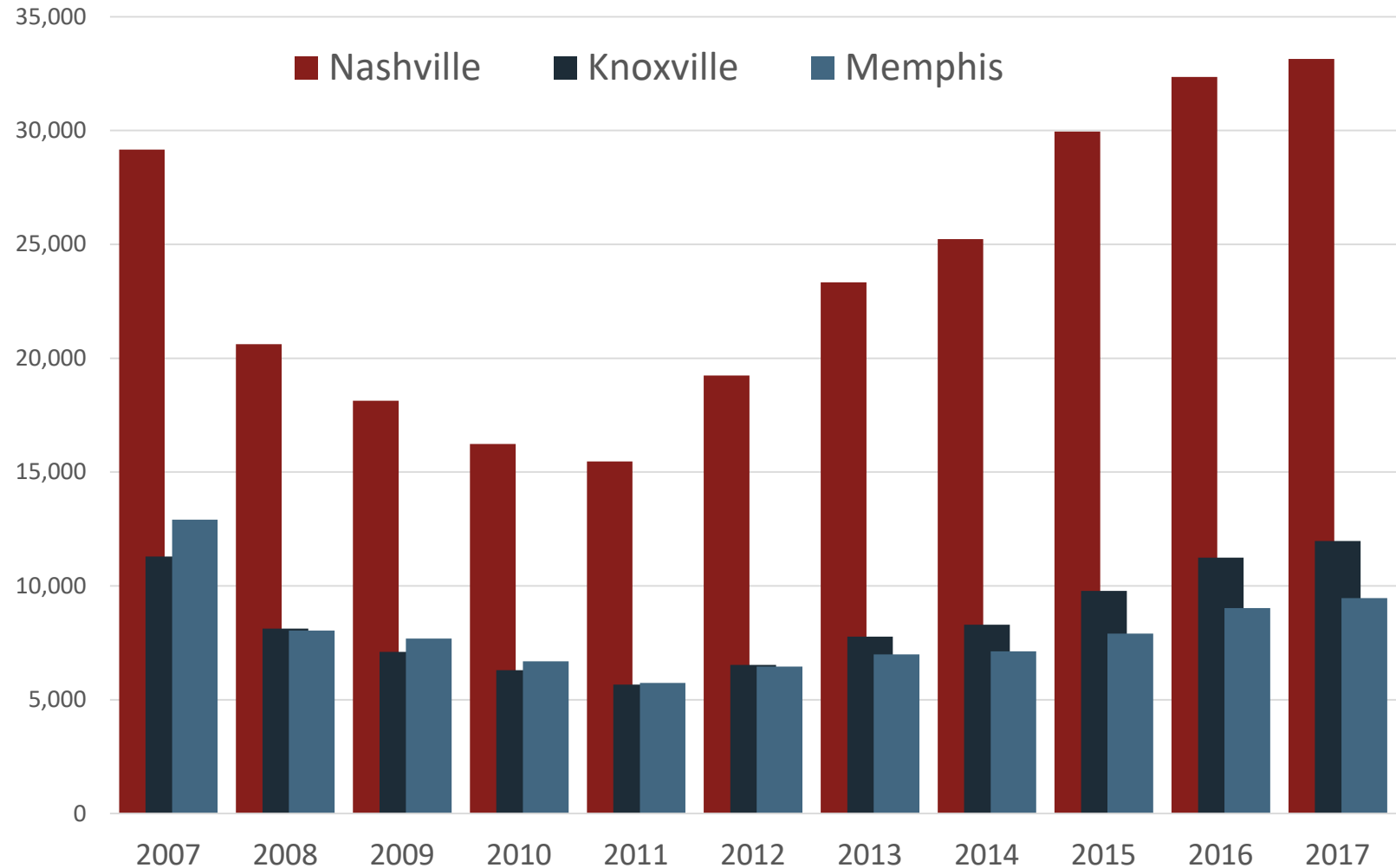
Lending Trends

Overall Loan Activity

Despite signs of slowing in overall mortgage activity, similar to national trends, home purchase loan originations continued to grow.



Home Purchase Loan Originations, 2007-2017, MSAs



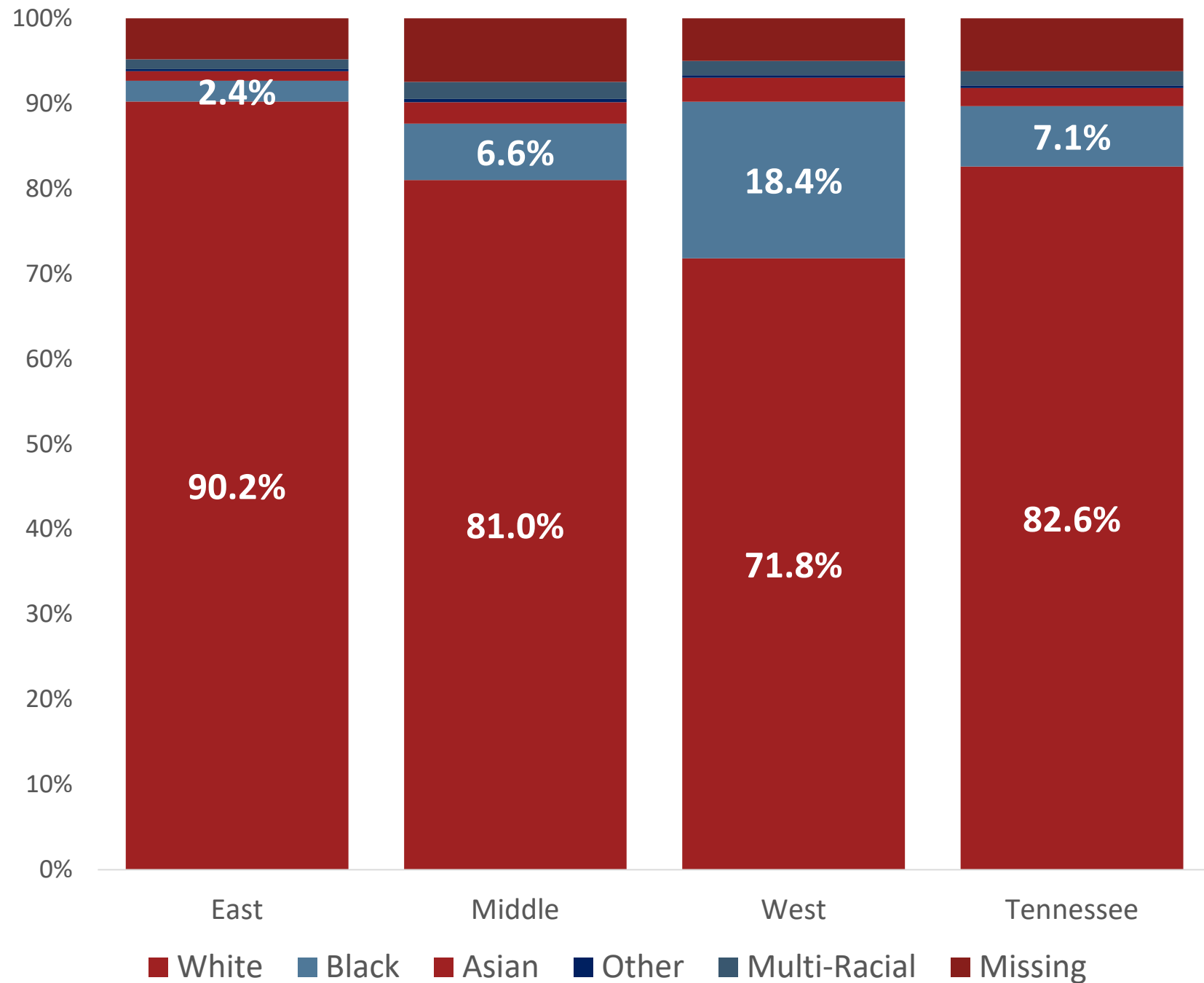
Home Purchase Loan Activity

Overall 5% increase in the volume of home purchase loan originations in 2017 in Tennessee.

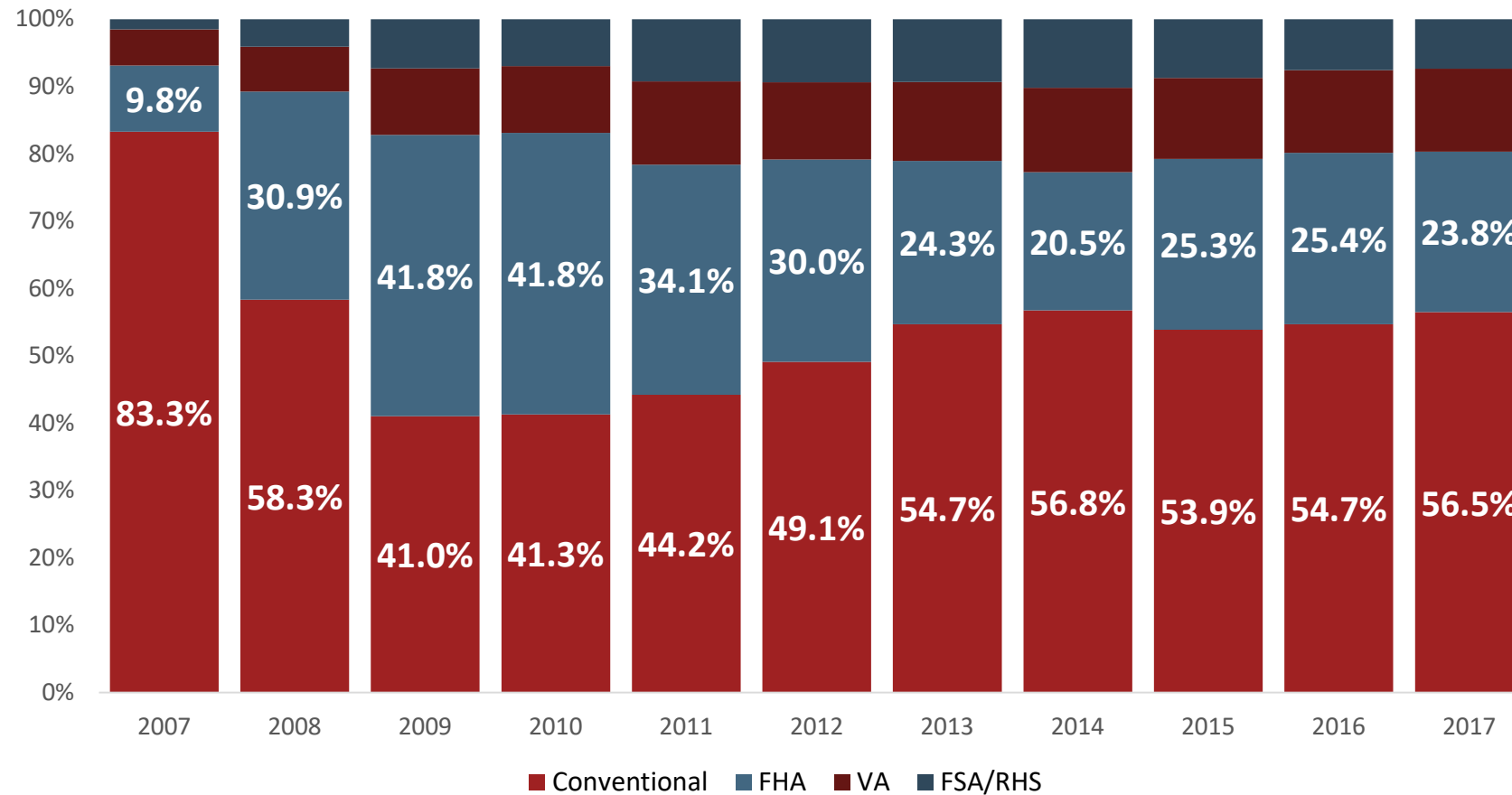
- In most areas of the state (including MSA areas), mortgage loan volume surpassed the level of mortgage activity in 2007.
- Memphis MSA reached only 73 percent of the 2007 pre-recession level of mortgage activity.

Home Purchase Loan Origination, by Race and Grand Division

- In 2017, a greater percentage of single family home purchase loans originated for African American borrowers in West Tennessee
- Since 2013, the share of total home purchase loans originated for African American borrowers is increasing

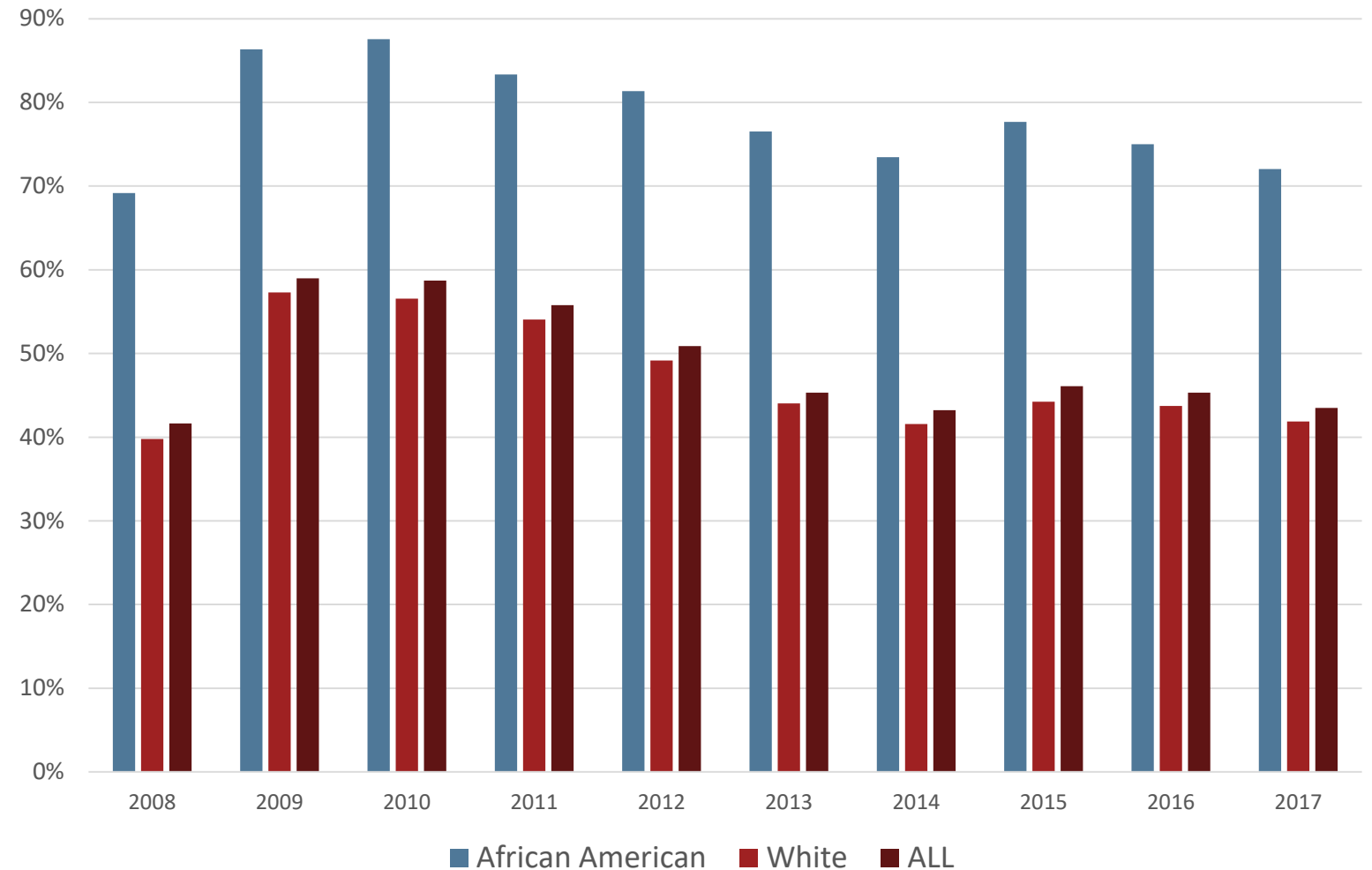


Share of conventional loans in total loans originated returning back to the levels before the crash



Non- conventional Loans

African-American (& low income) borrowers are more likely to use **non-conventional loans** than conventional loans.



Percent of all home loans made to Black borrowers that were insured by the government in 2016.

Percent of all loans originated to Black or African American applicants that were government insured (FHA, VA, or FSA/RHS) in 2016. Medians were not calculated and percents were not computed where the count of loan events of that type or the denominator of the calculation was less than five.

Percent of Loans to Black Borrowers with Govt. Insurance
Year: 2016
Shaded by: County, 2010

Insufficient Data
49.99% or less
50.00% - 59.99%
60.00% - 69.99%
70.00% or more

Source: HMDA

The map displays the following counties and their corresponding shading categories (based on the legend):

- Insufficient Data (Grey):** Stewart, Benton, Hickman, Perry, Wayne, Lawrence, Lincoln, Franklin, and parts of Davidson, Cheatham, and Williamson.
- 49.99% or less (Lightest Blue):** Calloway, Fulton, Hickman, Henderson, Decatur, Hardeman, and parts of Davidson, Cheatham, and Williamson.
- 50.00% - 59.99% (Light Blue):** Henry, Gibson, Crockett, Haywood, Madison, Henderson, Chester, McNairy, and parts of Davidson, Cheatham, and Williamson.
- 60.00% - 69.99% (Medium Blue):** Obion, Weakley, Dyer, Lauderdale, Tipton, Fayette, and parts of Davidson, Cheatham, and Williamson.
- 70.00% or more (Darkest Blue):** Montgomery, Robertson, Humphreys, Maury, Bedford, and parts of Davidson, Cheatham, and Williamson.

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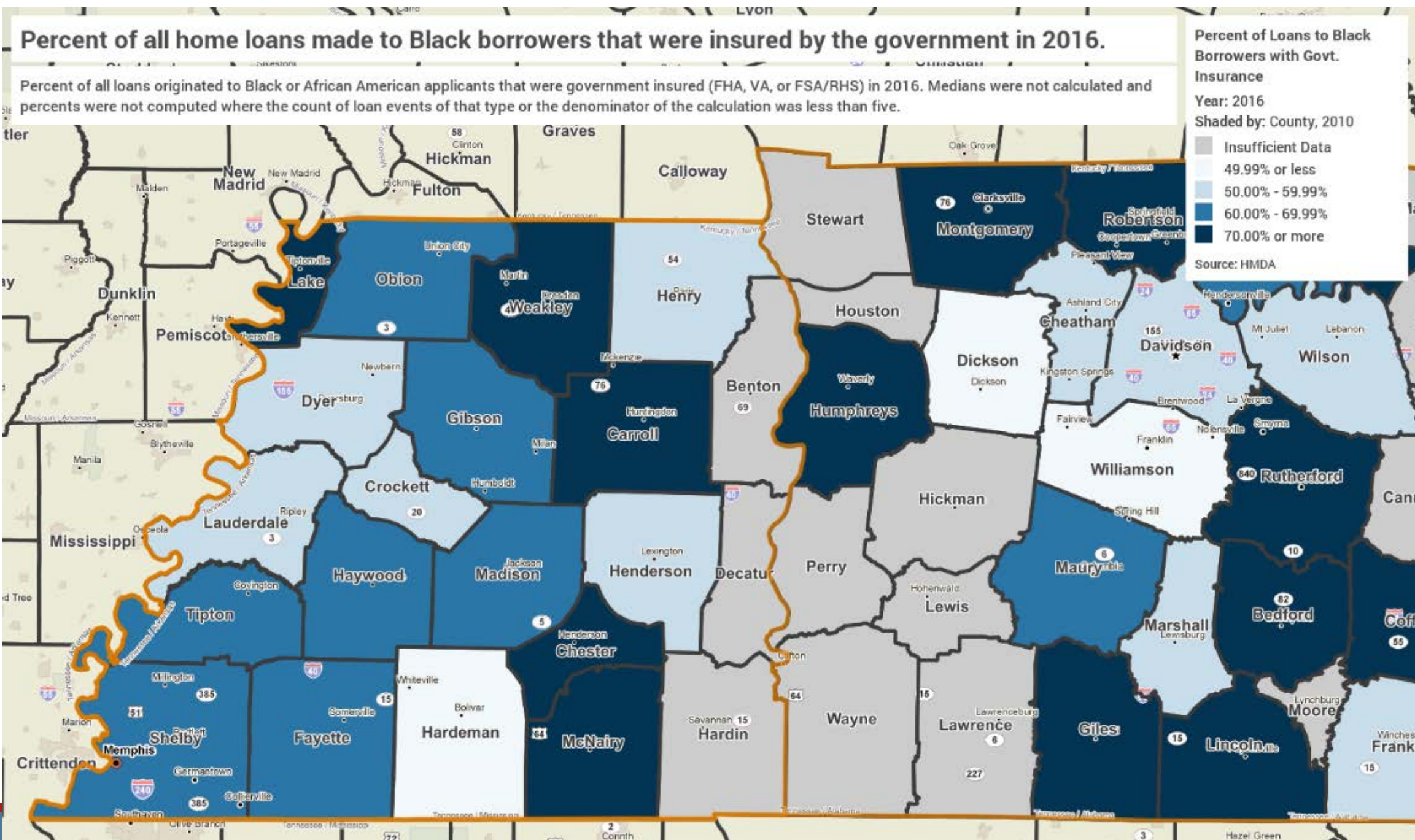
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- 70.00% or more (Darkest Blue):** Montgomery, Robertson, Cheatham, Dickson, Humphreys, Hickman, Lewis, Giles, Chester, McNairy, Wayne, Lawrence, Lincoln, Franklin.



Percent of all home loans made to White borrowers that were insured by the government in 2016.

Percent of all loans originated to White applicants that were government insured (FHA, VA, or FSA/RHS) in 2016. Medians were not calculated and percents were not computed where the count of loan events of that type or the denominator of the calculation was less than five.

Percent of Loans to White Borrowers with Govt Insurance

Year: 2016

Shaded by: County, 2010

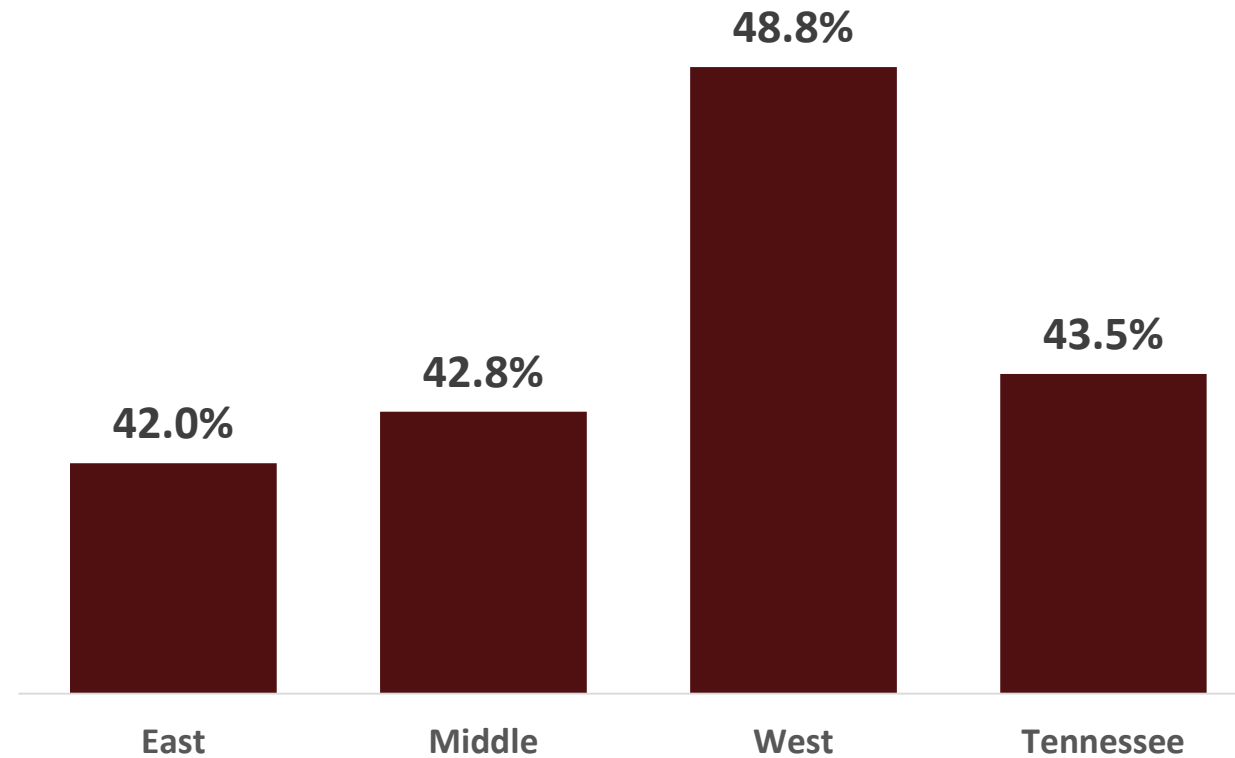


Source: HMDA



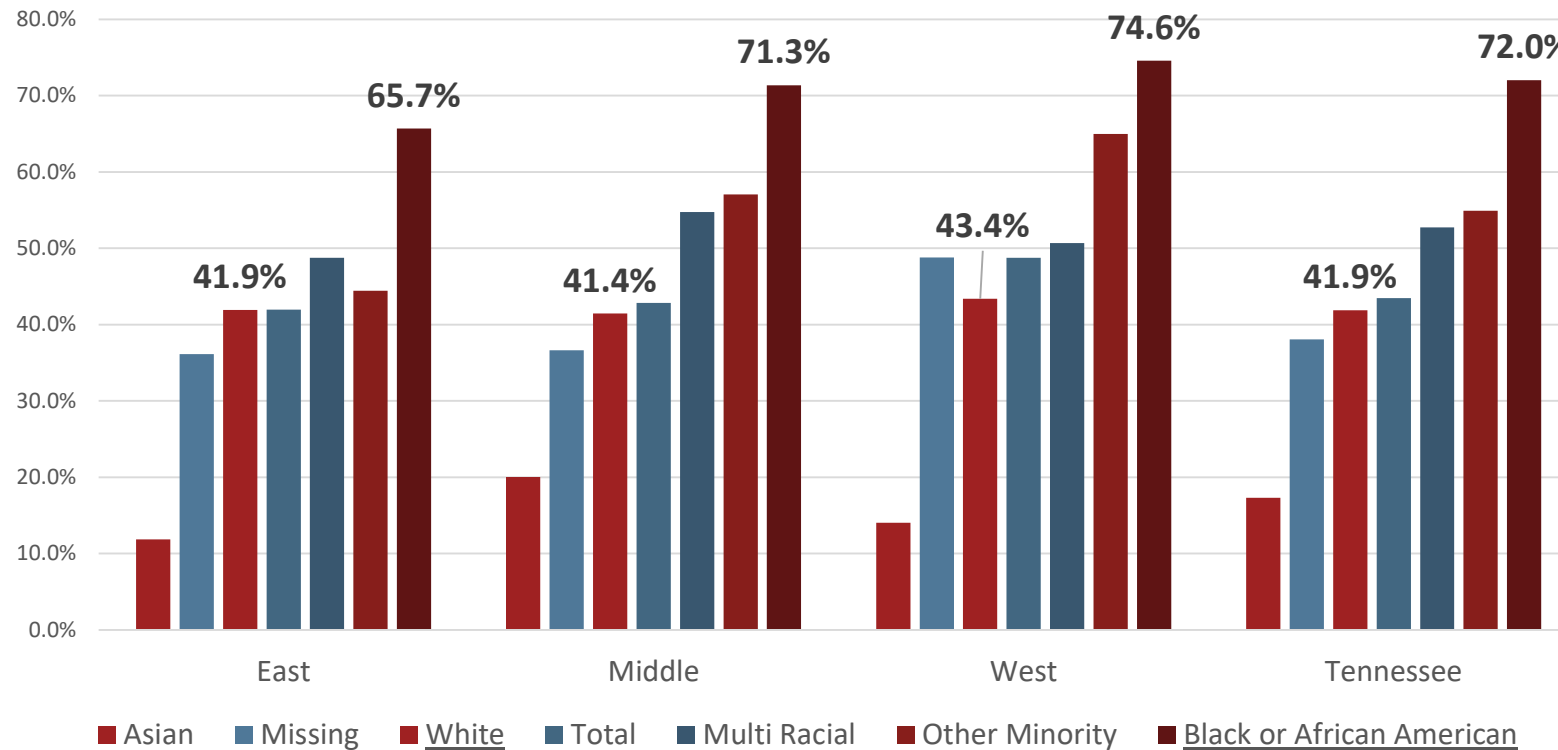
Non-Conventional Loans, by Grand Division

In West Tennessee more home purchase loan borrowers used non-conventional loan products, compared to the rest of the state



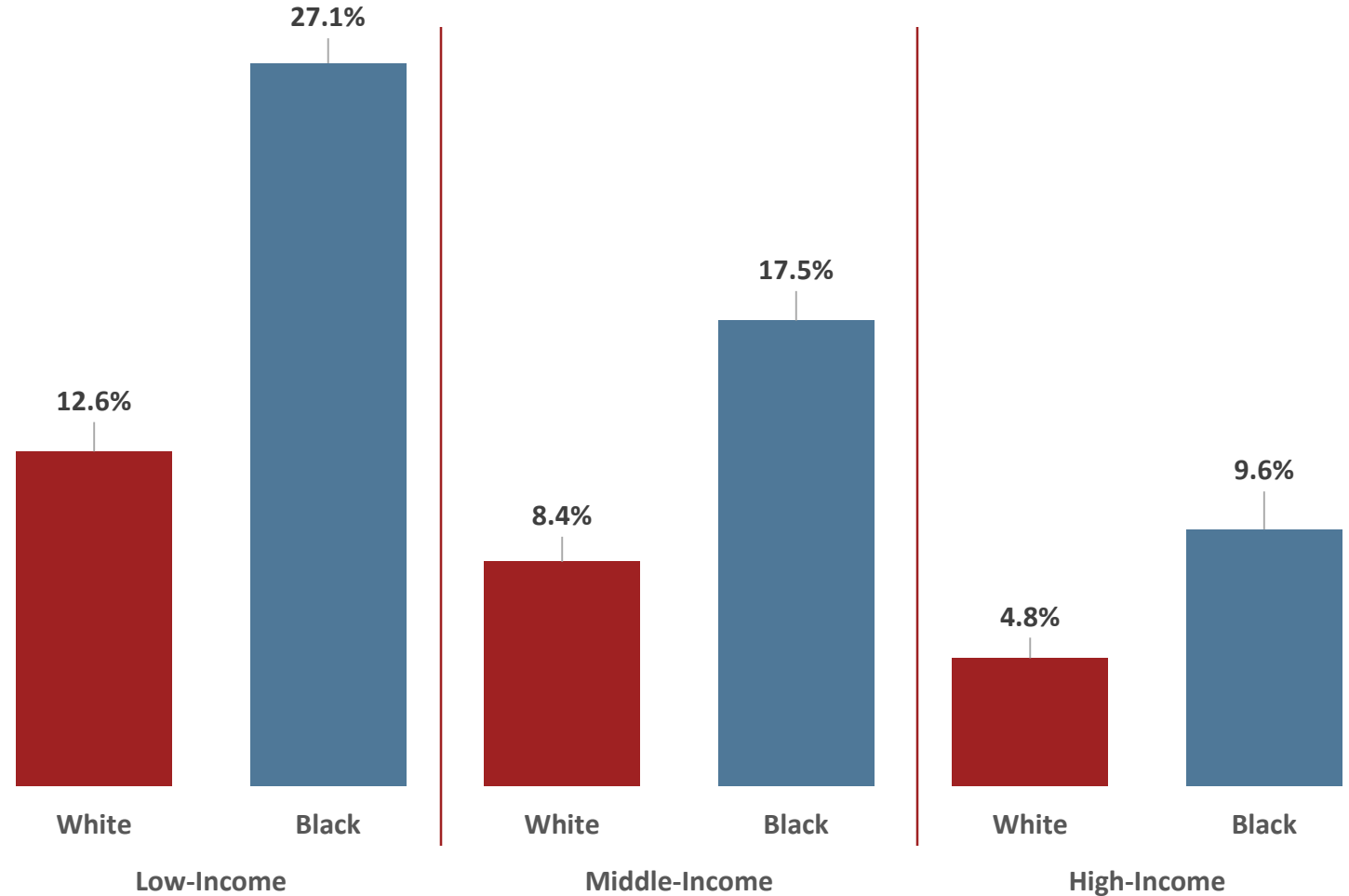
Non-Conventional Loans, by Race and Grand Division

African American borrowers are more likely to use non-conventional loans and it was even more salient in West TN



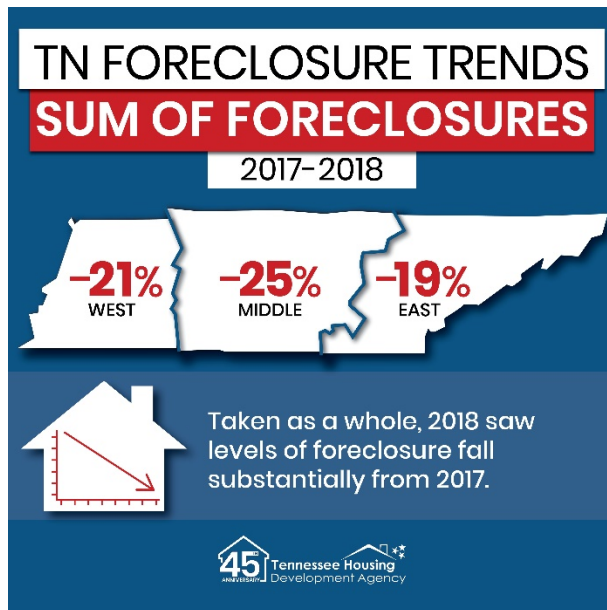
Higher Priced Home Loans

The proportion of African-American borrowers with higher-priced home purchase loans was higher than white borrowers, even among borrowers in the same income group.

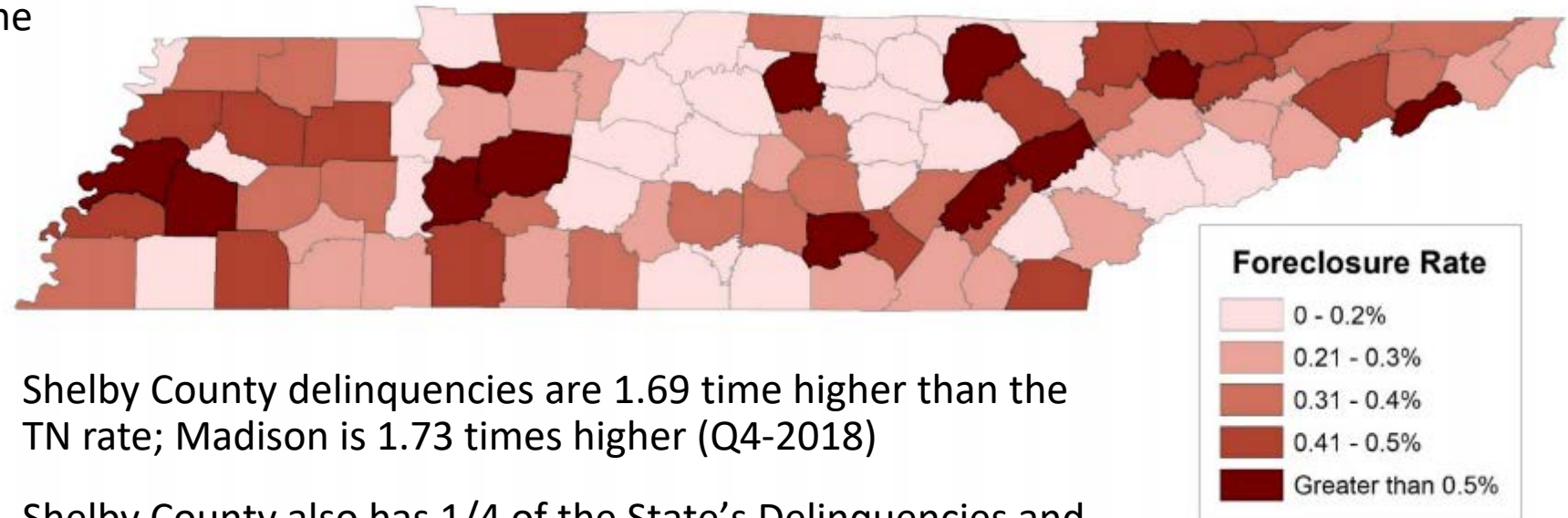


Delinquencies and Foreclosures

Foreclosures can disrupt neighborhood stability, particularly in low income neighborhoods.



Foreclosure Rates by County
Q4 2018

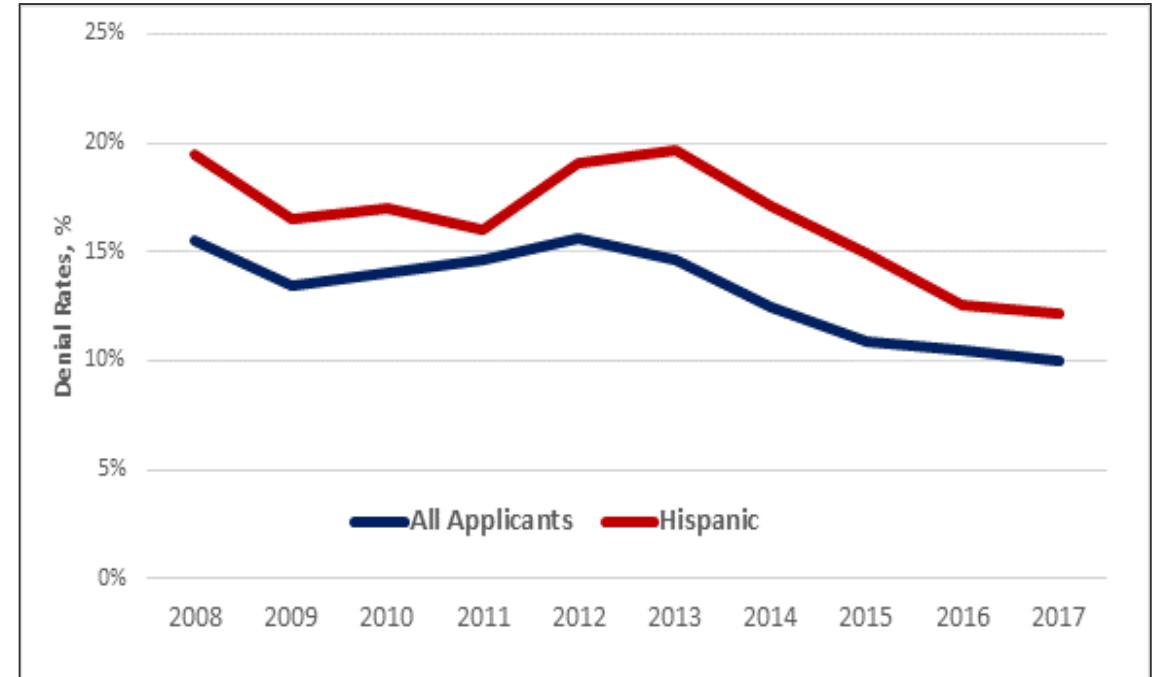
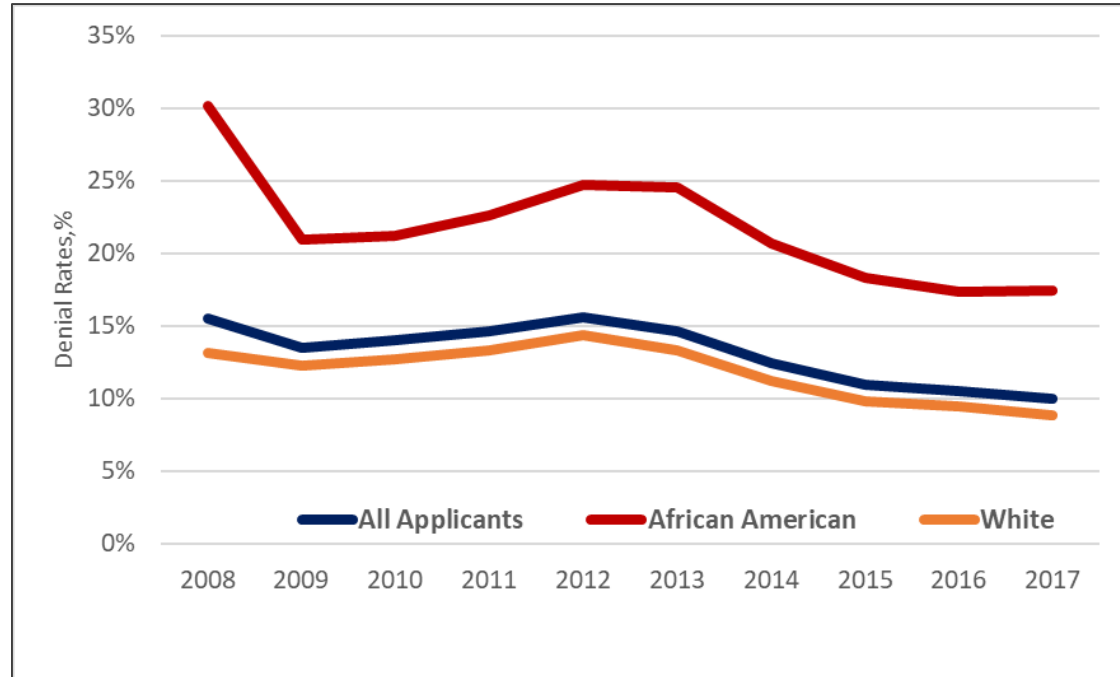


Shelby County delinquencies are 1.69 time higher than the TN rate; Madison is 1.73 times higher (Q4-2018)

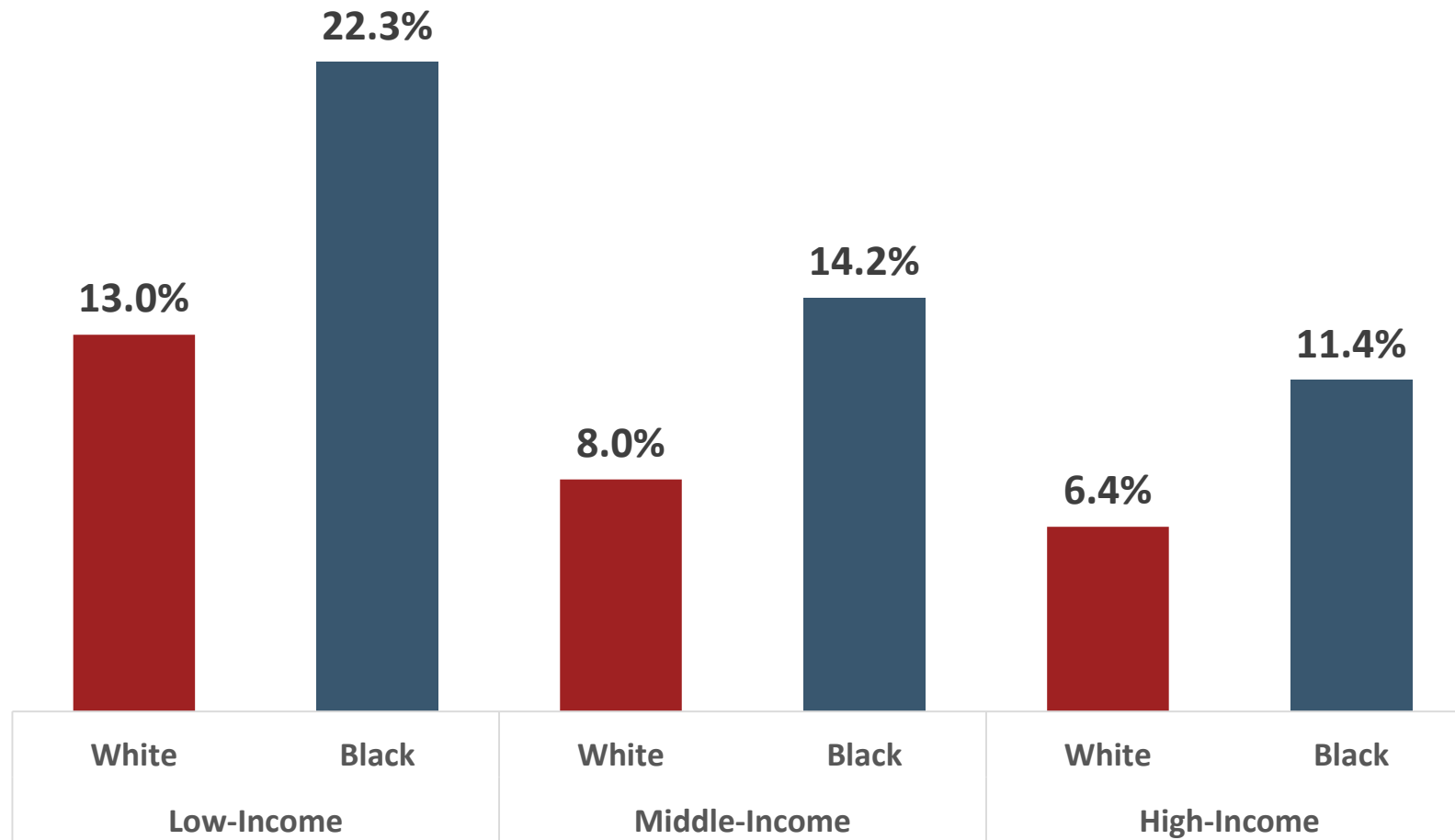
Shelby County also has 1/4 of the State's Delinquencies and 1/4 of the State's loans in foreclosure, notably higher than the next highest county. (Q4-2018)

Loan Denials, Tennessee

The denial rate among African Americans in 2017 was 17.4% (the highest among all borrowers) compared with 10% for all borrowers.



Even after controlling for income levels, denial rates between white and African American applicants varied significantly



Reason for Loan Denial, by Grand Division

	East	Middle	West	Tennessee
Debt-to-Income Ratio	18%	20%	19%	19%
Employment History	2%	3%	3%	3%
Credit History	14%	12%	19%	15%
Collateral	15%	12%	12%	13%
Insufficient Cash (down payment, closing costs)	3%	3%	4%	3%
Unverifiable Information	2%	4%	2%	3%
Credit Application Incomplete	8%	7%	6%	7%
Mortgage Insurance Denied	0%	0%	0%	0%
Other	6%	5%	6%	5%
No Reason¹	31%	34%	28%	32%

Reason for Loan Denial, by Race

	Asian	Black or African American	White	Other Minority	Multi Racial	Missing	Total
Debt-to-Income Ratio	29%	22%	18%	20%	19%	18%	19%
Employment History	3%	3%	3%	0%	1%	2%	3%
Credit History	8%	22%	14%	16%	19%	12%	15%
Collateral	10%	9%	13%	9%	15%	19%	13%
Insufficient Cash (down payment, closing costs)	3%	4%	3%	7%	4%	4%	3%
Unverifiable Information	3%	3%	3%	2%	1%	2%	3%
Credit Application Incomplete	7%	5%	6%	5%	5%	13%	7%
Mortgage Insurance Denied	0%	0%	0%	0%	0%	0%	0%
Other	6%	5%	5%	2%	6%	6%	5%
No Reason	32%	28%	34%	39%	29%	22%	32%
Total wih Reason 1	68%	72%	66%	61%	71%	78%	68%
Total Denied	100%	100%	100%	100%	100%	100%	100%

Questions?

For Reports on Homeownership & Rental Housing Issues:
<https://thda.org/research-planning/research-planning>

Sign up for the survey and other Fair Housing updates!
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MWebb@thda.org