Addressing racial wealth inequalities
Wealth inequalities along racial lines persist

Black Americans have $8.3 trillion less wealth than they would have if wealth were equally distributed along racial lines*. This includes:

- $1.5 trillion less of retirement assets
- $2 trillion less of business equity
- $4.8 trillion less of primary home equity

The children of White baby boomers are expected to inherit more than $30 trillion over the next several years; more than 20 times the net worth of all Black Americans.

Median White family wealth is 10 times greater than Black family wealth

Gaps in wealth


Notes: 2016 dollars. No comparable data are available between 1963 and 1983. Black/Hispanic distinction within nonwhite population available only in 1983 and later.
Gaps in earnings

Real median earnings of full-time, full-year Black workers and White workers, by gender, 2000-2017

Notes: Earnings are wage and salary income. White refers to non-Hispanic Whites; Black refers to Black Americans alone. Because a redesign of the CPS ASEC in 2013 did not directly affect earnings, the data for 2013 are an average of the new and old series. Shaded areas denote recessions.

Source: EPI analysis of Current Population Survey Annual social and Economic Supplement (CPS ASEC) Historical Income Tables (Table P-38)
Homeownership is the most critical component of building wealth.

Access to affordable mortgage lending for Black families is still a problem.

Gaps in business lending
Small Business loan approval rates

- Small business loans require collateral – often in the form of home equity, which Black Americans are less likely to have
- BIPOC*-owned firms are less likely to receive loans than White-owned firms
- Conventional business loan denials in 2014 were at 39% for underrepresented groups, compared to 24% for White Americans
- BIPOC-owned firms receive lower loan amounts than White-owned firms
- BIPOC-owned firms pay higher interest rates on business loans

Demographics of US Population

- White, 60.1%
- Black/African-American, 13.4%
- Hispanic/Latinx, 18.5%
- Asian, 5.9%
- American Indian and Alaska Native, 1.3%
- Unknown, 0.8%

SBA Approval Rates by Ethnicity

- White, 49%
- Black/African-American, 3%
- Asian, 22%
- Hispanic/Latinx, 6%
- Native American, 1%
- Unknown, 19%

1 Census.gov, 2019 estimates
2 SBA Business Loan Approval Activity Comparisons Report, August 2019. Data reflects approval rates for the SBA 7(A) program
*BIPOC is an acronym that stands for Black, Indigenous, and People of Color.
Investing to help reduce inequalities

The RBC Access Capital Investment Strategy can help reduce these inequalities by:

• Creating pools of capital dedicated to financing homeownership, affordable rental housing, small businesses, and access to healthcare and education in BIPOC communities.

• Targeting investments to facilitate the upward mobility of BIPOC families

• Investing in enterprises that provide the services needed to build stronger communities
Why this is important

- Increased homeownership and business ownership along with greater investments from lenders will help to create more stability and a greater sense of community
- Stable communities lead to better property appreciation (especially if accompanied by civic engagement and supportive amenities), which leads to increased opportunities for BIPOC homeowners and business owners to create wealth
- Creates a virtuous cycle of positive impact for BIPOC families and communities
Invest in predominantly BIPOC communities in the following ways:

• Support homeownership, small business ownership, healthcare and community development in BIPOC communities

• Source as many loans as possible from community-based lenders

• Collaborate with CDFIs and Minority Depository Institutions regarding effective ways we can co-invest

• National footprint
  • Over 23,000 census tracts in the US are >50% BIPOC

As of 12.31.20
https://www.ffiec.gov/censusapp.htm
Investing in underserved communities and people

**Strategy home ownership profile**
- 100% low-to-moderate income borrowers
- 100% fair lending standards applied

**Strategy affordable housing profile**
- 100% are low-to-moderate income
- 75% women head-of-household
- $18.5k annual income
- $430/month rent

58% of the affordable housing financed by the strategy is in BIPOC communities

**Strategy small business profile**
- 100% small business loans are made in low-to-moderate income communities
- 86% small business loans are made in BIPOC communities

As of 9.30.22
Source: RBC Global Asset Management
Profile of the impact of investing in the RBC Access Capital Community Investing strategy across multiple themes. ¹Source: U.S. Small Business Administration Office of Advocacy - Frequently Asked Questions, October 2020. ²RBC GAM, U.S. Census Bureau. ³Low-to-moderate income data: Federal Financial Institutions Examinations Council (FFIEC); 2019 Community Reinvestment Act Data Fact Sheet; RBC GAM & U.S. Census Bureau. Figures represent the weighted average of all neighborhood residents across census tracts in which the Impact strategy’s affordable housing investments are located. Note: Subsidized housing resident data is only available for assisted housing subsidies under the following HUD programs: public housing, tenant-based, and privately owned, project-based.
Appendix: investment examples

The following are examples of investments sourced across our impact investing strategies that have positively impacted BIPOC communities.
Care for people with disabilities – San Clemente, CA

- Provides long term care, habilitation services, and other care treatments to adults and children diagnosed with developmental disabilities and are not able to live independently
- Woman owned and operated
- Located in a low income and Latinx tract
- Originated by CDC Small Business Lending which “provides access to transformative products, services, and advocacy to ensure ALL small businesses have the opportunity to succeed and grow”*

*Source: https://cdcloans.com/about-us/meet-cdc/
Affordable rental housing

**Austell Village – Austell, GA**

- Affordable housing consisting of 107 units offering 2 and 3 bedroom floor plans
- Apartments feature spacious floor plans, private patios, and energy-efficient appliances
- Community amenities include swimming pool, fitness center, playground and walking paths
- Located near multiple shopping, restaurants, a movie theater and public and private elementary schools
- Located in a predominantly Black census tract
Affordable rental housing

Ivy Park Homes – Chicago, IL

- Townhome complex consists of 908 rental homes
- Townhomes have either 2 or 3 bedrooms, basements, patios and backyards, and private front and rear entrances
- Located in a family-friendly community that features a playground, gym and parking near public and private elementary schools
- 99% of the residents are Black; 93% are considered “very low-income”; and 91% are part of a woman-headed household
- Conveniently located near public transportation and within a mile of supermarket, mall, and movie theater
Affordable multi-family housing

Washington Courts – Chicago, IL

- Operated by the non-profit, Mercy Housing, which works to reduce poverty and create stable, vibrant and healthy communities by developing affordable, program-enriched housing for families and individuals
- Historic four story building with 101 units of affordable housing for low income families
- Features Resident Services for families including after-school programs, employment training and parental education
- Located in a very walkable neighborhood, near public transportation and many neighborhood amenities
- Provides affordable housing in Chicago’s predominantly Black Westside Austin neighborhood

Source: https://www.mercyhousing.org/lakefront/washington-courts/
Small business

Construction – Baltimore, MD

- Black veteran owned construction firm - licensed, certified minority contractor
- Located in a low income tract where 92% of the population is Black
- Employs 50 full-time employees
- Professional team has experience in completing projects in challenging work environments; meeting budget and scheduling terms and conditions; and providing state of the art technology and equipment to accomplish its client’s goals
- Specializes in demolition, crushing, screening and hauling
Affordable multi-family housing

TDC III: The Dawson-Longley Apartments – Boston, MA

- Tenants’ Development Corporation (TDC) has been developing affordable housing in Boston’s South End neighborhood for nearly 50 years
- TDC was conceived and organized by low-income renters, primarily African American tenants, who wished to improve housing conditions in the neighborhood
- This project was a combination of new construction and rehabilitation of 59 units on Massachusetts Avenue
- Located near public transportation, medical centers, shopping and schools in an extremely walkable neighborhood
- Units vary in size from one- to four-bedrooms at market and subsidized rental rates
Access to healthcare

Pharmacy – St. Louis, MO
- Black, woman owned pharmacy in moderate income area of St. Louis, providing increased access to healthcare services
- Serving a neighborhood that is 78% BIPOC/72% Black
- This Community Advantage loan helped bring a valuable healthcare service to an underserved community which had been a ‘pharmacy desert’ in the vulnerable Dellwood community
- Originated by the non-profit organization Justine Peterson Housing and Reinvestment Corporation, which has a mission to help low-to moderate-income individuals and families build assets and create enduring change*
- Justine Peterson provides existing and start-up businesses safe and affordable capital with the goal of graduating businesses or individuals back to mainstream finance

https://justinepetersen.org/what-we-do/small-business/
Affordable housing

South Shiprock Apartments – Shiprock, NM

- 212 Section 8 housing rental units located on the Navajo Reservation in San Juan County
- To qualify for the housing, a family must verify that their combined income is less than 50% of the Area Median Income (AMI)
- The town consists of roughly 8,200 people, 97% of whom are of Native American descent
- About 39% of the population of Shiprock falls below the poverty line, making the availability of affordable housing essential
- Shiprock and the surrounding land have religious and historical significance to the Navajo people
Access to healthy foods

Grocery store – Camden, NJ

- Low-income neighborhoods often lack access to full-service grocery stores or farmers’ markets
- The store, located in a predominantly BIPOC and low-income neighborhood, provides access to healthy, fresh foods
- Without this small grocery store, this neighborhood would qualify as a “Food Desert”. Residents with better access to supermarkets tend to have healthier diets and reduced risk for obesity.*

Pediatric dentistry

Pediatric dentistry – Lithia Springs, GA
• African American-owned pediatric dentist clinic
• Located in a low-income area outside of Atlanta
• Provides a variety of dental treatments using the latest dental technology, and are dedicated to helping children they serve maintain healthy, beautiful smiles.
• Job creation and increased access to healthcare service in a low-to-moderate income (LMI) community
## Definitions

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
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<tbody>
<tr>
<td>AMI</td>
<td>Area Median Income</td>
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<tr>
<td>BIPOC</td>
<td>Black, Indigenous, and People of Color</td>
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<tr>
<td>CDFI</td>
<td>Community Development Financial Institution (CDFI)</td>
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<td>FRESB</td>
<td>Freddie Mac’s Multi-Family Securitization Small Balance Loan Program - focuses on loans between $1 million and $5 million with at least five units with the goal of helping to bolster the nation's affordable rental housing stock and serve an under-served part of the market with access to long-term debt capital.</td>
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<td>HFA</td>
<td>Housing Finance Agency</td>
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<td>HUD</td>
<td>U.S. Department of Housing and Urban Development</td>
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<td>LIHTC</td>
<td>The Low-Income Housing Tax Credit. Provides a tax incentive to construct or rehabilitate affordable rental housing for low-income households.</td>
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<tr>
<td>LIHPRHA</td>
<td>Low-Income Housing Preservation and Resident Homeownership Act</td>
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<td>LMI</td>
<td>Low-to-moderate income: Defined as families whose incomes do not exceed 80 percent of the median family income for the area.</td>
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<tr>
<td>VLI</td>
<td>Very low-income. VLI is defined as families whose incomes do not exceed 50 percent of the median family income for the area.</td>
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