DELAWARE VALLEY DATA

DELAWARE VALLEY REGIONAL PLANNING COMMISSION

ANALYTICAL DATA REPORT

Home Mortgage Disclosure Act Data, 2000: Delaware Valley Region

No. 9
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The Delaware Valley Regional Planning Commission (DVRPC) is an interstate, intercounty and intercity agency serving the Philadelphia-Camden-Trenton metropolitan area. As the region's metropolitan planning organization (MPO), the Commission provides technical assistance and services to its member state and local governments, the private sector and the public. *Delaware Valley Data* is our periodic series of free data bulletins and analytical data reports. This analytical report describes the number and value of loans originated for home mortgage and home improvement lending activity in the DVRPC's 9-county region in 2000, as reported by the Federal Reserve pursuant to the Home Mortgage Disclosure Act (HMDA).
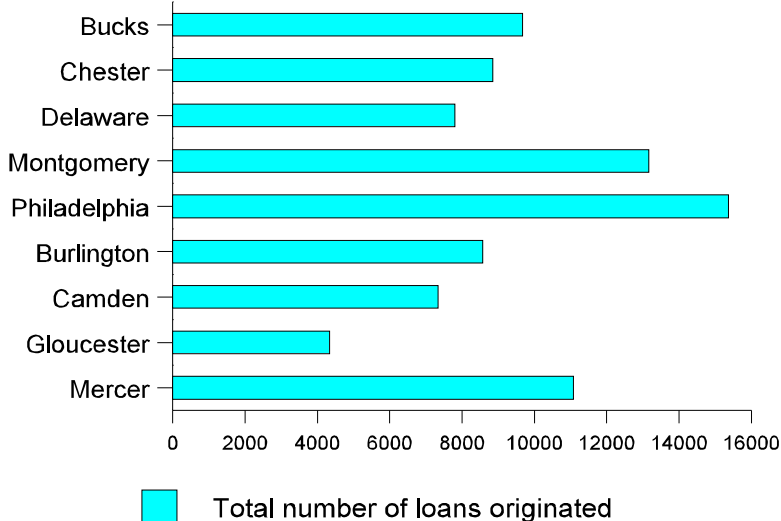
Background

Enacted by Congress in 1975, the Home Mortgage Disclosure Act requires lending institutions (including banks, savings associations, credit unions and other mortgage lending institutions) to make annual public disclosures of their home mortgage and home improvement lending activities. In 2001, for example, over 7,700 individual financial institutions reported approximately 19 million loan records for Calendar Year 2000. This information is collected and disseminated annually by the Federal Financial Institutions Examination Council (FFIEC), an agency of the Federal Reserve System, in both electronic (CD-ROM) and print formats. The FFIEC creates aggregate and disclosure reports for each metropolitan statistical area (MSA) and makes them available to the public at central data depositories located within each MSA. Additional HMDA data and background information can be found at www.ffiec.gov, and in DVRPC's *Data Reference Guide No. 6: Home Mortgage Disclosure Act.*

The HMDA data set describes aggregate lending activities at the regional level for each MSA, as well as annual loan activity at the census tract level for every lending institution in the region. DVRPC is the designated depository for HMDA data for the 8-county Philadelphia PMSA, while Mercer County is its own depository. As such, data on lending activity in previous years in the 8-county region is available for review in the DVRPC Resource Center. Data is available on both home purchase and home improvement loans, and includes the number of loan applications rejected as incomplete, withdrawn, denied, approved but not accepted, and originated. This information can be analyzed to assist in determining whether financial institutions are serving the needs of their communities. It can also be useful to public officials when making decisions regarding the distribution of public investments so as to attract private investment where it is most desired and needed, and, finally, can identify possible discriminatory lending practices. As a disclaimer, the FFIEC states that data is not always recorded correctly by lending institutions. The most common error occurs when the geographical location is not entered in accordance with standard identifiers and the information is therefore not included.

As an illustration of the kind of analysis that can be accomplished using HMDA data, this report describes the number and value of loans originated for home purchases and home improvements in the 9-county DVRPC region for one-to-four unit dwellings in 2000. Mapping the data provides illustrations of lending patterns within the region. The various centers defined in DVRPC's 2025 Land Use and Transportation Plan are also overlayed on the maps, in order to better understand where residential investment is occurring in relation to the region's existing developed areas. Designated 2025 centers include the metropolitan center (Center City Philadelphia), metropolitan sub-centers (which are of region-wide significance and include Trenton and Camden as well as major suburban

centers); county centers (stable concentrations of housing, jobs and services, including some of the region's county seats); growth centers (existing or emerging centers forecast to have increasing concentrations of people, jobs and services) and revitalizing centers (existing centers in need of directed action to stabilize neighborhoods and reverse trends of declining population and jobs). DVRPC's 2025 Centers are listed in Table 1. For the purposes of this report, lending data has been mapped by census tract rather than by municipality, allowing for a more detailed geographic analysis in Philadelphia and certain larger municipalities. In addition to the regional maps of mortgage lending activity, Map 5 (on page 12) provides a closer look at lending activity in Philadelphia.
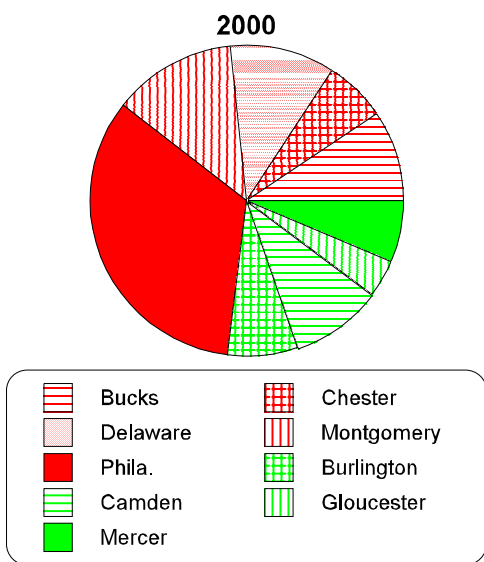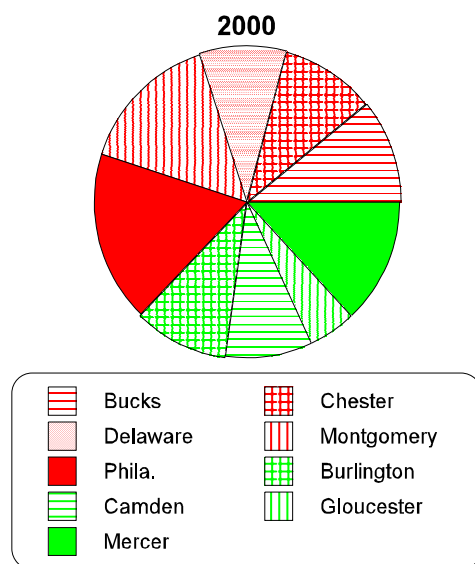
Home Purchase Loans

Figure 1 and Table 2 illustrate the number of loans originated for home purchases during calender year 2000, including both conventional loans and those financed through agencies such as FHA, VA and FSA/RHS. Philadelphia leads the region in the total number of home purchase loans, followed by Montgomery, Mercer and Bucks counties. Figures 2(a) and 2(b) compare the percentage of the region's population currently living in each county (a.k.a. where people now live) to the percentage of the region's total lending activity for home purchases that occurred within each county (a.k.a. where people are moving to). DVRPC's five Southeastern Pennsylvania counties are illustrated in red while the region's four New Jersey counties are illustrated in green.

Figure 1: Total Number of Home Purchase Loans, 2000

Total number of loans originated

Figure 2(a): Percent of the Region's Population 2000

Figure 2(b): Percent of Mortgage Loans 2000

In general, a higher percentage of the region's mortgages for home purchases were originated in New Jersey compared to its current percentage of the region's population. Not surprisingly, Philadelphia experienced proportionately less lending activity compared to its current population than did the region's other more suburban counties. This disparity reflects both the limited new residential construction occurring in the City and lower housing turnover rates, as a greater percentage of the City's older residents age in place. In the region's suburban counties, the number of mortgage loans roughly mimics the regional population distribution. The exception is Mercer County, which ranks 7th in total population but reported the second highest number of loans originated for home purchases. This difference may, however, reflect differences in the method or accuracy of reporting rather than higher lending rates, since Mercer County acts as its own depository and reports its data separately.

Table 1: DVRPC's 2025 Centers

County	Metro Sub-Centers	County Centers	Growth Centers	Revitalizing Centers
Bucks	---	Doylestown, Newtown, Oxford Valley, Quakertown,	Warrington	Bensalem, Bristol, Falls, Tullytown, Warminster
Chester	King of Prussia/Valley Forge	Downingtown, Kennett Square, Oxford, Paoli, West Chester	Exton, Lionville, Great Valley	Coatesville, Phoenixville
Delaware	International Airport/ I-95	Ardmore, Media, Radnor, 69th Street	Middletown, Routes 1/202/& 322 Corridor	Chester, Darby, Routes 291/13 Waterfront Corridor
Montgomery	King of Prussia/Valley Forge	Ardmore, Cheltenham Avenue, City Avenue, Jenkintown, Ft. Washington/ Ambler	Conshohocken, Kulpsville, Montgomeryville, Plymouth Meeting, Route 422 Corridor, Willow Grove/Horsham	Lansdale, Norristown, Pottstown
Philadelphia	International Airport/ I-95	Boulevard/Grant, Broad and Olney, Cheltenham Avenue, Chestnut Hill, City Avenue, Cottman/Bustleton, Lawncrest/Fox Chase, Mayfair/Holmesburg, Roxborough/Manayunk, 69th Street	Boulevard/Woodhaven, Navy Yard/Sports Complex, University City	Broad and Cecil B. Moore, Broad and Erie, Broad and Passyunk, Central Germantown, Frankford, Kensington/Richmond, 52nd and Market
Burlington	Cherry Hill/ Voorhees/Marlton	Bordentown, Browns Mills, Medford, Moorestown, Mt. Holly, Wrightstown	Mt. Laurel	Burlington City, Roebling, Rt. 130 Corridor, Willingboro Town Center
Camden	Camden City, Cherry Hill/ Voorhees/Marlton	Haddon Avenue Corridor, Lindenwold/Gibbsboro	Berlin, Berlin-Cross Keys Corridor, Sicklerville	Gloucester City
Gloucester		Clayton, Glassboro/Pitman, Swedesboro, Williamstown, Woodbury	Deptford, Elk, Logan/Woolwich, Washington	National Park, Paulsboro
Mercer	Route 1/Princeton Corridor, Trenton	Hightstown, Pennington, Princeton	Hopewell, Washington Town Center	

Source: Delaware Valley Regional Planning Commission, Horizons 2025 Plan, 2002. **Note**: The 2025 Plan identifies Center City Philadelphia as the region's "metropolitan center".

While the percentage of the region's loans for home purchases that were originated in Delaware County and Camden County was only slightly less than each county's percentage of the region's current population, lending in these two counties was concentrated in each county's less developed (but fastest growing) half. In Delaware County, lending was concentrated in its western half, while Camden County's southern municipalities showed the greatest volume of lending. Areas of these counties where lending is less prevalent include some of the region's oldest smaller cities, boroughs and first generation suburbs. Like Philadelphia, these communities are currently

Table 2: Home Purchase Loans, 2000

County	Total number of home purchase loans	Average loan value
Bucks	9,675	$149,944
Chester	8,852	$165,164
Delaware	7,801	$123,377
Montgomery	13,165	$145,603
Philadelphia	15,372	$73,923
5-PA Counties	**54,865**	**$126,281**
Burlington	8,565	$130,057
Camden	7,333	$104,209
Gloucester	4,344	$111,733
Mercer	11,088	$151,457
4-NJ Counties	**31,330**	**$129,040**
9-County Region	**86,195**	**$127,284**

Source: Home Mortgage Disclosure Act data files, 2000.

experiencing less new construction than the region's other counties and are also more likely to be home to residents aging in place and less likely to move.

As indicated in Table 2, the average value of home purchase loans was highest in Chester County ($165,164) followed by Mercer County ($151,457) and Bucks County ($149,944). Not surprisingly, the lowest average mortgage value was in the City of Philadelphia ($73,923). The average value of home mortgage loans was below the regional average of $127,284 in Delaware, Gloucester, Camden and Philadelphia counties, areas where a majority of the region's most affordable housing stock is concentrated.

Figure 3: Total Value of Home Purchase Loans, 2000



Total value of home purchase loans (in $1,000's)
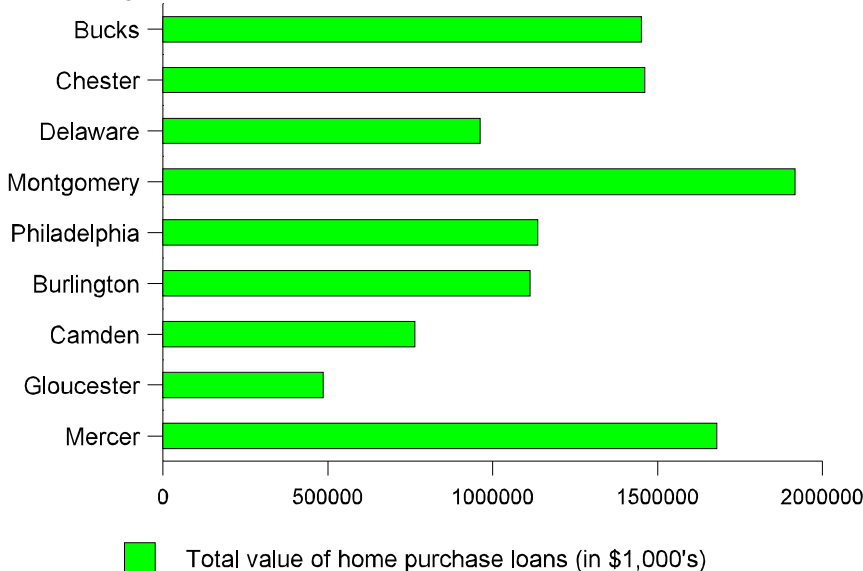
Figures 3 and 4 illustrate the total value of loans originated for home purchases, by county. Montgomery and Mercer counties led the region in 2000 in total loan value, followed by Bucks and Chester counties. Both of these counties saw a relatively high number of loans originated and are also home to municipalities with some of the region's highest median housing prices.

The region's most affordable housing, on the other hand, is concentrated in Philadelphia, which was first in the total number of loans originated but fifth in the total value of those loans. Gloucester County, although growing rapidly, has fewer total units as well as more affordable sales prices, and had the lowest total value of originated loans.

Map 1 illustrates the number of loans originated for home purchases by census tract, while Map 2 illustrates the total value of those loans. Readers should note that in many municipalities, particularly those in the region's suburban areas, census tract boundaries correspond to municipal boundaries. More populated municipalities, however, often include two or more tracts. Eleven suburban municipalities in the region recorded over $68 million in lending for home purchases, including Schuylkill Township in Chester County; Montgomery Township in Montgomery County; Solebury, Upper Makefield and Newtown Townships in Bucks County; Princeton and Washington Townships in Mercer County; Moorestown and Mt. Laurel Townships in Burlington County; and Voorhees and Winslow Townships in Camden County. These townships and other fast growing municipalities with high levels of lending activity form a distinctive outer ring, echoing the national trend toward suburban sprawl.

Figure 4: Percent of Mortgage Loan Value 2000
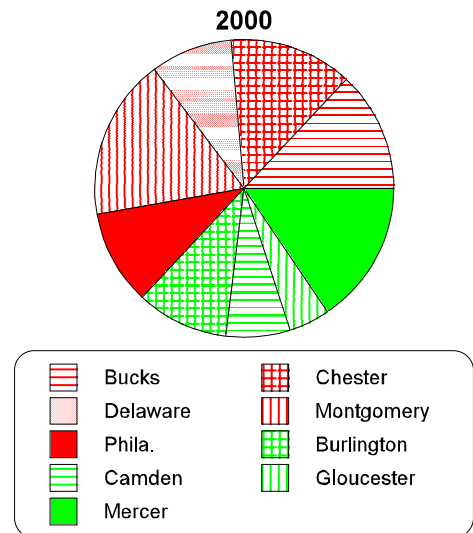
Some of the region's highest levels of lending activity occurred in and around its metropolitan sub-centers, including Voorhees Township in Camden County and along the Route 1 Corridor (in Princeton Township) in Mercer County. Significant activity was also recorded in and near some of the region's defined growth centers, including Winslow and Gloucester Townships in Camden County; Washington Township in Mercer County; Uwchlan Township in Chester County; Warrington Township in Bucks County; and Montgomery Township in Montgomery County. High levels of lending activity also occurred, however, outside the region's existing urban areas and inner-ring suburbs but not within identified suburban growth centers, particularly in rural and ex-urban municipalities in Chester, Montgomery and Bucks counties. In contrast, the region's revitalizing centers (and even some of its growth centers located in Philadelphia, Delaware County and other more developed areas) experienced relatively low levels of lending activity in 2000. This can be attributed to less new residential construction; less turnover in the housing market as more residents age in place; and, in the case of loan value, lower average housing sales prices in older, developed communities.
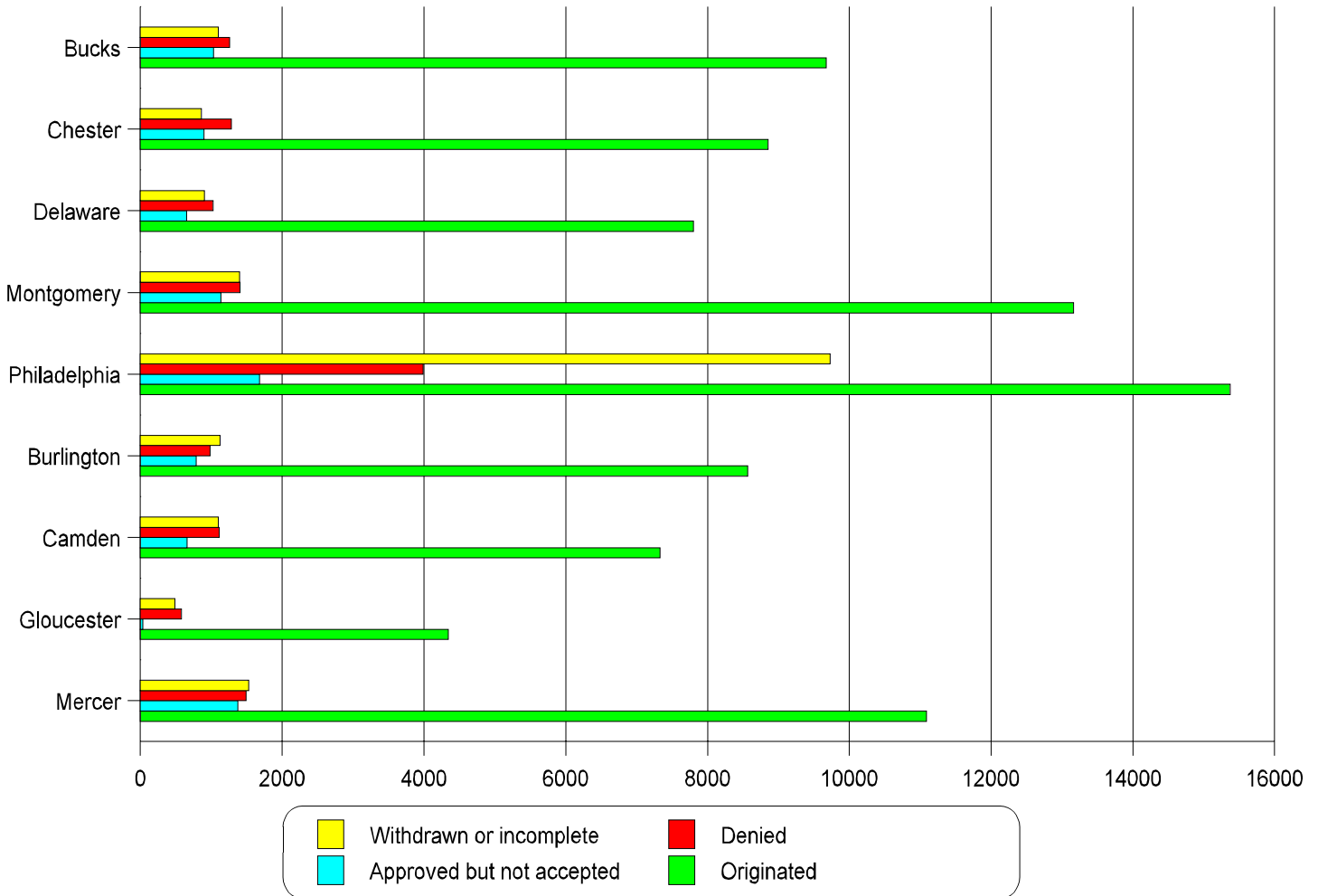
Data provided on the number of mortgage loan applications and the final disposition of those applications can be used by community advocates and others to identify discriminatory lending practices or to target assistance programs to meet the specific financial needs of different communities. Figure 5, for example, compares the final disposition of home purchase mortgage applications submitted in each of the region's nine counties in 2000. Not surprisingly, Philadelphia (with over 30,000 mortgage applications submitted) has a much lower percentage of applications that were approved, accepted and ultimately resulted in loans (50% versus an average of 75% in the suburban counties) and a much higher percentage of applications that were withdrawn or incomplete (32% versus 9% in the suburbs). Understanding why so many mortgage applications are withdrawn in Philadelphia might help public officials and community advocates to target assistance programs to affected neighborhoods.

Home Improvement Loans

Figures 6 and 7 illustrate the total number and value of home improvement loans originated for units with one to four family units, by county. Philadelphia saw the greatest volume of home improvement loans, not surprising given that the City is home to over 30% of the region's housing stock and has the greatest concentration of older units in need of repair. Montgomery and Bucks counties were second and third in the number of home improvement loans originated, followed by Delaware, Camden and Chester.

The total value of home improvement loans in both Montgomery and Bucks counties, however, surpassed the value of improvement loans in the City of Philadelphia, as illustrated in Figure 7. This is in part due to the higher value of housing in the counties (and thus, the greater value of the home improvement loan for which the homeowner can qualify). It may also be related to differences in the kinds of home improvements being made, since HMDA files don't distinguish between the types of improvements. In the suburban counties, for example, more home improvement loans may be used for large home additions to expand the size of the unit or for various

Figure 5: Disposition of Mortgage Applications for Home Purchases, 2000

Legend:
- Withdrawn or incomplete (yellow)
- Denied (red)
- Approved but not accepted (cyan)
- Originated (green)

amenities, as opposed to less costly traditional repairs to necessary systems such as roofing, plumbing and heating.

Maps 3 and 4 illustrate the number and value of loans originated for home improvements in the Delaware Valley region, by census tract. A closer look at lending activity in Philadelphia (both for home purchases and for home improvements) is provided on Map 5. As was the case for home purchase loans, and despite the fact that the region's oldest housing stock is located primarily in its cities, boroughs and first generation suburbs, much of the home improvement lending activity in 2000 was concentrated in suburban and ex-urban areas away from the region's core and outside of identified growth centers. Although lending activity for home improvements in some sections of Philadelphia and some older communities in

Figure 6: Total Number of Home Improvement Loans, 2000

Total number of loans
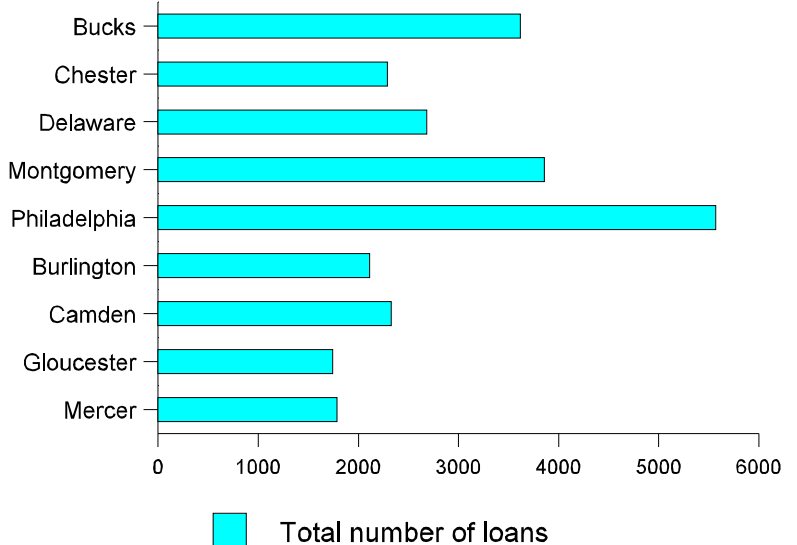
eastern Delaware and Montgomery counties was relatively higher than was lending for home purchases in these same locations, the highest volume and value of home improvement loans were in faster growing suburban municipalities.

Additional Uses of HMDA Data

This report illustrates the types of analysis that can be accomplished using Home Mortgage Disclosure Act data. As evidenced in the discussion, much of the region's lending activity is occurring outside of core communities and urban areas, concentrated instead in its outer-ring suburbs. While this report discusses data from only one year, comparisons of lending patterns over time can be analyzed to assist in determining whether financial institutions are serving the needs of their communities. HMDA data is also useful to public officials when making decisions regarding the distribution of public investments so as to attract private investment where it is most desired and needed, and can help target housing assistance programs. Finally, information on lending, including the number of loans denied, withdrawn, approved but not accepted, or rejected as incomplete, can help to identify possible discriminatory lending practices.

Figure 7: Total Value of Home Improvement Loans, 2000

Total value of loans (in $1,000s)
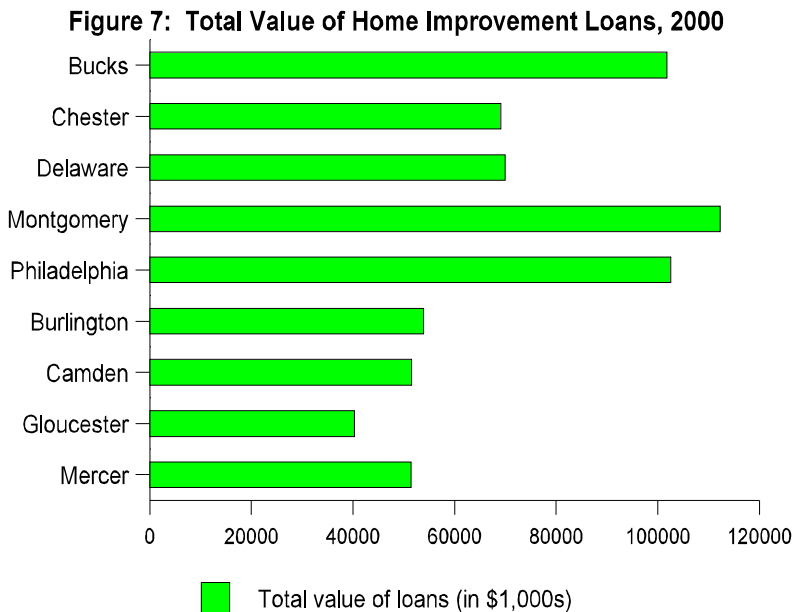
Analytical report #9 is the latest in a series of bulletins designed to complement our traditional data releases. For more information on Analytical Data Reports, please visit the Delaware Valley Regional Planning Commission's website (www.dvrpc.org) or contact DVRPC at the telephone number below.

The Delaware Valley Regional Planning Commission was established in 1965 by interstate compact between Pennsylvania and New Jersey to plan for the orderly growth and development of the region, and to provide a variety of planning and technical assistance services responding to regional issues. DVRPC maintains a significant database for twenty-eight counties encompassing New Jersey, Delaware, Pennsylvania and Maryland. Included in the database are data profiles at the regional, county and municipal level and for other census geography as requested. DVRPC produces a diverse range of services, including demographic and economic data and projections; mapping and aerial photography; computer assisted mapping; geographic information systems; impact studies; and policy and program development.

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Map 1

Map 2

Map 3

Map 4

Map 5