



## Albany-Schenectady-Troy Metropolitan Area

### Disparities in Denial Rates of Conventional Home Purchase Loans by Applicant Race and Ethnicity

**Racial disparities in denial rates continue as minority applicants for conventional loans are rejected significantly more often than whites.**

- ◆ In 2003, African-Americans were 1.5 times more likely than whites to be denied a conventional home purchase loan while Latino applicants were 1.8 times more likely to be denied than whites.
- ◆ **Albany had the fifth lowest disparity in denial rates for African-American borrowers compared to white borrowers.**
- ◆ For African-American applicants, the disparity in denial rates is an increase from 1.3 in 1993 and an increase from 1998 when African-Americans were 1.3 times more likely to be denied than whites.
- ◆ Among Latinos, the disparity in denial rates is an increase from 1993 when they were 1.4 times more likely to be denied than whites and an increase from 1998 when Latinos were 1.5 times more likely to be denied.

Change in Denial Rates in Conventional Home Purchase Loan Applications						
	2003		1998		1993	
	Denial Rate	Ratio to White	Denial Rate	Ratio to White	Denial Rate	Ratio to White
African-American	18.8%	1.5	30.9%	1.3	15.8%	1.3
Latino	22.7%	1.8	34.6%	1.5	16.7%	1.4
White	12.4%		23.6%		12.2%	

**Even when comparing borrowers of the same income level, minorities are rejected more often than whites for conventional purchase loans. Minorities with higher incomes are also denied more often than whites with lower incomes.**

- ◆ Upper-income<sup>1</sup> African-Americans were 2.3 times more likely to be turned down than upper-income whites, middle-income African-Americans were 1.2 times more likely to be denied than middle-income whites, moderate-income African-Americans were 1.4 times more likely to be denied than moderate-income whites.
- ◆ Upper-income Latinos were 2.4 times more likely to be turned down than upper-income whites, middle-income Latinos were 2.7 times more likely to be turned down than middle-

<sup>1</sup> The median family income in metropolitan area was \$59,800 in 2003. Low-income families are those earning below 50% of the area median income which means below \$29,900 in 2003. Moderate-income families earned from 50% to 79% of the median or between \$29,900 and \$47,840. Middle-income families are those earning 80-119% of the area median income or between \$47,840 and \$71,760. Upper-income families earned 120% of the median or above or \$71,760.



income whites, moderate-income Latinos were 2.0 times more likely to be turned down than moderate-income whites.

- ◆ Upper-income African-Americans and Latinos were also more likely to be denied than moderate-income whites.

<b>Conventional Home Purchase Loan Denial Rate Disparities Among Applicants of Similar Income Levels 2003</b>					
<b>Applicant Income Level</b>	<b>Denial Rates</b>			<b>Likelihood to be Denied Compared to White Applicants*</b>	
	<b>White</b>	<b>African-American</b>	<b>Latino</b>	<b>African-American</b>	<b>Latino</b>
<b>Moderate-income</b> 50-79% median \$29,900 - \$47,840	15.0%	21.5%	29.6%	1.4	2.0
<b>Middle-income</b> 80-119% median \$47,840-\$71,760	11.3%	13.2%	30.2%	1.2	2.7
<b>Upper-income</b> Above 120% median \$71,760 or above	7.3%	17.1%	17.5%	2.3	2.4

\*The likelihood to be denied is calculated by dividing the denial rate of the comparison group by the denial rate of whites.

## **Changes in Conventional Home Purchase Loan Originations by Borrower Race and Ethnicity**

The number of conventional purchase loans made to all borrowers increased dramatically from 1993 to 2003. Albany did not follow the national trend where the largest percentage increase for African-Americans was during the earlier 1993-1998 time period compared to the more recent five years. But because lending to minorities was at such a low level, the percentage increase in lending does not reflect the continuing lower volume of loans to minorities compared to whites and compared to their population.

- ◆ In 2003, African-Americans received 294 conventional home purchase loans, an increase of 65.2% which is 116 more loans than in 1993. Latinos received 135 conventional home purchase loans in 2003, a 159.6% increase which is 83 more loans than in 1993.
- ◆ Because lending to minorities started at such a low level in 1993, the smaller percentage increase in loans to whites does not reflect the increased number of loans to white applicants who received 10,010 loans in 2003 which is 4,201 more loans than in 1993, an increase of 72.3%.
- ◆ For African-Americans, the greatest percentage increase in lending occurred during the 1998 to 2003 time period. Conventional home purchase lending to African-Americans increased - 41.6% from 1993 to 1998 but increased only 182.7% from 1998 to 2003.



- ◆ For Latinos, the greatest percentage increase in lending occurred during the 1998 to 2003 time period. Conventional home purchase lending to Latinos increased -15.4% from 1993 to 1998 and increased 206.8% from 1998 to 2003.

<b>Change in Conventional Home Purchase Loan Originations by Borrower Race</b>						
Borrower Race/Ethnicity	1993 Loan Originations	1998 Loan Originations	2003 Loan Originations	Change 1993-1998	Change 1998-2003	Change 1993-2003
African-American	178	104	294	-41.6%	182.7%	65.2%
Latino	52	44	135	-15.4%	206.8%	159.6%
White	5,809	5,755	10,010	-0.9%	73.9%	72.3%

**Despite the increased number of loans made to minority homebuyers, they continue to receive a smaller portion of loans compared to their portion of the population in the metropolitan area.**

- ◆ In 2003, African-Americans received only 2.4% of the conventional home purchase loans originated although they comprise 5.9% of the metropolitan area's population<sup>2</sup>. Latinos are 2.7% of the population and received 1.1% of the loans. Whites received 82.5% of the conventional home purchase loans although they are 88.1% of the population.

<b>Distribution of Conventional Home Loan Originations by Borrower Race/Ethnicity 2003</b>			
Borrower Race/Ethnicity	Share of Population	Share of All Loans Originated	Disparity*
African-American	5.9%	2.4%	2.5
Latino	2.7%	1.1%	2.5
White	88.1%	82.5%	

\*The disparity is the difference between the share of the population divided by the share of loan originations.

## **Lending to Low- and Moderate-income Families**

**Lending to low- and moderate-income applicants has increased significantly since 1993. When comparing the growth for the five-year periods before and after 1998, Albany had a greater increase in lending to low- and moderate-income homebuyers during the 1998 to 2003 time period, which did not follow the national trend of a greater increase during the earlier 1993 to 1998 time period. Despite these increases, low- and moderate-income borrowers continue to receive a small portion of all loans originated.**

<sup>2</sup> Population figures from the 2000 United States Census Bureau based on metropolitan area definitions published by the Federal Financial Institutions Examination Council at [www.ffiec.gov](http://www.ffiec.gov)



- ◆ In 2003, low- and moderate-income homebuyers received 3,423 conventional home purchase loans, a 110.1% increase from 1993 when they received 1,629 loans. This was a 144.8% increase from 1998 when they received 1,398 loans. Lending to low- and moderate-income homebuyers decreased 14.2% from 1993-1998.
- ◆ Middle-income homebuyers received 3,238 conventional home purchase loans in 2003, an increase of 74.7% from 1993 when they received 1,853 loans and an increase of 94.9% from 1998 when they received 1,661 loans. From 1993 to 1998, lending to middle-income homebuyers decreased by 10.4%.
- ◆ Upper-income homebuyers received 5,057 loans in 2003, an increase of 66.62% from 1993 when they received 3,035 loans and an increase of 52.0% from 1998 when they received 3,326 loans.
- ◆ In 2003, upper-income homebuyers received 41.7% of all conventional home purchase loans, while low-income homebuyers received only 6.6% of the home loans originated. Moderate-income homebuyers received 21.6% of home purchase loans, while middle-income homebuyers received 26.7%.

<b>Conventional Home Purchase Lending by Homebuyer Income Level 1993-2003</b>						
Borrower-Income	1993 Loan Originations	1998 Loan Originations	2003 Loan Originations	Change 1993-1998	Change 1998-2003	Change 1993-2003
<b>Low- and Moderate-Income</b> Below 80% Median Income Below \$47,840	1,629	1,398	3,423	-14.2%	144.8%	110.1%
<b>Middle-income</b> 80-119% median \$47,840-\$71,760	1,853	1,661	3,238	-10.4%	94.9%	74.7%
<b>Upper-Income</b> Above 120% median \$71,760 or above	3,035	3,326	5,057	9.6%	52.0%	66.62%

## **Home Purchase Lending in Different Neighborhoods**

**Lending to low and moderate-income neighborhoods has increased significantly since 1993. The growth in the number of loans originated was greater in upper-income neighborhoods than in low- and moderate-income neighborhoods. Low- and moderate income communities continue to be underserved by conventional lenders.**

- ◆ Low- and moderate-income census tracts<sup>3</sup> account for 30.4% of the metropolitan area but received just 16.7% of the conventional loans in 2003. In contrast, upper-income

<sup>3</sup> Census tract income levels are based on the tract median family income compared to the metropolitan area median family income. A low-income census tract has a median family income below 50% of the metropolitan area's median family income while moderate-income census tracts have a median family income 50-80% of the area median, middle-income census tracts have a median family income 80% - 119% of the metropolitan median and upper-income census tracts have a median family income 120% or greater than the metropolitan area median.



neighborhoods make up 22.2% of the metropolitan area and received a greater 33.8% of the conventional home purchase loans.

- ◆ In 2003, there were 2,026 conventional home purchase loans made in low- and moderate-income neighborhoods, an increase of 132% from 1993 or 1,154 more loans. There were 4,103 conventional home purchase loans made in upper-income neighborhoods in 2003, a 90% increase from 1993 of 1,938 loans. Middle-income neighborhoods received 5,994 conventional home purchase loans in 2003 compared to 3,496 loans in 1993, an increase of 71%.
- ◆ Since 1998, conventional home purchase lending to low- and moderate-income neighborhoods increased 155.2%, increased by 70.9% to middle-income neighborhoods and increased 85.5% to upper-income neighborhoods.

<b>Conventional Home Purchase Lending by Neighborhood Income 1993-2003</b>								
Census Tract Income Level	% of Census Tracts in Metropolitan Area	Share of Conventional Home Purchase Loans	1993 # Loans	1998 # Loans	2003 # Loans	Change 1993-1998	Change 1998-2003	Change 1993-2003
<b>Low- and Moderate-Income</b> Below \$47,840	30.4%	16.7%	872	794	2,026	-8.9%	155.2%	132%
<b>Middle-Income</b> \$47,840 to \$71,760	46.5%	49.4%	3,496	3,507	5,994	0.3%	70.9%	71%
<b>Upper-Income</b> Above \$71,760	22.2%	33.8%	2,165	2,212	4,103	2.2%	85.5%	90%

**Applicants in minority neighborhoods are more likely to be denied than those living in mixed race or predominantly white neighborhoods.**

- ◆ Conventional home loan applicants in neighborhoods where minorities are 50-100% of the population are 2.3 times more likely to be denied than applicants who live in neighborhoods with less than 20% minority population.
- ◆ This disparity has increased since 1993 when applicants from minority neighborhoods were 1.1 times more likely to be denied than those in white neighborhoods.
- ◆ This disparity in denial rates also increased from 1998 when applicants from minority neighborhoods were 1.2 times more likely to be denied than those in white neighborhoods.

<b>Disparity in Denial Rates by Neighborhood Type 2003</b>		
Neighborhood Characteristic	Denial Rate	Disparity to White Neighborhoods
<b>Minority Neighborhoods</b> 50-100% Minority Population	28.8%	2.3
<b>Mixed Neighborhoods</b> 20-50% Minority Population	21.4%	1.7
<b>White Neighborhoods</b> 0-20% Minority Population	12.7%	



**Minority neighborhoods receive a smaller share of loans originated and at a disparate rate to their share of all neighborhoods in the metropolitan area.**

- ◆ Minority neighborhoods (where minorities make up at least 50% of the population) comprise 4.8% of the census tracts in the metropolitan area, but received only 2.3% of the conventional home purchase loans originated in 2003.
- ◆ Neighborhoods with a majority white population (where at least 80% of the population is white) comprise 83.5% of the census tracts in the metropolitan area, but received 90.3% of the conventional home purchase loans originated.
- ◆ Neighborhoods with both minority and white populations (where minorities make up 20-49% of the population) comprise 11.7% of the census tracts in the metropolitan area and received 7.4% of the conventional home purchase loans.

<b>Conventional Home Purchase Loan Originations by Neighborhood Minority Population 2003</b>		
	<b>Census Tracts in Metropolitan area</b>	<b>Loans Made in Census Tracts</b>
<b>Minority Neighborhood</b> (50-100% Minority Population)	4.8%	2.3%
<b>Mixed Race Neighborhood</b> (20-49% Minority Population)	11.7%	7.4%
<b>White Neighborhood</b> (80-100% White Population )	83.5%	90.3%

**Role of Government-backed Loans**

**The African-American and Latino share of government-backed loans is substantially larger than their share of conventional loans, and is more proportionate to their share of the population.** Government-backed loans represent a larger share of the loans made to minority borrowers than conventional home purchase loans. However, since the total number of conventional loans originated is far greater than the number of government loans, so that minority borrowers' larger share of government-backed loans has only a limited impact on their share of all home purchase loans.

- ◆ African-Americans represent 5.9% of the population and received 4.3% of government-backed home purchase loans in 2003, almost two times their 2.4% share of conventional loans.
- ◆ Latinos represent 2.7% of the population and received 1.8% of the government-backed loans in 2003, more than their 1.1% share of conventional loans.
- ◆ Whites represent 88.1% of the population and received 82.5% of the conventional home purchase loans compared to 87.4% of the government-backed home purchase loans.
- ◆ If we combine both government backed and conventional originations, African-Americans received 2.7% of all home purchase originations, still much less than their share of the



population and Latinos received 1.2% of all home purchase originations, still below their share of the population.

- ◆ Government-backed loans make up a greater portion of purchase loans to minority applicants compared to whites. Government-backed loans accounted for 24.0% or one out of every four home purchase loans received by African-Americans in 2003 and 22.0% or one out of every five of those received by Latinos, as compared to 15.8% or one out of six of the home purchase loans to whites.

<b>Borrower Race/Ethnicity</b>	<b>Share of Population</b>	<b>Share of Gov't-backed loans</b>	<b>Share of Conventional loans</b>	<b>Share of all Purchase loans</b>
African-Americans	5.9%	4.3%	2.4%	2.7%
Latinos	2.7%	1.8%	1.1%	1.2%
Whites	88.1%	87.4%	82.5%	83.3%

**Latinos were rejected more frequently than white applicants for government-backed loans.**

- ◆ Latino applicants for government-backed loans were 2.8 times more likely to be denied than whites in 2003. This denial rate disparity for government-backed loans is greater than the disparity for conventional home purchase loans where Latinos were turned down 1.8 times more frequently than whites.

**Disparities continue in the distribution of government-backed loans although these loans continue to be a large source of credit in moderate-income communities.**

- ◆ 89.8% of all government-backed home purchase loans are originated in communities with at least 80% white population while 1.5% were made in minority communities with over 50% minority population and 8.7% were made in communities where minorities comprise 20-50% of the population.
- ◆ 10.0% of all home purchase loans made in minority neighborhoods were government-backed compared to 14.9% in white neighborhoods and 17.2% in mixed race neighborhoods.
- ◆ Of all government-backed home purchase loans 57.7% were made in middle-income neighborhoods while only 4.1% were made in low-income neighborhoods and 19.0% were made in moderate-income neighborhoods. 19.2% were made in upper-income communities.
- ◆ Almost one out of five loans made in moderate-income neighborhoods were government-backed loans, 20.4% of all home purchase loans. In low-income neighborhoods 16.6% of home purchase loans were government-backed loans while in middle-income neighborhoods 17.1% were government-backed loans and 9.1% of home purchase loans in upper-income neighborhoods were government-backed loans.



<b>Government-Backed Lending by Neighborhood Characteristics 2003</b>		
<b>Census Tract Characteristic</b>	<b>Share of Government-Backed Loans</b>	<b>Portion of All Purchase Loans that are Government-Backed</b>
<b>Low-Income</b> Below 50% Area Median	4.1%	16.6%
<b>Moderate-Income</b> 50-80% Area Median	19.0%	20.4%
<b>Middle-Income</b> 80-120% Area Median	57.7%	17.1%
<b>Upper-Income</b> 120% and Above Area Median	19.2%	9.1%
<b>Minority</b> 50-100% minority population	1.5%	10.0%
<b>Mixed</b> 20-50% minority population	8.7%	17.2%
<b>White</b> 0-20% minority population	89.8%	14.9%

*The Albany-Schenectady-Troy metropolitan area consists of Albany, Montgomery, Rennsalaer, Saratoga, Schnectady, and Schoharie counties.*



## Buffalo-Niagara Falls Metropolitan Area

### Disparities in Denial Rates of Conventional Home Purchase Loans by Applicant Race and Ethnicity

**Racial disparities in denial rates continue as minority applicants for conventional loans are rejected significantly more often than whites.**

- ◆ In 2003, African-Americans were 3.0 times more likely than whites to be denied a conventional home purchase loan while Latino applicants were 3.3 times more likely to be denied than whites.
- ◆ **Buffalo had the ninth highest disparity in denial rates for African-American borrowers compared to white borrowers and the fourth highest disparity in denial rates for Latino borrowers compared to white borrowers.**
- ◆ For African-American applicants, the disparity in denial rates is an increase from 2.4 in 1993 but the same as 1998 when African-Americans were 3.0 times more likely to be denied than whites.
- ◆ Among Latinos, the disparity in denial rates is an increase from 1993 when they were 2.7 times more likely to be denied than whites and an increase from 1998 when Latinos were 2.5 times more likely to be denied.

Change in Denial Rates in Conventional Home Purchase Loan Applications						
	2003		1998		1993	
	Denial Rate	Ratio to White	Denial Rate	Ratio to White	Denial Rate	Ratio to White
African-American	22.0%	3.0	29.5%	3.0	12.9%	2.4
Latino	24.5%	3.3	24.6%	2.5	14.3%	2.7
White	7.4%		9.8%		5.3%	

**Even when comparing borrowers of the same income level, minorities are rejected more often than whites for conventional purchase loans. Minorities with higher incomes are also denied more often than whites with lower incomes.**

- ◆ **Buffalo had the fourth highest disparity in denial rates for upper-income Latinos as compared to upper-income whites.**
- ◆ Upper-income<sup>4</sup> African-Americans were 3.2 times more likely to be turned down than upper-income whites, middle-income African-Americans were 3.1 times more likely to be denied than middle-income whites, moderate-income African-Americans were 2.1 times more likely

<sup>4</sup> The median family income in metropolitan area was \$52,500 in 2003. Low-income families are those earning below 50% of the area median income which means below \$26,250 in 2003. Moderate-income families earned from 50% to 79% of the median or between \$26,250 and \$42,000. Middle-income families are those earning 80-119% of the area median income or between \$42,000 and \$63,000. Upper-income families earned 120% of the median or above or \$63,000.





to be denied than moderate-income whites and low-income African-Americans were 1.7 times more likely to be turned down than low-income whites.

- ◆ Upper-income Latinos were 4.1 times more likely to be turned down than upper-income whites, middle-income Latinos were 1.7 times more likely to be turned down than middle-income whites, moderate-income Latinos were 3.4 times more likely to be turned down than moderate-income whites, while low-income Latinos were 1.7 times more likely to be turned down than low-income whites.
- ◆ Upper-income Latinos are more likely to be denied than low-income whites.
- ◆ Upper-income African-Americans and Latinos were more likely to be denied than moderate-income whites.

<b>Conventional Home Purchase Loan Denial Rate Disparities Among Applicants of Similar Income Levels 2003</b>					
<b>Applicant Income Level</b>	<b>Denial Rates</b>			<b>Likelihood to be Denied Compared to White Applicants*</b>	
	<b>White</b>	<b>African-American</b>	<b>Latino</b>	<b>African-American</b>	<b>Latino</b>
<b>Low-income</b> Below 50% Median Below \$26,250	18.2%	31.5%	31.8%	1.7	1.7
<b>Moderate-income</b> 50-79% median \$26,250 - \$42,000	9.2%	18.9%	31.4%	2.1	3.4
<b>Middle-income</b> 80-119% median \$42,000-\$63,000	6.5%	19.9%	11.1%	3.1	1.7
<b>Upper-income</b> Above 120% median \$63,000 or above	4.7%	15.0%	19.4%	3.2	4.1

\*The likelihood to be denied is calculated by dividing the denial rate of the comparison group by the denial rate of whites.

## **Changes in Conventional Home Purchase Loan Originations by Borrower Race and Ethnicity**

The number of conventional purchase loans made to all borrowers increased dramatically from 1993 to 2003. Buffalo did not follow the national trend where the largest percentage increase for African-Americans was during the earlier 1993-1998 time period compared to the more recent five years. But because lending to minorities was at such a low level, the percentage increase in lending does not reflect the continuing lower volume of loans to minorities compared to whites and compared to their population.

- ◆ In 2003, African-Americans received 410 conventional home purchase loans, an increase of 101.0% which is 206 more loans than in 1993. Latinos received 103 conventional home purchase loans in 2003, a 145.2% increase which is 61 more loans than in 1993.



- ◆ Because lending to minorities started at such a low level in 1993, the smaller percentage increase in loans to whites does not reflect the increased number of loans to white applicants who received 9,648 loans in 2003 which is 3,130 more loans than in 1993, an increase of 48.0%.
- ◆ For African-Americans, the greatest percentage increase in lending occurred during the 1998 to 2003 time period. Conventional home purchase lending to African-Americans increased 40.2% from 1993 to 1998 but increased only 43.4% from 1998 to 2003.
- ◆ For Latinos, the greatest percentage increase in lending occurred during the 1998 to 2003 time period. Conventional home purchase lending to Latinos decreased 9.5% from 1993 to 1998 and increased 171.1% from 1998 to 2003.

<b>Change in Conventional Home Purchase Loan Originations by Borrower Race</b>						
Borrower Race/Ethnicity	1993 Loan Originations	1998 Loan Originations	2003 Loan Originations	Change 1993-1998	Change 1998-2003	Change 1993-2003
African-American	204	286	410	40.2%	43.4%	101.0%
Latino	42	38	103	-9.5%	171.1%	145.2%
White	6,518	7,786	9,648	19.5%	23.9%	48.0%

**Despite the increased number of loans made to minority homebuyers, they continue to receive a smaller portion of loans compared to their portion of the population in the metropolitan area.**

- ◆ Buffalo had the second greatest disparity in the Latino share of conventional purchase loans compared to the Latino share of the population in the MSA.
- ◆ In 2003, African-Americans received only 3.6% of the conventional home purchase loans originated although they comprise 11.5% of the metropolitan area's population<sup>5</sup>. Latinos are 2.9% of the population and received less than 1% of the loans. Whites received 84.5% of the conventional home purchase loans although they are 82.5% of the population.

<b>Distribution of Conventional Home Loan Originations by Borrower Race/Ethnicity 2003</b>			
Borrower Race/Ethnicity	Share of Population	Share of All Loans Originated	Disparity*
African-American	11.5%	3.6%	3.2
Latino	2.9%	0.9%	3.2
White	82.5%	84.5%	

\*The disparity is the difference between the share of the population divided by the share of loan originations.

<sup>5</sup> Population figures from the 2000 United States Census Bureau based on metropolitan area definitions published by the Federal Financial Institutions Examination Council at [www.ffiec.gov](http://www.ffiec.gov)



## **Lending to Low- and Moderate-income Families**

**Lending to low- and moderate-income applicants has increased significantly since 1993. When comparing the growth for the five-year periods before and after 1998, Buffalo had a greater increase in lending to low- and moderate-income homebuyers during the 1998 to 2003 time period, which did not follow the national trend of a greater increase during the earlier 1993 to 1998 time period.** Despite these increases, low- and moderate-income borrowers continue to receive a small portion of all loans originated.

- ◆ In 2003, low- and moderate-income homebuyers received 3,347 conventional home purchase loans, a 126.8% increase from 1993 when they received 1,476 loans. This was a 62.2% increase from 1998 when they received 2,063 loans. Lending to low- and moderate-income homebuyers increased 39.8% from 1993-1998.
- ◆ Middle-income homebuyers received 2,859 conventional home purchase loans in 2003, an increase of 41.3% from 1993 when they received 2,023 loans and an increase of 22.1% from 1998 when they received 2,341 loans. From 1993 to 1998, lending to middle-income homebuyers increased by 15.7%.
- ◆ Upper-income homebuyers received 4,668 loans in 2003, an increase of 34.49% from 1993 when they received 3,471 loans and an increase of 13.9% from 1998 when they received 4,097 loans.
- ◆ In 2003, upper-income homebuyers received 40.9% of all conventional home purchase loans, while low-income homebuyers received only 8.3% of the home loans originated. Moderate-income homebuyers received 21.0% of home purchase loans, while middle-income homebuyers received 25.0%.

<b>Conventional Home Purchase Lending by Homebuyer Income Level 1993-2003</b>						
Borrower-Income	1993 Loan Originations	1998 Loan Originations	2003 Loan Originations	Change 1993- 1998	Change 1998- 2003	Change 1993- 2003
<b>Low- and Moderate-Income</b> Below 80% Median Income Below \$42,000	1,476	2,063	3,347	39.8%	62.2%	126.8%
<b>Middle-income</b> 80-119% median \$42,000-\$63,000	2,023	2,341	2,859	15.7%	22.1%	41.3%
<b>Upper-Income</b> Above 120% median \$63,000 or above	3,471	4,097	4,668	18.0%	13.9%	34.49%

## **Home Purchase Lending in Different Neighborhoods**

**Lending to low and moderate-income neighborhoods has increased significantly since 1993. The growth in the number of loans originated was greater in upper-income neighborhoods than in low- and moderate-income neighborhoods. Low-**



**and moderate income communities continue to be underserved by conventional lenders.**

- ◆ Low- and moderate-income census tracts<sup>6</sup> account for 31.5% of the metropolitan area but received just 10.0% of the conventional loans in 2003. In contrast, upper-income neighborhoods make up 19.5% of the metropolitan area and received a greater 44.1% of the conventional home purchase loans.
- ◆ In 2003, there were 1,144 conventional home purchase loans made in low- and moderate-income neighborhoods, an increase of 113% from 1993 or 608 more loans. There were 5,042 conventional home purchase loans made in upper-income neighborhoods in 2003, a 43% increase from 1993 of 1,506 loans. Middle-income neighborhoods received 5,235 conventional home purchase loans in 2003 compared to 2,986 loans in 1993, an increase of 75%.
- ◆ Since 1998, conventional home purchase lending to low- and moderate-income neighborhoods increased 110.3%, increased by 29.9% to middle-income neighborhoods and increased 20.2% to upper-income neighborhoods.

<b>Conventional Home Purchase Lending by Neighborhood Income 1993-2003</b>								
Census Tract Income Level	% of Census Tracts in Metropolitan Area	Share of Conventional Home Purchase Loans	1993 # Loans	1998 # Loans	2003 # Loans	Change 1993-1998	Change 1998-2003	Change 1993-2003
<b>Low- and Moderate-Income</b> Below \$42,000	31.5%	10.0%	536	544	1,144	1.5%	110.3%	113%
<b>Middle-Income</b> \$42,000 to \$63,000	45.4%	45.8%	2,986	4,029	5,235	34.9%	29.9%	75%
<b>Upper-Income</b> Above \$63,000	19.5%	44.1%	3,536	4,195	5,042	18.6%	20.2%	43%

**Applicants in minority neighborhoods are more likely to be denied than those living in mixed race or predominantly white neighborhoods.**

- ◆ Conventional home loan applicants in neighborhoods where minorities are 50-100% of the population are 3.7 times more likely to be denied than applicants who live in neighborhoods with less than 20% minority population.
- ◆ This disparity has increased since 1993 when applicants from minority neighborhoods were 2 times more likely to be denied than those in white neighborhoods.
- ◆ This disparity in denial rates also increased from 1998 when applicants from minority neighborhoods were 3.2 times more likely to be denied than those in white neighborhoods.

**Disparity in Denial Rates by Neighborhood Type 2003**

<sup>6</sup> Census tract income levels are based on the tract median family income compared to the metropolitan area median family income. A low-income census tract has a median family income below 50% of the metropolitan area's median family income while moderate-income census tracts have a median family income 50-80% of the area median, middle-income census tracts have a median family income 80% - 119% of the metropolitan median and upper-income census tracts have a median family income 120% or greater than the metropolitan area median.



Neighborhood Characteristic	Denial Rate	Disparity to White Neighborhoods
<b>Minority Neighborhoods</b> 50-100% Minority Population	30.4%	3.7
<b>Mixed Neighborhoods</b> 20-50% Minority Population	14.8%	1.8
<b>White Neighborhoods</b> 0-20% Minority Population	8.3%	

**Minority neighborhoods receive a smaller share of loans originated and at a disparate rate to their share of all neighborhoods in the metropolitan area.**

- ◆ Minority neighborhoods (where minorities make up at least 50% of the population) comprise 16.2% of the census tracts in the metropolitan area, but received only 3.3% of the conventional home purchase loans originated in 2003.
- ◆ Neighborhoods with a majority white population (where least 80% of the population is white) comprise 72.8% of the census tracts in the metropolitan area, but received 90.8% of the conventional home purchase loans originated.
- ◆ Neighborhoods with both minority and white populations (where minorities make up 20-49% of the population) comprise 10.9% of the census tracts in the metropolitan area and received 6.0% of the conventional home purchase loans.

Conventional Home Purchase Loan Originations by Neighborhood Minority Population 2003		
	Census Tracts in Metropolitan area	Loans Made in Census Tracts
<b>Minority Neighborhood</b> (50-100% Minority Population)	16.2%	3.3%
<b>Mixed Race Neighborhood</b> (20-49% Minority Population)	10.9%	6.0%
<b>White Neighborhood</b> (80-100% White Population )	72.8%	90.8%

**Role of Government-backed Loans**

**The African-American and Latino share of government-backed loans is substantially larger than their share of conventional loans, and is more proportionate to their share of the population.** Government-backed loans represent a larger share of the loans made to minority borrowers than conventional home purchase loans. However, since the total number of conventional loans originated is far greater than the number of government loans, so that minority borrowers' larger share of government-backed loans has only a limited impact on their share of all home purchase loans.

- ◆ African-Americans represent 11.5% of the population and received 5.4% of government-backed home purchase loans in 2003, one and a half times their 3.6% share of conventional loans.
- ◆ Latinos represent 2.9% of the population and received 1.6% of the government-backed loans in 2003, nearly two times their 0.9% share of conventional loans.



- ◆ Whites represent 82.5% of the population and received 84.5% of the conventional home purchase loans compared to 84.5% of the government-backed home purchase loans.
- ◆ If we combine both government backed and conventional originations, African-Americans received 4.0% of all home purchase originations, still much less than their share of the population and Latinos received 1.1% of all home purchase originations, still below their share of the population.
- ◆ Government-backed loans make up a greater portion of purchase loans to minority applicants compared to whites. Government-backed loans accounted for 27.2% or one out of every four home purchase loans received by African-Americans in 2003 and 30.9% or one out of every three of those received by Latinos, as compared to 19.8% or one out of five of the home purchase loans to whites.

<b>Home Purchase Loans by Loan Type and Borrower Race/Ethnicity 2003</b>				
<b>Borrower Race/Ethnicity</b>	<b>Share of Population</b>	<b>Share of Gov't-backed loans</b>	<b>Share of Conventional loans</b>	<b>Share of all Purchase loans</b>
African-Americans	11.5%	5.4%	3.6%	4.0%
Latinos	2.9%	1.6%	0.9%	1.1%
Whites	82.5%	84.5%	84.5%	84.5%

**African-Americans and Latinos were rejected more frequently than white applicants for government-backed loans.**

- ◆ African-American applicants for government-backed mortgages were denied 2.8 times more often than white applicants. The denial rate disparity for African-Americans is lower for government-backed loans than for conventional home purchase loans where African-Americans were turned down 3.0 times more frequently than whites.
- ◆ Latino applicants for government-backed loans were 2.0 times more likely to be denied than whites in 2003. This denial rate disparity for government-backed loans is lower than the disparity for conventional home purchase loans where Latinos were turned down 3.3 times more frequently than whites.

**Disparities continue in the distribution of government-backed loans although these loans continue to be a large source of credit in moderate-income communities.**

- ◆ 88.9% of all government-backed home purchase loans are originated in communities with at least 80% white population while 3.9% were made in minority communities with over 50% minority population and 7.3% were made in communities where minorities comprise 20-50% of the population.
- ◆ 21.4% of all home purchase loans made in minority neighborhoods were government-backed compared to 19.4% in white neighborhoods and 23.2% in mixed race neighborhoods.



- ◆ Of all government-backed home purchase loans 61.0% were made in middle-income neighborhoods while only 1.8% were made in low-income neighborhoods and 13.2% were made in moderate-income neighborhoods. 24.0% were made in upper-income communities.
- ◆ Almost one out of four loans made in moderate-income neighborhoods were government-backed loans, 27.6% of all home purchase loans. In low-income neighborhoods 23.9% of home purchase loans were government-backed loans while in middle-income neighborhoods 24.7% were government-backed loans and 11.8% of home purchase loans in upper-income neighborhoods were government-backed loans.

<b>Government-Backed Lending by Neighborhood Characteristics 2003</b>		
<b>Census Tract Characteristic</b>	<b>Share of Government-Backed Loans</b>	<b>Portion of All Purchase Loans that are Government-Backed</b>
<b>Low-Income</b> Below 50% Area Median	1.8%	23.9%
<b>Moderate-Income</b> 50-80% Area Median	13.2%	27.6%
<b>Middle-Income</b> 80-120% Area Median	61.0%	24.7%
<b>Upper-Income</b> 120% and Above Area Median	24.0%	11.8%
<b>Minority</b> 50-100% minority population	3.9%	21.4%
<b>Mixed</b> 20-50% minority population	7.3%	23.2%
<b>White</b> 0-20% minority population	88.9%	19.4%

*The Buffalo-Niagara Falls metropolitan area consists of Erie and Niagara counties.*



## **Disparities in Denial Rates of Conventional Home Purchase Loans by Applicant Race and Ethnicity**

**Racial disparities in denial rates continue as minority applicants for conventional loans are rejected significantly more often than whites.**

- ◆ In 2003, African-Americans were 2.0 times more likely than whites to be denied a conventional home purchase loan while Latino applicants were 1.5 times more likely to be denied than whites.
- ◆ Nassau-Suffolk had the seventh lowest disparity in denial rates for Latino borrowers compared to white borrowers.
- ◆ For African-American applicants, the disparity in denial rates is the same as 1993 and a small decrease from 1998 when African-Americans were 2.2 times more likely to be denied than whites.
- ◆ Among Latinos, the disparity in denial rates is a decrease from 1993 when they were 1.8 times more likely to be denied than whites and a decrease from 1998 when Latinos were 1.7 times more likely to be denied.

<b>Change in Denial Rates in Conventional Home Purchase Loan Applications</b>						
	<b>2003</b>		<b>1998</b>		<b>1993</b>	
	Denial Rate	Ratio to White	Denial Rate	Ratio to White	Denial Rate	Ratio to White
African-American	23.6%	2.0	21.3%	2.2	19.3%	2.0
Latino	18.3%	1.5	16.6%	1.7	16.9%	1.8
White	11.9%		9.7%		9.5%	

**Even when comparing borrowers of the same income level, minorities are rejected more often than whites for conventional purchase loans. Minorities with higher incomes are also denied more often than whites with lower incomes.**

- ◆ Upper-income<sup>7</sup> African-Americans were 1.9 times more likely to be turned down than upper-income whites, middle-income African-Americans were 1.9 times more likely to be denied than middle-income whites, moderate-income African-Americans were 2.5 times more likely to be denied than moderate-income whites and low-income African-Americans were 2.0 times more likely to be turned down than low-income whites.
- ◆ Upper-income Latinos were 1.6 times more likely to be turned down than upper-income whites, middle-income Latinos were 1.7 times more likely to be turned down than middle-

<sup>7</sup> The median family income in metropolitan area was \$83,700 in 2003. Low-income families are those earning below 50% of the area median income which means below \$41,850 in 2003. Moderate-income families earned from 50% to 79% of the median or between \$41,850 and \$66,960. Middle-income families are those earning 80-119% of the area median income or between \$66,960 and \$100,440. Upper-income families earned 120% of the median or above or \$100,440.





income whites, moderate-income Latinos were 1.7 times more likely to be turned down than moderate-income whites, while low-income Latinos were 1.9 times more likely to be turned down than low-income whites.

- ◆ Upper-income African-Americans are more likely to be denied than low-income whites.
- ◆ Upper-income African-Americans and Latinos are also more likely to be denied than moderate-income whites.

<b>Conventional Home Purchase Loan Denial Rate Disparities Among Applicants of Similar Income Levels 2003</b>					
<b>Applicant Income Level</b>	<b>Denial Rates</b>			<b>Likelihood to be Denied Compared to White Applicants*</b>	
	<b>White</b>	<b>African-American</b>	<b>Latino</b>	<b>African-American</b>	<b>Latino</b>
<b>Low-Income</b> Below 50% Median Below \$41,850	19.1%	37.3%	36.1%	2.0	1.9
<b>Moderate-Income</b> 50-79% median \$41,850 - \$66,960	11.2%	28.2%	18.6%	2.5	1.7
<b>Middle-income</b> 80-119% median \$66,960-\$100,440	11.0%	20.9%	19.0%	1.9	1.7
<b>Upper-Income</b> Above 120% median \$100,440 or above	11.8%	22.8%	18.9%	1.9	1.6

\*The likelihood to be denied is calculated by dividing the denial rate of the comparison group by the denial rate of whites.

## **Changes in Conventional Home Purchase Loan Originations by Borrower Race and Ethnicity**

**The number of conventional purchase loans made to all borrowers increased dramatically from 1993 to 2003. Nassau-Suffolk followed the national trend where the largest percentage increase for African-Americans was during the earlier 1993-1998 time period compared to the more recent five years. But because lending to minorities was at such a low level, the percentage increase in lending does not reflect the continuing lower volume of loans to minorities compared to whites and compared to their population.**

- ◆ In 2003, African-Americans received 2,003 conventional home purchase loans, an increase of 179.4% which is 1,286 more loans than in 1993. Latinos received 3,634 conventional home purchase loans in 2003, a 611.2% increase which is 3,123 more loans than in 1993.
- ◆ Because lending to minorities started at such a low level in 1993, the smaller percentage increase in loans to whites does not reflect the increased number of loans to white applicants who received 25,700 loans in 2003 which is 7,698 more loans than in 1993, an increase of 42.8%.



- ◆ For African-Americans, the greatest percentage increase in lending occurred during the 1993 to 1998 time period. Conventional home purchase lending to African-Americans increased 89.5% from 1993 to 1998 but increased only 47.4% from 1998 to 2003.
- ◆ For Latinos, the greatest percentage increase in lending occurred during the 1998 to 2003 time period. Conventional home purchase lending to Latinos increased 149.7% from 1993 to 1998 and increased 184.8% from 1998 to 2003.

<b>Change in Conventional Home Purchase Loan Originations by Borrower Race</b>						
Borrower Race/Ethnicity	1993 Loan Originations	1998 Loan Originations	2003 Loan Originations	Change 1993-1998	Change 1998-2003	Change 1993-2003
African-American	717	1,359	2,003	89.5%	47.4%	179.4%
Latino	511	1,276	3,634	149.7%	184.8%	611.2%
White	18,002	26,150	25,700	45.3%	-1.7%	42.8%

**Despite the increased number of loans made to minority homebuyers, they continue to receive a smaller portion of loans compared to their portion of the population in the metropolitan area.**

- ◆ Nassau-Suffolk had the tenth smallest disparity in the African-American share of conventional purchase loans compared to the African-American share of the population in the MSA.
- ◆ Nassau-Suffolk had the sixth smallest disparity in the Latino share of conventional purchase loans compared to the Latino share of the population in the MSA.
- ◆ In 2003, African-Americans received only 5.1% of the conventional home purchase loans originated although they comprise 8.1% of the metropolitan area's population<sup>8</sup>. Latinos are 10.3% of the population and received 9.2% of the loans. Whites received 64.9% of the conventional home purchase loans although they are 76.4% of the population.

<b>Distribution of Conventional Home Loan Originations by Borrower Race/Ethnicity 2003</b>			
Borrower Race/Ethnicity	Share of Population	Share of All Loans Originated	Disparity*
African-American	8.1%	5.1%	1.6
Latino	10.3%	9.2%	1.1
White	76.4%	64.9%	

\*The disparity is the difference between the share of the population divided by the share of loan originations.

<sup>8</sup> Population figures from the 2000 United States Census Bureau based on metropolitan area definitions published by the Federal Financial Institutions Examination Council at [www.ffiec.gov](http://www.ffiec.gov)



## Lending to Low- and Moderate-income Families

**Lending to low- and moderate-income applicants has increased significantly since 1993. When comparing the growth for the five-year periods before and after 1998, Nassau-Suffolk had a greater increase in lending to low- and moderate-income homebuyers during the 1993 to 1998 time period, which followed the national trend.**

However, since the number of loans made to low- and moderate-income borrowers was at a much lower level in 1993 compared to upper-income borrowers, the growth in the number of loans to upper-income borrowers was still greater than the increase in loans to low- or moderate-income borrowers. Despite these increases, low- and moderate-income borrowers continue to receive a small portion of all loans originated.

- ◆ In 2003, low- and moderate-income homebuyers received 7,121 conventional home purchase loans, a 61.1% increase from 1993 when they received 4,419 loans. This was a 4.6% increase from 1998 when they received 6,806 loans. Lending to low- and moderate-income homebuyers increased 54.0% from 1993-1998.
- ◆ Middle-income homebuyers received 11,968 conventional home purchase loans in 2003, an increase of 63.5% from 1993 when they received 7,320 loans and an increase of 21.2% from 1998 when they received 9,876 loans. From 1993 to 1998, lending to middle-income homebuyers increased by 34.9%.
- ◆ Upper-income homebuyers received 16,977 loans in 2003, an increase of 92.61% from 1993 when they received 8,814 loans and an increase of 25.6% from 1998 when they received 13,513 loans.
- ◆ In 2003, upper-income homebuyers received 42.9% of all conventional home purchase loans, while low-income homebuyers received only 2.7% of the home loans originated. Moderate-income homebuyers received 15.2% of home purchase loans, while middle-income homebuyers received 30.2%.

<b>Conventional Home Purchase Lending by Homebuyer Income Level 1993-2003</b>						
Borrower-Income	1993 Loan Originations	1998 Loan Originations	2003 Loan Originations	Change 1993-1998	Change 1998-2003	Change 1993-2003
<b>Low- and Moderate-Income</b> Below 80% Median Income Below \$66,960	4,419	6,806	7,121	54.0%	4.6%	61.1%
<b>Middle-income</b> 80-119% median \$66,960-\$100,440	7,320	9,876	11,968	34.9%	21.2%	63.5%
<b>Upper-Income</b> Above 120% median \$100,440 or above	8,814	13,513	16,977	53.3%	25.6%	92.61%

## Home Purchase Lending in Different Neighborhoods



**Lending to low and moderate-income neighborhoods has increased significantly since 1993. However, low- and moderate-income communities continue to be underserved by conventional lenders.**

- ◆ Nassau-Suffolk had the smallest disparity between the share of loans made in low- and moderate-income neighborhoods and the low- and moderate-income share of the population.
- ◆ Low- and moderate-income census tracts<sup>9</sup> account for 14.9% of the metropolitan area but received just 17.4% of the conventional loans in 2003. In contrast, upper-income neighborhoods make up 19.6% of the metropolitan area and received a greater 18.8% of the conventional home purchase loans.
- ◆ In 2003, there were 6,895 conventional home purchase loans made in low- and moderate-income neighborhoods, an increase of 233% from 1993 or 4,823 more loans. There were 7,438 conventional home purchase loans made in upper-income neighborhoods in 2003, a 43% increase from 1993 of 2,253 loans. Middle-income neighborhoods received 25,270 conventional home purchase loans in 2003 compared to 14,589 loans in 1993, an increase of 73%.
- ◆ Since 1998, conventional home purchase lending to low- and moderate-income neighborhoods increased 77.2%, increased by 15.4% to middle-income neighborhoods but decreased 4.4% to upper-income neighborhoods.

Census Tract Income Level	% of Census Tracts in Metropolitan Area	Share of Conventional Home Purchase Loans	1993 # Loans	1998 # Loans	2003 # Loans	Change 1993-1998	Change 1998-2003	Change 1993-2003
<b>Low- and Moderate-Income</b> Below \$66,960	14.9%	17.4%	2,072	3,891	6,895	87.8%	77.2%	233%
<b>Middle-Income</b> \$66,960 to \$100,440	62.8%	63.8%	14,589	21,898	25,270	50.1%	15.4%	73%
<b>Upper-Income</b> Above \$100,440	19.6%	18.8%	5,185	7,777	7,438	50.0%	-4.4%	43%

**Applicants in minority neighborhoods are more likely to be denied than those living in mixed race or predominantly white neighborhoods.**

- ◆ Conventional home loan applicants in neighborhoods where minorities are 50-100% of the population are 1.8 times more likely to be denied than applicants who live in neighborhoods with less than 20% minority population.
- ◆ This disparity has decreased since 1993 when applicants from minority neighborhoods were 2 times more likely to be denied than those in white neighborhoods.

<sup>9</sup> Census tract income levels are based on the tract median family income compared to the metropolitan area median family income. A low-income census tract has a median family income below 50% of the metropolitan area's median family income while moderate-income census tracts have a median family income 50-80% of the area median, middle-income census tracts have a median family income 80% - 119% of the metropolitan median and upper-income census tracts have a median family income 120% or greater than the metropolitan area median.



- ◆ This disparity in denial rates also decreased from 1998 when applicants from minority neighborhoods were 2.1 times more likely to be denied than those in white neighborhoods.

Neighborhood Characteristic	Denial Rate	Disparity to White Neighborhoods
<b>Minority Neighborhoods</b> 50-100% Minority Population	22.1%	1.8
<b>Mixed Neighborhoods</b> 20-50% Minority Population	15.7%	1.3
<b>White Neighborhoods</b> 0-20% Minority Population	12.4%	

**Minority neighborhoods receive a smaller share of loans originated and at a disparate rate to their share of all neighborhoods in the metropolitan area.**

- ◆ Minority neighborhoods (where minorities make up at least 50% of the population) comprise 13.4% of the census tracts in the metropolitan area, but received only 12.7% of the conventional home purchase loans originated in 2003.
- ◆ Neighborhoods with a majority white population (where least 80% of the population is white) comprise 71.1% of the census tracts in the metropolitan area, but received 69.5% of the conventional home purchase loans originated.
- ◆ Neighborhoods with both minority and white populations (where minorities make up 20-49% of the population) comprise 15.4% of the census tracts in the metropolitan area and received 17.7% of the conventional home purchase loans.

	Census Tracts in Metropolitan area	Loans Made in Census Tracts
<b>Minority Neighborhood</b> (50-100% Minority Population)	13.4%	12.7%
<b>Mixed Race Neighborhood</b> (20-49% Minority Population)	15.4%	17.7%
<b>White Neighborhood</b> (80-100% White Population )	71.1%	69.5%

**Role of Government-backed Loans**

**The African-American and Latino share of government-backed loans is substantially larger than their share of conventional loans, and is more proportionate to their share of the population.** Government-backed loans represent a larger share of the loans made to minority borrowers than conventional home purchase loans. However, since the total number of conventional loans originated is far greater than the number



of government loans, so that minority borrowers' larger share of government-backed loans has only a limited impact on their share of all home purchase loans.

- ◆ African-Americans represent 8.1% of the population and received 15.9% of government-backed home purchase loans in 2003, three times their 5.1% share of conventional loans.
- ◆ Latinos represent 10.3% of the population and received 39.0% of the government-backed loans in 2003, more than four times their 9.2% share of conventional loans.
- ◆ Whites represent 76.4% of the population and received 64.9% of the conventional home purchase loans compared to 33.1% of the government-backed home purchase loans.
- ◆ If we combine both government backed and conventional originations, African-Americans received 5.7% of all home purchase originations, still much less than their share of the population and Latinos received 11.0% of all home purchase originations, still below their share of the population.
- ◆ Government-backed loans make up a greater portion of purchase loans to minority applicants compared to whites. Government-backed loans accounted for 17.4% or one out of every six home purchase loans received by African-Americans in 2003 and 22.1% or one out of every five of those received by Latinos, as compared to 3.3% or one out of 30 of the home purchase loans to whites.

<b>Home Purchase Loans by Loan Type and Borrower Race/Ethnicity 2003</b>				
<b>Borrower Race/Ethnicity</b>	<b>Share of Population</b>	<b>Share of Gov't-backed loans</b>	<b>Share of Conventional loans</b>	<b>Share of all Purchase loans</b>
African-Americans	8.1%	15.9%	5.1%	5.7%
Latinos	10.3%	39.0%	9.2%	11.0%
Whites	76.4%	33.1%	64.9%	62.9%

**African-Americans and Latinos were rejected more frequently than white applicants for government-backed loans.**

- ◆ African-American applicants for government-backed mortgages were denied 1.2 times more often than white applicants. The denial rate disparity for African-Americans is lower for government-backed loans than for conventional home purchase loans where African-Americans were turned down 2.0 times more frequently than whites.
- ◆ Latino applicants for government-backed loans were 1.3 times more likely to be denied than whites in 2003. This denial rate disparity for government-backed loans is lower than the disparity for conventional home purchase loans where Latinos were turned down 1.5 times more frequently than whites.



**Disparities continue in the distribution of government-backed loans although these loans continue to be a large source of credit in moderate-income communities.**

- ◆ 34.5% of all government-backed home purchase loans are originated in communities with at least 80% white population while 47.1% were made in minority communities with over 50% minority population and 18.4% were made in communities where minorities comprise 20-50% of the population.
- ◆ 18.9% of all home purchase loans made in minority neighborhoods were government-backed compared to 3.2% in white neighborhoods and 6.5% in mixed race neighborhoods.
- ◆ Of all government-backed home purchase loans 50.2% were made in middle-income neighborhoods while only 1.4% were made in low-income neighborhoods and 46.9% were made in moderate-income neighborhoods. 1.5% were made in upper-income communities.
- ◆ Almost one out of six loans made in moderate-income neighborhoods were government-backed loans, 15.6% of all home purchase loans. In low-income neighborhoods 19.2% of home purchase loans were government-backed loans while in middle-income neighborhoods 5.0% were government-backed loans and 0.5% of home purchase loans in upper-income neighborhoods were government-backed loans.

<b>Census Tract Characteristic</b>	<b>Share of Government-Backed Loans</b>	<b>Portion of All Purchase Loans that are Government-Backed</b>
<b>Low-Income</b> Below 50% Area Median	1.4%	19.2%
<b>Moderate-Income</b> 50-80% Area Median	46.9%	15.6%
<b>Middle-Income</b> 80-120% Area Median	50.2%	5.0%
<b>Upper-Income</b> 120% and Above Area Median	1.5%	0.5%
<b>Minority</b> 50-100% minority population	47.1%	18.9%
<b>Mixed</b> 20-50% minority population	18.4%	6.5%
<b>White</b> 0-20% minority population	34.5%	3.2%

*The Nassau-Suffolk metropolitan area consists of Nassau and Suffolk counties.*



## Disparities in Denial Rates of Conventional Home Purchase Loans by Applicant Race and Ethnicity

### Racial disparities in denial rates continue as minority applicants for conventional loans are rejected significantly more often than whites.

- ◆ In 2003, African-Americans were 1.9 times more likely than whites to be denied a conventional home purchase loan while Latino applicants were 1.6 times more likely to be denied than whites.
- ◆ For African-American applicants, the disparity in denial rates is an increase from 1.7 in 1993 but a decrease from 1998 when African-Americans were 2.3 times more likely to be denied than whites.
- ◆ Among Latinos, the disparity in denial rates is the same as 1993 but a decrease from 1998 when Latinos were 1.8 times more likely to be denied.

Change in Denial Rates in Conventional Home Purchase Loan Applications						
	2003		1998		1993	
	Denial Rate	Ratio to White	Denial Rate	Ratio to White	Denial Rate	Ratio to White
African-American	24.4%	1.9	26.3%	2.3	21.6%	1.7
Latino	20.6%	1.6	21.0%	1.8	19.4%	1.6
White	12.7%		11.5%		12.5%	

### Even when comparing borrowers of the same income level, minorities are rejected more often than whites for conventional purchase loans. Minorities with higher incomes are also denied more often than whites with lower incomes.

- ◆ Upper-income<sup>10</sup> African-Americans were 2.0 times more likely to be turned down than upper-income whites, middle-income African-Americans were 1.7 times more likely to be denied than middle-income whites, moderate-income African-Americans were 1.8 times more likely to be denied than moderate-income whites and low-income African-Americans were 1.6 times more likely to be turned down than low-income whites.
- ◆ Upper-income Latinos were 1.7 times more likely to be turned down than upper-income whites, middle-income Latinos were 1.5 times more likely to be turned down than middle-income whites, moderate-income Latinos were 1.5 times more likely to be turned down than moderate-income whites, while low-income Latinos were 1.3 times more likely to be turned down than low-income whites.

<sup>10</sup> The median family income in metropolitan area was \$51,900 in 2003. Low-income families are those earning below 50% of the area median income which means below \$25,950 in 2003. Moderate-income families earned from 50% to 79% of the median or between \$25,950 and \$41,520. Middle-income families are those earning 80-119% of the area median income or between \$41,520 and \$62,280. Upper-income families earned 120% of the median or above or \$62,280.





- ◆ Upper-income African-Americans and Latinos were more likely to be denied than moderate-income whites.

<b>Conventional Home Purchase Loan Denial Rate Disparities Among Applicants of Similar Income Levels 2003</b>					
Applicant Income Level	Denial Rates			Likelihood to be Denied Compared to White Applicants*	
	White	African-American	Latino	African-American	Latino
<b>Low-income</b> Below 50% Median Below \$25,950	32.4%	50.9%	41.2%	1.6	1.3
<b>Moderate-income</b> 50-79% median \$25,950 - \$41,520	16.1%	28.3%	23.9%	1.8	1.5
<b>Middle-income</b> 80-119% median \$41,520-\$62,280	12.9%	22.2%	19.9%	1.7	1.5
<b>Upper-income</b> Above 120% median \$62,280 or above	12.2%	24.5%	20.4%	2.0	1.7

\*The likelihood to be denied is calculated by dividing the denial rate of the comparison group by the denial rate of whites.

## **Changes in Conventional Home Purchase Loan Originations by Borrower Race and Ethnicity**

**The number of conventional purchase loans made to all borrowers increased dramatically from 1993 to 2003. New York did not follow the national trend where the largest percentage increase for African-Americans was during the earlier 1993-1998 time period compared to the more recent five years. But because lending to minorities was at such a low level, the percentage increase in lending does not reflect the continuing lower volume of loans to minorities compared to whites and compared to their population.**

- ◆ In 2003, African-Americans received 7,791 conventional home purchase loans, an increase of 106.1% which is 4,010 more loans than in 1993. Latinos received 7,516 conventional home purchase loans in 2003, a 274.9% increase which is 5,511 more loans than in 1993.
- ◆ Because lending to minorities started at such a low level in 1993, the smaller percentage increase in loans to whites does not reflect the increased number of loans to white applicants who received 37,998 loans in 2003 which is 17,317 more loans than in 1993, an increase of 83.7%.
- ◆ For African-Americans, the greatest percentage increase in lending occurred during the 1998 to 2003 time period. Conventional home purchase lending to African-Americans increased 43.2% from 1993 to 1998 but increased only 43.9% from 1998 to 2003.



- ◆ For Latinos, the greatest percentage increase in lending occurred during the 1993-1998 time period. Conventional home purchase lending to Latinos increased 100.4% from 1993 to 1998 and increased 87.1% from 1998 to 2003.

<b>Change in Conventional Home Purchase Loan Originations by Borrower Race</b>						
Borrower Race/Ethnicity	1993 Loan Originations	1998 Loan Originations	2003 Loan Originations	Change 1993-1998	Change 1998-2003	Change 1993-2003
African-American	3,781	5,416	7,791	43.2%	43.9%	106.1%
Latino	2,005	4,018	7,516	100.4%	87.1%	274.9%
White	20,681	35,134	37,998	69.9%	8.2%	83.7%

**Despite the increased number of loans made to minority homebuyers, they continue to receive a smaller portion of loans compared to their portion of the population in the metropolitan area.**

- ◆ New York had the eight greatest disparity in the Latino share of conventional purchase loans compared to the Latino share of the population in the MSA.
- ◆ In 2003, African-Americans received only 10.2% of the conventional home purchase loans originated although they comprise 22.7% of the metropolitan area's population<sup>11</sup>. Latinos are 25.1% of the population and received 9.9% of the loans. Whites received 49.9% of the conventional home purchase loans although they are 39.5% of the population.

<b>Distribution of Conventional Home Loan Originations by Borrower Race/Ethnicity 2003</b>			
Borrower Race/Ethnicity	Share of Population	Share of All Loans Originated	Disparity*
African-American	22.7%	10.2%	2.2
Latino	25.1%	9.9%	2.5
White	39.5%	49.9%	

\*The disparity is the difference between the share of the population divided by the share of loan originations.

## **Lending to Low- and Moderate-income Families**

<sup>11</sup> Population figures from the 2000 United States Census Bureau based on metropolitan area definitions published by the Federal Financial Institutions Examination Council at [www.ffiec.gov](http://www.ffiec.gov)



**Lending to low- and moderate-income applicants has increased significantly since 1993. When comparing the growth for the five-year periods before and after 1998, New York had a greater increase in lending to low- and moderate-income homebuyers during the 1993 to 1998 time period, which followed the national trend.**

However, since the number of loans made to low- and moderate-income borrowers was at a much lower level in 1993 compared to upper-income borrowers, the growth in the number of loans to upper-income borrowers was still greater than the increase in loans to low- or moderate-income borrowers. Despite these increases, low- and moderate-income borrowers continue to receive a small portion of all loans originated.

- ◆ In 2003, low- and moderate-income homebuyers received 4,016 conventional home purchase loans, a 86.6% increase from 1993 when they received 2,152 loans but a 25.3% decrease from 1998 when they received 5,377 loans. Lending to low- and moderate-income homebuyers increased 149.9% from 1993-1998.
- ◆ Middle-income homebuyers received 11,649 conventional home purchase loans in 2003, an increase of 88.7% from 1993 when they received 6,173 loans and an increase of less than 1% from 1998 when they received 11,585 loans. From 1993 to 1998, lending to middle-income homebuyers increased by 87.7%.
- ◆ Upper-income homebuyers received 54,495 loans in 2003, an increase of 135.62% from 1993 when they received 23,128 loans and an increase of 46.4% from 1998 when they received 37,211 loans.
- ◆ In 2003, upper-income homebuyers received 71.5% of all conventional home purchase loans, while low-income homebuyers received only 0.6% of the home loans originated. Moderate-income homebuyers received 4.7% of home purchase loans, while middle-income homebuyers received 15.3%.

<b>Conventional Home Purchase Lending by Homebuyer Income Level 1993-2003</b>						
Borrower-Income	1993 Loan Originations	1998 Loan Originations	2003 Loan Originations	Change 1993-1998	Change 1998-2003	Change 1993-2003
<b>Low- and Moderate-Income</b> Below 80% Median Income Below \$41,520	2,152	5,377	4,016	149.9%	-25.3%	86.6%
<b>Middle-income</b> 80-119% median \$41,520-\$62,280	6,173	11,585	11,649	87.7%	0.6%	88.7%
<b>Upper-Income</b> Above 120% median \$62,280 or above	23,128	37,211	54,495	60.9%	46.4%	135.62%

## **Home Purchase Lending in Different Neighborhoods**



**Lending to low and moderate-income neighborhoods has increased significantly since 1993. The growth in the number of loans originated was greater in upper-income neighborhoods than in low- and moderate-income neighborhoods. Low- and moderate income communities continue to be underserved by conventional lenders.**

- ◆ Low- and moderate-income census tracts<sup>12</sup> account for 22.8% of the metropolitan area but received just 14.5% of the conventional loans in 2003. In contrast, upper-income neighborhoods make up 35.1% of the metropolitan area and received a greater 60.8% of the conventional home purchase loans.
- ◆ In 2003, there were 11,039 conventional home purchase loans made in low- and moderate-income neighborhoods, an increase of 308% from 1993 or 8,332 more loans. There were 46,236 conventional home purchase loans made in upper-income neighborhoods in 2003, a 100% increase from 1993 of 23,076 loans. Middle-income neighborhoods received 18,710 conventional home purchase loans in 2003 compared to 8,064 loans in 1993, an increase of 132%.
- ◆ Since 1998, conventional home purchase lending to low- and moderate-income neighborhoods increased 122.6%, increased by 41.4% to middle-income neighborhoods and increased 13.3% to upper-income neighborhoods.

<b>Conventional Home Purchase Lending by Neighborhood Income 1993-2003</b>								
Census Tract Income Level	% of Census Tracts in Metropolitan Area	Share of Conventional Home Purchase Loans	1993 # Loans	1998 # Loans	2003 # Loans	Change 1993-1998	Change 1998-2003	Change 1993-2003
<b>Low- and Moderate-Income</b> Below \$41,520	22.8%	14.5%	2,707	4,960	11,039	83.2%	122.6%	308%
<b>Middle-Income</b> \$41,520 to \$62,280	28.5%	24.6%	8,064	13,234	18,710	64.1%	41.4%	132%
<b>Upper-Income</b> Above \$62,280	35.1%	60.8%	23,160	40,796	46,236	76.1%	13.3%	100%

**Applicants in minority neighborhoods are more likely to be denied than those living in mixed race or predominantly white neighborhoods.**

- ◆ Conventional home loan applicants in neighborhoods where minorities are 50-100% of the population are 1.9 times more likely to be denied than applicants who live in neighborhoods with less than 20% minority population.

<sup>12</sup> Census tract income levels are based on the tract median family income compared to the metropolitan area median family income. A low-income census tract has a median family income below 50% of the metropolitan area's median family income while moderate-income census tracts have a median family income 50-80% of the area median, middle-income census tracts have a median family income 80% - 119% of the metropolitan median and upper-income census tracts have a median family income 120% or greater than the metropolitan area median.



- ◆ This disparity has increased since 1993 when applicants from minority neighborhoods were 1.8 times more likely to be denied than those in white neighborhoods.
- ◆ This disparity in denial rates increased from 1998 when applicants from minority neighborhoods were 2.1 times more likely to be denied than those in white neighborhoods.

<b>Disparity in Denial Rates by Neighborhood Type 2003</b>		
<b>Neighborhood Characteristic</b>	<b>Denial Rate</b>	<b>Disparity to White Neighborhoods</b>
<b>Minority Neighborhoods</b> 50-100% Minority Population	22.4%	1.9
<b>Mixed Neighborhoods</b> 20-50% Minority Population	13.6%	1.2
<b>White Neighborhoods</b> 0-20% Minority Population	11.6%	

**Minority neighborhoods receive a smaller share of loans originated and at a disparate rate to their share of all neighborhoods in the metropolitan area.**

- ◆ Minority neighborhoods (where minorities make up at least 50% of the population) comprise 56.6% of the census tracts in the metropolitan area, but received only 36.3% of the conventional home purchase loans originated in 2003.
- ◆ Neighborhoods with a majority white population (where least 80% of the population is white) comprise 19.4% of the census tracts in the metropolitan area, but received 30.7% of the conventional home purchase loans originated.
- ◆ Neighborhoods with both minority and white populations (where minorities make up 20-49% of the population) comprise 24.0% of the census tracts in the metropolitan area and received 33.3% of the conventional home purchase loans.

<b>Conventional Home Purchase Loan Originations by Neighborhood Minority Population 2003</b>		
	<b>Census Tracts in Metropolitan area</b>	<b>Loans Made in Census Tracts</b>
<b>Minority Neighborhood</b> (50-100% Minority Population)	56.6%	36.3%
<b>Mixed Race Neighborhood</b> (20-49% Minority Population)	24.0%	33.3%
<b>White Neighborhood</b> (80-100% White Population )	19.4%	30.7%

**Role of Government-backed Loans**

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**The African-American and Latino share of government-backed loans is substantially larger than their share of conventional loans, and is more**



**proportionate to their share of the population.** Government-backed loans represent a larger share of the loans made to minority borrowers than conventional home purchase loans. However, since the total number of conventional loans originated is far greater than the number of government loans, so that minority borrowers' larger share of government-backed loans has only a limited impact on their share of all home purchase loans.

- ◆ African-Americans represent 22.7% of the population and received 42.4% of government-backed home purchase loans in 2003, four times their 10.2% share of conventional loans.
- ◆ Latinos represent 25.1% of the population and received 29.5% of the government-backed loans in 2003, three times their 9.9% share of conventional loans.
- ◆ Whites represent 39.5% of the population and received 49.9% of the conventional home purchase loans compared to 7.9% of the government-backed home purchase loans.
- ◆ If we combine both government backed and conventional originations, African-Americans received 11.9% of all home purchase originations, still much less than their share of the population and Latinos received 10.9% of all home purchase originations, still below their share of the population.
- ◆ Government-backed loans make up a greater portion of purchase loans to minority applicants compared to whites. Government-backed loans accounted for 18.2% or nearly one out of every five home purchase loans received by African-Americans in 2003 and 13.8% or one out of every seven of those received by Latinos, as compared to less than 1% of the home purchase loans to whites.

<b>Home Purchase Loans by Loan Type and Borrower Race/Ethnicity 2003</b>				
<b>Borrower Race/Ethnicity</b>	<b>Share of Population</b>	<b>Share of Gov't-backed loans</b>	<b>Share of Conventional loans</b>	<b>Share of all Purchase loans</b>
African-Americans	22.7%	42.4%	10.2%	11.9%
Latinos	25.1%	29.5%	9.9%	10.9%
Whites	39.5%	7.9%	49.9%	47.7%

**Disparities continue in the distribution of government-backed loans although these loans continue to be a large source of credit in moderate-income communities.**

- ◆ 4.2% of all government-backed home purchase loans are originated in communities with at least 80% white population while 88.8% were made in minority communities with over 50% minority population and 7.1% were made in communities where minorities comprise 20-50% of the population.
- ◆ 12.6% of all home purchase loans made in minority neighborhoods were government-backed compared to less than 1% in white neighborhoods and 1.1% in mixed race neighborhoods.
- ◆ Of all government-backed home purchase loans 39.2% were made in middle-income neighborhoods while only 9.3% were made in low-income neighborhoods and 26.4% were made in moderate-income neighborhoods. 25.1% were made in upper-income communities.



- ◆ Almost one out of nine loans made in moderate-income neighborhoods were government-backed loans, 10.7% of all home purchase loans. In low-income neighborhoods 15.5% of home purchase loans were government-backed loans while in middle-income neighborhoods 7.9% were government-backed loans and 2.2% of home purchase loans in upper-income neighborhoods were government-backed loans.

<b>Government-Backed Lending by Neighborhood Characteristics 2003</b>		
<b>Census Tract Characteristic</b>	<b>Share of Government-Backed Loans</b>	<b>Portion of All Purchase Loans that are Government-Backed</b>
<b>Low-Income</b> Below 50% Area Median	9.3%	15.5%
<b>Moderate-Income</b> 50-80% Area Median	26.4%	10.7%
<b>Middle-Income</b> 80-120% Area Median	39.2%	7.9%
<b>Upper-Income</b> 120% and Above Area Median	25.1%	2.2%
<b>Minority</b> 50-100% minority population	88.8%	12.6%
<b>Mixed</b> 20-50% minority population	7.1%	1.1%
<b>White</b> 0-20% minority population	4.2%	0.7%

*The New York metropolitan area consists of Bronx, Kings, New York, Putnam, Queens, Richmond, Rockland, and Westchester counties in New York.*



### Disparities in Denial Rates of Conventional Home Purchase Loans by Applicant Race and Ethnicity

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#### Racial disparities in denial rates continue as minority applicants for conventional loans are rejected significantly more often than whites.

- ◆ In 2003, African-Americans were 2.1 times more likely than whites to be denied a conventional home purchase loan while Latino applicants were 1.9 times more likely to be denied than whites.
- ◆ For African-American applicants, the disparity in denial rates is a small decrease from 2.2 in 1993 but an increase from 1998 when African-Americans were 1.6 times more likely to be denied than whites.
- ◆ Among Latinos, the disparity in denial rates is an increase from 1993 when they were 1.1 times more likely to be denied than whites and an increase from 1998 when Latinos were 1.4 times more likely to be denied.

Change in Denial Rates in Conventional Home Purchase Loan Applications						
	2003		1998		1993	
	Denial Rate	Ratio to White	Denial Rate	Ratio to White	Denial Rate	Ratio to White
African-American	20.3%	2.1	25.9%	1.6	21.4%	2.2
Latino	18.2%	1.9	23.8%	1.4	10.6%	1.1
White	9.5%		16.6%		9.6%	

#### Even when comparing borrowers of the same income level, minorities are rejected more often than whites for conventional purchase loans.

- ◆ Middle-income<sup>13</sup> African-Americans were 2.7 times more likely to be denied than middle-income whites while moderate-income African-Americans were 2.0 times more likely to be denied than moderate-income whites.
- ◆ Middle-income Latinos were 1.4 times more likely to be turned down than middle-income whites, moderate-income Latinos were 2.4 times more likely to be turned down than moderate-income whites.

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<sup>13</sup> The median family income in metropolitan area was \$56,900 in 2003. Low-income families are those earning below 50% of the area median income which means below \$28,450 in 2003. Moderate-income families earned from 50% to 79% of the median or between \$28,450 and \$45,520. Middle-income families are those earning 80-119% of the area median income or between \$45,520 and \$68,280. Upper-income families earned 120% of the median or above or \$68,280.



<b>Conventional Home Purchase Loan Denial Rate Disparities Among Applicants of Similar Income Levels 2003</b>					
<b>Applicant Income Level</b>	<b>Denial Rates</b>			<b>Likelihood to be Denied Compared to White Applicants*</b>	
	<b>White</b>	<b>African-American</b>	<b>Latino</b>	<b>African-American</b>	<b>Latino</b>
<b>Moderate-income</b> 50-79% median \$28,450 - \$45,520	10.3%	20.9%	24.3%	2.0	2.4
<b>Middle-income</b> 80-119% median \$45,520-\$68,280	8.9%	24.0%	12.9%	2.7	1.4

\*The likelihood to be denied is calculated by dividing the denial rate of the comparison group by the denial rate of whites.

## Changes in Conventional Home Purchase Loan Originations by Borrower Race and Ethnicity

The number of conventional purchase loans made to all borrowers increased dramatically from 1993 to 2003. Rochester followed the national trend where the largest percentage increase for African-Americans was during the earlier 1993-1998 time period compared to the more recent five years. But because lending to minorities was at such a low level, the percentage increase in lending does not reflect the continuing lower volume of loans to minorities compared to whites and compared to their population.

- ◆ In 2003, African-Americans received 426 conventional home purchase loans, an increase of 158.2% which is 261 more loans than in 1993. Latinos received 277 conventional home purchase loans in 2003, a 237.8% increase which is 195 more loans than in 1993.
- ◆ Because lending to minorities started at such a low level in 1993, the smaller percentage increase in loans to whites does not reflect the increased number of loans to white applicants who received 10,643 loans in 2003 which is 3,045 more loans than in 1993, an increase of 40.1%.
- ◆ For African-Americans, the greatest percentage increase in lending occurred during the 1993 to 1998 time period. Conventional home purchase lending to African-Americans increased 61.2% from 1993 to 1998 but increased only 60.2% from 1998 to 2003.
- ◆ For Latinos, the greatest percentage increase in lending occurred during the 1998 to 2003 time period. Conventional home purchase lending to Latinos increased 58.5% from 1993 to 1998 and increased 113.1% from 1998 to 2003.



<b>Change in Conventional Home Purchase Loan Originations by Borrower Race</b>						
Borrower Race/Ethnicity	1993 Loan Originations	1998 Loan Originations	2003 Loan Originations	Change 1993-1998	Change 1998-2003	Change 1993-2003
African-American	165	266	426	61.2%	60.2%	158.2%
Latino	82	130	277	58.5%	113.1%	237.8%
White	7,598	8,892	10,643	17.0%	19.7%	40.1%

**Despite the increased number of loans made to minority homebuyers, they continue to receive a smaller portion of loans compared to their portion of the population in the metropolitan area.**

- ◆ In 2003, African-Americans received only 3.4% of the conventional home purchase loans originated although they comprise 9.9% of the metropolitan area's population<sup>14</sup>. Latinos are 4.3% of the population and received 2.2% of the loans. Whites received 84.3% of the conventional home purchase loans although they are 82.2% of the population.

<b>Distribution of Conventional Home Loan Originations by Borrower Race/Ethnicity 2003</b>			
Borrower Race/Ethnicity	Share of Population	Share of All Loans Originated	Disparity*
African-American	9.9%	3.4%	2.9
Latino	4.3%	2.2%	2.0
White	82.2%	84.3%	

\*The disparity is the difference between the share of the population divided by the share of loan originations.

## **Lending to Low- and Moderate-income Families**

**Lending to low- and moderate-income applicants has increased significantly since 1993. When comparing the growth for the five-year periods before and after 1998, Rochester had a greater increase in lending to low- and moderate-income homebuyers during the 1998 to 2003 time period, which did not follow the national trend of a greater increase during the earlier 1993 to 1998 time period.**

- ◆ In 2003, low- and moderate-income homebuyers received 4,360 conventional home purchase loans, an 85.6% increase from 1993 when they received 2,349 loans. This was a 55.6% increase from 1998 when they received 2,802 loans. Lending to low- and moderate-income homebuyers increased 19.3% from 1993-1998.
- ◆ Middle-income homebuyers received 2,973 conventional home purchase loans in 2003, an increase of 14.3% from 1993 when they received 2,600 loans and an increase of 15.7% from

<sup>14</sup> Population figures from the 2000 United States Census Bureau based on metropolitan area definitions published by the Federal Financial Institutions Examination Council at [www.ffiec.gov](http://www.ffiec.gov)



1998 when they received 2,570 loans. From 1993 to 1998, lending to middle-income homebuyers decreased by 1.2%.

- ◆ Upper-income homebuyers received 4,882 loans in 2003, an increase of 42.33% from 1993 when they received 3,430 loans and an increase of 2.2% from 1998 when they received 4,775 loans.
- ◆ In 2003, upper-income homebuyers received 38.6% of all conventional home purchase loans, while low-income homebuyers received only 10.1% of the home loans originated. Moderate-income homebuyers received 24.4% of home purchase loans, while middle-income homebuyers received 23.5%.

<b>Conventional Home Purchase Lending by Homebuyer Income Level 1993-2003</b>						
Borrower-Income	1993 Loan Originations	1998 Loan Originations	2003 Loan Originations	Change 1993-1998	Change 1998-2003	Change 1993-2003
<b>Low- and Moderate-Income</b> Below 80% Median Income Below \$45,520	2,349	2,802	4,360	19.3%	55.6%	85.6%
<b>Middle-income</b> 80-119% median \$45,520-\$68,280	2,600	2,570	2,973	-1.2%	15.7%	14.3%
<b>Upper-Income</b> Above 120% median \$68,280 or above	3,430	4,775	4,882	39.2%	2.2%	42.3%

## Home Purchase Lending in Different Neighborhoods

**Lending to low and moderate-income neighborhoods has increased significantly since 1993. The growth in the number of loans originated was greater in upper-income neighborhoods than in low- and moderate-income neighborhoods. Low- and moderate income communities continue to be underserved by conventional lenders.**

- ◆ Low- and moderate-income census tracts<sup>15</sup> account for 31.7% of the metropolitan area but received just 13.1% of the conventional loans in 2003. In contrast, upper-income neighborhoods make up 21.3% of the metropolitan area and received a greater 39.7% of the conventional home purchase loans.
- ◆ In 2003, there were 1,653 conventional home purchase loans made in low- and moderate-income neighborhoods, an increase of 109% from 1993 or 863 more loans. There were 5,010 conventional home purchase loans made in upper-income neighborhoods in 2003, a 50% increase from 1993 of 1,677 loans. Middle-income neighborhoods received 5,968

<sup>15</sup> Census tract income levels are based on the tract median family income compared to the metropolitan area median family income. A low-income census tract has a median family income below 50% of the metropolitan area's median family income while moderate-income census tracts have a median family income 50-80% of the area median, middle-income census tracts have a median family income 80% - 119% of the metropolitan median and upper-income census tracts have a median family income 120% or greater than the metropolitan area median.



conventional home purchase loans in 2003 compared to 4,366 loans in 1993, an increase of 37%.

- ◆ Since 1998, conventional home purchase lending to low- and moderate-income neighborhoods increased 78.5%, increased by 10.1% to middle-income neighborhoods and increased 23.6% to upper-income neighborhoods.

<b>Conventional Home Purchase Lending by Neighborhood Income 1993-2003</b>								
Census Tract Income Level	% of Census Tracts in Metropolitan Area	Share of Conventional Home Purchase Loans	1993 # Loans	1998 # Loans	2003 # Loans	Change 1993-1998	Change 1998-2003	Change 1993-2003
<b>Low- and Moderate-Income</b> Below \$45,520	31.7%	13.1%	790	926	1,653	17.2%	78.5%	109%
<b>Middle-Income</b> \$45,520 to \$68,280	45.1%	47.2%	4,366	5,419	5,968	24.1%	10.1%	37%
<b>Upper-Income</b> Above \$68,280	21.3%	39.7%	3,333	4,053	5,010	21.6%	23.6%	50%

**Applicants in minority neighborhoods are more likely to be denied than those living in mixed race or predominantly white neighborhoods.**

- ◆ Conventional home loan applicants in neighborhoods where minorities are 50-100% of the population are 2.3 times more likely to be denied than applicants who live in neighborhoods with less than 20% minority population.
- ◆ This disparity has increased since 1993 when applicants from minority neighborhoods were 2 times more likely to be denied than those in white neighborhoods.
- ◆ This disparity in denial rates also increased from 1998 when applicants from minority neighborhoods were 1.8 times more likely to be denied than those in white neighborhoods.

<b>Disparity in Denial Rates by Neighborhood Type 2003</b>		
Neighborhood Characteristic	Denial Rate	Disparity to White Neighborhoods
<b>Minority Neighborhoods</b> 50-100% Minority Population	21.7%	2.3
<b>Mixed Neighborhoods</b> 20-50% Minority Population	15.9%	1.7
<b>White Neighborhoods</b> 0-20% Minority Population	9.5%	

**Minority neighborhoods receive a smaller share of loans originated and at a disparate rate to their share of all neighborhoods in the metropolitan area.**

- ◆ Minority neighborhoods (where minorities make up at least 50% of the population) comprise 19.4% of the census tracts in the metropolitan area, but received only 5.4% of the conventional home purchase loans originated in 2003.
- ◆ Neighborhoods with a majority white population (where least 80% of the population is white) comprise 69.4% of the census tracts in the metropolitan area, but received 87.5% of the conventional home purchase loans originated.



- ◆ Neighborhoods with both minority and white populations (where minorities make up 20-49% of the population) comprise 11.2% of the census tracts in the metropolitan area and received 7.1% of the conventional home purchase loans.

<b>Conventional Home Purchase Loan Originations by Neighborhood Minority Population 2003</b>		
	<b>Census Tracts in Metropolitan area</b>	<b>Loans Made in Census Tracts</b>
<b>Minority Neighborhood</b> (50-100% Minority Population)	19.4%	5.4%
<b>Mixed Race Neighborhood</b> (20-49% Minority Population)	11.2%	7.1%
<b>White Neighborhood</b> (80-100% White Population )	69.4%	87.5%

## **Role of Government-backed Loans**

**The African-American and Latino share of government-backed loans is substantially larger than their share of conventional loans, and is more proportionate to their share of the population.** Government-backed loans represent a larger share of the loans made to minority borrowers than conventional home purchase loans. However, since the total number of conventional loans originated is far greater than the number of government loans, so that minority borrowers' larger share of government-backed loans has only a limited impact on their share of all home purchase loans.

- ◆ African-Americans represent 9.9% of the population and received 5.0% of government-backed home purchase loans in 2003, greater than their 3.4% share of conventional loans.
- ◆ Latinos represent 4.3% of the population and received 2.7% of the government-backed loans in 2003, greater than their 2.2% share of conventional loans.
- ◆ Whites represent 82.2% of the population and received 84.3% of the conventional home purchase loans compared to 85.5% of the government-backed home purchase loans.
- ◆ If we combine both government backed and conventional originations, African-Americans received 3.7% of all home purchase originations, still much less than their share of the population and Latinos received 2.3% of all home purchase originations, still below their share of the population.
- ◆ Government-backed loans make up a greater portion of purchase loans to minority applicants compared to whites. Government-backed loans accounted for 25.5% or one out of every four home purchase loans received by African-Americans in 2003 22.2% or one out of every five of those received by Latinos, and 19.0% or one out of five of the home purchase loans to whites.

<b>Home Purchase Loans by Loan Type and Borrower Race/Ethnicity 2003</b>				
<b>Borrower</b>	<b>Share of</b>	<b>Share of Gov't-</b>	<b>Share of Conventional</b>	<b>Share of all</b>



Race/Ethnicity	Population	backed loans	loans	Purchase loans
African-Americans	9.9%	5.0%	3.4%	3.7%
Latinos	4.3%	2.7%	2.2%	2.3%
Whites	82.2%	85.5%	84.3%	84.5%

**African-Americans and Latinos were rejected more frequently than white applicants for government-backed loans.**

- ◆ African-American applicants for government-backed mortgages were denied 2.0 times more often than white applicants. The denial rate disparity for African-Americans is lower for government-backed loans than for conventional home purchase loans where African-Americans were turned down 2.1 times more frequently than whites.
- ◆ Latino applicants for government-backed loans were 1.6 times more likely to be denied than whites in 2003. This denial rate disparity for government-backed loans is lower than the disparity for conventional home purchase loans where Latinos were turned down 1.9 times more frequently than whites.

**Disparities continue in the distribution of government-backed loans although these loans continue to be a large source of credit in moderate-income communities.**

- ◆ 82.5% of all government-backed home purchase loans are originated in communities with at least 80% white population while 7.0% were made in minority communities with over 50% minority population and 10.5% were made in communities where minorities comprise 20-50% of the population.
- ◆ 20.3% of all home purchase loans made in minority neighborhoods were government-backed compared to 17.9% in white neighborhoods and 25.4% in mixed race neighborhoods.
- ◆ Of all government-backed home purchase loans 60.7% were made in middle-income neighborhoods while only 2.5% were made in low-income neighborhoods and 16.2% were made in moderate-income neighborhoods. 20.6% were made in upper-income communities.
- ◆ Almost one out of four loans made in moderate-income neighborhoods were government-backed loans, 25.8% of all home purchase loans. In low-income neighborhoods 20.0% of home purchase loans were government-backed loans while in middle-income neighborhoods 22.9% were government-backed loans and 10.7% of home purchase loans in upper-income neighborhoods were government-backed loans.

<b>Government-Backed Lending by Neighborhood Characteristics 2003</b>		
Census Tract Characteristic	Share of Government-Backed Loans	Portion of All Purchase Loans that are Government-Backed
<b>Low-Income</b> Below 50% Area Median	2.5%	20.0%
<b>Moderate-Income</b> 50-80% Area Median	16.2%	25.8%
<b>Middle-Income</b>	60.7%	22.9%

**THE GREAT DIVIDE:**  
Home Purchase Mortgage Lending Nationally and in 120 Metropolitan Areas



80-120% Area Median		
<b>Upper-Income</b> 120% and Above Area Median	20.6%	10.7%
<b>Minority</b> 50-100% minority population	7.0%	20.3%
<b>Mixed</b> 20-50% minority population	10.5%	25.4%
<b>White</b> 0-20% minority population	82.5%	17.9%

*The Rochester metropolitan area consists of Genesee, Livingston, Monroe, Ontario, Orleans and Wayne counties.*