Mortgages for Low-Income Borrowers

Allegheny County 2005-2013

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Income level: Every year the Department of Housing and Urban Development (HUD) estimates the Median Family Income (MFI) for metropolitan regions, called Metropolitan Statistical Areas (MSA) or Metropolitan Areas interchangeably. The Pittsburgh MSA includes Allegheny, Armstrong, Beaver, Butler, Fayette, Washington, and Westmoreland Counties. The median family income is the income level that exceeds the income of half the families in the region and is exceeded by the income of half the families. In 2013, the HUD estimated Median Family Income for the Pittsburgh MSA was $65,100. Each Census tract is categorized as Low-, Moderate-, Middle- or Upper-Income, depending on what its median family income is compared to the regional MFI.
2013 Low-Income Mortgages Still at Recession Levels

Source: Home Mortgage Disclosure Act (HMDA) 2005-2013 raw data, which includes all reported residential mortgage loan applications for Allegheny County.

*Originations* are mortgage loans that are approved by the lender and accepted by the applicant.
Reason 1: Applications Lower than other Groups

Allegheny County Completed Applications as % of 2005 Baseline by Applicant Income Level

- Upper Income Completed Applications
- Middle Income Completed Applications
- Moderate Income Completed Applications
- Low Income Completed Applications
The denial rate is the percentage of all completed applications denied by the lender.
## Denial Rates by Income Level Compared to Overall Denial Rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Low</th>
<th>Moderate</th>
<th>Middle</th>
<th>Upper</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>1.43</td>
<td>1.17</td>
<td>0.98</td>
<td>0.70</td>
</tr>
<tr>
<td>2006</td>
<td>1.42</td>
<td>1.19</td>
<td>1.01</td>
<td>0.71</td>
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<tr>
<td>2007</td>
<td>1.50</td>
<td>1.17</td>
<td>1.02</td>
<td>0.77</td>
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<tr>
<td>2008</td>
<td>1.52</td>
<td>1.16</td>
<td>1.06</td>
<td>0.76</td>
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<tr>
<td>2009</td>
<td>1.86</td>
<td>1.19</td>
<td>1.01</td>
<td>0.75</td>
</tr>
<tr>
<td>2010</td>
<td>1.94</td>
<td>1.23</td>
<td>1.00</td>
<td>0.75</td>
</tr>
<tr>
<td>2011</td>
<td>2.00</td>
<td>1.30</td>
<td>0.99</td>
<td>0.73</td>
</tr>
<tr>
<td>2012</td>
<td>2.09</td>
<td>1.25</td>
<td>0.99</td>
<td>0.72</td>
</tr>
<tr>
<td>2013</td>
<td>2.08</td>
<td>1.23</td>
<td>0.94</td>
<td>0.71</td>
</tr>
</tbody>
</table>

### Denial rate for low-income applicants twice the average

The chart shows the ratio of denial rates by income level compared to the overall denial rate from 2005 to 2013. The red circle highlights the years where the denial rate for low-income applicants is twice the average.
Top Reasons for Denial by Income Level, Allegheny County 2005-2013

- Credit History was the most common reason for all income levels in 2013.
- Debt-to-Income Ratio was much more common for Low-Income Applicants than for others.
- Collateral was much more common for Upper-Income Applicants.

Notes:
1. Lenders may report up to 3 reasons for denial of a loan application. These charts show the percentage of denied loans for which debt-to-income ratio, credit history, or collateral are given as one of the reasons for denial.
2. Data listed includes only the 85% of lending institutions which report at least one reason for every loan denied.
3. When credit history is cited as a reason for denial, it can be due to low credit score, adverse events like foreclosure or bankruptcy in the past, or absence of enough information for credit scoring companies to establish a credit score. HMDA reporting currently does not require data that would allow distinctions to be made among those cases.
Subprime Loans Do not Explain the Gap in Recovery Levels

Subprime Loans as Percentage of all Originations, by Applicant Income Level
Allegheny County 2005-2008
Comparing average applicant income to median family income:
The Median Family Income (MFI) for the Pittsburgh MSA is very close to the average income of middle-income mortgage loan applicants in Allegheny County for all years, 2005-2013.