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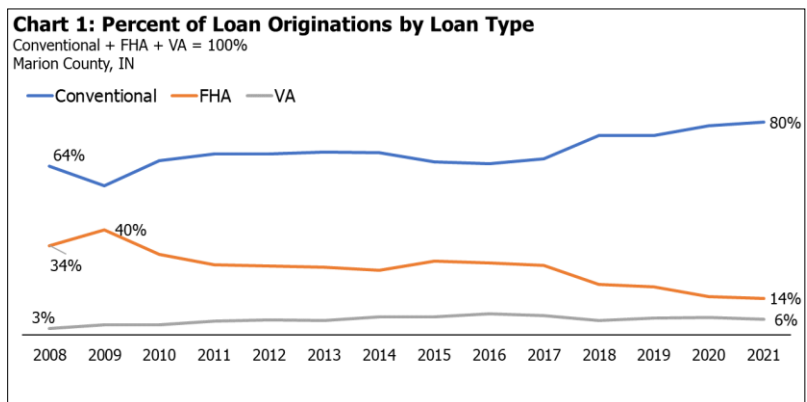
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FHCCI Releases Report on FHA and VA Mortgage Lending in Marion County

INDIANAPOLIS, IN – In January 2022, the Fair Housing Center of Central Indiana (FHCCI) released, [The State of Fair Housing in Indiana Report – Mortgage Lending in Marion County 2018-2020](#). Today, the FHCCI releases a new chapter to this report analyzing the use of Federal Home Administration (FHA) and Veterans Affairs (VA) mortgage lending from 2018 to 2021 and offers some statistics to help show how lending has changed in the recent record-breaking housing market. We then explore how our historically underserved neighborhoods and borrowers of color are impacted. We also offer insight into which lenders leverage these unconventional loan products and which do not.

“With skyrocketing home values, record low interest rates, and limited supply of homes for sale, the housing affordability crisis continues in the City of Indianapolis/Marion County, Indiana,” stated Amy Nelson, Executive Director of the FHCCI. “While mortgage interest rates plunged to historic lows in the early years of the pandemic, creating a record number of loans being originated, many homebuyers are still being shut out of homeownership as FHA loan products have become less usable in recent years.”

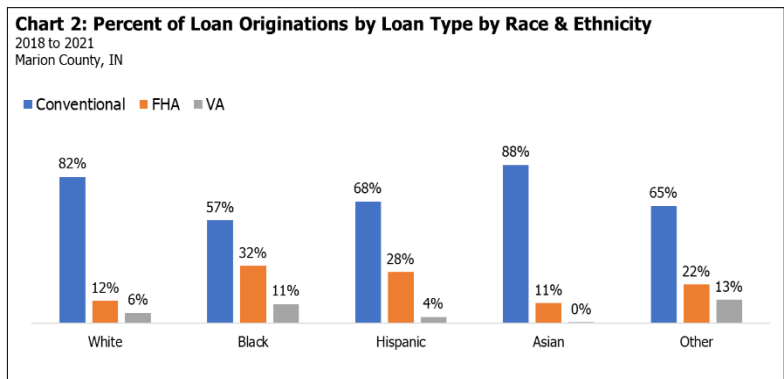
Much like many urban areas across the nation, Indianapolis has a significant gap in homeownership rates by race and ethnicity. In Marion County, homeownership rates are 65% for whites, while only 34% for Blacks, 39% for Hispanics, and 46% for Asians. These rates are also significantly lower than state and national homeownership rates for race and ethnicity. In the past 50 years, the gap in homeownership rates has gotten wider, especially for Marion County’s Black households. From 1970 to 2020, the Black homeownership rate decreased by more than 30%. In the past decade alone, the overall homeownership rate in Marion County declined by 11% largely due to the decrease in homeownership in the County’s Black neighborhoods.



Access to affordable mortgage options is a key component to closing the homeownership gap. FHA and VA lending offer low-to-moderate income (LMI) homebuyers that access through lower down payment options and less stringent credit requirements. Despite the promise of these loan options, FHA lending, in particular, is declining, especially for borrowers and neighborhoods of color.

Key Findings:

- Conventional mortgage lending has been growing. From 2018 to 2021, conventional lending accounted for more than 78% of mortgage originations in Marion County as compared to 63% from 2008 to 2011.
- To put this shift into perspective, from 2008 to 2011, there were nearly 2 conventional loan originations for every 1 FHA loan in Marion County. This changed dramatically during 2018 to 2021 with nearly 5 conventional loan originations for every 1 FHA loan.
- The conventional loan to VA loan ratio also decreased during that time from 16 to 1 during 2008 to 2011 to 13 to 1 in 2018 to 2021, a much smaller decrease than FHA.
- In the Indianapolis metro area, nearly 51,000 FHA loans were originated from 2018 to 2021, with 22,000 of those (44% of FHA loan originations) going to Marion County borrowers.
- From 2018 to 2021, 57% of loans originated by Black borrowers in Marion County were conventional products while 32% were FHA and 11% were VA loans. In contrast, white borrowers in Marion County had the least amount of unconventional loans with only 12% FHA and 6% VA, with 82% being conventional. Similar to Blacks, Hispanics also had a high percentage of FHA loans at 28% but lower VA loans with only 4% of loans originated.
- In neighborhoods of color, FHA lending as a percent of all loans originated has declined by 15% in the past 10 years while conventional lending has increased by 17%. FHA loan originations for Black borrowers has decreased by 16% while conventional lending has increased by 19%.



Lender level data is also in the report for consumers to review. The report further highlights that improving access to more affordable and sustainable mortgage options is an integral step in building better and stronger communities. The homeownership gap between whites and Blacks is as large as it has ever been. Sluggish FHA lending growth alone cannot explain this gap. However, a competitive FHA product would be a positive step forward to help LMI and first-time homebuyers, especially Black homebuyers in Marion County, access the benefits and opportunities of homeownership. Without such, we are likely to see a continued expansion in the homeownership gap between people of color and whites.

To download the full report or to follow other 10th Anniversary information sharing, visit the [FHCCI's News Page](#) or our [Reports Page](#).

The Fair Housing Center of Central Indiana (FHCCI) is a private, non-profit fair housing organization in Indianapolis, Indiana. Its mission is to ensure equal housing opportunities by eliminating housing discrimination through advocacy, enforcement, education, and outreach. For more information, visit: www.fhcci.org

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