



Barriers to Accessing Homeownership

Down Payment, Credit, and Affordability

September 2018

Laurie Goodman, Alanna McCargo, Edward Golding, Bing Bai, and Sarah Storchak



ABOUT THE URBAN INSTITUTE

The nonprofit Urban Institute is a leading research organization dedicated to developing evidence-based insights that improve people's lives and strengthen communities. For 50 years, Urban has been the trusted source for rigorous analysis of complex social and economic issues; strategic advice to policymakers, philanthropists, and practitioners; and new, promising ideas that expand opportunities for all. Our work inspires effective decisions that advance fairness and enhance the well-being of people and places.

Contents

| | |
|---|-----------|
| Acknowledgments | iv |
| Executive Summary | v |
| Barrier 1. Down Payments | 1 |
| Consumer Perceptions of Barriers to Homeownership | 2 |
| Consumer Perceptions of Down Payments | 3 |
| Down Payment Amount at Origination | 4 |
| Agency LTV Distributions and First-Time Homebuyer Shares | 5 |
| Barrier 2. The Credit Box | 6 |
| Historic Credit Scores and Agency Distributions | 7 |
| Historic DTI and Agency Distributions | 8 |
| Loan Type by Credit Score and Loan-to-Value Ratio | 9 |
| GSE Low-Down Payment Programs | 10 |
| Median DTI Ratios and Credit Scores by State | 11 |
| Credit Availability by State | 12 |
| Barrier 3. Affordability | 13 |
| National Mortgage Affordability over Time | 14 |
| Ownership versus Rental Affordability by State | 15 |
| Mortgage and Rental Affordability by MSA | 17 |
| Sizing Millennial Homeownership Potential | 18 |
| Sizing the Mortgage-Ready Millennial Population | 19 |
| Affordability for Mortgage-Ready Millennials | 21 |
| Affordability for Mortgage-Ready Millennials by Race or Ethnicity | 22 |
| Access to Down Payment Assistance | 23 |
| Programs and HFAs and Agencies by State | 24 |
| Down Payment Assistance by MSA (by Loan Type) | 25 |
| Conclusion: What's Next? | 29 |
| Appendix A | 30 |
| Appendix B | 31 |
| Appendix C | 32 |
| About the Authors | 36 |
| Statement of Independence | 37 |

Acknowledgments

The Housing Finance Policy Center (HFPC) was launched with generous support at the leadership level from the Citi Foundation and John D. and Catherine T. MacArthur Foundation. Additional support was provided by The Ford Foundation and The Open Society Foundations.

Ongoing support for HFPC is also provided by the Housing Finance Innovation Forum, a group of organizations and individuals that support high-quality independent research that informs evidence-based policy development. Funds raised through the forum provide flexible resources, allowing HFPC to anticipate and respond to emerging policy issues with timely analysis. This funding supports HFPC's research, outreach and engagement, and general operating activities.

This report was funded by Down Payment Resource and Freddie Mac. Freddie Mac provided the data for the Sizing Millennial Homeownership Potential section. Down Payment Resource provided the data for the Access to Down Payment Assistance section. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission.

The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute's funding principles is available at www.urban.org/support.

Executive Summary

Saving for a down payment is a considerable barrier to homeownership. With rising home prices, rising interest rates, and tight lending standards, the path to homeownership has become more challenging, especially for low-to-median-income borrowers and potential first-time homebuyers. Yet most potential homebuyers are largely unaware that there are low-down payment and no-down payment assistance programs available at the local, state, and federal levels to help eligible borrowers secure an affordable down payment. This report updates and expands a [November 2017 report](#) by the same name. This report provides charts and commentary to articulate the challenges families face in becoming homeowners, as well as the options available to help them. This report is accompanied by an [interactive map](#).

Barrier 1. Down Payments

- Consumers often think they need to put more money down to purchase a home than is actually required. In a 2017 survey, 68 percent of renters cited saving for a down payment as an obstacle to homeownership. Thirty-nine percent of renters believe that more than 20 percent is needed for a down payment, and many renters are unaware of low-down payment programs.
- Contrary to consumer perceptions, most borrowers do not put down 20 percent. The national median loan-to-value (LTV) ratio for purchase money mortgages was 95 percent in 2017. As the share of low-down payment lending has increased in the postcrisis period (since 2008), the standard Federal Housing Administration (FHA) down payment has been 3.5 percent. Moreover, the government-sponsored enterprises (GSEs) have expanded their 3 percent down programs in recent years.
- Median LTV ratios and the share of borrowers taking out FHA and US Department of Veterans Affairs (VA) loans vary considerably by state.
- Not all down payment programs are available from all lenders, and there are constraints in the availability of down payment funding and minimum eligibility requirements. This report includes additional information about general eligibility by state.

Barrier 2. The Credit Box

- Access to homeownership is not limited by down payments alone. Credit access remains tight by historic standards. Accordingly, the median credit score of new purchase mortgage originations has increased considerably since 2008. The median credit score for purchase mortgages is 738 as of April 2018. Before the crisis, in 2005 and 2006, median credit scores were between 696 and 705. Borrowers with lower credit scores are more heavily concentrated in the FHA channel.
- One credit dimension that has loosened in recent years is the debt-to-income (DTI) ratio. DTI ratios have been drifting up since 2013.
- Median credit scores and DTI ratios, like LTV ratios, vary by state and by loan type. Credit availability continues to be a headwind for homeownership in most states.

Barrier 3. Affordability

- Our metric for determining affordability is based on median family income, median home values, and prevailing interest rates. Because of home price appreciation in the past five years, national home price affordability, while still reasonable in a historical context, has declined. The decline would have been larger had it not been for the cushion provided by low interest rates, a cushion that is quickly eroding. If mortgage interest rates reach 5.1 percent, national affordability will return to 2001–03 levels.
- Nationally, it is more affordable to buy a home than to rent. But the buy-versus-rent affordability equation varies by state and metropolitan area. In the state-by-state data tool accompanying this report, we compare mortgage affordability at both 3.5 percent and 20 percent down versus rental affordability and compare each state's mortgage affordability with national affordability given a 3.5 percent down payment. Although lower down payments reduce the barriers to purchasing a home, they can increase monthly payments.

Millennial Homeownership Potential

- Millennials make up the largest generation in history and face significant obstacles to homeownership. We identify mortgage-ready millennials in 31 metropolitan statistical areas (MSAs) by looking at non-mortgage holders ages 40 and younger who have credit profiles strong enough to qualify for a mortgage. This is 25 to 45 percent of the millennial population.
- Mortgage-ready millennials can generally afford single-family homes in most MSAs, though affordability in some high-cost regions is threatened.

Access to Down Payment Assistance

- Low-down payment mortgages and other down payment assistance programs provide grants or loans to potential homeowners. There are 2,527 active programs across the country, and 1,304 agencies and housing finance agencies offering them at the local, state, and national levels. One of the major challenges of the offerings in each state is that they are not standard, eligibility requirements vary, and not all lenders offer the programs. Pricing for the programs also varies, so counseling and consumer education may be necessary to ensure consumers understand how the program works and any additional costs that may be incurred.
- Low-down payment loans are considered higher risk and require private mortgage insurance or FHA mortgage insurance. Consumers who receive down payment assistance should understand how their mortgage insurance works and what it costs. You can learn more about mortgage insurance in our 2017 report and data summary on the history of private mortgage insurance.
- Eligibility for down payment assistance programs is determined by such factors as loan amount, homebuyer status, borrower income, and family size. Assistance is available for many loan types, including conventional, FHA, VA, and US Department of Agriculture (USDA) loans. The share of people eligible for assistance in select MSAs ranged from 22 to 51 percent in 2017, and eligible borrowers could qualify for 3 to 14 programs with down payment assistance ranging from \$2,000 to more than \$39,000.

Because of the tight credit environment, many borrowers have been shut out of the market and have not been able to take advantage of low interest rates and affordable home prices. As the credit box opens, educating consumers about low-down payment mortgages and down payment assistance is critical to ensuring homeownership is available to more families.

Barrier 1. Down Payments

More than two-thirds of renters view down payments as a barrier to owning a home.



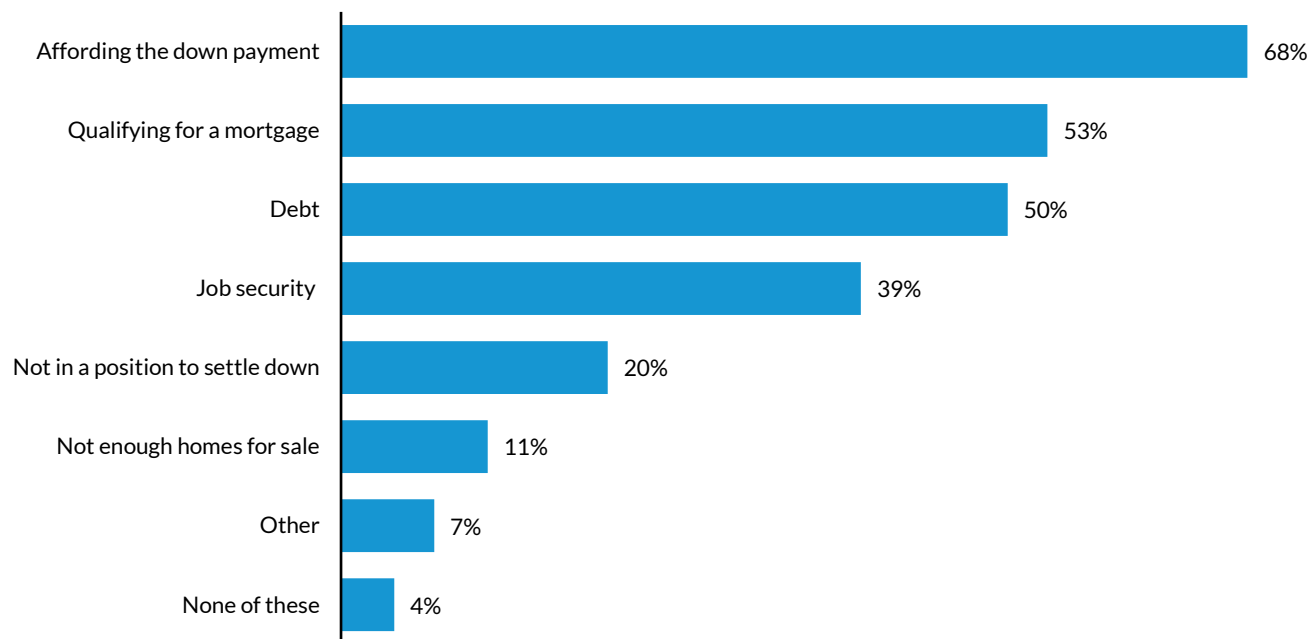
Photo by Kickstand/iStock.com.

Consumer Perceptions of Barriers to Homeownership

Renters see the inability to save for a down payment as one of the leading obstacles to homeownership. More than two-thirds of renters surveyed indicated that affording the down payment was a barrier to becoming a homeowner.

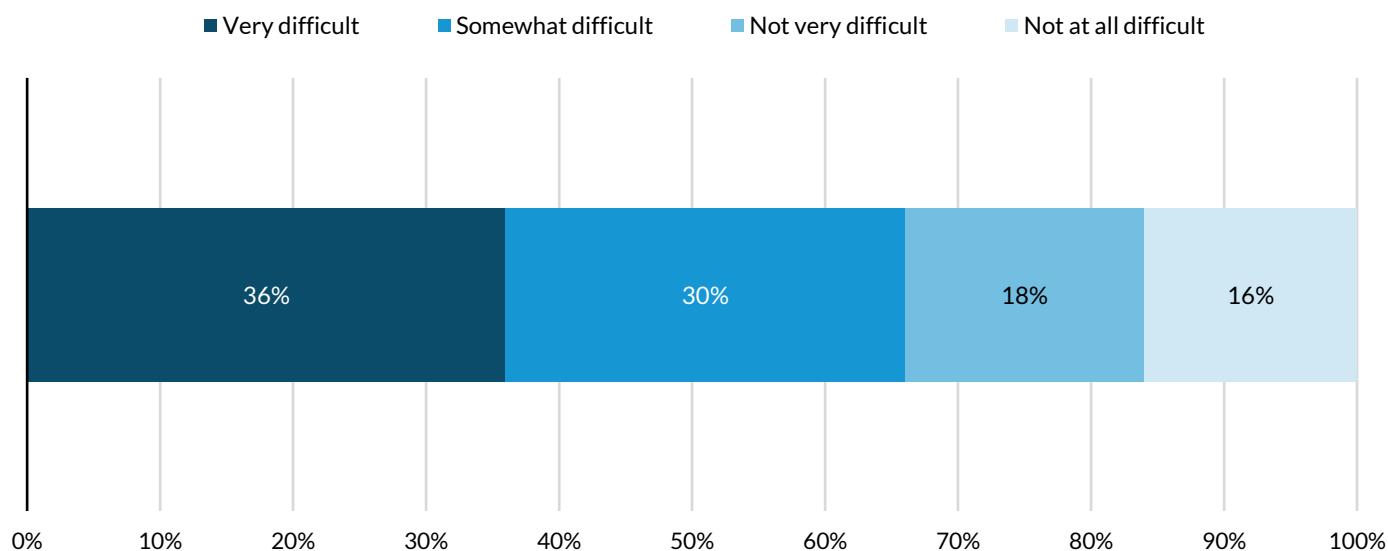
Corroborating this, the bottom figure shows that 36 percent of consumers find it very difficult to save for a down payment, and another 30 percent find it somewhat difficult. Only 16 percent of renters said that it was not at all difficult to save for a down payment.

What Are the Major Barriers to Homeownership?



Sources: 2018 Zillow Housing Aspirations Survey and the Urban Institute.

How Difficult Is It to Save for a Down Payment?

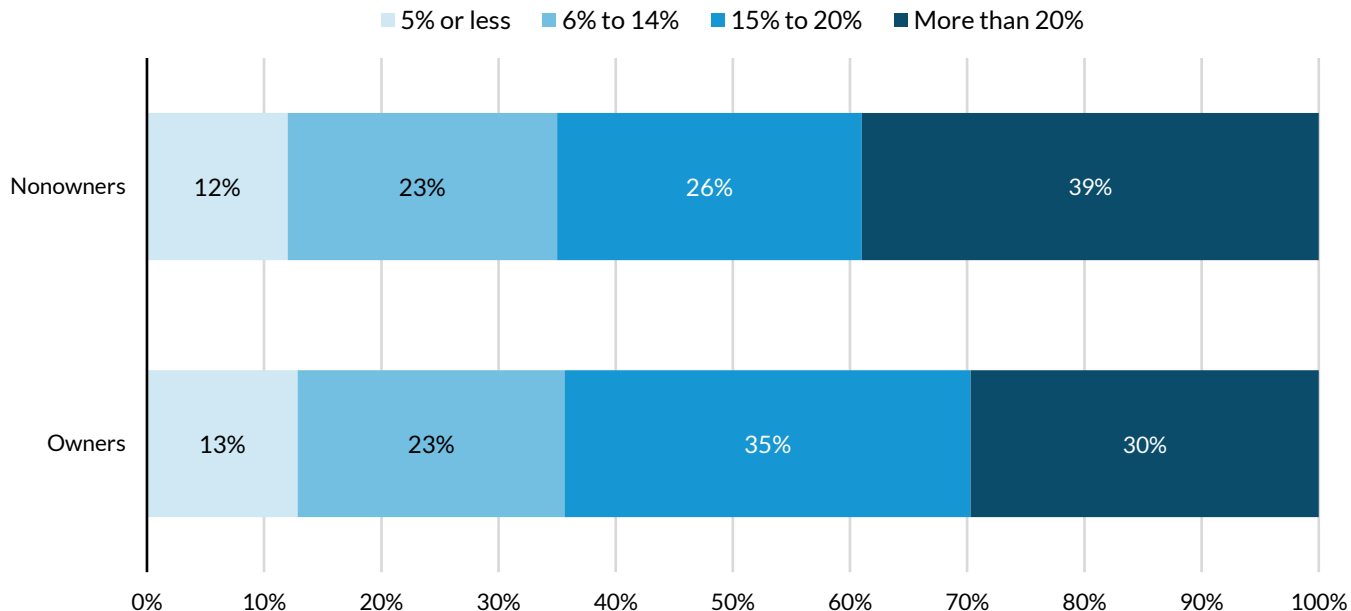


Sources: National Association of Realtors Aspiring Homebuyers Profile from the third quarter of 2017 and the Urban Institute.

Consumer Perceptions of Down Payments

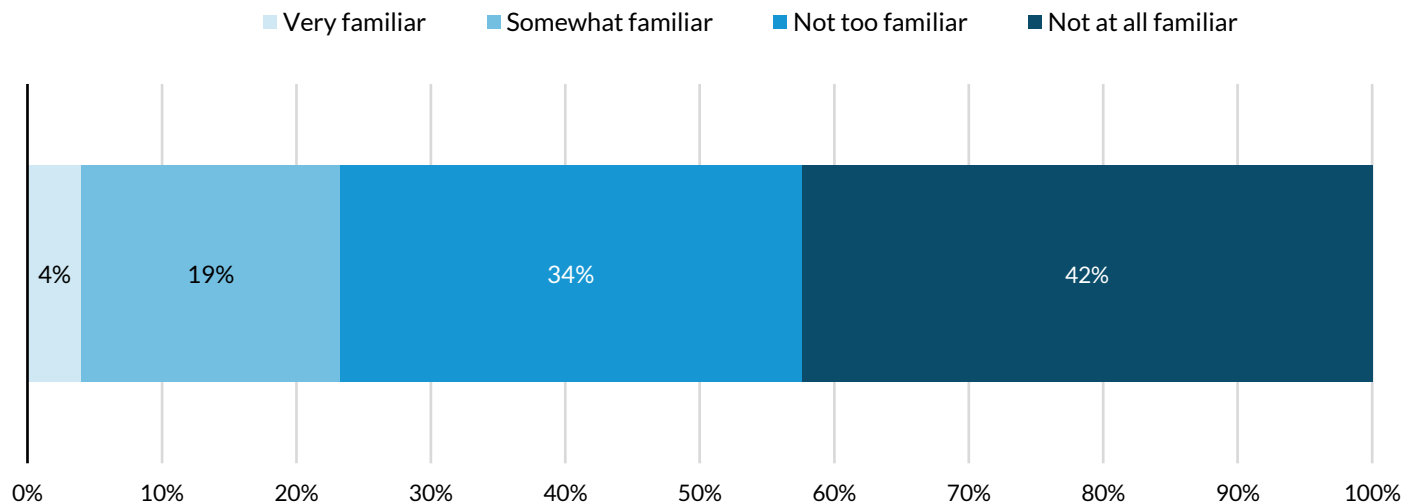
A survey among renters and owners confirms that only 12 to 13 percent believe a down payment of 5 percent or less is adequate. Thirty percent of homeowners and 39 percent of renters believe that you need more than 20 percent for a down payment. The bottom figure shows that only 23 percent of consumers were at least somewhat familiar with low-down payment programs.

What Percentage Is Needed for a Down Payment?



Sources: National Association of Realtors and the Urban Institute.

How Familiar Are Consumer with Low-Down Payment Programs?

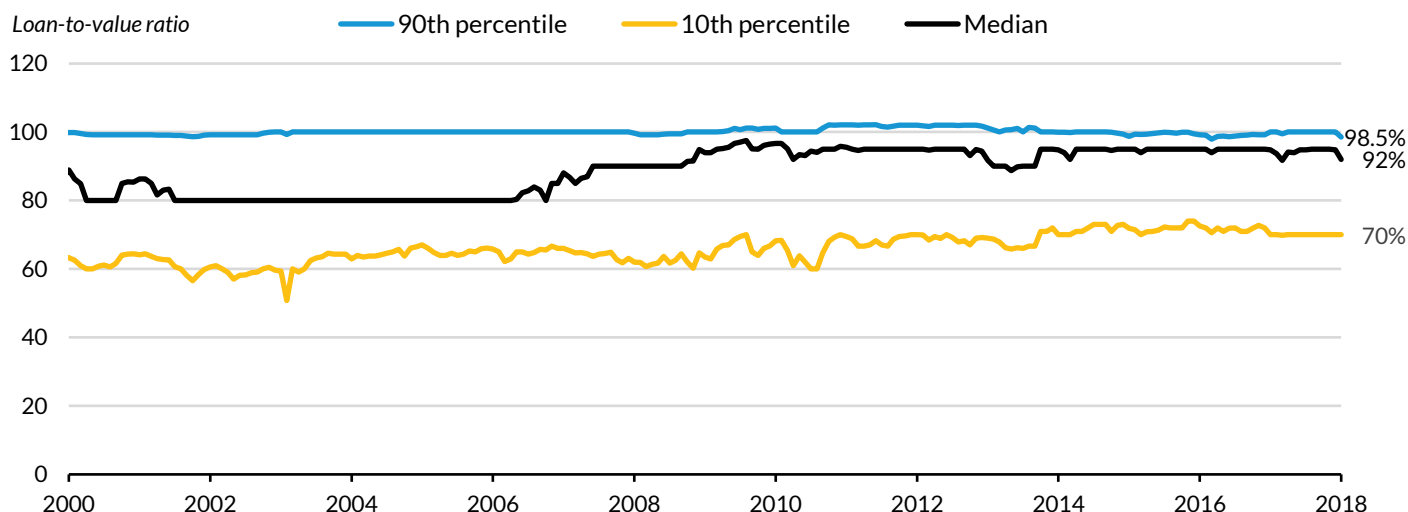


Sources: 2015 Fannie Mae American Housing Survey and the Urban Institute.

Down Payment Amount at Origination

Since 2008, low-down payment mortgages have become more important, as fewer consumers can save or access liquid resources for large down payments. More borrowers are taking advantage of low-down payment programs through Freddie Mac, Fannie Mae, the Federal Housing Administration (FHA), and the US Department of Veterans Affairs (VA). The median loan-to-value (LTV) ratio for purchase money mortgages has increased from 80 percent in 2006 to around 95 percent in 2017. Although the national median LTV ratio for loans originated in 2017 is 95 percent, there are significant variations by state. Some high-cost regions, such as California, Massachusetts, and New York, have lower median LTV ratios of 90 percent because of a higher share of jumbo loans that require larger down payments.

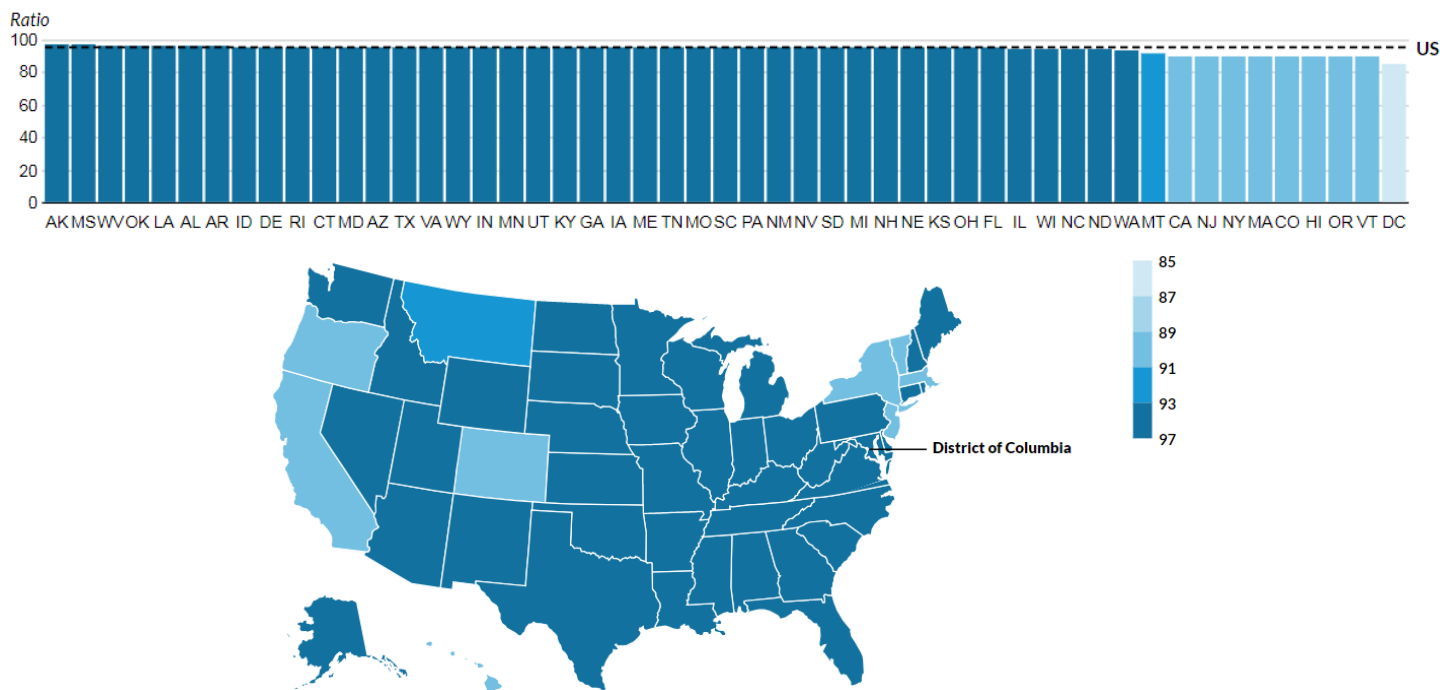
Combined Loan-to-Value Ratio at Origination



Sources: Black Knight, eMBS, Home Mortgage Disclosure Act, the Securities Industry and Financial Markets Association, and the Urban Institute.

Notes: Includes owner-occupied purchase loans only. Data are current as of April 2018.

Median Loan-to-Value Ratio at Origination, by State



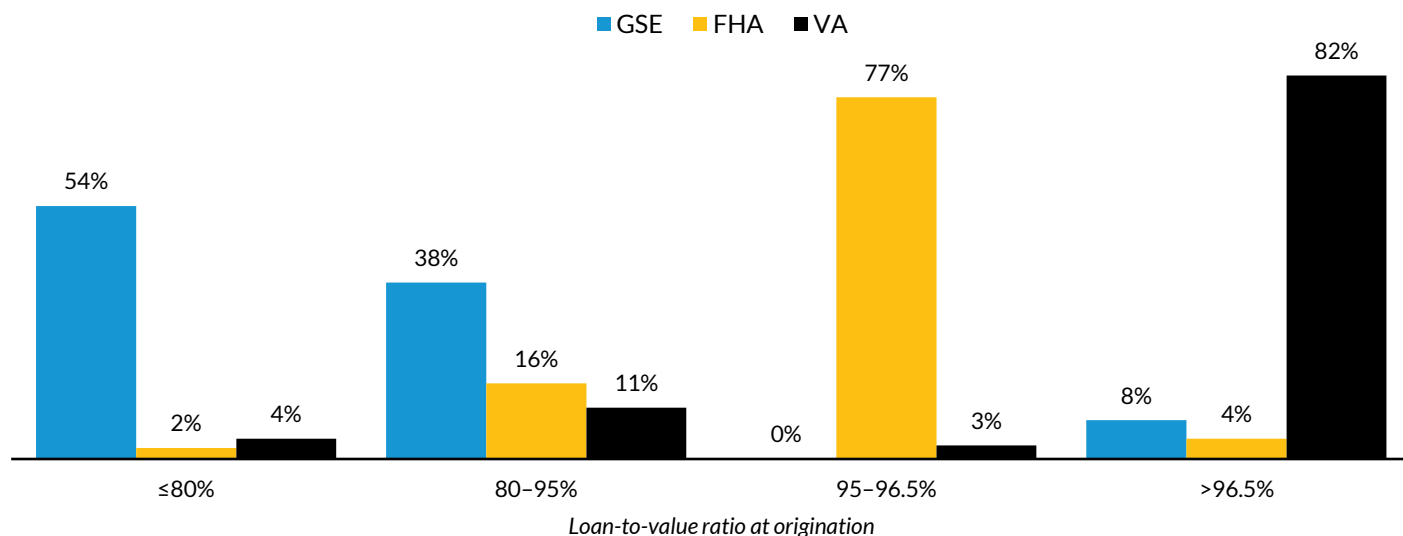
Sources: eMBS and the Urban Institute.

Note: Based on purchase money agency originations in 2017.

Agency LTV Distributions and First-Time Homebuyer Shares

Loan-to-value ratios vary across the agencies and generally represent how much borrowers are putting down when they take out a loan. While the GSE share of high-LTV loans has been growing rapidly, the FHA and VA channels capture more of the loans with less than a 5 percent down payment. The first-time homebuyer share of loans has trended higher over the past 10 years for both the FHA and the GSEs, at 83.5 percent and 49.3 percent, respectively. The combined first-time homebuyer share for FHA and GSE purchase mortgages now stands at 60 percent, which is 20 percentage points above the precrisis average. The first-time homebuyer share of GSE purchase loans has increased from about 25 percent during the early 2000s, showing greater participation by the GSEs in serving first-time homebuyers and offering higher-LTV lending programs to meet demand.

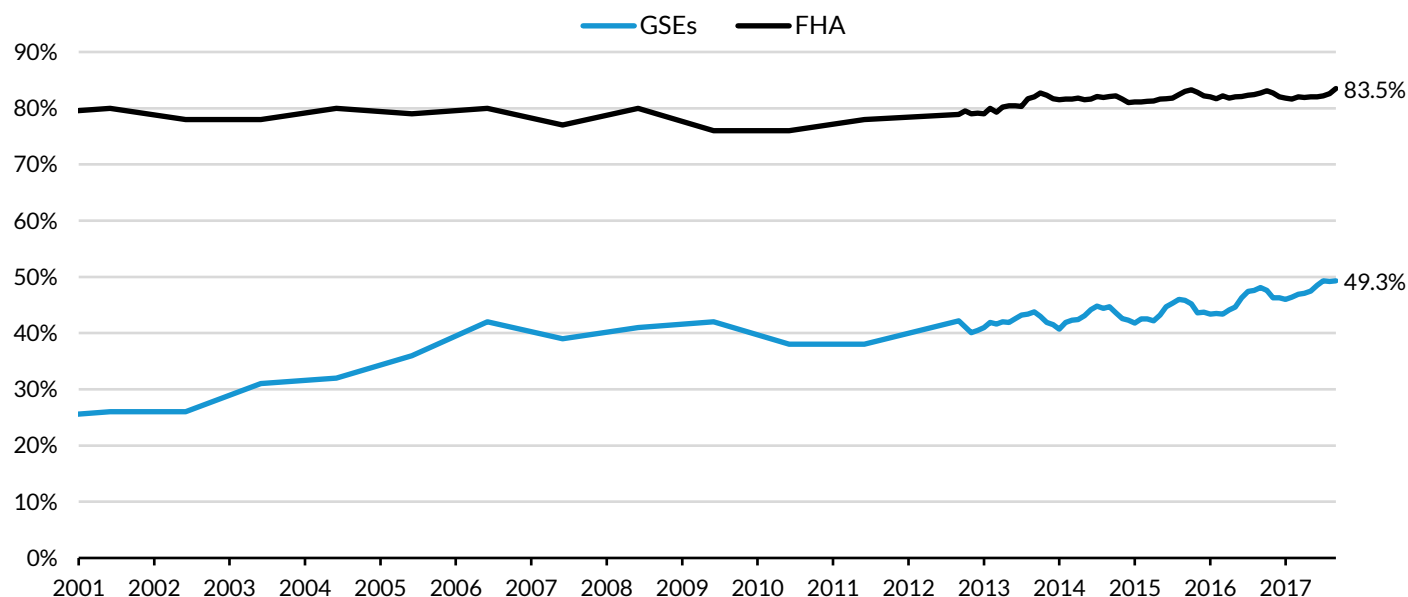
Combined Loan-to-Value Ratio at Origination



Sources: eMBS and the Urban Institute.

Notes: FHA = Federal Housing Administration; GSE = government-sponsored enterprise; VA = US Department of Veterans Affairs. Based on purchase money agency originations in 2017.

First-Time Homebuyer Share



Sources: eMBS, the FHA, and the Urban Institute.

Notes: FHA = Federal Housing Administration; GSE = government-sponsored enterprise. All series measure the first-time homebuyer share of purchase loans for principal residences.

Barrier 2. The Credit Box

The median credit score for mortgages has increased 20 points over the past decade, preventing many potential homebuyers from obtaining mortgages.

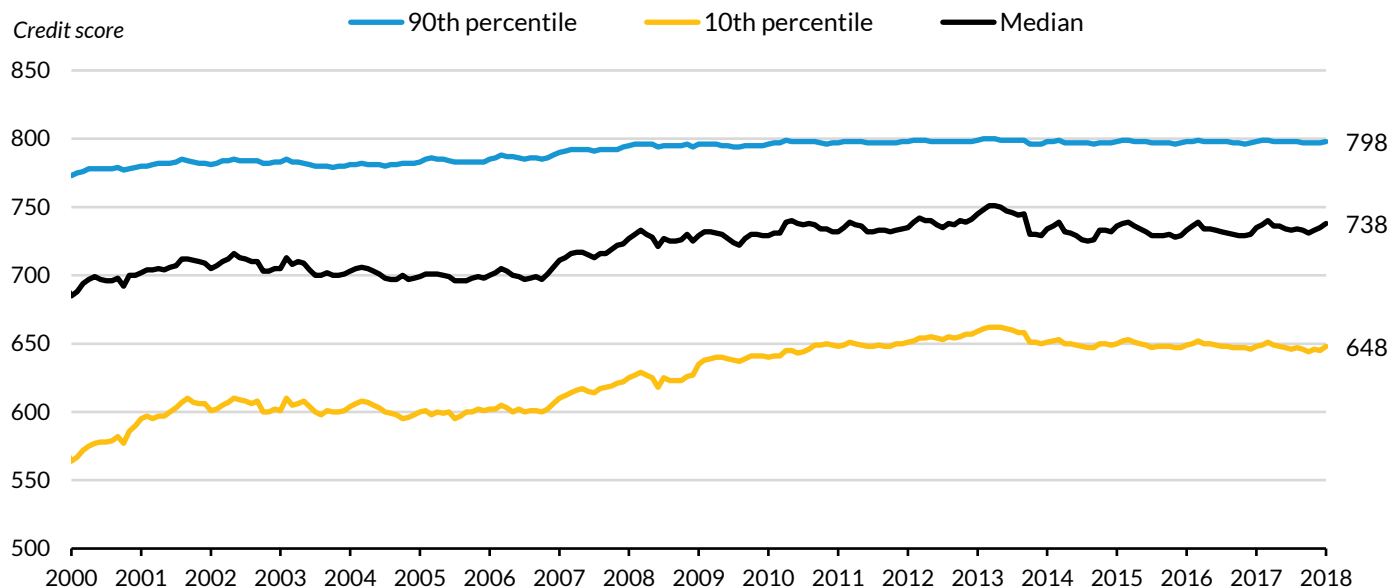


Photo by Jacob Lund/iStock.com.

Historic Credit Scores and Agency Distributions

Borrowers with low credit scores have difficulty getting a mortgage. The median credit score on new purchase originations has increased 20 points over the past decade and stood at 738 in April 2018. The FHA and the VA serve more borrowers at the lower end of the credit score spectrum. In 2017, 21 percent of FHA originations were to borrowers with credit scores below 640, compared with just 1 percent for the GSEs. Although 49 percent of GSE originations went to borrowers with credit scores above 760, the FHA's share was 7 percent and the VA's share was 27 percent.

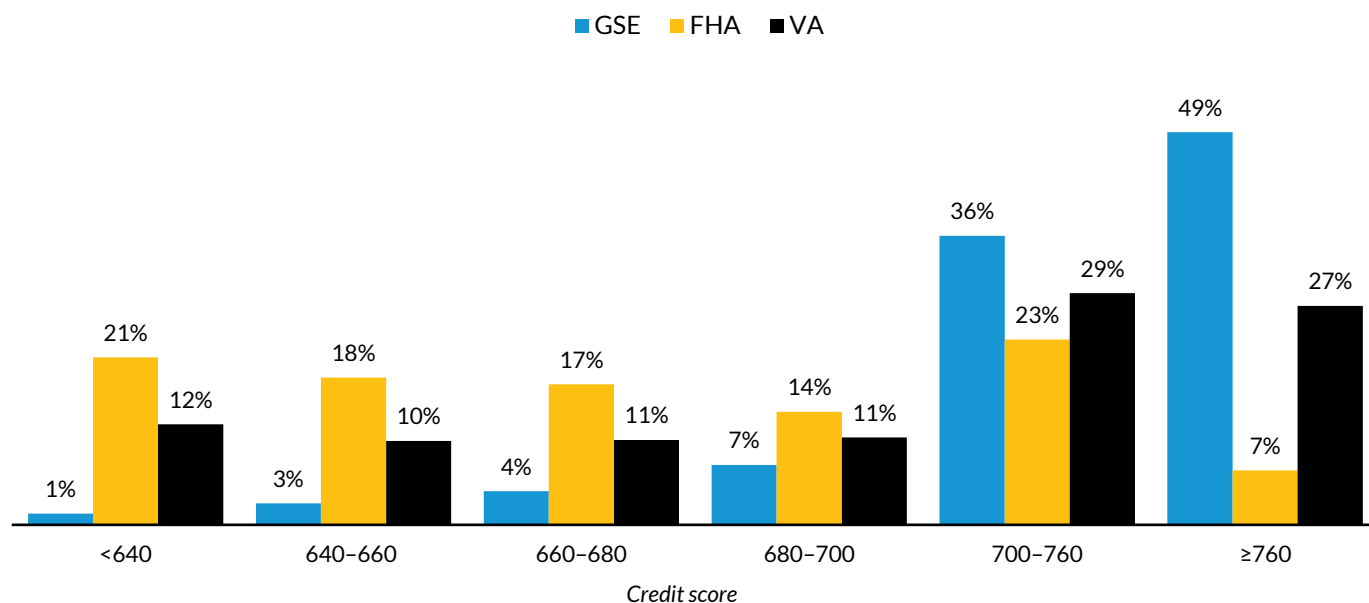
Credit Score at Origination



Sources: Black Knight, eMBS, Home Mortgage Disclosure Act, the Securities Industry and Financial Markets Association, and the Urban Institute.

Notes: Includes owner-occupied purchase loans only. This represents the FICO scores for all new purchase originations, including both agency originations, and other bank originations, including private-label securities and portfolio.

Agency Credit Distributions



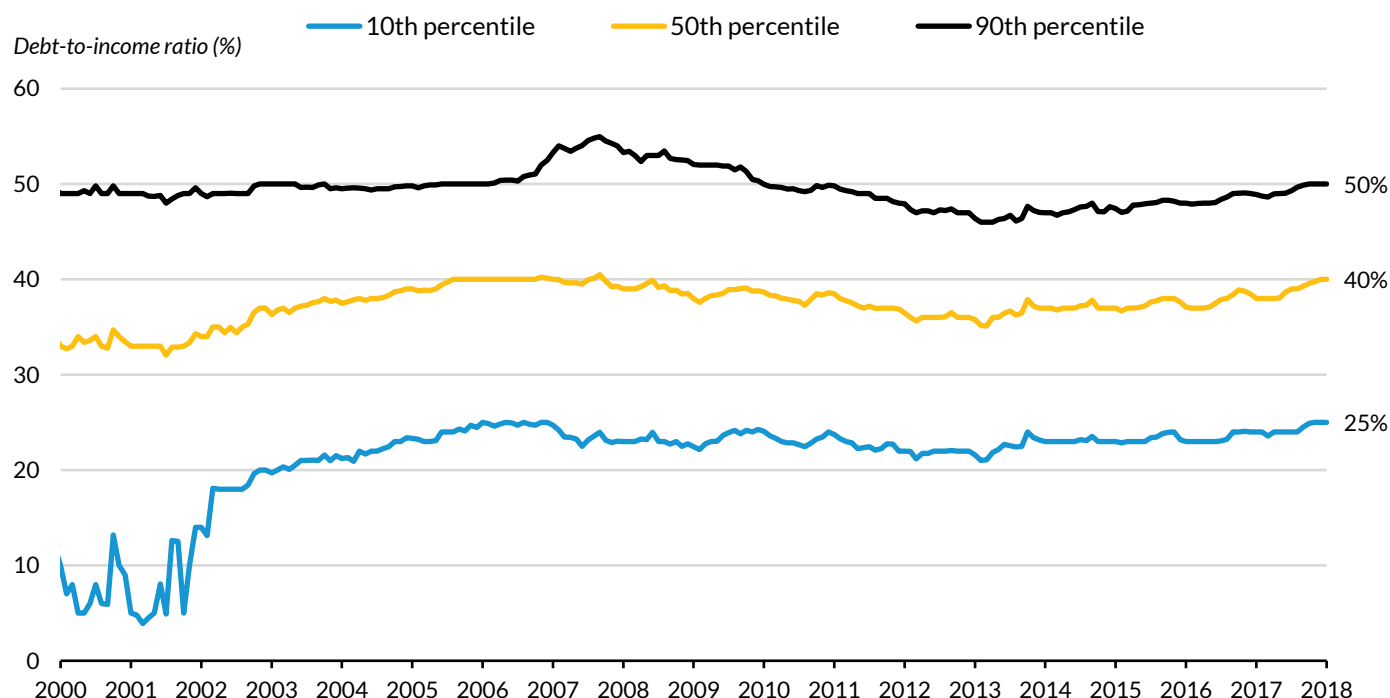
Sources: eMBS and the Urban Institute.

Notes: FHA = Federal Housing Administration; GSE = government-sponsored enterprise; VA = US Department of Veterans Affairs. Based on purchase money agency originations in 2017.

Historic DTI and Agency Distributions

Debt-to-income ratios have loosened, the expected result of higher home prices and higher interest rates. In April 2018, the median DTI ratio was 40 percent, up 5 percentage points from 35 percent in 2013. The FHA and VA both capture a larger share of loans with DTI ratios over 45 percent, with 42 and 34 percent, respectively. The GSEs accounted for 15 percent of loans with DTI ratios over 45 percent.

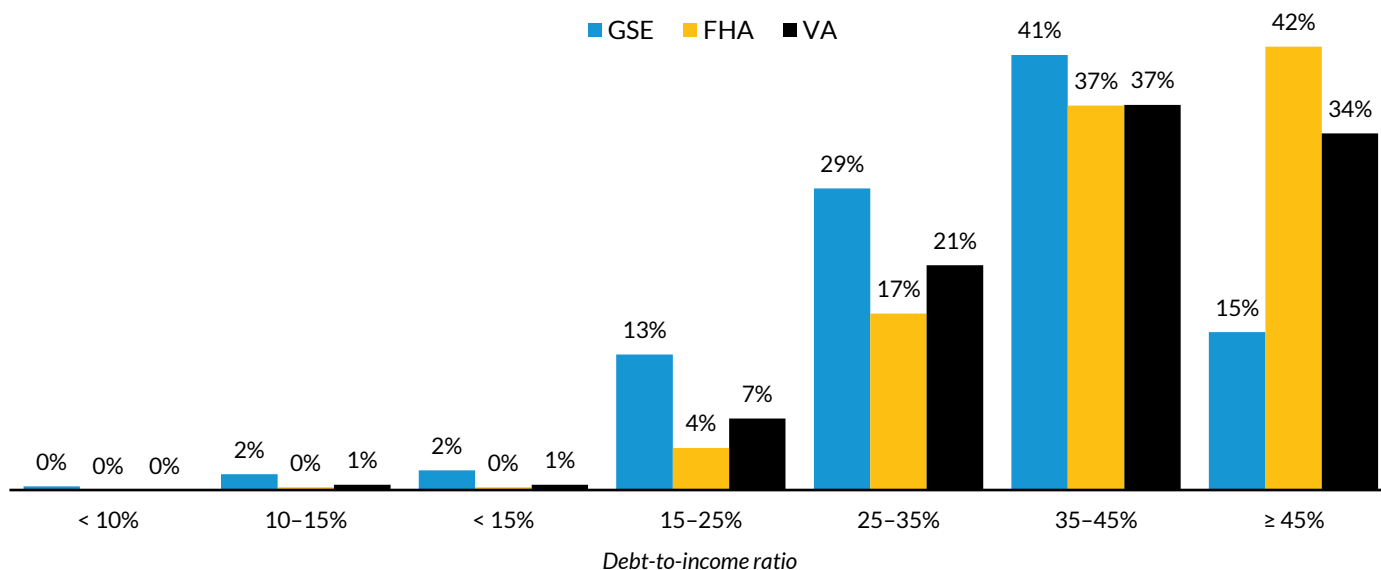
Debt-to-Income Ratio at Origination



Sources: CoreLogic, eMBS, and the Urban Institute.

Notes: Includes owner-occupied purchase loans only. Data as of April 2018.

Agency Debt-to-Income Distributions



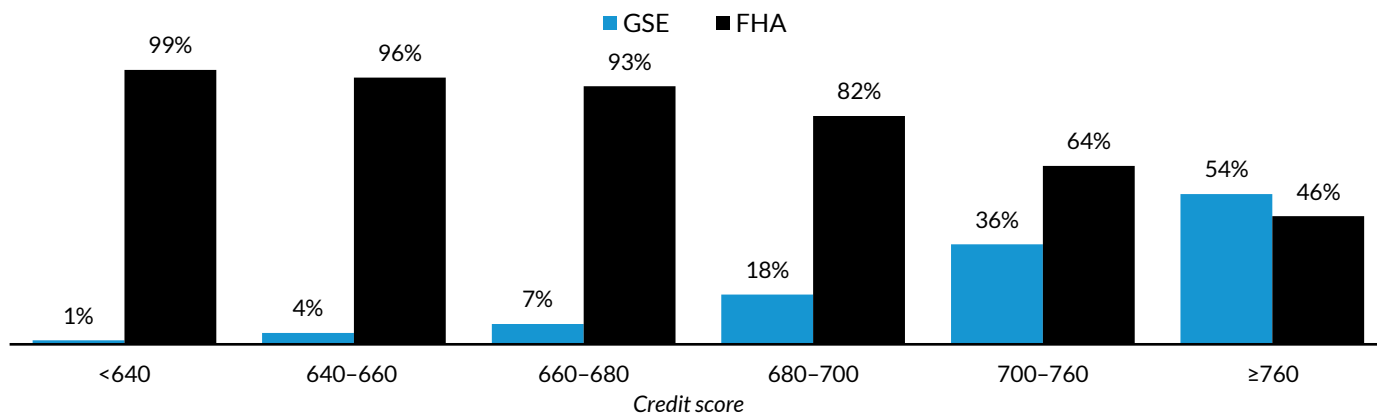
Sources: eMBS and the Urban Institute.

Notes: FHA = Federal Housing Administration; GSE = government-sponsored enterprise; VA = US Department of Veterans Affairs. Based on purchase money agency originations in 2017.

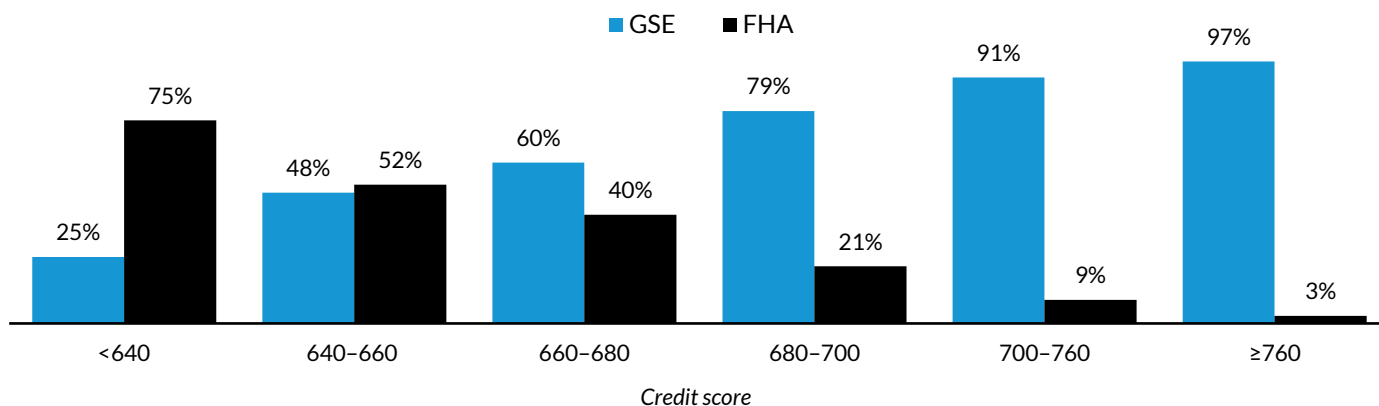
Loan Type by Credit Score and Loan-to-Value Ratio

The FHA captures borrowers with lower FICO scores and higher LTV ratios, as shown in the three figures below. For loans with a down payment between 5 and 20 percent, FHA loans make up 75 percent of those with FICO scores below 640 but only 3 percent of those with FICO scores above 760.

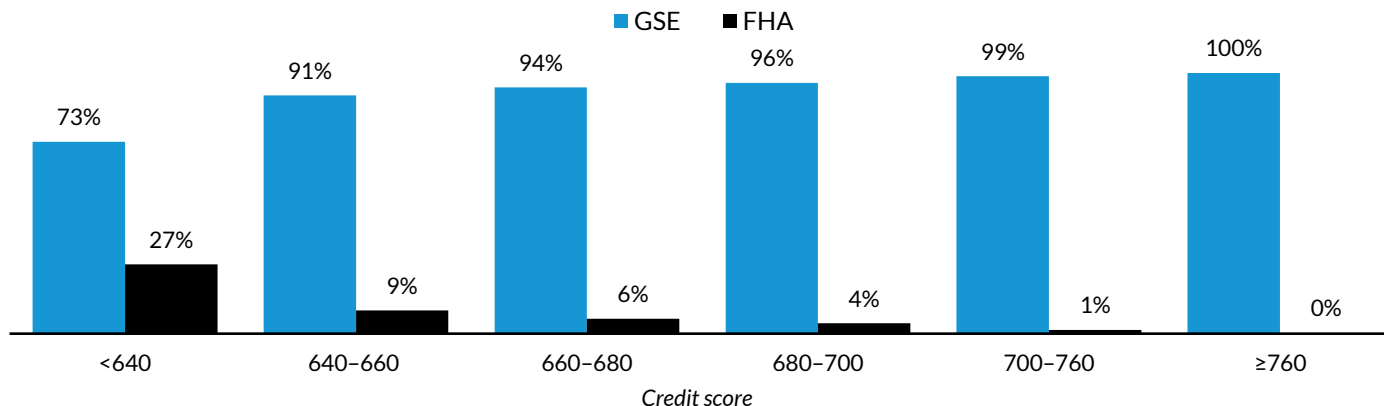
Channel Choice by Credit Score When Down Payment Is 3.00 to 4.99 Percent



Channel Choice by Credit Score When Down Payment Is 5.00 to 19.99 Percent



Channel Choice by Credit Score When Down Payment Is 20 Percent or More



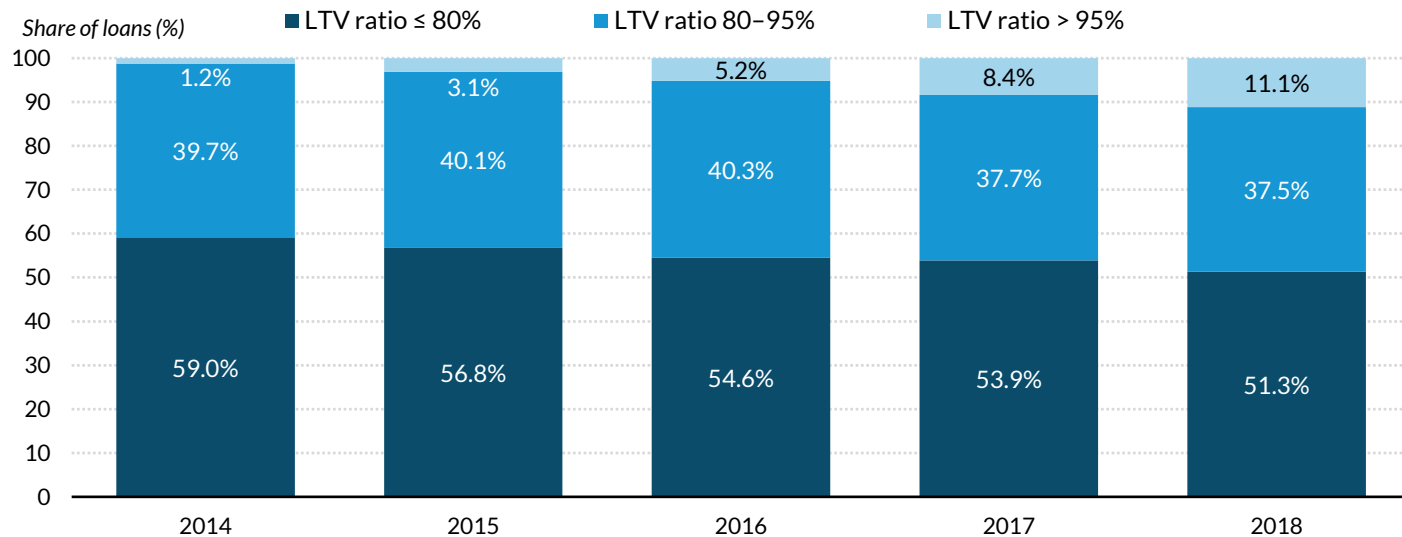
Sources: eMBS and the Urban Institute.

Notes: FHA = Federal Housing Administration; GSE = government-sponsored enterprise. Based on purchase money agency originations in 2017.

GSE Low-Down Payment Programs

Fannie Mae and Freddie Mac have expanded their role in high-LTV production. In 2014, only 1.2 percent of purchase money loans were originated with an LTV ratio over 95 percent. That share has increased nearly tenfold and stood at 11.1 percent in the first half of 2018. Borrowers with high LTV ratios tend to have lower FICO scores and higher DTI ratios than borrowers with lower LTV ratios.

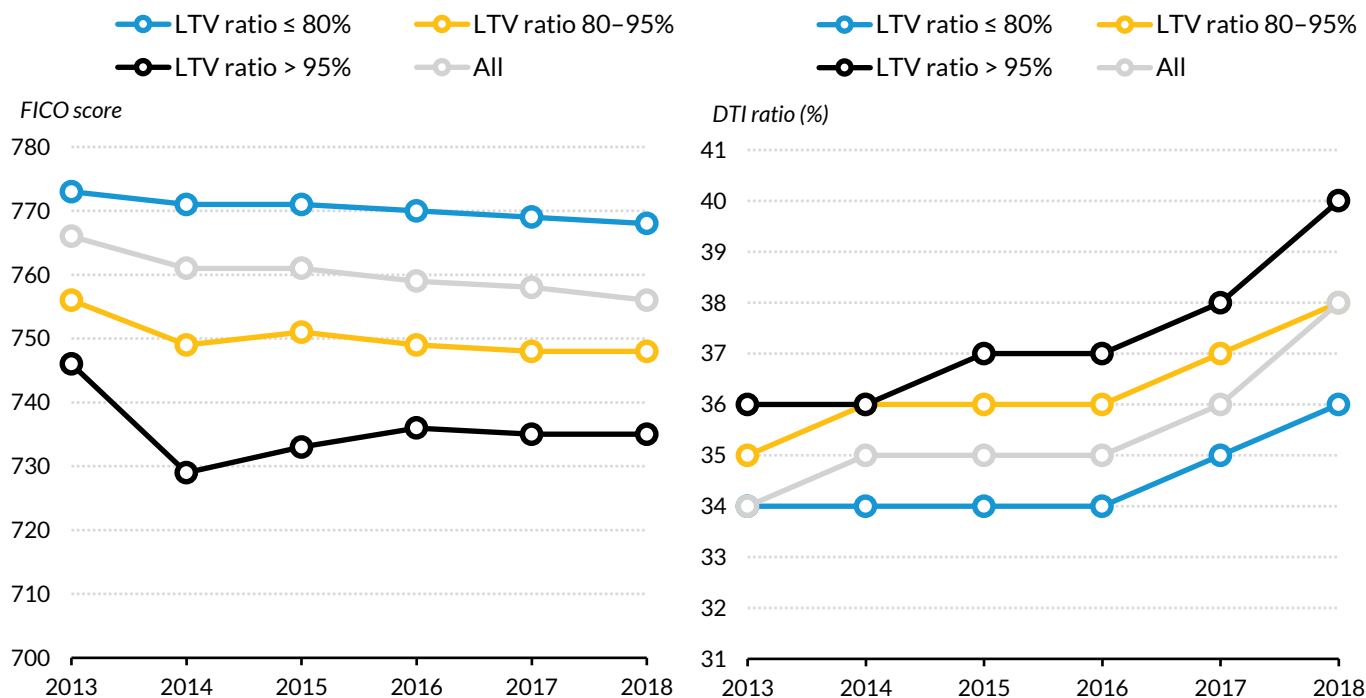
Share of GSE Loans by LTV Ratio



Sources: eMBS and the Urban Institute.

Notes: GSE = government-sponsored enterprise; LTV = loan-to-value. Based on purchase money originations. 2018 data are through the first six months.

Credit Characteristics of High-LTV GSE Loans



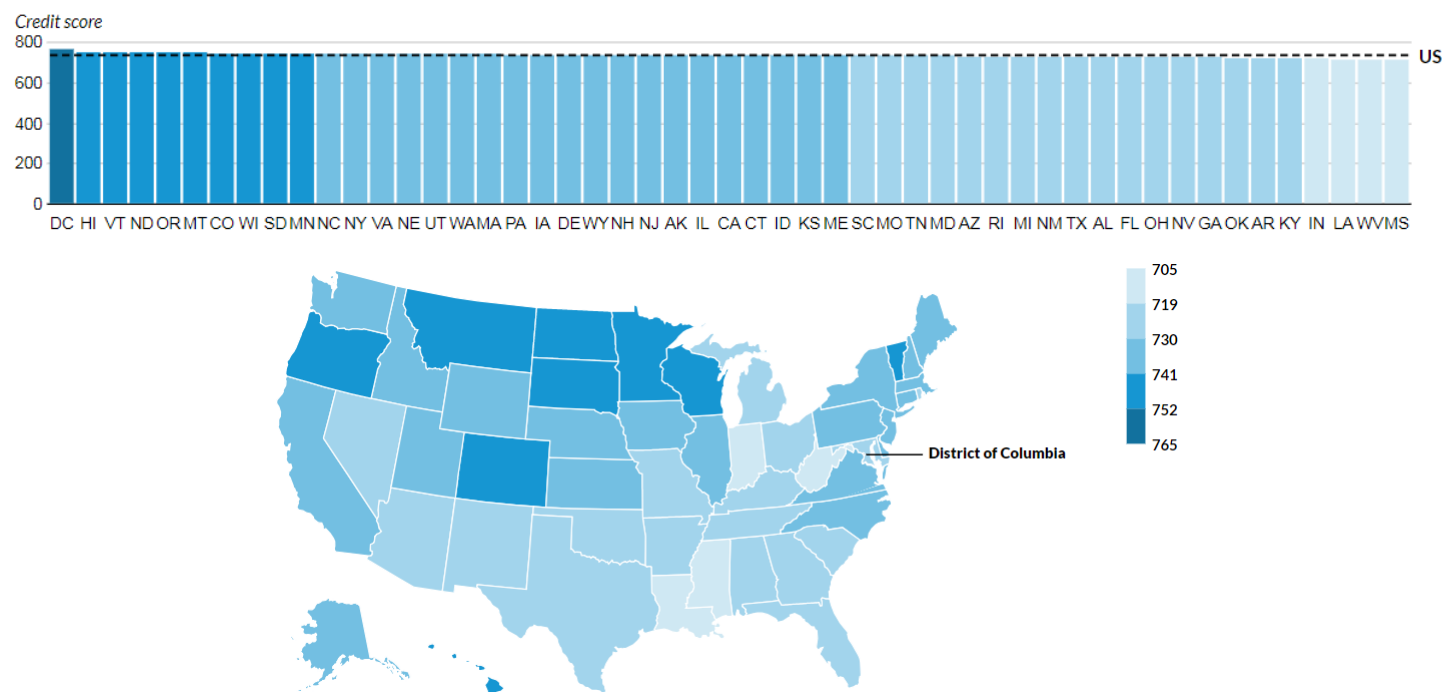
Sources: eMBS and the Urban Institute.

Notes: DTI = debt-to-income; GSE = government-sponsored enterprise; LTV = loan-to-value. Based on purchase money originations. 2018 data are through the first six months.

Median DTI Ratios and Credit Scores by State

The national median credit score was 730 for all purchase money originations in 2017, but the state medians ranged from 708 in Mississippi to 764 in the District of Columbia. The national median DTI ratio was 38.6 percent for all purchase money originations in 2017, but the state medians ranged from 35.2 percent in Iowa to 42.0 percent in Hawaii.

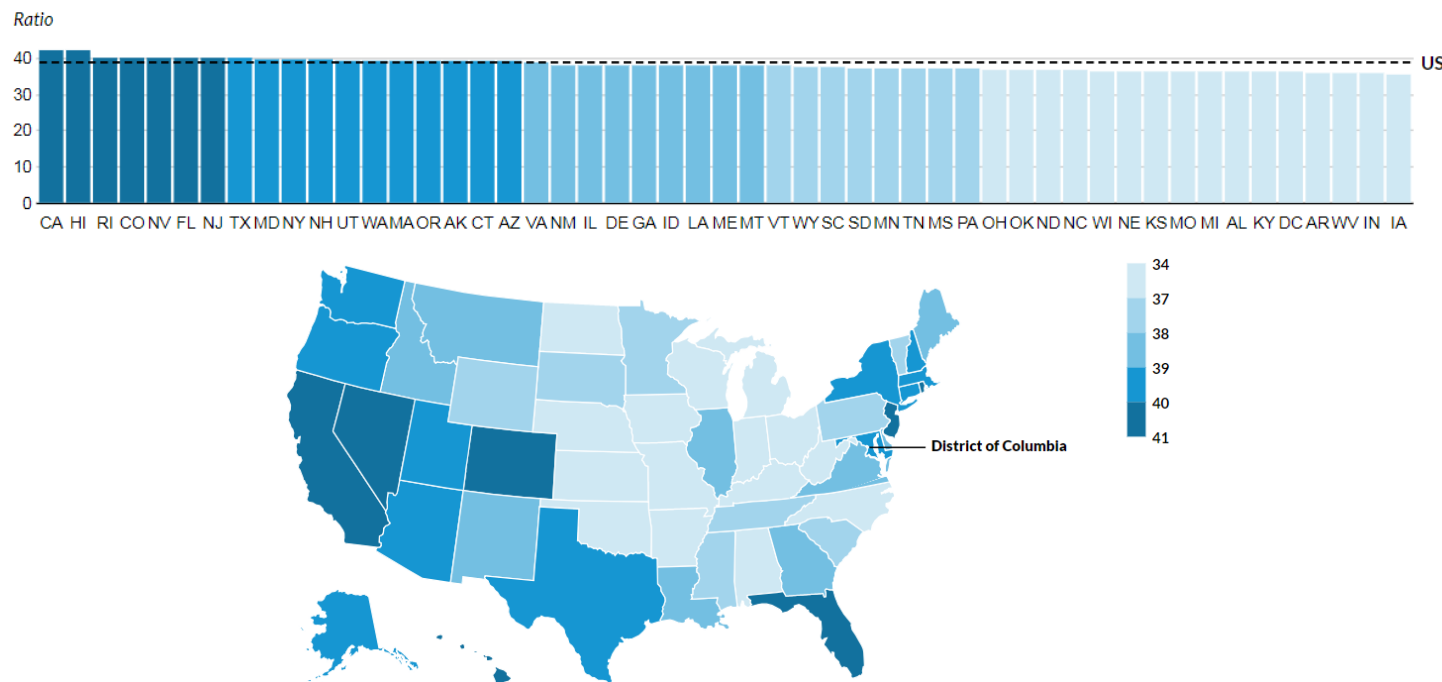
Median Credit Score by State



Sources: eMBS and the Urban Institute.

Note: Based on purchase money agency originations in 2017.

Median Debt-to-Income Ratio by State



Sources: eMBS, the Federal Housing Administration, and the Urban Institute.

Note: Based on purchase money agency originations in 2017.

Credit Availability by State

Nationally, credit is tight by historic standards. The national median credit score in 2017 was 730, and the median LTV ratio was 95 percent. The share of borrowers with LTV ratios over 95 percent and credit scores below 700 is 23 percent. Some states have lower median credit scores and higher LTV ratios, and the share of borrowers with high LTV ratios and low credit scores ranges from 6 to 36 percent. The share of first-time homebuyers is about 53 percent nationally and ranges from 43 to 65 percent.

Credit Availability by State

| State | Credit score | LTV (%) | DTI (%) | LTV > 95% and credit score < 700 | First-time homebuyer share |
|----------------------|--------------|---------|---------|----------------------------------|----------------------------|
| National | 730 | 95.0 | 38.6 | 23.0% | 52.5% |
| Alabama | 724 | 96.5 | 36.0 | 29.9% | 49.7% |
| Alaska | 735 | 97.0 | 39.0 | 25.6% | 50.6% |
| Arizona | 727 | 95.0 | 39.0 | 22.2% | 48.6% |
| Arkansas | 720 | 96.4 | 35.9 | 30.4% | 50.7% |
| California | 732 | 90.0 | 42.0 | 18.9% | 55.3% |
| Colorado | 743 | 90.0 | 40.0 | 18.6% | 46.8% |
| Connecticut | 732 | 95.0 | 39.0 | 21.4% | 61.8% |
| Delaware | 736 | 95.0 | 38.0 | 24.5% | 49.6% |
| District of Columbia | 764 | 85.0 | 36.0 | 6.0% | 64.7% |
| Florida | 724 | 95.0 | 40.0 | 22.9% | 50.8% |
| Georgia | 722 | 95.0 | 38.0 | 28.8% | 53.2% |
| Hawaii | 750 | 90.0 | 42.0 | 12.9% | 52.0% |
| Idaho | 731 | 95.0 | 38.0 | 22.4% | 43.9% |
| Illinois | 732 | 94.0 | 38.0 | 20.7% | 57.5% |
| Indiana | 718 | 95.0 | 35.9 | 29.5% | 52.9% |
| Iowa | 736 | 95.0 | 35.2 | 20.4% | 49.2% |
| Kansas | 731 | 95.0 | 36.0 | 24.0% | 49.9% |
| Kentucky | 719 | 95.0 | 36.0 | 29.5% | 52.9% |
| Louisiana | 714 | 96.5 | 38.0 | 32.4% | 56.2% |
| Maine | 731 | 95.0 | 38.0 | 24.5% | 48.2% |
| Maryland | 729 | 95.0 | 39.6 | 27.4% | 58.9% |
| Massachusetts | 737 | 90.0 | 39.0 | 17.1% | 58.0% |
| Michigan | 726 | 95.0 | 36.0 | 22.5% | 52.4% |
| Minnesota | 741 | 95.0 | 37.0 | 18.1% | 51.5% |
| Mississippi | 708 | 96.7 | 37.0 | 36.2% | 54.6% |
| Missouri | 729 | 95.0 | 36.0 | 26.0% | 49.6% |
| Montana | 744 | 91.6 | 38.0 | 17.3% | 43.3% |
| Nebraska | 738 | 95.0 | 36.0 | 20.2% | 51.5% |
| Nevada | 722 | 95.0 | 40.0 | 22.5% | 52.0% |
| New Hampshire | 736 | 95.0 | 39.6 | 20.0% | 52.3% |
| New Jersey | 735 | 90.0 | 40.0 | 18.8% | 59.9% |
| New Mexico | 724 | 95.0 | 38.0 | 27.7% | 53.0% |
| New York | 739 | 90.0 | 39.6 | 17.1% | 62.5% |
| North Carolina | 739 | 94.0 | 36.5 | 20.6% | 46.4% |
| North Dakota | 746 | 94.0 | 36.6 | 16.3% | 46.5% |
| Ohio | 723 | 95.0 | 36.7 | 26.5% | 55.3% |
| Oklahoma | 720 | 96.5 | 36.6 | 29.7% | 49.4% |
| Oregon | 745 | 90.0 | 39.0 | 16.1% | 47.0% |
| Pennsylvania | 736 | 95.0 | 37.0 | 22.6% | 57.5% |
| Rhode Island | 727 | 95.0 | 40.0 | 26.0% | 59.5% |
| South Carolina | 729 | 95.0 | 37.5 | 25.6% | 46.0% |
| South Dakota | 741 | 95.0 | 37.0 | 20.0% | 50.0% |
| Tennessee | 729 | 95.0 | 37.0 | 25.5% | 46.5% |
| Texas | 724 | 95.0 | 39.8 | 26.4% | 51.4% |
| Utah | 738 | 95.0 | 39.0 | 20.3% | 48.3% |
| Vermont | 748 | 90.0 | 38.0 | 14.6% | 48.3% |
| Virginia | 738 | 95.0 | 38.8 | 24.1% | 54.5% |
| Washington | 737 | 93.6 | 39.0 | 19.9% | 52.5% |
| West Virginia | 714 | 96.5 | 35.9 | 31.7% | 55.9% |
| Wisconsin | 741 | 94.0 | 36.0 | 18.4% | 51.2% |
| Wyoming | 736 | 95.0 | 37.5 | 23.7% | 44.5% |

Sources: eMBS and the Urban Institute.

Notes: DTI = debt-to-income ratio; LTV = loan-to-value ratio. Based on purchase money agency originations in 2017.

Barrier 3. Affordability

For a mortgage with 20 percent down, monthly payments would make up 23 percent of the median borrower's income. With rising interest rates and home prices, this share will continue to increase.

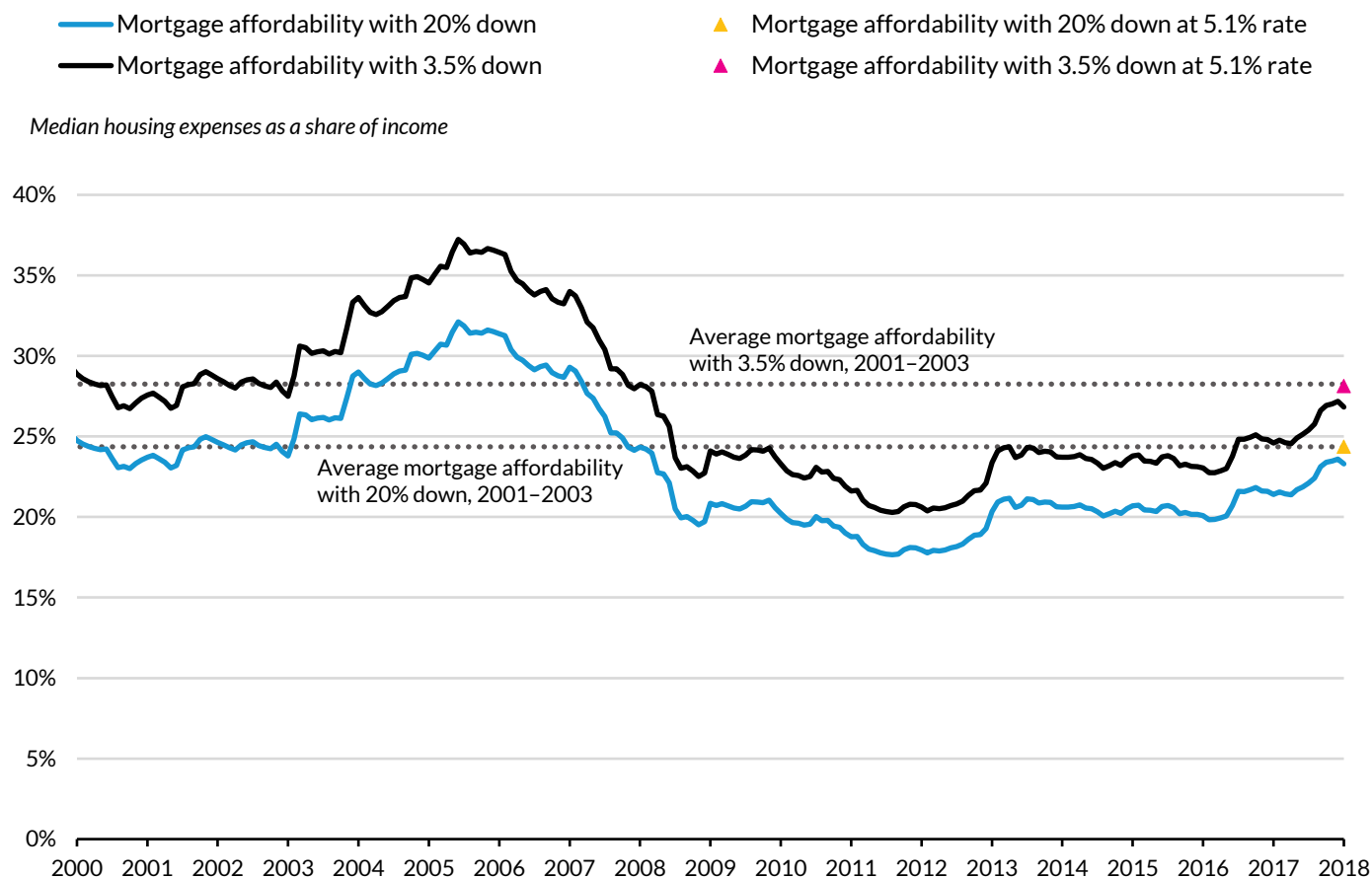


Photo by Peeterv/iStock.com.

National Mortgage Affordability over Time

Immediately after the crisis, interest rates were low and home prices were affordable. But home price appreciation in the past five years and the recent increase in mortgage rates has brought national affordability closer to historic levels. As of June 2018, the share of median income needed for the monthly payment with 20 percent down on a median home stood at 23.3 percent, up from 18 percent six years ago. If mortgage rates rise to 5.1 percent, the share would increase to the 2001–03 average of 24.4 percent. The mortgage affordability index with a 3.5 percent down payment shows an even higher share of income devoted to monthly payments but yields the same trend.

National Mortgage Affordability over Time



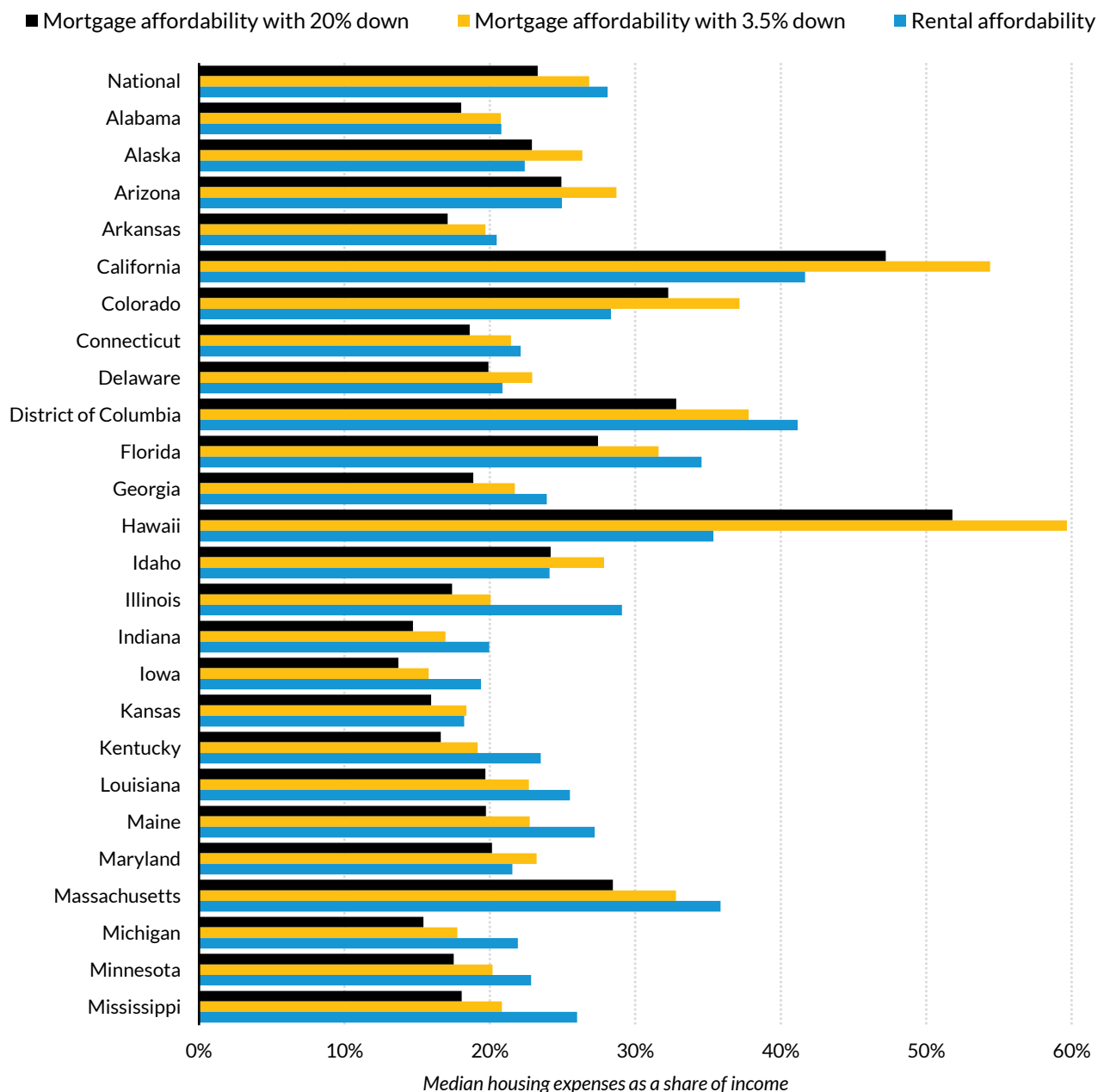
Sources: National Association of Realtors, US Census Bureau, Current Population Survey, American Community Survey, Moody's Analytics, Freddie Mac Primary Mortgage Market Survey, and the Urban Institute.

Notes: Mortgage affordability is the share of median family income devoted to the monthly principal, interest, taxes, and insurance payment required to buy the median home at the Freddie Mac prevailing rate for a 30-year fixed-rate mortgage and property tax and insurance at 1.75 percent of the housing value. Data as of June 2018.

Ownership versus Rental Affordability by State

Nationally, owning a home with a mortgage is more affordable than renting. The median family spends 28.1 percent of its income to pay rent but spends only 26.8 percent of its income to afford the monthly mortgage payment, including taxes and insurance, given a 3.5 down payment; this share of income is even lower for families who made a 20 percent down payment. There are 32 states where the median rent is higher than the monthly payment on the median house with a 3.5 percent down payment. Hawaii requires the highest share of income (59.7 percent) devoted to a monthly mortgage payment with 3.5 percent down; Iowa requires the lowest (15.8 percent). Nine states have less affordable rents than the national level, including many states with large populations.

State Mortgage and Rental Affordability

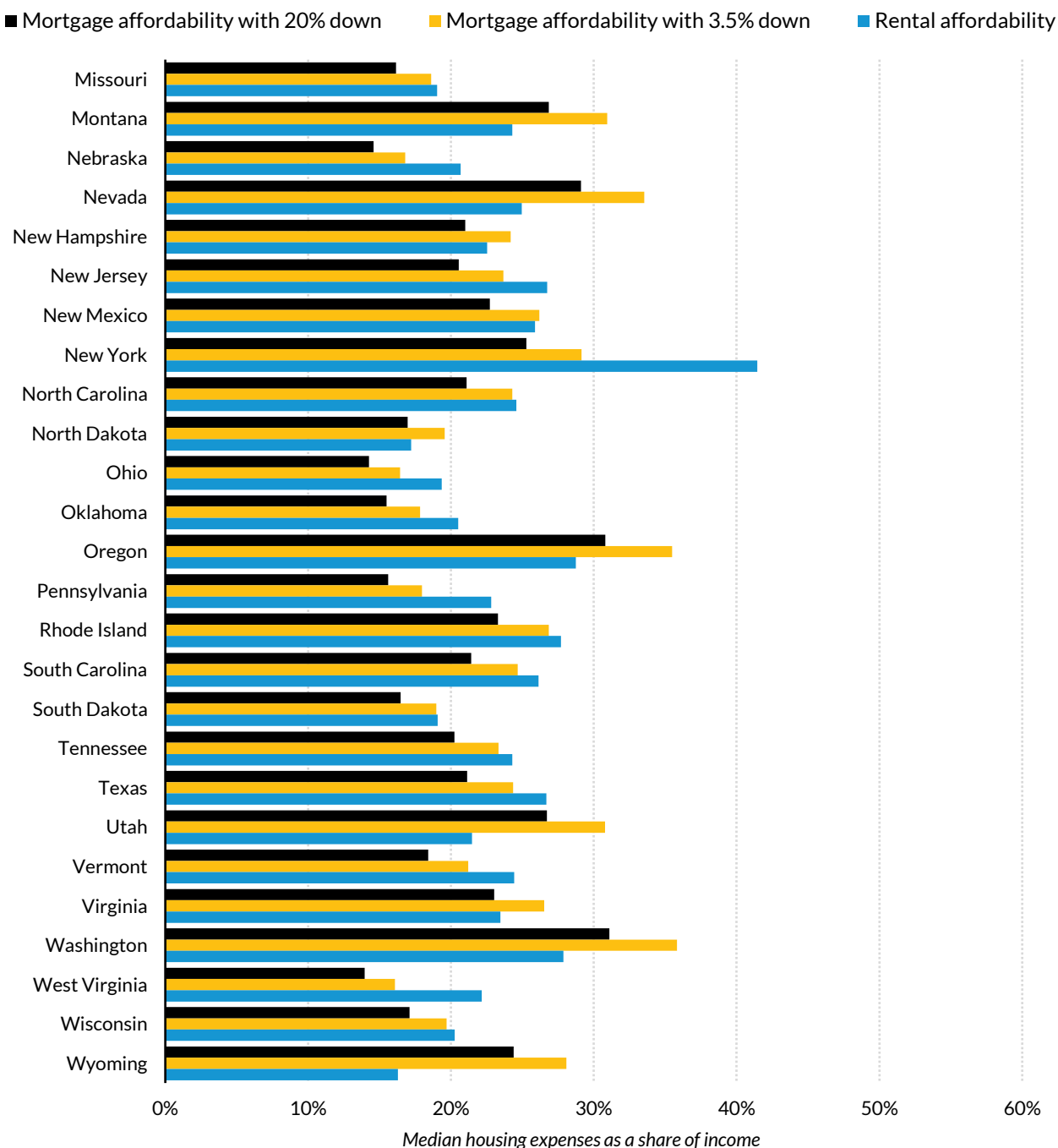


Sources: National Association of Realtors, US Census Bureau, Current Population Survey, American Community Survey, Moody's Analytics, Freddie Mac Primary Mortgage Market Survey, Zillow, and the Urban Institute.

Notes: Mortgage affordability is the share of median family income devoted to the monthly principal, interest, taxes, and insurance payment required to buy the median home at the Freddie Mac prevailing rate for a 30-year fixed-rate mortgage and property tax and insurance at 1.75 percent of the housing value. Rental affordability is the share of median family income devoted to the median rent for a three-bedroom house. Based on June 2018 data.

Ownership versus Rental Affordability by State

State Mortgage and Rental Affordability (continued)



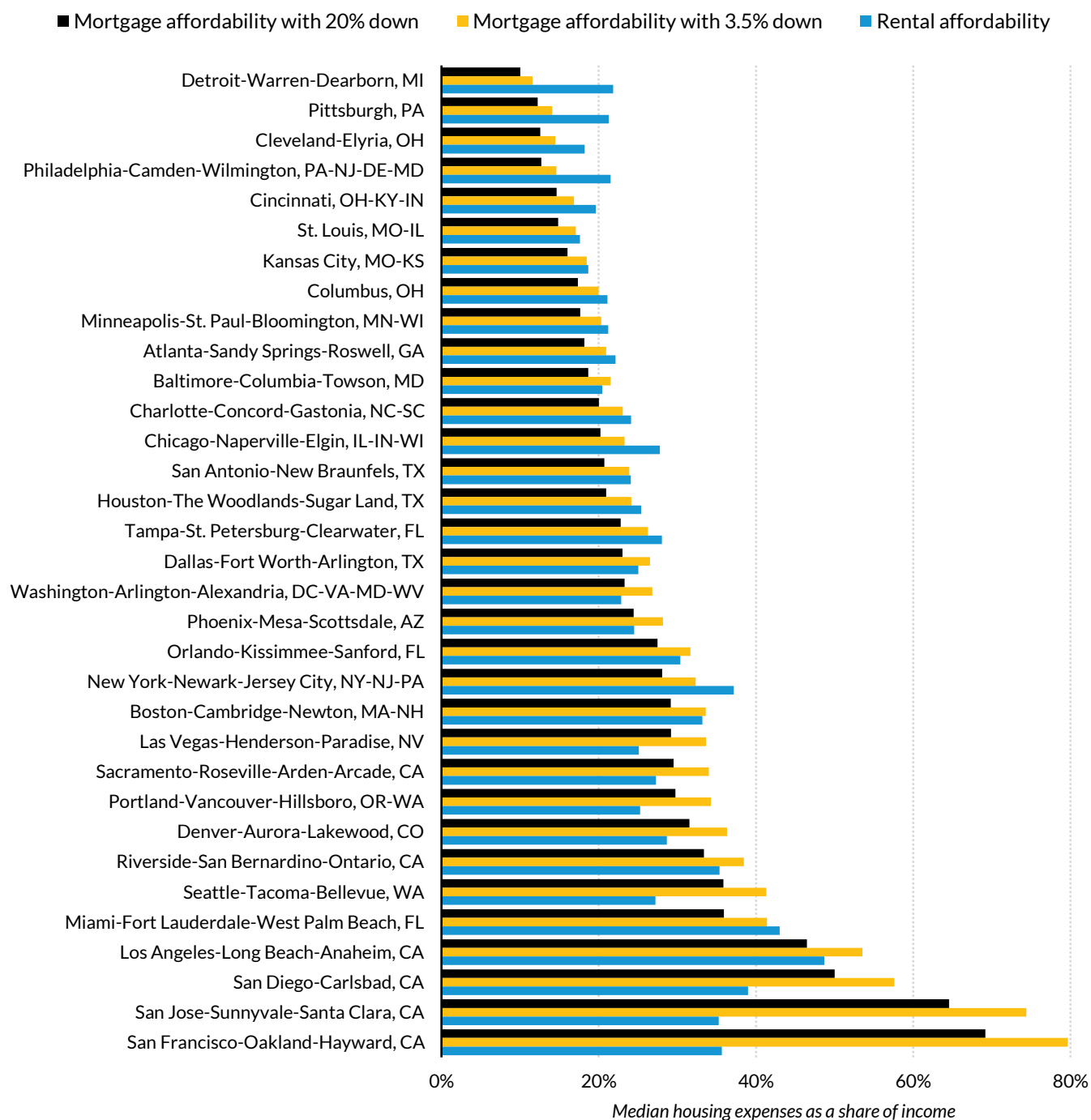
Sources: National Association of Realtors, US Census Bureau, Current Population Survey, American Community Survey, Moody's Analytics, Freddie Mac Primary Mortgage Market Survey, Zillow, and the Urban Institute.

Notes: Mortgage affordability is the share of median family income devoted to the monthly principal, interest, taxes, and insurance payment required to buy the median home at the Freddie Mac prevailing rate for a 30-year fixed-rate mortgage and property tax and insurance at 1.75 percent of the housing value. Rental affordability is the share of median family income devoted to the median rent for a three-bedroom house. Based on June 2018 data.

Mortgage and Rental Affordability by MSA

The figure below ranks the 33 largest metropolitan statistical areas (MSAs) by mortgage affordability, with the least affordable at the bottom. The 12 least affordable MSAs require a third or more of the median family income to pay for monthly mortgage costs with 3.5 percent down. For MSAs with more affordable mortgage payments, renting is often more expensive, yet many potential homebuyers cannot enter the market because of the down payment barrier.

Metropolitan Statistical Area Mortgage and Rental Affordability



Sources: National Association of Realtors, US Census Bureau, Current Population Survey, American Community Survey, Moody's Analytics, Freddie Mac Primary Mortgage Market Survey, Zillow, and the Urban Institute.

Notes: Mortgage affordability is the share of median family income devoted to the monthly principal, interest, taxes, and insurance payment required to buy the median home at the Freddie Mac prevailing rate for a 30-year fixed-rate mortgage and property tax and insurance at 1.75 percent of the housing value. Rental affordability is the share of median family income devoted to the median rent for a three-bedroom house. Based on June 2018 data.

Sizing Millennial Homeownership Potential

Many millennials are prepared for homeownership based on their credit profiles. In most cities, millennials with strong credit profiles often earn enough to afford the median home in their area.



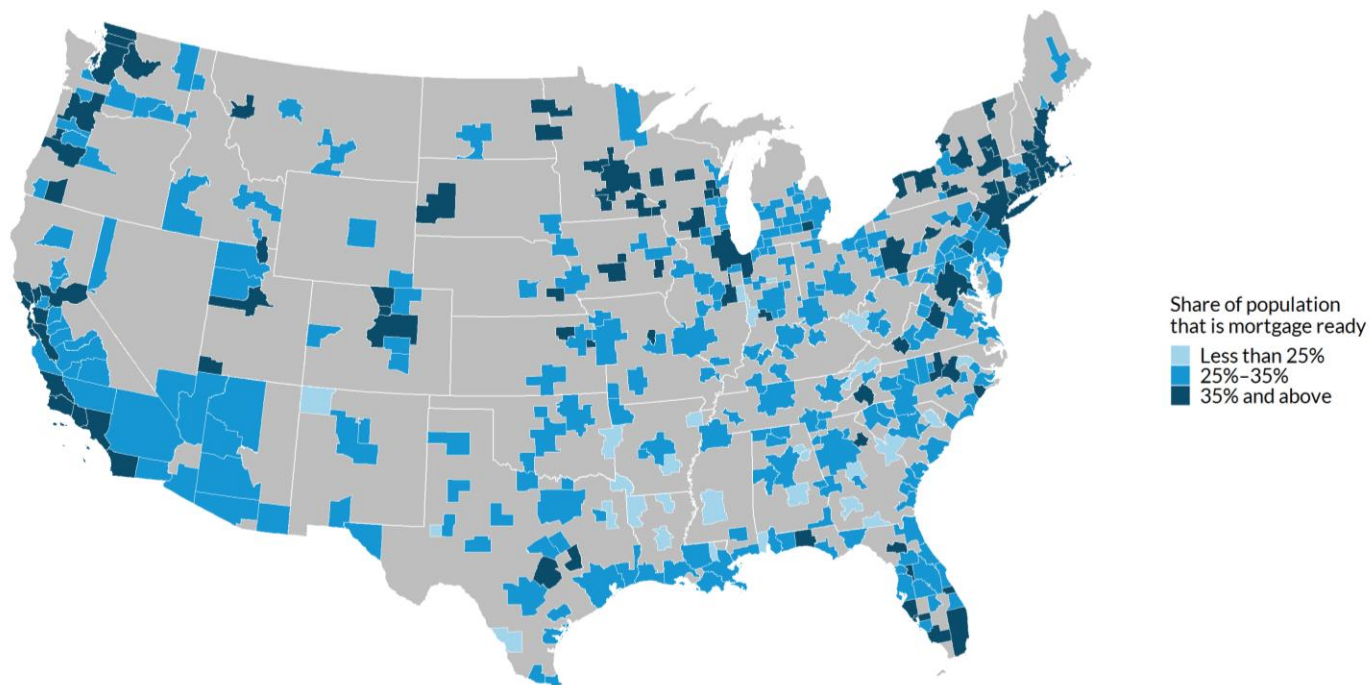
Photo by Tempura/iStock.com.

Sizing the Mortgage-Ready Millennial Population

In the years following the financial crisis, homeownership rates have continued to decline. The fastest-growing population of potential homebuyers, millennials, particularly those ages 26 to 35, have been slow to transition into homeownership partly because of high unemployment, persistent underemployment, stagnant wage growth, and high rents that make it difficult to save for homeownership. Many potential millennial homebuyers could qualify for a mortgage in today's marketplace based on their credit scores: they are *mortgage ready*.

A consumer is mortgage ready if he or she is 40 or younger and *does not* have a mortgage but has the credit characteristics to qualify for a mortgage. Using basic underwriting criteria, we size the mortgage-ready millennial population by MSA in the map below. In many metropolitan areas along the coasts, and in southern and midwestern states, more than 35 percent of millennials are mortgage ready.

Share of the Millennial Population That Is Mortgage Ready, by Metropolitan Statistical Area



Source: Freddie Mac calculations using anonymized credit bureau data.

Notes: A consumer is mortgage ready if he or she does not have a mortgage, is 40 or younger, has a FICO score of 620 or above, has a debt-to-income ratio not exceeding 25 percent, has no foreclosures or bankruptcies in the past 84 months, and has no severe delinquencies in the past 12 months. Based on September 2016 data.

Sizing the Mortgage-Ready Millennial Population

The table below sizes the mortgage-ready millennial population by race or ethnicity in 31 metropolitan statistical areas across the country. The share of the population that is mortgage ready ranges from 25 to 45 percent, with an average of 34 percent. In general, black and Hispanic borrowers have a slightly lower mortgage-ready share than white borrowers.

Sizing the Mortgage-Ready Millennial Population by MSA, by Race or Ethnicity

Population in thousands

| MSA | | | White | | Black | | Hispanic | | Other | |
|--|-------|-------|----------|-------|----------|-----|----------|-----|----------|-----|
| | | | Age ≤ 40 | MR | Age ≤ 40 | MR | Age ≤ 40 | MR | Age ≤ 40 | MR |
| Atlanta-Sandy Springs-Roswell, GA | 2,540 | 769 | 1,099 | 400 | 899 | 177 | 297 | 77 | 199 | 97 |
| Austin-Round Rock, TX | 927 | 329 | 518 | 211 | 34 | 8 | 294 | 70 | 58 | 31 |
| Baltimore-Columbia-Towson, MD | 1,232 | 388 | 639 | 235 | 371 | 67 | 102 | 29 | 90 | 45 |
| Boston-Cambridge-Newton, MA-NH | 2,002 | 891 | 1,304 | 611 | 119 | 29 | 266 | 87 | 210 | 119 |
| Buffalo-Cheektowaga-Niagara Falls, NY | 406 | 153 | 301 | 122 | 48 | 8 | 21 | 6 | 22 | 11 |
| Charlotte-Concord-Gastonia, NC-SC | 982 | 303 | 547 | 192 | 245 | 49 | 118 | 27 | 54 | 29 |
| Chicago-Naperville-Elgin, IL-IN-WI | 3,961 | 1,463 | 2,025 | 866 | 637 | 106 | 882 | 280 | 277 | 148 |
| Cincinnati, OH-KY-IN | 877 | 262 | 667 | 212 | 121 | 19 | 36 | 7 | 34 | 17 |
| Dallas-Fort Worth-Arlington, TX | 3,243 | 1,015 | 1,615 | 578 | 425 | 74 | 888 | 211 | 246 | 126 |
| Denver-Aurora-Lakewood, CO | 1,296 | 461 | 845 | 333 | 61 | 15 | 289 | 70 | 62 | 28 |
| Detroit-Warren-Dearborn, MI | 1,734 | 577 | 1,075 | 403 | 413 | 64 | 76 | 25 | 103 | 56 |
| Houston-The Woodlands-Sugar Land, TX | 2,932 | 943 | 1,210 | 449 | 413 | 71 | 1,014 | 271 | 232 | 127 |
| Indianapolis-Carmel-Anderson, IN | 875 | 230 | 585 | 171 | 162 | 23 | 76 | 14 | 36 | 17 |
| Las Vegas-Henderson-Paradise, NV | 844 | 249 | 438 | 138 | 53 | 9 | 281 | 73 | 49 | 21 |
| Los Angeles-Long Beach-Anaheim, CA | 6,058 | 2,551 | 2,054 | 936 | 283 | 65 | 2,662 | 984 | 872 | 481 |
| Memphis, TN-MS-AR | 549 | 138 | 214 | 73 | 281 | 47 | 32 | 8 | 17 | 8 |
| Miami-Fort Lauderdale-West Palm Beach, FL | 2,669 | 972 | 850 | 358 | 466 | 94 | 1,158 | 433 | 95 | 46 |
| Minneapolis-St. Paul-Bloomington, MN-WI | 1,473 | 566 | 1,118 | 440 | 91 | 20 | 81 | 25 | 128 | 60 |
| Nashville-Davidson-Murfreesboro-Franklin, TN | 780 | 248 | 532 | 183 | 135 | 29 | 66 | 16 | 34 | 15 |
| New Orleans-Metairie, LA | 507 | 152 | 245 | 91 | 180 | 37 | 51 | 12 | 19 | 10 |
| New York-Newark-Jersey City, NY-NJ-PA | 8,480 | 3,784 | 3,830 | 1,914 | 1,132 | 316 | 2,052 | 746 | 1,126 | 646 |
| Orlando-Kissimmee-Sanford, FL | 1,122 | 352 | 543 | 195 | 159 | 23 | 335 | 97 | 50 | 25 |
| Philadelphia-Camden-Wilmington, PA-NJ-DE-MD | 2,437 | 851 | 1,432 | 571 | 515 | 97 | 226 | 57 | 183 | 95 |
| Phoenix-Mesa-Scottsdale, AZ | 1,724 | 519 | 1,025 | 339 | 44 | 9 | 516 | 116 | 90 | 39 |
| Riverside-San Bernardino-Ontario, CA | 1,902 | 594 | 765 | 244 | 79 | 14 | 925 | 279 | 95 | 45 |
| St. Louis, MO-IL | 1,214 | 391 | 846 | 307 | 252 | 37 | 40 | 11 | 42 | 22 |
| San Antonio-New Braunfels, TX | 998 | 295 | 416 | 149 | 40 | 9 | 497 | 118 | 27 | 14 |
| San Diego-Carlsbad, CA | 1,537 | 621 | 796 | 338 | 38 | 10 | 534 | 187 | 121 | 65 |
| Seattle-Tacoma-Bellevue, WA | 1,673 | 677 | 1,127 | 450 | 60 | 17 | 182 | 61 | 235 | 124 |
| Tampa-St. Petersburg-Clearwater, FL | 1,177 | 376 | 736 | 257 | 138 | 22 | 217 | 61 | 49 | 24 |
| Washington-Arlington-Alexandria, DC-VA-MD-WV | 2,830 | 1,087 | 1,243 | 544 | 638 | 164 | 516 | 167 | 345 | 173 |

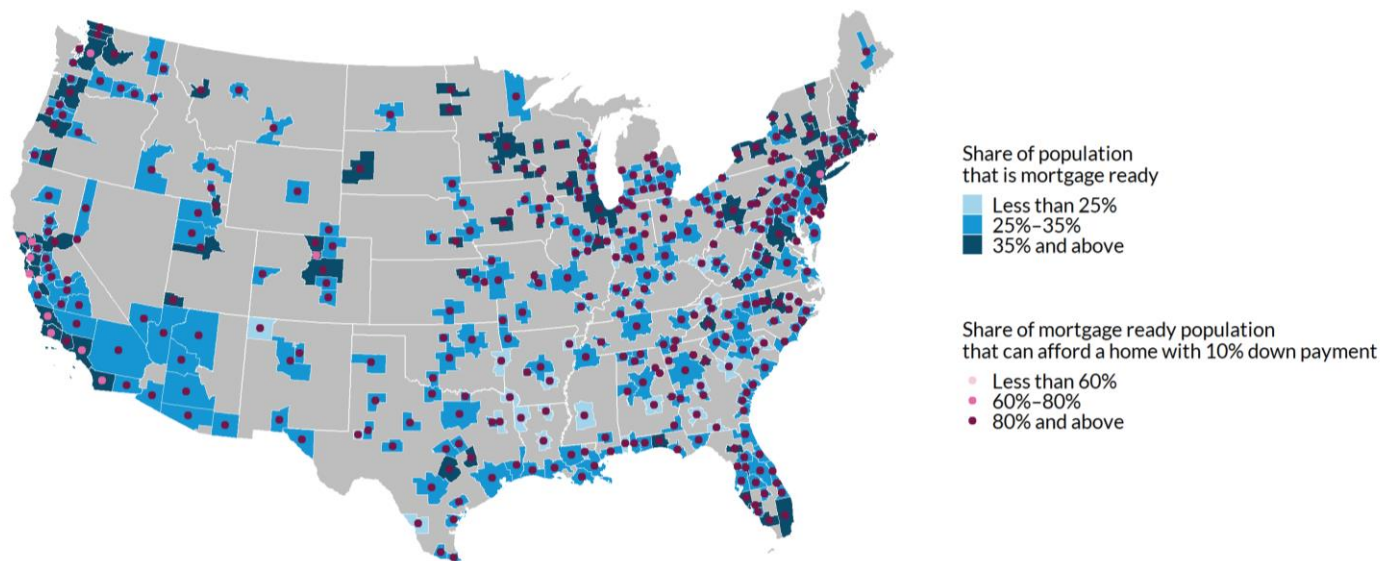
Sources: Freddie Mac and the Urban Institute.

Notes: MR = mortgage ready; MSA = metropolitan statistical area. A consumer is mortgage ready if he or she does not currently have a mortgage, is 40 or younger, has a FICO score of 620 or above, has a debt-to-income ratio not exceeding 25 percent, has no foreclosures or bankruptcies in the past 84 months, and has no severe delinquencies in the past 12 months. Based on September 2016 data.

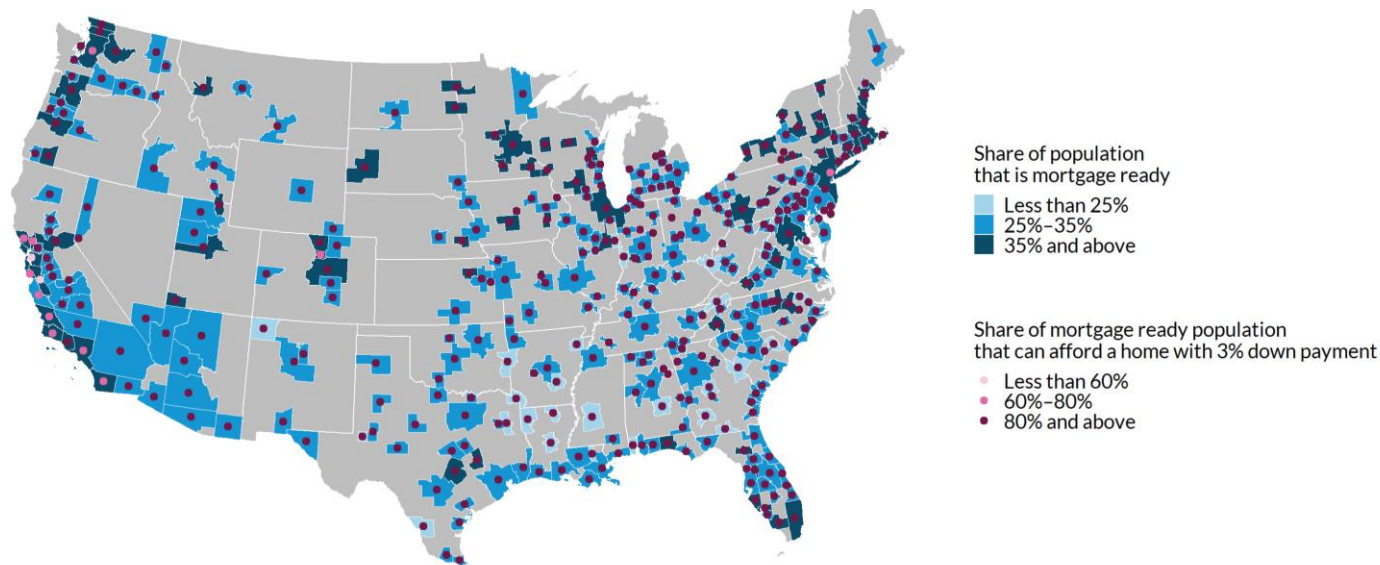
Affordability for Mortgage-Ready Millennials

Below, we examine affordability for mortgage-ready millennials by looking at the share that can afford a median-priced single-family home with 10 percent or 3 percent down payments. Most mortgage-ready millennials earn enough to afford a typical house in their MSA. A few metropolitan areas along the coasts, such as in California and New York, have large mortgage-ready populations, but given rising house prices, mortgage-ready millennials might still struggle with affordability. A 3 percent down payment increases the monthly payment, which is noticeable in high-cost areas such as California, shown in the bottom map.

Share of Mortgage-Ready Millennials That Can Afford a Home with a 10 Percent Down Payment



Share of Mortgage-Ready Millennials That Can Afford a Home with a 3 Percent Down Payment



Source: Freddie Mac calculations using anonymized credit bureau data.

Notes: A consumer is mortgage ready if he or she does not have a mortgage, is 40 or younger, has a FICO score of 620 or above, has a debt-to-income ratio not exceeding 25 percent, has no foreclosures or bankruptcies in the past 84 months, and has no severe delinquencies in the past 12 months. According to the National Association of Realtors' methodology, if a consumer's quarterly household income is greater than or equal to the annual mortgage payment on a median-priced house (assuming a 10 percent or 3 percent down payment, 4 percent mortgage rate, and 30-year contract), that house is affordable. Based on September 2016 data.

Affordability for Mortgage-Ready Millennials by Race or Ethnicity

The table below looks at the share of the mortgage-ready population that can afford the median-priced home with a 10 percent down payment, by race or ethnicity. In every MSA, most mortgage-ready millennials can afford a home, but this varies by race or ethnicity; for example, in New York-Newark-Jersey City, only 66 percent of black mortgage-ready millennials can afford to own, while 71 percent of Hispanic millennials, 73 percent of millennials of other races, and 79 percent of white millennials can afford to own.

Affordability for the Mortgage-Ready Population by MSA by Race or Ethnicity

| MSA | MR share | Share of MR that can afford | White | | Black | | Hispanic | | Other | |
|--|----------|-----------------------------|----------|-----------------------------|----------|-----------------------------|----------|-----------------------------|----------|-----------------------------|
| | | | MR share | Share of MR that can afford | MR share | Share of MR that can afford | MR share | Share of MR that can afford | MR share | Share of MR that can afford |
| Atlanta-Sandy Springs-Roswell, GA | 30% | 97% | 36% | 97% | 20% | 96% | 26% | 96% | 49% | 96% |
| Austin-Round Rock, TX | 35% | 91% | 41% | 91% | 24% | 92% | 24% | 88% | 54% | 91% |
| Baltimore-Columbia-Towson, MD | 31% | 95% | 37% | 96% | 18% | 93% | 28% | 92% | 50% | 95% |
| Boston-Cambridge-Newton, MA-NH | 45% | 85% | 47% | 87% | 24% | 82% | 33% | 74% | 57% | 81% |
| Buffalo-Cheektowaga-Niagara Falls, NY | 38% | 99% | 40% | 99% | 17% | 98% | 28% | 94% | 49% | 99% |
| Charlotte-Concord-Gastonia, NC-SC | 31% | 98% | 35% | 98% | 20% | 96% | 23% | 96% | 53% | 98% |
| Chicago-Naperville-Elgin, IL-IN-WI | 37% | 96% | 43% | 97% | 17% | 93% | 32% | 94% | 54% | 96% |
| Cincinnati, OH-KY-IN | 30% | 99% | 32% | 99% | 16% | 98% | 20% | 99% | 48% | 100% |
| Dallas-Fort Worth-Arlington, TX | 31% | 98% | 36% | 98% | 17% | 98% | 24% | 96% | 51% | 98% |
| Denver-Aurora-Lakewood, CO | 36% | 88% | 39% | 89% | 24% | 84% | 24% | 84% | 45% | 88% |
| Detroit-Warren-Dearborn, MI | 33% | 99% | 37% | 99% | 16% | 99% | 32% | 97% | 55% | 99% |
| Houston-The Woodlands-Sugar Land, TX | 32% | 98% | 37% | 98% | 17% | 97% | 27% | 97% | 55% | 99% |
| Indianapolis-Carmel-Anderson, IN | 26% | 98% | 29% | 98% | 14% | 99% | 18% | 98% | 46% | 99% |
| Las Vegas-Henderson-Paradise, NV | 29% | 96% | 31% | 97% | 17% | 91% | 26% | 95% | 43% | 95% |
| Los Angeles-Long Beach-Anaheim, CA | 42% | 78% | 46% | 78% | 23% | 74% | 37% | 78% | 55% | 82% |
| Memphis, TN-MS-AR | 25% | 99% | 34% | 99% | 17% | 99% | 26% | 99% | 46% | 100% |
| Miami-Fort Lauderdale-West Palm Beach, FL | 36% | 93% | 42% | 95% | 20% | 91% | 37% | 93% | 49% | 94% |
| Minneapolis-St. Paul-Bloomington, MN-WI | 38% | 95% | 39% | 96% | 22% | 93% | 31% | 89% | 47% | 94% |
| Nashville-Davidson-Murfreesboro-Franklin, TN | 32% | 96% | 34% | 96% | 21% | 93% | 25% | 93% | 45% | 94% |
| New Orleans-Metairie, LA | 30% | 98% | 37% | 99% | 20% | 95% | 23% | 97% | 49% | 99% |
| New York-Newark-Jersey City, NY-NJ-PA | 45% | 75% | 50% | 79% | 28% | 66% | 36% | 71% | 57% | 73% |
| Orlando-Kissimmee-Sanford, FL | 31% | 96% | 36% | 96% | 15% | 94% | 29% | 95% | 49% | 99% |
| Philadelphia-Camden-Wilmington, PA-NJ-DE-MD | 35% | 97% | 40% | 97% | 19% | 97% | 25% | 95% | 52% | 97% |
| Phoenix-Mesa-Scottsdale, AZ | 30% | 95% | 33% | 96% | 21% | 91% | 22% | 94% | 43% | 96% |
| Riverside-San Bernardino-Ontario, CA | 31% | 94% | 32% | 94% | 17% | 92% | 30% | 93% | 48% | 94% |
| St. Louis, MO-IL | 32% | 99% | 36% | 99% | 15% | 97% | 28% | 99% | 53% | 98% |
| San Antonio-New Braunfels, TX | 30% | 98% | 36% | 98% | 22% | 97% | 24% | 97% | 50% | 100% |
| San Diego-Carlsbad, CA | 40% | 78% | 42% | 78% | 27% | 71% | 35% | 76% | 53% | 82% |
| Seattle-Tacoma-Bellevue, WA | 40% | 80% | 40% | 81% | 27% | 72% | 33% | 75% | 53% | 79% |
| Tampa-St. Petersburg-Clearwater, FL | 32% | 98% | 35% | 98% | 16% | 93% | 28% | 96% | 49% | 99% |
| Washington-Arlington-Alexandria, DC-VA-MD-WV | 38% | 83% | 44% | 83% | 26% | 81% | 32% | 83% | 50% | 82% |

Sources: Freddie Mac and the Urban Institute.

Notes: MR = mortgage ready; MSA = metropolitan statistical area. A consumer is mortgage ready if he or she does not have a mortgage, is 40 or younger, has a FICO score of 620 or above, has a debt-to-income ratio not exceeding 25 percent, has no foreclosures or bankruptcies in the past 84 months, and has no severe delinquencies in the past 12 months. According to the National Association of Realtors' methodology, if a consumer's quarterly household income is greater than or equal to the annual mortgage payment on a median-priced house (assuming a 10 percent down payment, 4 percent mortgage rate, and 30-year contract), that house is affordable. Based on September 2016 data.

Access to Down Payment Assistance

Nationwide, 2,527 programs provide grants and loans to make homeownership more attainable.

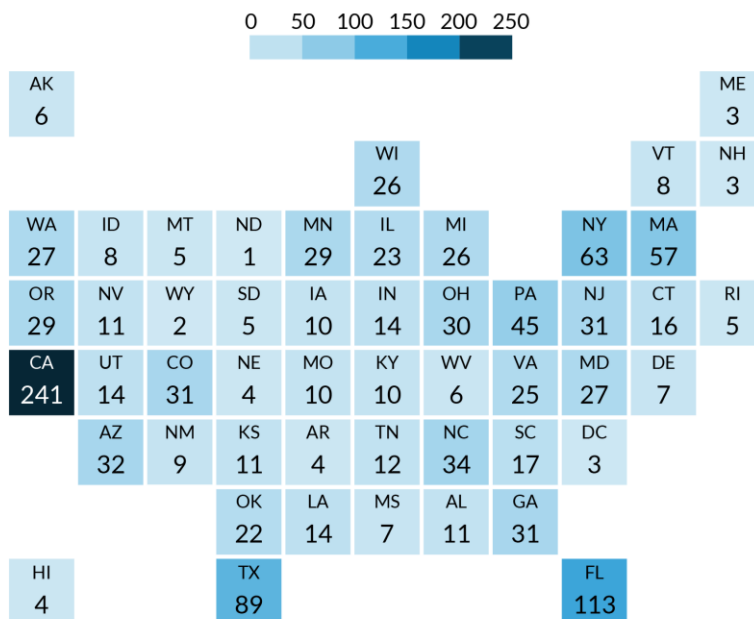


Photo by Shape Charge/iStock.com.

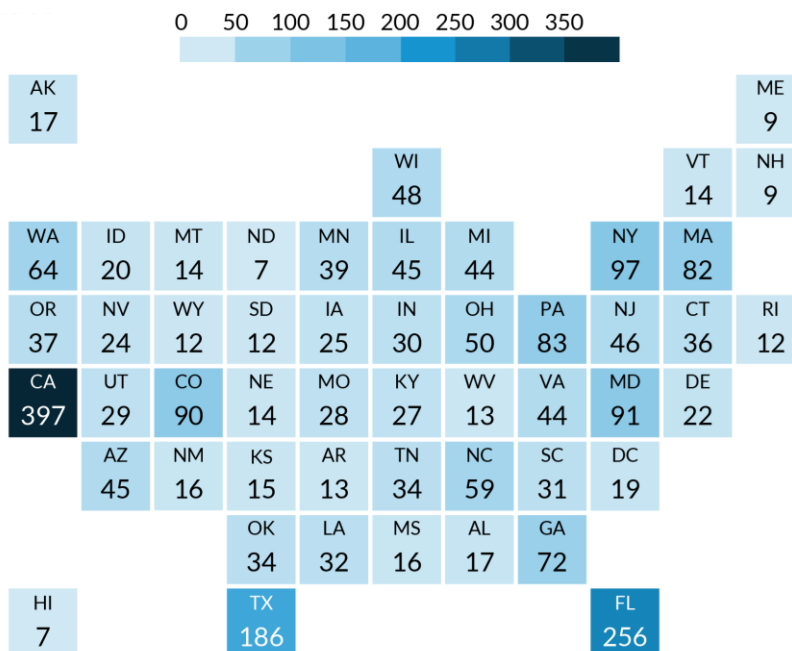
Programs and HFAs and Agencies by State

The maps below show the number of active programs in each state and the number of state agencies and state housing finance agencies (HFAs) offering them. There are 2,527 active programs offered by 1,304 agencies at the state, local, and national levels. Detailed information can be found on the state HFA websites in our [state interactive map](#). In addition, 44 programs offered by 33 agencies at national and regional levels are available in more than one state.

Number of Housing Finance Agencies



Number of Active Programs



Sources: Down Payment Resource and the Urban Institute.

Down Payment Assistance by MSA (by Loan Type)

The table below shows the number of 2017 purchase mortgage originations in 31 MSAs and the number of these loans that are eligible for potential down payment assistance (DPA) programs. In the New York-Newark-Jersey City, NY-NJ-PA, MSA, 28 percent of loans are eligible for at least one DPA program, and on average, borrowers are eligible for 3.7 programs. These borrowers qualify for an average assistance of \$13,546. This differs across loan types, with 62 percent of FHA loans eligible for down payment assistance, versus 23 percent of conventional loans. Although not broken out separately, the numbers for first-time homebuyers are substantially higher, as many programs include a first-time homebuyer requirement. A breakdown by race or ethnicity is included in appendix C.

| MSA | Loan type | Loans eligible for assistance | % eligible for assistance | Median loan amount (\$) | Median income (\$) | Average programs eligible for assistance | Average DPA (\$) |
|--|--------------|-------------------------------|---------------------------|-------------------------|--------------------|--|------------------|
| New York-Newark-Jersey City, NY-NJ-PA | All | 38,578 | 28% | 343,000 | 114,000 | 3.7 | 13,546 |
| | Conventional | 24,085 | 23% | 356,000 | 125,000 | 3.8 | 13,579 |
| | FHA | 15,347 | 62% | 309,000 | 90,000 | 3.4 | 13,602 |
| | VA | 1,247 | 35% | 340,000 | 99,000 | 3.3 | 13,019 |
| | USDA | 260 | 79% | 185,000 | 68,000 | 2.8 | 9,210 |
| Chicago-Naperville-Elgin, IL-IN-WI | All | 41,121 | 37% | 217,000 | 84,000 | 8.1 | 7,228 |
| | Conventional | 22,611 | 28% | 233,000 | 96,000 | 8.0 | 7,312 |
| | FHA | 18,749 | 73% | 184,000 | 65,000 | 8.7 | 7,131 |
| | VA | 1,760 | 40% | 230,000 | 79,000 | 7.3 | 6,938 |
| | USDA | 304 | 78% | 141,000 | 52,000 | 5.7 | 5,660 |
| Dallas-Fort Worth-Arlington, TX | All | 38,472 | 38% | 238,000 | 94,000 | 8.3 | 2,436 |
| | Conventional | 19,506 | 29% | 254,000 | 105,000 | 8.0 | 2,441 |
| | FHA | 16,466 | 73% | 206,000 | 74,000 | 8.9 | 2,509 |
| | VA | 3,520 | 39% | 258,000 | 90,000 | 7.9 | 2,208 |
| | USDA | 522 | 79% | 186,000 | 64,000 | 10.0 | 2,112 |
| Atlanta-Sandy Springs-Roswell, GA | All | 26,223 | 29% | 214,000 | 77,000 | 3.1 | 8,227 |
| | Conventional | 9,734 | 18% | 244,000 | 95,000 | 3.1 | 8,296 |
| | FHA | 15,518 | 58% | 179,000 | 59,000 | 3.3 | 8,417 |
| | VA | 2,004 | 25% | 232,000 | 76,000 | 2.8 | 8,074 |
| | USDA | 1,398 | 76% | 146,000 | 50,000 | 1.5 | 5,769 |
| Washington-Arlington-Alexandria, DC-VA-MD-WV | All | 31,556 | 37% | 364,000 | 110,000 | 7.7 | 14,112 |
| | Conventional | 15,774 | 29% | 382,000 | 123,000 | 7.2 | 17,263 |
| | FHA | 12,264 | 72% | 301,000 | 81,000 | 9.6 | 10,932 |
| | VA | 3,825 | 31% | 421,000 | 120,000 | 6.0 | 8,177 |
| | USDA | 1,125 | 79% | 237,000 | 71,000 | 7.2 | 3,583 |
| Phoenix-Mesa-Scottsdale, AZ | All | 32,151 | 39% | 226,000 | 73,000 | 2.6 | 12,104 |
| | Conventional | 15,053 | 29% | 239,000 | 82,000 | 2.6 | 12,080 |
| | FHA | 14,856 | 72% | 202,000 | 60,000 | 2.8 | 12,123 |
| | VA | 3,389 | 38% | 249,000 | 74,000 | 2.2 | 12,069 |
| | USDA | 261 | 78% | 178,500 | 56,500 | 1.9 | 13,825 |
| Los Angeles-Long Beach-Anaheim, CA | All | 30,621 | 38% | 485,000 | 127,000 | 6.6 | 21,171 |
| | Conventional | 20,026 | 31% | 500,000 | 138,000 | 6.4 | 19,885 |
| | FHA | 10,358 | 78% | 432,000 | 99,000 | 7.0 | 25,956 |
| | VA | 1,463 | 45% | 492,000 | 109,000 | 6.5 | 23,364 |
| | USDA | 14 | 79% | 200,500 | 71,000 | 10.2 | 33,571 |

Sources: HMDA, Down Payment Resource, and the Urban Institute.

Notes: DPA = down payment assistance; FHA = Federal Housing Administration; HMDA = Home Mortgage Disclosure Act; USDA = US Department of Agriculture; VA = US Department of Veterans Affairs. Based on 2017 HMDA purchase originations. Down payment assistance eligibility assumes household size of three and first-time homebuyer shares to be 47 percent for conventional loans, 82 percent for FHA loans, 53 percent for VA loans, and 79 percent for USDA loans.

Down Payment Assistance by MSA (by Loan Type)

| MSA | Loan type | Loans eligible for assistance | % eligible for assistance | Median loan amount (\$) | Median income (\$) | Average programs eligible for assistance | Average DPA (\$) |
|---|--------------|-------------------------------|---------------------------|-------------------------|--------------------|--|------------------|
| Houston-The Woodlands-Sugarland, TX | All | 30,416 | 39% | 216,000 | 92,000 | 9.0 | 2,906 |
| | Conventional | 12,759 | 26% | 239,000 | 110,000 | 8.4 | 2,812 |
| | FHA | 16,396 | 73% | 187,000 | 70,000 | 9.8 | 3,087 |
| | VA | 2,452 | 40% | 239,000 | 89,000 | 8.4 | 2,543 |
| | USDA | 251 | 78% | 175,000 | 62,000 | 9.8 | 2,796 |
| Philadelphia-Camden-Wilmington, PA-NJ-DE-MD | All | 23,299 | 37% | 225,000 | 85,000 | 4.3 | 5,070 |
| | Conventional | 10,481 | 25% | 252,000 | 101,000 | 4.3 | 4,865 |
| | FHA | 12,269 | 71% | 182,000 | 63,000 | 4.4 | 5,364 |
| | VA | 1,261 | 37% | 247,000 | 81,000 | 4.1 | 5,253 |
| | USDA | 884 | 77% | 192,000 | 66,000 | 5.1 | 4,867 |
| Seattle-Tacoma-Bellevue, WA | All | 13,207 | 22% | 373,000 | 108,000 | 8.4 | 17,860 |
| | Conventional | 7,252 | 16% | 402,000 | 120,000 | 8.9 | 18,429 |
| | FHA | 4,785 | 53% | 309,000 | 83,000 | 8.1 | 17,078 |
| | VA | 1,715 | 30% | 343,000 | 90,000 | 7.1 | 16,204 |
| | USDA | 282 | 74% | 280,500 | 75,000 | 7.8 | 18,882 |
| Minneapolis-St. Paul-Bloomington, MN-WI | All | 20,181 | 35% | 225,000 | 80,000 | 2.8 | 9,672 |
| | Conventional | 11,300 | 27% | 233,000 | 89,000 | 2.7 | 9,651 |
| | FHA | 7,819 | 71% | 206,000 | 63,000 | 3.1 | 9,739 |
| | VA | 1,162 | 35% | 249,000 | 77,000 | 2.6 | 9,663 |
| | USDA | 845 | 78% | 182,000 | 60,000 | 2.5 | 9,517 |
| Miami-Fort Lauderdale-West Palm Beach, FL | All | 20,096 | 36% | 260,000 | 82,000 | 4.3 | 8,199 |
| | Conventional | 8,975 | 24% | 268,000 | 96,000 | 4.3 | 8,128 |
| | FHA | 11,420 | 69% | 245,000 | 67,000 | 4.3 | 8,443 |
| | VA | 950 | 32% | 307,000 | 84,000 | 3.8 | 7,053 |
| | USDA | 0 | 0% | 0 | 0 | 0.0 | 0 |
| Detroit-Warren-Dearborn, MI | All | 15,957 | 30% | 171,000 | 72,000 | 2.3 | 6,979 |
| | Conventional | 8,691 | 22% | 184,000 | 80,000 | 2.3 | 7,010 |
| | FHA | 7,095 | 63% | 137,000 | 54,000 | 2.3 | 6,885 |
| | VA | 640 | 28% | 195,000 | 71,000 | 2.2 | 7,090 |
| | USDA | 556 | 72% | 153,000 | 54,000 | 2.1 | 7,118 |
| Boston-Cambridge-Newton, MA-NH | All | 14,498 | 27% | 360,000 | 112,000 | 0.9 | 7,499 |
| | Conventional | 9,688 | 22% | 368,000 | 122,000 | 0.9 | 7,500 |
| | FHA | 4,431 | 61% | 331,000 | 85,000 | 0.9 | 7,498 |
| | VA | 713 | 35% | 354,000 | 94,000 | 0.9 | 7,496 |
| | USDA | 198 | 78% | 232,000 | 75,000 | 1.0 | 7,490 |

Sources: HMDA, Down Payment Resource, and the Urban Institute.

Notes: DPA = down payment assistance; FHA = Federal Housing Administration; HMDA = Home Mortgage Disclosure Act; USDA = US Department of Agriculture; VA = US Department of Veterans Affairs. Based on 2017 HMDA purchase originations. Down payment assistance eligibility assumes household size of three and first-time homebuyer shares to be 47 percent for conventional loans, 82 percent for FHA loans, 53 percent for VA loans, and 79 percent for USDA loans.

Down Payment Assistance by MSA (by Loan Type)

| MSA | Loan type | Loans eligible for assistance | % eligible for assistance | Median loan amount (\$) | Median income (\$) | Average programs eligible for assistance | Average DPA (\$) |
|--------------------------------------|--------------|-------------------------------|---------------------------|-------------------------|--------------------|--|------------------|
| Riverside-San Bernardino-Ontario, CA | All | 24,088 | 48% | 307,000 | 84,000 | 8.9 | 11,642 |
| | Conventional | 9,120 | 34% | 320,000 | 95,000 | 8.7 | 11,830 |
| | FHA | 12,733 | 75% | 285,000 | 73,000 | 9.4 | 11,505 |
| | VA | 2,568 | 43% | 355,000 | 86,000 | 8.1 | 11,492 |
| | USDA | 273 | 79% | 162,000 | 51,000 | 12.3 | 11,307 |
| Tampa-St. Petersburg-Clearwater, FL | All | 15,798 | 33% | 200,000 | 71,000 | 3.2 | 5,712 |
| | Conventional | 7,056 | 24% | 200,000 | 80,000 | 3.4 | 6,052 |
| | FHA | 7,536 | 64% | 183,000 | 58,000 | 2.9 | 5,452 |
| | VA | 1,751 | 28% | 239,000 | 76,000 | 2.7 | 4,981 |
| | USDA | 162 | 72% | 179,500 | 59,000 | 2.3 | 4,183 |
| Charlotte-Concord-Gastonia, NC-SC | All | 11,544 | 27% | 215,000 | 77,000 | 2.5 | 9,033 |
| | Conventional | 5,997 | 20% | 232,000 | 88,000 | 2.5 | 9,270 |
| | FHA | 4,604 | 61% | 175,000 | 58,000 | 2.5 | 8,996 |
| | VA | 778 | 24% | 243,000 | 76,000 | 2.3 | 8,488 |
| | USDA | 844 | 74% | 150,000 | 48,000 | 2.3 | 7,153 |
| St. Louis, MO-IL | All | 16,108 | 42% | 169,000 | 72,000 | 4.8 | 4,040 |
| | Conventional | 7,104 | 30% | 185,000 | 85,000 | 4.5 | 3,809 |
| | FHA | 7,114 | 75% | 143,000 | 55,000 | 5.2 | 4,090 |
| | VA | 1,369 | 39% | 193,000 | 75,000 | 5.2 | 4,600 |
| | USDA | 1,122 | 79% | 129,500 | 49,000 | 4.5 | 5,136 |
| Orlando-Kissimmee-Sanford, FL | All | 12,329 | 34% | 223,000 | 73,000 | 2.9 | 6,622 |
| | Conventional | 4,947 | 23% | 230,000 | 86,000 | 3.0 | 6,798 |
| | FHA | 6,815 | 66% | 208,000 | 60,000 | 2.9 | 6,577 |
| | VA | 1,125 | 31% | 256,000 | 75,000 | 2.5 | 6,107 |
| | USDA | 329 | 76% | 178,500 | 55,000 | 2.9 | 5,687 |
| Baltimore-Columbia-Towson, MD | All | 14,735 | 42% | 278,500 | 90,000 | 14.0 | 3,786 |
| | Conventional | 6,172 | 30% | 295,000 | 104,500 | 13.6 | 3,895 |
| | FHA | 7,273 | 73% | 231,000 | 69,000 | 14.9 | 3,746 |
| | VA | 1,525 | 37% | 342,000 | 98,000 | 13.4 | 3,428 |
| | USDA | 286 | 79% | 249,000 | 70,000 | 9.7 | 3,655 |
| Austin-Round Rock, TX | All | 13,613 | 39% | 256,000 | 97,000 | 7.8 | 5,889 |
| | Conventional | 7,323 | 30% | 273,000 | 110,000 | 7.3 | 5,759 |
| | FHA | 4,806 | 76% | 224,000 | 73,000 | 8.9 | 6,166 |
| | VA | 1,315 | 42% | 271,000 | 90,000 | 7.5 | 5,654 |
| | USDA | 653 | 79% | 200,000 | 66,000 | 10.5 | 6,297 |

Sources: HMDA, Down Payment Resource, and the Urban Institute.

Notes: DPA = down payment assistance; FHA = Federal Housing Administration; HMDA = Home Mortgage Disclosure Act; USDA = US Department of Agriculture; VA = US Department of Veterans Affairs. Based on 2017 HMDA purchase originations. Down payment assistance eligibility assumes household size of three and first-time homebuyer shares to be 47 percent for conventional loans, 82 percent for FHA loans, 53 percent for VA loans, and 79 percent for USDA loans.

Down Payment Assistance by MSA (by Loan Type)

| MSA | Loan type | Loans eligible for assistance | % eligible for assistance | Median loan amount (\$) | Median income (\$) | Average programs eligible for assistance | Average DPA (\$) |
|-------------------|--------------|-------------------------------|---------------------------|-------------------------|--------------------|--|------------------|
| Nashville- | All | 38,578 | 28% | 238,000 | 76,000 | 3.7 | 13,546 |
| Davidson- | Conventional | 24,085 | 23% | 252,000 | 86,000 | 3.8 | 13,579 |
| Murfreesboro- | FHA | 15,347 | 62% | 210,000 | 63,000 | 3.4 | 13,602 |
| Franklin, TN | VA | 1,247 | 35% | 265,000 | 76,000 | 3.3 | 13,019 |
| | USDA | 260 | 79% | 172,000 | 52,000 | 2.8 | 9,210 |
| San Antonio- | All | 41,121 | 37% | 207,000 | 79,000 | 8.1 | 7,228 |
| New Braunfels, TX | Conventional | 22,611 | 28% | 208,000 | 90,000 | 8.0 | 7,312 |
| | FHA | 18,749 | 73% | 180,000 | 65,000 | 8.7 | 7,131 |
| | VA | 1,760 | 40% | 241,000 | 84,000 | 7.3 | 6,938 |
| | USDA | 304 | 78% | 186,000 | 60,000 | 5.7 | 5,660 |
| Indianapolis- | All | 38,472 | 38% | 165,000 | 69,000 | 8.3 | 2,436 |
| Carmel- | Conventional | 19,506 | 29% | 180,000 | 81,000 | 8.0 | 2,441 |
| Anderson, IN | FHA | 16,466 | 73% | 143,000 | 53,000 | 8.9 | 2,509 |
| | VA | 3,520 | 39% | 185,000 | 70,000 | 7.9 | 2,208 |
| | USDA | 522 | 79% | 125,000 | 47,000 | 10.0 | 2,112 |
| Cincinnati, OH- | All | 26,223 | 29% | 162,000 | 71,000 | 3.1 | 8,227 |
| KY-IN | Conventional | 9,734 | 18% | 178,000 | 85,000 | 3.1 | 8,296 |
| | FHA | 15,518 | 58% | 135,000 | 55,000 | 3.3 | 8,417 |
| | VA | 2,004 | 25% | 189,000 | 70,000 | 2.8 | 8,074 |
| | USDA | 1,398 | 76% | 139,000 | 52,000 | 1.5 | 5,769 |
| San Diego- | All | 31,556 | 37% | 452,000 | 119,000 | 7.7 | 14,112 |
| Carlsbad, CA | Conventional | 15,774 | 29% | 451,000 | 130,000 | 7.2 | 17,263 |
| | FHA | 12,264 | 72% | 432,000 | 102,000 | 9.6 | 10,932 |
| | VA | 3,825 | 31% | 475,000 | 104,000 | 6.0 | 8,177 |
| | USDA | 1,125 | 79% | 321,000 | 92,500 | 7.2 | 3,583 |
| Memphis, TN- | All | 32,151 | 39% | 182,000 | 71,000 | 2.6 | 12,104 |
| MS-AR | Conventional | 15,053 | 29% | 205,000 | 90,000 | 2.6 | 12,080 |
| | FHA | 14,856 | 72% | 160,000 | 57,000 | 2.8 | 12,123 |
| | VA | 3,389 | 38% | 222,000 | 75,000 | 2.2 | 12,069 |
| | USDA | 261 | 78% | 146,000 | 49,000 | 1.9 | 13,825 |
| New Orleans- | All | 30,621 | 38% | 199,000 | 75,000 | 6.6 | 21,171 |
| Metairie, LA | Conventional | 20,026 | 31% | 228,000 | 92,000 | 6.4 | 19,885 |
| | FHA | 10,358 | 78% | 167,000 | 60,000 | 7.0 | 25,956 |
| | VA | 1,463 | 45% | 220,000 | 78,000 | 6.5 | 23,364 |
| | USDA | 14 | 79% | 143,000 | 49,000 | 10.2 | 33,571 |

Sources: HMDA, Down Payment Resource, and the Urban Institute.

Notes: DPA = down payment assistance; FHA = Federal Housing Administration; HMDA = Home Mortgage Disclosure Act; USDA = US Department of Agriculture; VA = US Department of Veterans Affairs. Based on 2017 HMDA purchase originations. Down payment assistance eligibility assumes household size of three and first-time homebuyer shares to be 47 percent for conventional loans, 82 percent for FHA loans, 53 percent for VA loans, and 79 percent for USDA loans.

Conclusion: What's Next?

This report shows the availability of down payment assistance programs for conventional and government-guaranteed loans across the nation. With rising home prices, access to sustainable mortgage credit is often possible only with low-down payment loans. In addition, many borrowers need to be able to access down payment assistance beyond that available through high-LTV loans. Down payment assistance programs, offered through state housing finance agencies and by many lenders, can help more people achieve homeownership. Although few data have been collected about historic use and types of programs, borrower loan data show that many consumers are not taking advantage of programs that could provide greater access to credit and homeownership. These programs' benefits and costs are often not sought out, referred to, or communicated to potential homebuyers in a standardized way.

We need to increase the visibility of these programs and ensure mortgage borrowers know about available assistance. Not all down payment assistance programs are created equal—they come in different forms with different eligibility criteria. These programs often require consumer education or housing counseling that ensure potential borrowers understand whether homeownership is right for them. Homebuyers need to be better educated so they can make an informed decision as to whether they have the financial ability to purchase and sustain homeownership. Knowledge about the wide array of programs available could, in particular, make the difference for a first-time homebuyer in a high-cost city with sufficient income but who needs down payment assistance because of high housing costs. The GSEs, the FHA, and the Consumer Financial Protection Bureau could play a bigger role in first-time homebuyer access to credit by offering more education about the programs and by working with lenders, HFAs, and the real estate industry to expand consumer knowledge of low-down payment lending programs.

Appendix A

Loan Types by State

| State | Conventional | FHA | VA |
|----------------------|--------------|-------|-------|
| National | 60.3% | 24.8% | 11.2% |
| Alabama | 48.4% | 27.8% | 15.3% |
| Alaska | 41.8% | 19.1% | 30.5% |
| Arizona | 62.6% | 23.8% | 12.2% |
| Arkansas | 47.1% | 26.5% | 12.7% |
| California | 64.3% | 25.5% | 9.4% |
| Colorado | 65.1% | 19.7% | 13.9% |
| Connecticut | 62.8% | 29.1% | 6.1% |
| Delaware | 58.3% | 26.5% | 9.9% |
| District of Columbia | 84.6% | 8.6% | 6.8% |
| Florida | 58.9% | 26.8% | 12.8% |
| Georgia | 53.1% | 29.4% | 14.0% |
| Hawaii | 60.2% | 6.7% | 27.5% |
| Idaho | 62.7% | 20.8% | 11.8% |
| Illinois | 68.0% | 24.0% | 5.9% |
| Indiana | 55.8% | 29.0% | 8.2% |
| Iowa | 69.7% | 16.0% | 8.6% |
| Kansas | 58.0% | 24.9% | 12.7% |
| Kentucky | 51.6% | 27.9% | 10.7% |
| Louisiana | 48.0% | 29.3% | 11.1% |
| Maine | 56.7% | 22.2% | 12.0% |
| Maryland | 52.1% | 31.4% | 12.8% |
| Massachusetts | 71.1% | 22.0% | 5.5% |
| Michigan | 67.6% | 21.3% | 6.3% |
| Minnesota | 69.9% | 19.2% | 6.6% |
| Mississippi | 38.3% | 33.6% | 14.4% |
| Missouri | 56.1% | 26.1% | 10.3% |
| Montana | 64.5% | 15.2% | 13.6% |
| Nebraska | 64.1% | 19.6% | 12.0% |
| Nevada | 58.7% | 26.5% | 13.9% |
| New Hampshire | 63.4% | 23.1% | 9.8% |
| New Jersey | 65.4% | 29.2% | 4.3% |
| New Mexico | 52.2% | 29.8% | 15.9% |
| New York | 67.1% | 25.8% | 5.6% |
| North Carolina | 62.0% | 17.2% | 15.5% |
| North Dakota | 67.8% | 15.0% | 13.5% |
| Ohio | 58.2% | 28.5% | 9.0% |
| Oklahoma | 46.4% | 28.8% | 14.7% |
| Oregon | 68.8% | 17.4% | 10.5% |
| Pennsylvania | 60.3% | 28.3% | 7.6% |
| Rhode Island | 54.6% | 38.5% | 6.4% |
| South Carolina | 56.4% | 22.5% | 15.7% |
| South Dakota | 56.0% | 18.2% | 13.0% |
| Tennessee | 53.7% | 24.2% | 13.7% |
| Texas | 57.5% | 28.4% | 12.8% |
| Utah | 63.6% | 25.4% | 7.3% |
| Vermont | 73.4% | 12.7% | 8.0% |
| Virginia | 51.3% | 22.7% | 22.0% |
| Washington | 64.6% | 18.6% | 14.7% |
| West Virginia | 45.3% | 23.5% | 14.8% |
| Wisconsin | 73.8% | 14.9% | 7.5% |
| Wyoming | 52.3% | 18.0% | 17.5% |

Sources: eMBS and the Urban Institute.

Notes: FHA = Federal Housing Administration; VA = US Department of Veterans Affairs. Based on purchase money agency originations in 2017.

Appendix B

State Home Prices

| | 10th Percentile | | | 50th Percentile | | | 90th Percentile | | |
|----------------------|-----------------|-------------------|------------------|-----------------|-------------------|------------------|-----------------|-------------------|------------------|
| | Home value | 3.5% down payment | 20% down payment | Home value | 3.5% down payment | 20% down payment | Home value | 3.5% down payment | 20% down payment |
| National | 114,065 | 3,992 | 22,813 | 235,000 | 8,225 | 47,000 | 469,152 | 16,420 | 93,830 |
| Alabama | 90,000 | 3,150 | 18,000 | 176,189 | 6,167 | 35,238 | 340,000 | 11,900 | 68,000 |
| Alaska | 172,414 | 6,034 | 34,483 | 288,000 | 10,080 | 57,600 | 469,997 | 16,450 | 93,999 |
| Arizona | 139,525 | 4,883 | 27,905 | 234,500 | 8,208 | 46,900 | 411,250 | 14,394 | 82,250 |
| Arkansas | 83,512 | 2,923 | 16,702 | 156,420 | 5,475 | 31,284 | 300,000 | 10,500 | 60,000 |
| California | 214,890 | 7,521 | 42,978 | 404,062 | 14,142 | 80,812 | 700,000 | 24,500 | 140,000 |
| Colorado | 189,500 | 6,633 | 37,900 | 333,500 | 11,673 | 66,700 | 534,975 | 18,724 | 106,995 |
| Connecticut | 130,000 | 4,550 | 26,000 | 235,000 | 8,225 | 47,000 | 440,000 | 15,400 | 88,000 |
| Delaware | 144,618 | 5,062 | 28,924 | 250,535 | 8,769 | 50,107 | 422,500 | 14,788 | 84,500 |
| District of Columbia | 270,000 | 9,450 | 54,000 | 453,880 | 15,886 | 90,776 | 767,606 | 26,866 | 153,521 |
| Florida | 126,500 | 4,428 | 25,300 | 229,148 | 8,020 | 45,830 | 408,750 | 14,306 | 81,750 |
| Georgia | 115,385 | 4,038 | 23,077 | 209,797 | 7,343 | 41,959 | 407,224 | 14,253 | 81,445 |
| Hawaii | 255,000 | 8,925 | 51,000 | 520,000 | 18,200 | 104,000 | 800,000 | 28,000 | 160,000 |
| Idaho | 125,900 | 4,407 | 25,180 | 215,000 | 7,525 | 43,000 | 380,626 | 13,322 | 76,125 |
| Illinois | 91,250 | 3,194 | 18,250 | 204,842 | 7,169 | 40,968 | 405,000 | 14,175 | 81,000 |
| Indiana | 77,778 | 2,722 | 15,556 | 153,783 | 5,382 | 30,757 | 309,000 | 10,815 | 61,800 |
| Iowa | 80,000 | 2,800 | 16,000 | 164,000 | 5,740 | 32,800 | 331,842 | 11,614 | 66,368 |
| Kansas | 79,295 | 2,775 | 15,859 | 174,152 | 6,095 | 34,830 | 348,315 | 12,191 | 69,663 |
| Kentucky | 86,500 | 3,028 | 17,300 | 161,504 | 5,653 | 32,301 | 315,651 | 11,048 | 63,130 |
| Louisiana | 110,881 | 3,881 | 22,176 | 193,298 | 6,765 | 38,660 | 348,721 | 12,205 | 69,744 |
| Maine | 114,000 | 3,990 | 22,800 | 214,830 | 7,519 | 42,966 | 390,000 | 13,650 | 78,000 |
| Maryland | 157,895 | 5,526 | 31,579 | 299,419 | 10,480 | 59,884 | 523,301 | 18,316 | 104,660 |
| Massachusetts | 179,900 | 6,297 | 35,980 | 340,000 | 11,900 | 68,000 | 572,973 | 20,054 | 114,595 |
| Michigan | 81,000 | 2,835 | 16,200 | 167,000 | 5,845 | 33,400 | 339,900 | 11,897 | 67,980 |
| Minnesota | 125,000 | 4,375 | 25,000 | 224,742 | 7,866 | 44,948 | 405,000 | 14,175 | 81,000 |
| Mississippi | 87,000 | 3,045 | 17,400 | 165,556 | 5,794 | 33,111 | 294,737 | 10,316 | 58,947 |
| Missouri | 84,530 | 2,959 | 16,906 | 166,900 | 5,842 | 33,380 | 329,900 | 11,547 | 65,980 |
| Montana | 138,000 | 4,830 | 27,600 | 245,000 | 8,575 | 49,000 | 402,000 | 14,070 | 80,400 |
| Nebraska | 93,953 | 3,288 | 18,791 | 172,414 | 6,034 | 34,483 | 334,000 | 11,690 | 66,800 |
| Nevada | 159,148 | 5,570 | 31,830 | 263,918 | 9,237 | 52,784 | 425,678 | 14,899 | 85,136 |
| New Hampshire | 147,059 | 5,147 | 29,412 | 254,737 | 8,916 | 50,947 | 423,000 | 14,805 | 84,600 |
| New Jersey | 145,000 | 5,075 | 29,000 | 294,500 | 10,308 | 58,900 | 539,492 | 18,882 | 107,898 |
| New Mexico | 114,851 | 4,020 | 22,970 | 192,746 | 6,746 | 38,549 | 360,000 | 12,600 | 72,000 |
| New York | 103,638 | 3,627 | 20,728 | 273,750 | 9,581 | 54,750 | 598,667 | 20,953 | 119,733 |
| North Carolina | 112,028 | 3,921 | 22,406 | 215,005 | 7,525 | 43,001 | 406,752 | 14,236 | 81,350 |
| North Dakota | 127,000 | 4,445 | 25,400 | 236,667 | 8,283 | 47,333 | 385,882 | 13,506 | 77,176 |
| Ohio | 75,364 | 2,638 | 15,073 | 152,332 | 5,332 | 30,466 | 315,000 | 11,025 | 63,000 |
| Oklahoma | 86,130 | 3,015 | 17,226 | 164,362 | 5,753 | 32,872 | 310,000 | 10,850 | 62,000 |
| Oregon | 177,000 | 6,195 | 35,400 | 305,263 | 10,684 | 61,053 | 491,667 | 17,208 | 98,333 |
| Pennsylvania | 91,192 | 3,192 | 18,238 | 192,500 | 6,738 | 38,500 | 390,063 | 13,652 | 78,013 |
| Rhode Island | 158,876 | 5,561 | 31,775 | 239,332 | 8,377 | 47,866 | 415,000 | 14,525 | 83,000 |
| South Carolina | 109,988 | 3,850 | 21,998 | 202,000 | 7,070 | 40,400 | 381,967 | 13,369 | 76,393 |
| South Dakota | 105,000 | 3,675 | 21,000 | 189,130 | 6,620 | 37,826 | 336,000 | 11,760 | 67,200 |
| Tennessee | 105,936 | 3,708 | 21,187 | 205,724 | 7,200 | 41,145 | 395,896 | 13,856 | 79,179 |
| Texas | 129,341 | 4,527 | 25,868 | 230,397 | 8,064 | 46,079 | 420,751 | 14,726 | 84,150 |
| Utah | 164,986 | 5,775 | 32,997 | 268,000 | 9,380 | 53,600 | 442,000 | 15,470 | 88,400 |
| Vermont | 124,000 | 4,340 | 24,800 | 225,000 | 7,875 | 45,000 | 395,000 | 13,825 | 79,000 |
| Virginia | 139,961 | 4,899 | 27,992 | 280,000 | 9,800 | 56,000 | 550,000 | 19,250 | 110,000 |
| Washington | 177,000 | 6,195 | 35,400 | 316,000 | 11,060 | 63,200 | 571,429 | 20,000 | 114,286 |
| West Virginia | 79,302 | 2,776 | 15,860 | 159,894 | 5,596 | 31,979 | 295,000 | 10,325 | 59,000 |
| Wisconsin | 93,000 | 3,255 | 18,600 | 180,000 | 6,300 | 36,000 | 347,000 | 12,145 | 69,400 |
| Wyoming | 136,667 | 4,783 | 27,333 | 229,420 | 8,030 | 45,884 | 388,000 | 13,580 | 77,600 |

Sources: eMBS and the Urban Institute.

Note: Based on agency purchase money originations in 2017.

Appendix C

The table below shows the number of 2017 purchase mortgage originations in 31 MSAs and the number of loans eligible for potential down payment assistance (DPA) programs. For example, in the New York-Newark-Jersey City, NY-NJ-PA, MSA, 28 percent of loans are eligible for at least one DPA program, and on average, borrowers are eligible for 3.7 programs. These borrowers qualify for an average assistance of \$13,546. This differs by race or ethnicity; 47 percent of black applicants were eligible for at least one program and 46 percent of Hispanic applicants were eligible for at least one program, but only 25 percent of both white and Asian applicants were eligible. A higher share of black and Hispanic borrowers is eligible for DPA primarily because of their lower incomes.

Down Payment Assistance by MSA (by Race or Ethnicity)

| MSA | Loan type | Loans eligible for assistance | % eligible for assistance | Median loan amount (\$) | Median income (\$) | Average programs eligible for assistance | Average DPA (\$) |
|--|---------------|-------------------------------|---------------------------|-------------------------|--------------------|--|------------------|
| New York-Newark-Jersey City, NY-NJ-PA | All | 38,578 | 28% | 343,000 | 114,000 | 3.7 | 13,546 |
| | Black | 4,167 | 47% | 310,000 | 94,000 | 3.8 | 14,163 |
| | Hispanic | 7,404 | 46% | 293,000 | 89,000 | 3.7 | 14,058 |
| | White | 18,587 | 25% | 341,000 | 122,000 | 3.6 | 12,982 |
| | Asian | 5,287 | 25% | 398,000 | 117,000 | 4.1 | 14,642 |
| | Other/Unknown | 3,835 | 23% | 375,018 | 131,781 | 3.7 | 13,266 |
| Chicago-Naperville-Elgin, IL-IN-WI | All | 41,121 | 37% | 217,000 | 84,000 | 8.1 | 7,228 |
| | Black | 4,716 | 56% | 170,000 | 67,000 | 9.7 | 7,409 |
| | Hispanic | 9,151 | 56% | 176,000 | 60,000 | 9.6 | 7,376 |
| | White | 22,848 | 33% | 228,000 | 92,000 | 7.5 | 7,088 |
| | Asian | 2,561 | 30% | 265,000 | 101,000 | 7.8 | 7,632 |
| | Other/Unknown | 2,386 | 30% | 244,046 | 101,400 | 7.9 | 7,319 |
| Dallas-Fort Worth-Arlington, TX | All | 38,472 | 38% | 238,000 | 94,000 | 8.3 | 2,436 |
| | Black | 4,459 | 52% | 226,000 | 81,000 | 8.8 | 2,533 |
| | Hispanic | 7,634 | 52% | 182,000 | 66,000 | 9.6 | 2,834 |
| | White | 19,060 | 35% | 247,000 | 101,000 | 7.8 | 2,237 |
| | Asian | 3,377 | 32% | 295,000 | 105,000 | 7.7 | 2,388 |
| | Other/Unknown | 4,061 | 35% | 249,325 | 99,910 | 8.0 | 2,485 |
| Atlanta-Sandy Springs-Roswell, GA | All | 26,223 | 29% | 214,000 | 77,000 | 3.1 | 8,227 |
| | Black | 8,411 | 44% | 187,000 | 63,000 | 3.7 | 8,773 |
| | Hispanic | 2,784 | 46% | 178,000 | 54,000 | 3.8 | 9,315 |
| | White | 10,966 | 25% | 225,000 | 86,000 | 2.4 | 7,347 |
| | Asian | 1,504 | 22% | 251,000 | 84,000 | 4.1 | 9,972 |
| | Other/Unknown | 3,157 | 25% | 231,341 | 85,671 | 3.2 | 8,275 |
| Washington-Arlington-Alexandria, DC-VA-MD-WV | All | 31,556 | 37% | 364,000 | 110,000 | 7.7 | 14,112 |
| | Black | 6,973 | 51% | 322,000 | 92,000 | 10.7 | 11,092 |
| | Hispanic | 5,007 | 54% | 297,000 | 76,000 | 9.2 | 14,467 |
| | White | 12,242 | 32% | 387,000 | 124,000 | 6.1 | 13,588 |
| | Asian | 3,296 | 33% | 393,000 | 112,000 | 6.8 | 19,715 |
| | Other/Unknown | 4,485 | 33% | 394,199 | 122,610 | 7.0 | 14,989 |
| Phoenix-Mesa-Scottsdale, AZ | All | 32,151 | 39% | 226,000 | 73,000 | 2.6 | 12,104 |
| | Black | 1,312 | 47% | 225,000 | 69,000 | 2.4 | 12,008 |
| | Hispanic | 8,515 | 56% | 189,000 | 55,000 | 3.1 | 12,244 |
| | White | 18,856 | 35% | 237,000 | 78,000 | 2.4 | 12,170 |
| | Asian | 1,081 | 31% | 260,000 | 85,000 | 2.6 | 12,074 |
| | Other/Unknown | 2,708 | 35% | 235,896 | 80,327 | 2.8 | 11,690 |

Sources: HMDA, Down Payment Resource, and the Urban Institute.

Notes: DPA = down payment assistance; HMDA = Home Mortgage Disclosure Act; MSA = metropolitan statistical area. Based on 2017 HMDA purchase originations. Down payment assistance eligibility assumes household size of three and first-time homebuyer shares to be 47 percent for conventional loans, 82 percent for Federal Housing Administration loans, 53 percent for US Department of Veterans Affairs loans, and 79 percent for US Department of Agriculture loans.

Down Payment Assistance by MSA (by Race or Ethnicity)

| MSA | Loan type | Loans eligible for assistance | % eligible for assistance | Median loan amount (\$) | Median income (\$) | Average programs eligible for assistance | Average DPA (\$) |
|---|---------------|-------------------------------|---------------------------|-------------------------|--------------------|--|------------------|
| Los Angeles-Long Beach-Anaheim, CA | All | 30,621 | 38% | 485,000 | 127,000 | 6.6 | 21,171 |
| | Black | 1,374 | 51% | 421,000 | 106,000 | 6.8 | 30,114 |
| | Hispanic | 9,249 | 57% | 404,000 | 94,000 | 7.4 | 26,775 |
| | White | 10,835 | 32% | 545,000 | 149,000 | 6.0 | 18,093 |
| | Asian | 6,442 | 37% | 473,000 | 126,000 | 6.7 | 19,090 |
| | Other/Unknown | 3,300 | 34% | 527,206 | 142,783 | 6.1 | 18,913 |
| Houston-The Woodlands-Sugar Land, TX | All | 30,416 | 39% | 216,000 | 92,000 | 9.0 | 2,906 |
| | Black | 4,074 | 52% | 208,000 | 80,000 | 9.3 | 2,818 |
| | Hispanic | 9,201 | 54% | 177,000 | 69,000 | 10.1 | 3,355 |
| | White | 11,870 | 32% | 234,000 | 106,000 | 8.2 | 2,635 |
| | Asian | 2,482 | 32% | 249,000 | 101,000 | 8.6 | 2,703 |
| | Other/Unknown | 2,911 | 35% | 230,869 | 99,770 | 8.7 | 2,798 |
| Philadelphia-Camden-Wilmington, PA-NJ-DE-MD | All | 23,299 | 37% | 225,000 | 85,000 | 4.3 | 5,070 |
| | Black | 3,934 | 58% | 167,000 | 61,000 | 4.7 | 5,128 |
| | Hispanic | 1,978 | 56% | 163,000 | 56,000 | 4.5 | 5,464 |
| | White | 14,240 | 34% | 235,000 | 90,000 | 4.2 | 5,054 |
| | Asian | 1,369 | 30% | 267,000 | 95,000 | 4.3 | 4,732 |
| | Other/Unknown | 2,182 | 32% | 237,785 | 93,821 | 4.3 | 5,016 |
| Seattle-Tacoma-Bellevue, WA | All | 13,207 | 22% | 373,000 | 108,000 | 8.4 | 17,860 |
| | Black | 758 | 37% | 321,000 | 83,000 | 8.5 | 16,991 |
| | Hispanic | 1,007 | 35% | 314,000 | 84,000 | 8.7 | 17,512 |
| | White | 8,041 | 24% | 356,000 | 104,000 | 8.2 | 17,728 |
| | Asian | 1,836 | 16% | 440,000 | 122,000 | 9.1 | 18,803 |
| | Other/Unknown | 1,761 | 19% | 394,629 | 117,210 | 8.6 | 17,848 |
| Minneapolis-St. Paul-Bloomington, MN-WI | All | 20,181 | 35% | 225,000 | 80,000 | 2.8 | 9,672 |
| | Black | 1,188 | 51% | 213,000 | 62,000 | 3.3 | 9,849 |
| | Hispanic | 1,127 | 51% | 204,000 | 59,000 | 3.6 | 9,565 |
| | White | 14,920 | 33% | 227,000 | 82,000 | 2.7 | 9,655 |
| | Asian | 1,444 | 38% | 224,000 | 72,000 | 3.2 | 9,854 |
| | Other/Unknown | 1,451 | 31% | 234,214 | 88,821 | 2.8 | 9,619 |
| Miami-Fort Lauderdale-West Palm Beach, FL | All | 20,096 | 36% | 260,000 | 82,000 | 4.3 | 8,199 |
| | Black | 3,528 | 53% | 231,000 | 66,000 | 4.4 | 8,184 |
| | Hispanic | 9,597 | 41% | 255,000 | 75,000 | 4.3 | 9,386 |
| | White | 5,411 | 27% | 281,000 | 100,000 | 4.3 | 6,528 |
| | Asian | 494 | 29% | 270,000 | 89,500 | 4.3 | 7,635 |
| | Other/Unknown | 1,118 | 28% | 279,511 | 96,768 | 4.3 | 7,705 |
| Detroit-Warren-Dearborn, MI | All | 15,957 | 30% | 171,000 | 72,000 | 2.3 | 6,979 |
| | Black | 1,726 | 44% | 134,000 | 60,000 | 2.4 | 6,938 |
| | Hispanic | 439 | 31% | 164,000 | 72,000 | 2.4 | 6,888 |
| | White | 11,933 | 29% | 171,000 | 72,000 | 2.2 | 6,982 |
| | Asian | 395 | 14% | 250,000 | 95,000 | 2.2 | 6,940 |
| | Other/Unknown | 1,475 | 29% | 167,588 | 72,626 | 2.5 | 7,031 |
| Boston-Cambridge-Newton, MA-NH | All | 14,498 | 27% | 360,000 | 112,000 | 0.9 | 7,499 |
| | Black | 973 | 45% | 334,000 | 84,000 | 0.8 | 7,500 |
| | Hispanic | 1,686 | 45% | 338,000 | 80,000 | 0.9 | 7,500 |
| | White | 9,330 | 26% | 356,000 | 117,000 | 0.9 | 7,500 |
| | Asian | 1,231 | 23% | 395,000 | 116,000 | 0.8 | 7,500 |
| | Other/Unknown | 1,314 | 22% | 384,179 | 125,649 | 0.9 | 7,496 |
| Denver-Aurora-Lakewood, CO | All | 17,783 | 34% | 330,000 | 93,000 | 12.1 | 10,935 |
| | Black | 811 | 50% | 299,000 | 75,000 | 13.3 | 10,739 |
| | Hispanic | 3,069 | 52% | 290,000 | 70,000 | 13.4 | 10,938 |
| | White | 11,387 | 31% | 339,000 | 98,000 | 11.8 | 10,962 |
| | Asian | 947 | 34% | 338,000 | 90,000 | 12.0 | 10,836 |
| | Other/Unknown | 1,609 | 31% | 341,964 | 99,542 | 11.9 | 10,904 |

Sources: HMDA, Down Payment Resource, and the Urban Institute.

Notes: DPA = down payment assistance; HMDA = Home Mortgage Disclosure Act; MSA = metropolitan statistical area. Based on 2017 HMDA purchase originations. Down payment assistance eligibility assumes household size of three and first-time homebuyer shares to be 47 percent for conventional loans, 82 percent for Federal Housing Administration loans, 53 percent for US Department of Veterans Affairs loans, and 79 percent for US Department of Agriculture loans.

Down Payment Assistance by MSA (by Race or Ethnicity)

| MSA | Loan type | Loans eligible for assistance | % eligible for assistance | Median loan amount (\$) | Median income (\$) | Average programs eligible for assistance | Average DPA (\$) |
|--|---------------|-------------------------------|---------------------------|-------------------------|--------------------|--|------------------|
| Riverside-San Bernardino-Ontario, CA | All | 24,088 | 48% | 307,000 | 84,000 | 8.9 | 11,642 |
| | Black | 1,377 | 51% | 323,000 | 86,000 | 8.5 | 11,407 |
| | Hispanic | 10,450 | 59% | 283,000 | 73,000 | 9.5 | 11,578 |
| | White | 8,480 | 43% | 312,000 | 92,000 | 8.7 | 11,765 |
| | Asian | 1,919 | 40% | 350,000 | 94,000 | 8.4 | 11,663 |
| | Other/Unknown | 1,929 | 42% | 338,996 | 94,087 | 8.3 | 11,643 |
| Tampa-St. Petersburg-Clearwater, FL | All | 15,798 | 33% | 200,000 | 71,000 | 3.2 | 5,712 |
| | Black | 1,350 | 42% | 199,000 | 64,000 | 2.5 | 5,211 |
| | Hispanic | 3,376 | 46% | 180,000 | 56,000 | 2.7 | 5,700 |
| | White | 9,349 | 31% | 204,000 | 75,000 | 3.4 | 5,798 |
| | Asian | 417 | 25% | 225,000 | 84,000 | 3.1 | 5,621 |
| | Other/Unknown | 1,432 | 30% | 210,617 | 78,507 | 3.2 | 5,631 |
| Charlotte-Concord-Gastonia, NC-SC | All | 11,544 | 27% | 215,000 | 77,000 | 2.5 | 9,033 |
| | Black | 2,030 | 39% | 190,000 | 63,000 | 2.7 | 9,742 |
| | Hispanic | 1,203 | 42% | 168,000 | 52,000 | 2.7 | 9,788 |
| | White | 7,029 | 25% | 220,000 | 81,000 | 2.4 | 8,677 |
| | Asian | 420 | 19% | 255,000 | 94,000 | 2.7 | 10,087 |
| | Other/Unknown | 922 | 22% | 236,726 | 87,122 | 2.7 | 8,951 |
| St. Louis, MO-IL | All | 16,108 | 42% | 169,000 | 72,000 | 4.8 | 4,040 |
| | Black | 1,536 | 57% | 131,000 | 55,500 | 6.1 | 3,881 |
| | Hispanic | 342 | 44% | 153,000 | 65,000 | 5.5 | 4,196 |
| | White | 13,048 | 41% | 170,000 | 73,000 | 4.6 | 4,068 |
| | Asian | 332 | 30% | 229,000 | 90,000 | 4.5 | 3,400 |
| | Other/Unknown | 769 | 37% | 181,960 | 79,367 | 5.1 | 4,073 |
| Orlando-Kissimmee-Sanford, FL | All | 12,329 | 34% | 223,000 | 73,000 | 2.9 | 6,622 |
| | Black | 1,470 | 47% | 210,000 | 60,000 | 2.9 | 6,937 |
| | Hispanic | 4,530 | 48% | 206,000 | 60,000 | 3.0 | 6,651 |
| | White | 5,182 | 28% | 232,000 | 83,000 | 2.9 | 6,511 |
| | Asian | 426 | 26% | 249,000 | 84,000 | 2.8 | 6,843 |
| | Other/Unknown | 959 | 29% | 233,382 | 81,751 | 2.9 | 6,588 |
| Baltimore-Columbia-Towson, MD | All | 14,735 | 42% | 278,500 | 90,000 | 14.0 | 3,786 |
| | Black | 3,288 | 55% | 240,000 | 75,000 | 15.0 | 3,909 |
| | Hispanic | 875 | 53% | 244,000 | 68,000 | 14.9 | 4,047 |
| | White | 7,995 | 39% | 285,000 | 96,000 | 13.6 | 3,602 |
| | Asian | 985 | 36% | 315,000 | 94,000 | 13.9 | 4,644 |
| | Other/Unknown | 1,626 | 38% | 292,532 | 97,879 | 13.9 | 3,804 |
| Austin-Round Rock, TX | All | 13,613 | 39% | 256,000 | 97,000 | 7.8 | 5,889 |
| | Black | 680 | 53% | 240,000 | 81,000 | 8.2 | 5,755 |
| | Hispanic | 3,081 | 54% | 215,000 | 72,000 | 9.2 | 6,362 |
| | White | 7,313 | 36% | 265,000 | 103,000 | 7.5 | 5,771 |
| | Asian | 1,031 | 34% | 296,000 | 110,000 | 6.4 | 5,352 |
| | Other/Unknown | 1,567 | 36% | 268,676 | 102,205 | 7.7 | 5,763 |
| Las Vegas-Henderson-Paradise, NV | All | 17,437 | 51% | 240,000 | 71,000 | 5.1 | 14,853 |
| | Black | 1,254 | 55% | 241,000 | 68,000 | 5.1 | 14,880 |
| | Hispanic | 4,638 | 63% | 200,000 | 54,000 | 6.1 | 14,801 |
| | White | 8,239 | 47% | 252,000 | 79,000 | 4.7 | 14,894 |
| | Asian | 1,871 | 49% | 251,000 | 71,000 | 5.1 | 14,875 |
| | Other/Unknown | 1,446 | 45% | 261,699 | 79,837 | 4.8 | 14,769 |
| Nashville-Davidson-Murfreesboro-Franklin, TN | All | 12,124 | 36% | 238,000 | 76,000 | 3.4 | 34,881 |
| | Black | 1,167 | 51% | 223,000 | 64,000 | 3.4 | 35,000 |
| | Hispanic | 685 | 49% | 195,000 | 53,000 | 3.7 | 35,000 |
| | White | 9,025 | 35% | 239,000 | 77,000 | 3.3 | 35,000 |
| | Asian | 387 | 33% | 250,000 | 72,000 | 3.6 | 35,000 |
| | Other/Unknown | 922 | 30% | 262,147 | 85,838 | 3.5 | 34,103 |

Sources: HMDA, Down Payment Resource, and the Urban Institute.

Notes: DPA = down payment assistance; HMDA = Home Mortgage Disclosure Act; MSA = metropolitan statistical area. Based on 2017 HMDA purchase originations. Down payment assistance eligibility assumes household size of three and first-time homebuyer shares to be 47 percent for conventional loans, 82 percent for Federal Housing Administration loans, 53 percent for US Department of Veterans Affairs loans, and 79 percent for US Department of Agriculture loans.

Down Payment Assistance by MSA (by Race or Ethnicity)

| MSA | Loan type | Loans eligible for assistance | % eligible for assistance | Median loan amount (\$) | Median income (\$) | Average programs eligible for assistance | Average DPA (\$) |
|---------------------------------------|---------------|-------------------------------|---------------------------|-------------------------|--------------------|--|------------------|
| San Antonio-New Braunfels, TX | All | 12,035 | 37% | 207,000 | 79,000 | 9.9 | 10,050 |
| | Black | 719 | 37% | 228,000 | 82,000 | 9.7 | 10,908 |
| | Hispanic | 5,389 | 48% | 182,000 | 68,000 | 10.6 | 11,241 |
| | White | 4,629 | 32% | 222,000 | 88,000 | 9.2 | 8,694 |
| | Asian | 356 | 32% | 233,000 | 85,000 | 9.7 | 10,869 |
| | Other/Unknown | 1,027 | 32% | 218,077 | 85,942 | 9.7 | 9,192 |
| Indianapolis-Carmel-Anderson, IN | All | 12,954 | 40% | 165,000 | 69,000 | 4.8 | 4,130 |
| | Black | 1,197 | 56% | 151,000 | 54,500 | 6.2 | 4,715 |
| | Hispanic | 637 | 55% | 139,000 | 49,000 | 6.0 | 4,846 |
| | White | 9,804 | 39% | 167,000 | 71,000 | 4.5 | 3,971 |
| | Asian | 624 | 42% | 160,000 | 55,000 | 5.7 | 4,946 |
| | Other/Unknown | 847 | 36% | 177,577 | 76,675 | 4.7 | 4,087 |
| Cincinnati, OH-KY-IN | All | 12,944 | 42% | 162,000 | 71,000 | 5.6 | 3,610 |
| | Black | 887 | 56% | 137,000 | 58,000 | 6.1 | 2,970 |
| | Hispanic | 300 | 46% | 158,000 | 64,000 | 5.9 | 3,531 |
| | White | 10,534 | 42% | 161,000 | 72,000 | 5.6 | 3,656 |
| | Asian | 334 | 31% | 211,000 | 84,000 | 5.7 | 3,140 |
| | Other/Unknown | 879 | 37% | 171,335 | 78,000 | 5.5 | 3,836 |
| San Diego-Carlsbad, CA | All | 11,415 | 37% | 452,000 | 119,000 | 7.3 | 8,261 |
| | Black | 390 | 45% | 431,000 | 106,000 | 7.2 | 7,779 |
| | Hispanic | 2,527 | 51% | 409,000 | 96,000 | 7.8 | 8,312 |
| | White | 5,583 | 34% | 468,000 | 126,000 | 7.2 | 8,321 |
| | Asian | 1,407 | 36% | 465,000 | 121,000 | 7.0 | 8,159 |
| | Other/Unknown | 1,493 | 34% | 471,352 | 125,810 | 7.0 | 8,140 |
| Memphis, TN-MS-AR | All | 4,756 | 35% | 182,000 | 71,000 | 3.9 | 15,006 |
| | Black | 1,572 | 49% | 167,000 | 59,000 | 4.1 | 15,000 |
| | Hispanic | 239 | 50% | 151,500 | 52,500 | 4.4 | 16,607 |
| | White | 2,657 | 30% | 189,000 | 78,000 | 3.7 | 14,901 |
| | Asian | 107 | 23% | 225,000 | 84,000 | 3.8 | 14,977 |
| | Other/Unknown | 267 | 32% | 182,534 | 74,370 | 4.0 | 14,732 |
| New Orleans-Metairie, LA | All | 4,396 | 39% | 199,000 | 75,000 | 5.1 | 39,220 |
| | Black | 1,066 | 55% | 162,000 | 59,000 | 5.8 | 40,000 |
| | Hispanic | 307 | 50% | 168,000 | 59,000 | 5.0 | 40,000 |
| | White | 2,543 | 35% | 212,000 | 82,000 | 4.9 | 40,000 |
| | Asian | 134 | 36% | 203,000 | 72,000 | 5.2 | 40,000 |
| | Other/Unknown | 378 | 36% | 205,317 | 76,533 | 5.5 | 38,898 |
| Buffalo-Cheektowaga-Niagara Falls, NY | All | 4,316 | 42% | 140,000 | 66,000 | 2.9 | 10,018 |
| | Black | 230 | 53% | 114,000 | 50,000 | 2.9 | 10,261 |
| | Hispanic | 112 | 48% | 132,000 | 56,000 | 2.8 | 10,111 |
| | White | 3,466 | 41% | 142,000 | 67,000 | 2.8 | 9,988 |
| | Asian | 140 | 39% | 138,000 | 54,000 | 2.9 | 10,292 |
| | Other/Unknown | 351 | 41% | 143,325 | 68,274 | 3.1 | 10,024 |

Sources: HMDA, Down Payment Resource, and the Urban Institute.

Notes: DPA = down payment assistance; HMDA = Home Mortgage Disclosure Act; MSA = metropolitan statistical area. Based on 2017 HMDA purchase originations. Down payment assistance eligibility assumes household size of three and first-time homebuyer shares to be 47 percent for conventional loans, 82 percent for Federal Housing Administration loans, 53 percent for US Department of Veterans Affairs loans, and 79 percent for US Department of Agriculture loans.

About the Authors

Laurie Goodman is a vice president at the Urban Institute and codirector of its Housing Finance Policy Center.

Alanna McCargo is a vice president at the Urban Institute and codirector of its Housing Finance Policy Center.

Ed Golding is a nonresident fellow in the Housing Finance Policy Center.

Bing Bai is a research associate with the Housing Finance Policy Center.

Sarah Storchak is a research assistant in the Housing Finance Policy Center.

STATEMENT OF INDEPENDENCE

The Urban Institute strives to meet the highest standards of integrity and quality in its research and analyses and in the evidence-based policy recommendations offered by its researchers and experts. We believe that operating consistent with the values of independence, rigor, and transparency is essential to maintaining those standards. As an organization, the Urban Institute does not take positions on issues, but it does empower and support its experts in sharing their own evidence-based views and policy recommendations that have been shaped by scholarship. Funders do not determine our research findings or the insights and recommendations of our experts. Urban scholars and experts are expected to be objective and follow the evidence wherever it may lead.



2100 M Street NW
Washington, DC 20037

www.urban.org