

cities, rural areas, and other underserved areas.

f. Mortgage Access Problems and Socioeconomic Distress

To this point the discussion has focused on the credit problems of minority and low-income neighborhoods. However, there has also been a great deal of concern about poor living conditions in the nation's distressed neighborhoods. This section brings these two issues together, showing that lack of access to credit markets is closely related to distressed living conditions.

HUD's analysis of underserved census tracts shows that they are substantially more distressed than served tracts:

- Poor persons are highly concentrated in underserved areas. In metropolitan areas, 64 percent of all poor people live in underserved areas. The share is even higher in central cities, with 76 percent of poor persons in underserved areas.

- Table B.3 shows that residents in underserved areas have higher poverty rates, higher minority concentration, lower incomes, and higher unemployment rates. For instance, underserved areas show a poverty rate of 23 percent, compared with only 7 percent in served areas.

- In terms of housing, Table B.3 shows that underserved areas have a larger percentage of renters, more boarded-up units, more older

housing, and more low-valued housing than do served areas. The average value of owner-occupied housing in underserved areas was \$81,681, compared with \$127,423 in served areas.

The socioeconomic differences between underserved and served census tracts hold when the comparisons are made separately for central cities and suburban areas. These findings further support the targeting approach and point to the usefulness of the minority and income variables as proxies for underserved conditions.

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