

**DETROIT
FUTURE
CITY**



DETROIT MORTGAGE DATA UPDATE

2023

Introduction

Home purchase loans are a vital tool for achieving homeownership, a key component of advancing economic equity in Detroit. As Detroit's housing market continues to rebound, these mortgages play a critical role in building wealth, and supporting efforts to attract, retain and grow the city's Black middle class. Beyond individual benefits, home purchase mortgages and rising demand can have a positive ripple effect on neighborhoods, including directly influencing property values. Rising demand can also stimulate a cycle of growth and investments in neighborhoods, leading to improved local services and amenities within communities. These investments in turn can shape residents' perceptions about the future of their neighborhood.

This brief provides an update to Detroit Future City's 2022 report "[Buying In: Opportunities for Increasing Homeownership in Detroit through Mortgage Lending](#)", which tracks recent trends in home purchase mortgage activity in Detroit over the last several years using Home Mortgage Disclosure Act data. Monitoring trends in home purchase mortgages provides insights into both the progress of new mortgage activity and the many persistent challenges facing Detroit's mortgage market, including access to and demand for lending, as well as disparities in lending by race and income.

The data and maps highlight notable improvements and shifts in Detroit's mortgage market in recent years.

- **Home purchase applications and loans:** The number of home purchase applications and loans in Detroit continues to increase, reaching nearly 3,600 loans in 2023. This trend is primarily driven by Black borrowers.
- **Geography of loans:** Black borrowers are also expanding demand to more parts of the city, showing promising improvements in the mortgage market.
- **Loan value:** Since 2018, the number of loans greater than \$100,000 has seen an uptick in the city. Although such loans written to Black borrowers in the city are far lesser in number than those made to their suburban counterparts, the overall increase in moderate value loans in the city is still an encouraging trend.
- **Denial rates:** Denial rates have remained unchanged, but racial disparities in denial rates continue to be a hurdle for Black borrowers, regardless of higher incomes. It illustrates the need to pay closer attention to this aspect of mortgage lending.



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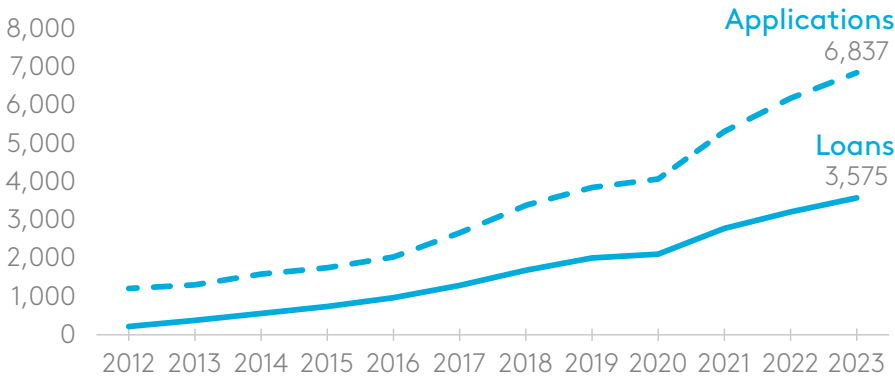
Real estate sign with text, partially obscured by a tree.

HOME PURCHASE APPLICATIONS AND LOANS

Overall

Year over year, since 2012, the number of home purchase applications and loans written in Detroit continue to rise, indicative of an improving housing market. In 2023, almost 3,600 total home purchase loans were written in the city.

Home purchase applications and loans in Detroit, 2012-2023

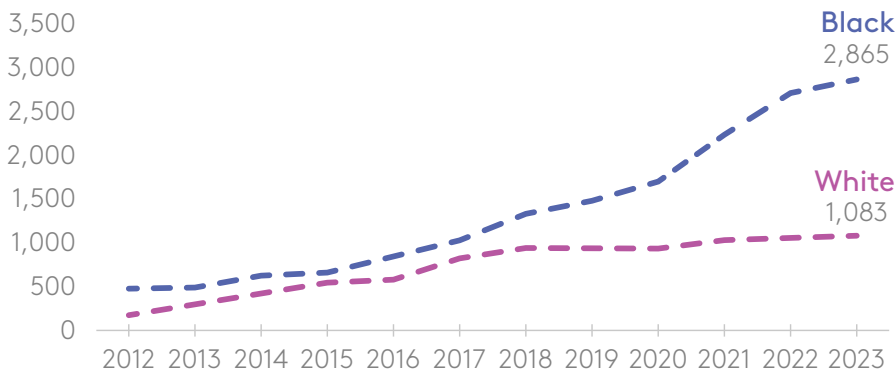


Source: Detroit Future City analysis of Home Mortgage Disclosure Act data

By Race

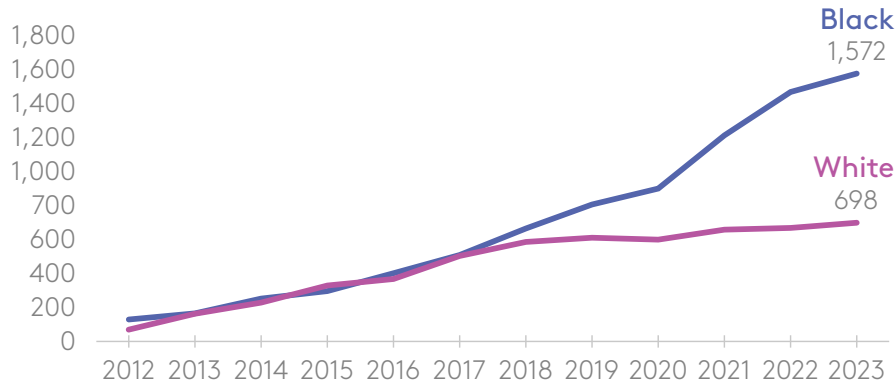
The number of home purchase applications¹ by Black² borrowers in Detroit has continued to increase since 2012, while applications by white³ borrowers have leveled off since 2018. These trends are also mirrored in the number of loans written to Black and white buyers. In 2023, there were 2.6 times more applications by Black borrowers than white borrowers, and 2.2 times more loans to Black borrowers than white.

Home purchase applications in Detroit, by race, 2012-2023



Source: Detroit Future City analysis of Home Mortgage Disclosure Act data

Home purchase loans in Detroit, by race, 2012-2023

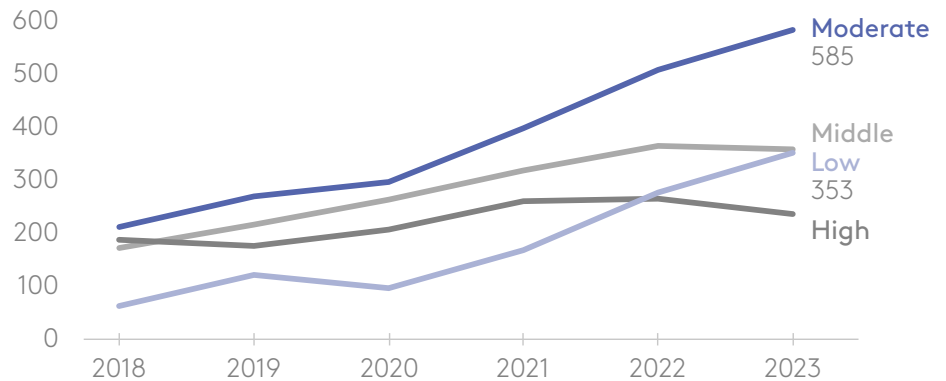


Source: Detroit Future City analysis of Home Mortgage Disclosure Act data

By Race and Income

Detroit continues to attract Black borrowers from across the income spectrum.⁴ As of 2023, the number of low-income and moderate-income Black borrowers in Detroit has continued to increase. Loans to low-income Black borrowers increased 460% from 2018, now representing 22% of all loans made to Black borrowers in Detroit and loans to moderate-income Black borrowers increased 176% in the same time frame, now representing 37% of all loans made to Black borrowers in the city.

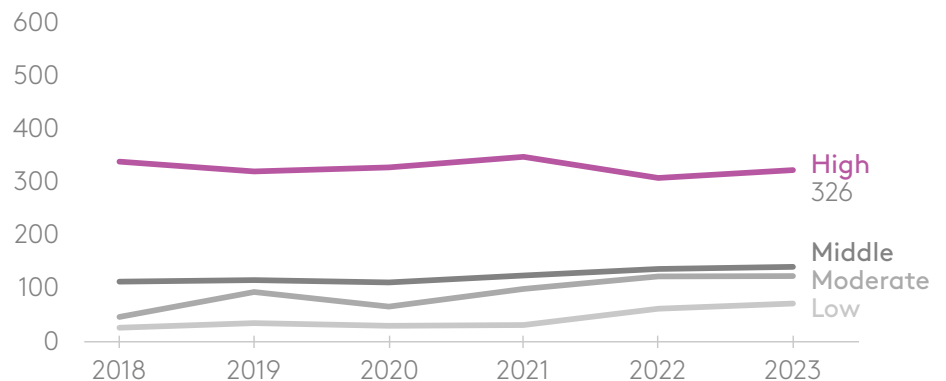
Home purchase loans to **Black** borrowers in Detroit, by income, 2018-2023



Source: Detroit Future City analysis of Home Mortgage Disclosure Act data

Detroit continues to attract mostly high-income white borrowers, who accounted for nearly half (47%) of all loans made to white borrowers in Detroit in 2023.

Home purchase loans to **white** borrowers in Detroit, by income, 2018-2023



Source: Detroit Future City analysis of Home Mortgage Disclosure Act data

¹ In Detroit, home purchase applications are made by potential homebuyers of all races. This brief focuses specifically on Black and white borrowers, as together they represented 86% of all applications in the city in 2023, excluding those with insufficient race/ethnicity data.

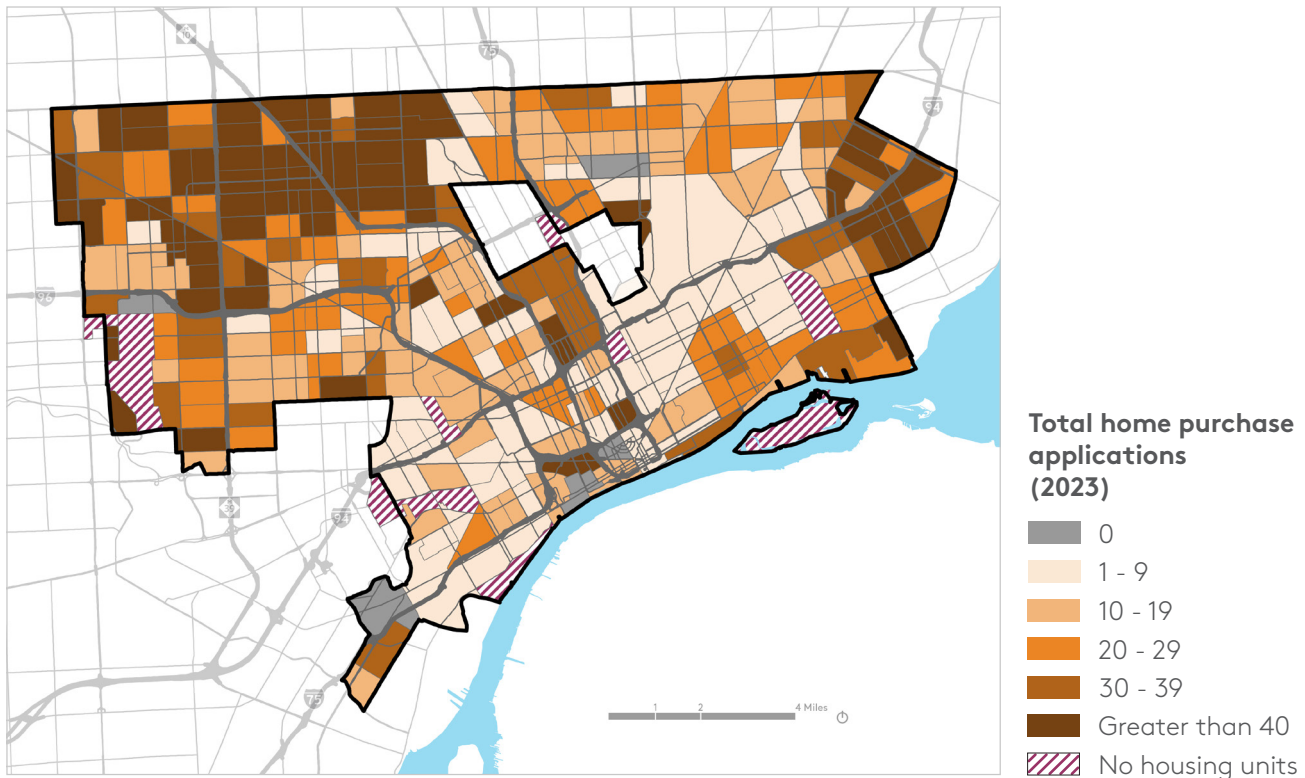
² Black refers to non-Hispanic Black.

³ White refers to non-Hispanic White.

⁴ The income bins are calculated relative to the Median Family Income (MFI) for the Metropolitan Division. In 2023, the MFI was \$77,100 in the Detroit-Dearborn-Livonia Metropolitan Division (Wayne County). Low income is defined as less than 50% of MFI (less than \$38,550), moderate income between 50% and 79.9% of MFI (\$38,550 to \$61,679), middle income between 80% and 119.9% of MFI (\$61,680 to \$92,519), and high income is greater than 120% of MFI (\$92,520 or greater).

By Geography

Over the past three years, home purchase applications have increased across many areas of the city. In 2023, 21% (57 of 276) of census tracts saw 40 or more loan applications, compared to 13% (40 of 297) in 2021.⁵ Their numbers are especially pronounced in the northwest and far-east areas of Detroit.

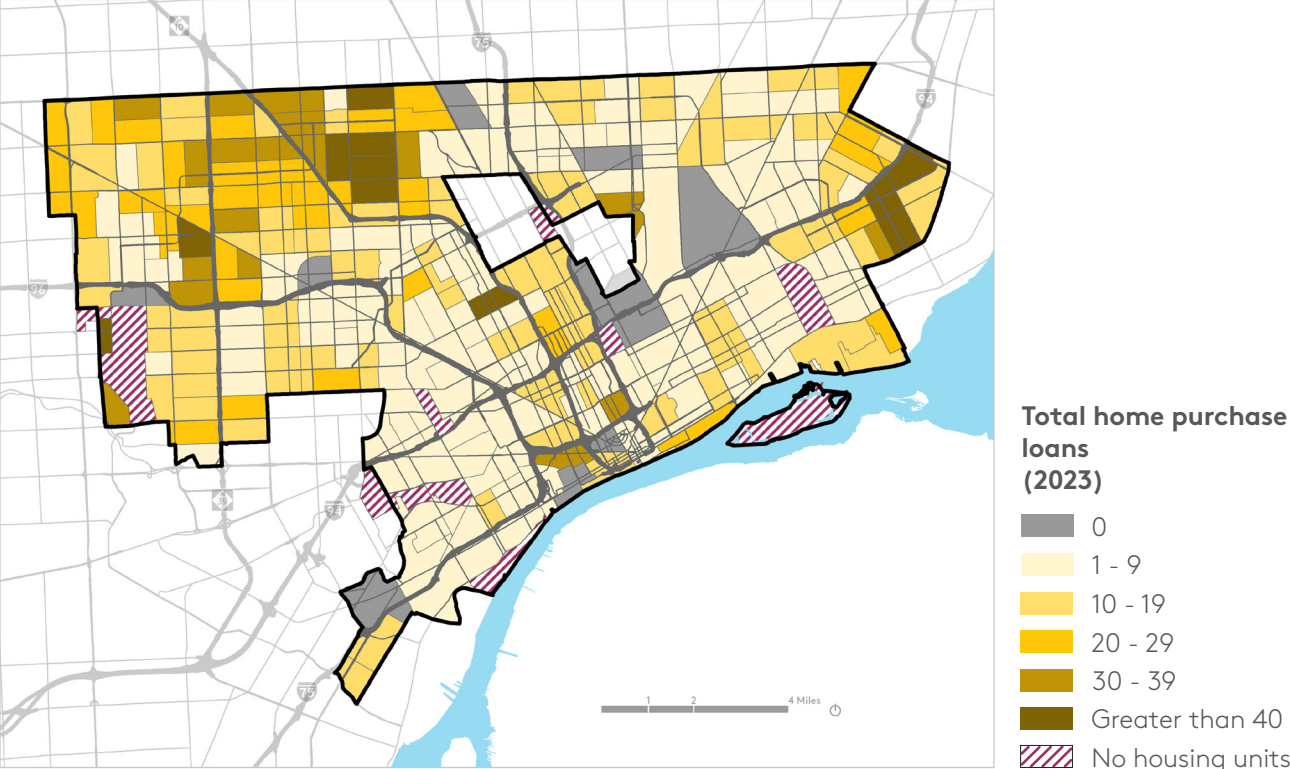


Source: Detroit Future City analysis of Home Mortgage Disclosure Act data

However, many areas in Detroit continue to experience limited lending. In 2023, 23% (63 of 276) of the city's census tracts saw between 1 and 9 home purchase applications. Almost a third of these are tracts that have a high share of vacant land, greater than 50%.

⁵ The 2010 census tract geographies support HMDA data from 2012-2021, while the 2020 census tract geographies support the 2022-2023 HMDA data.

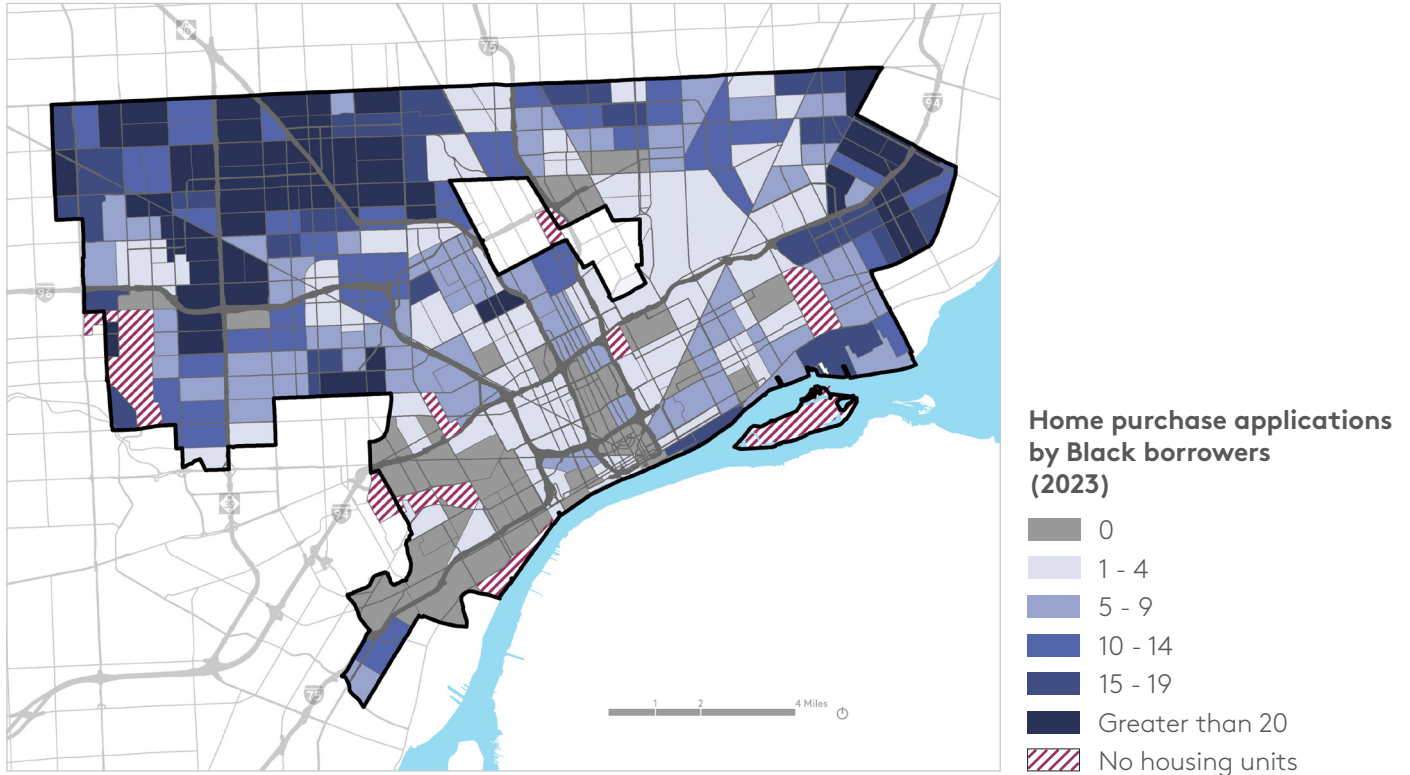
However, the outcome of application denials continues to be seen geographically in most neighborhoods of the city. Of the census tracts that witnessed 40 or more loan applications in 2023, only 19% (11 of 57) had 40 or more loans written.



Source: Detroit Future City analysis of Home Mortgage Disclosure Act data

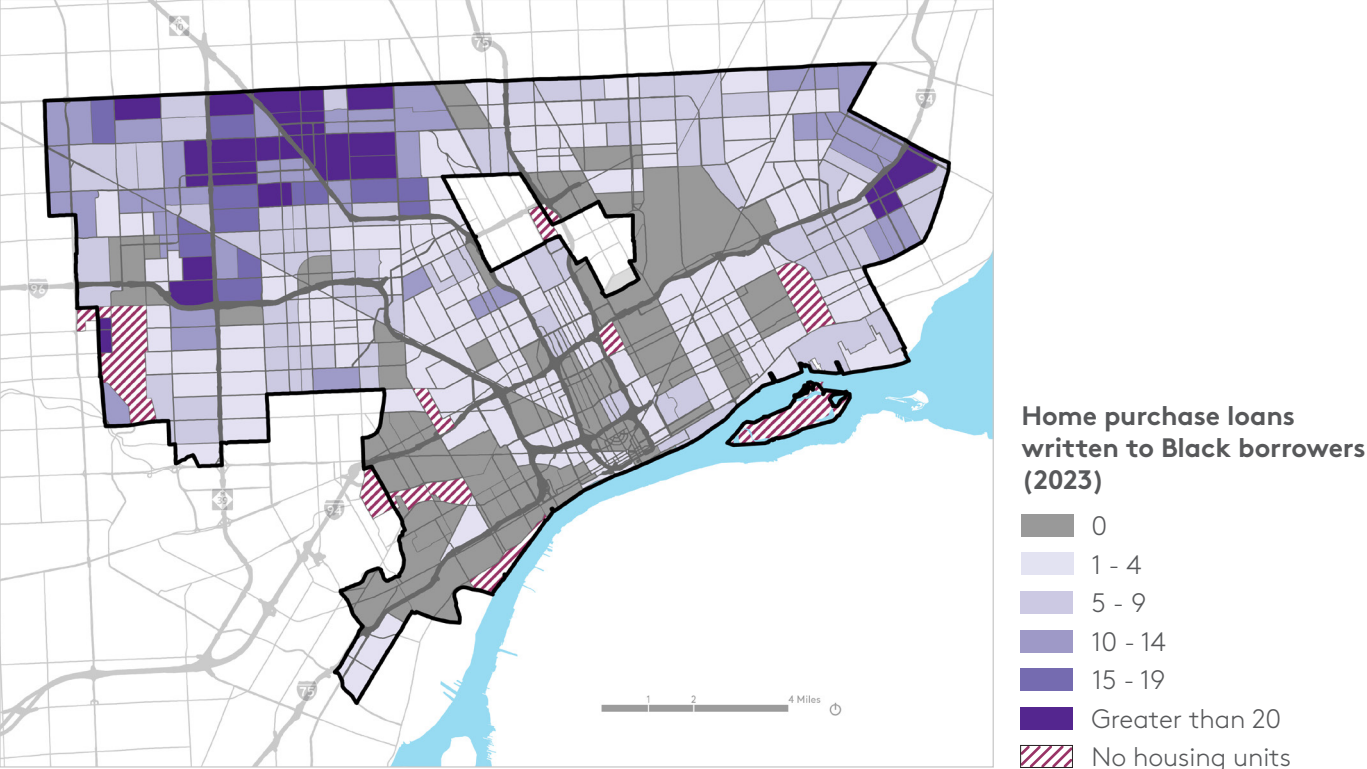
By Race and Geography

Black borrowers continue to drive the increase in home purchase applications and loans written in Detroit, both in number and by geography as the areas where Black borrowers are active has grown. In 2021, Black borrowers made 15 or more home purchase applications in 17% of census tracts (50 of 297). By 2023, that went up to 26% (73 of 276).



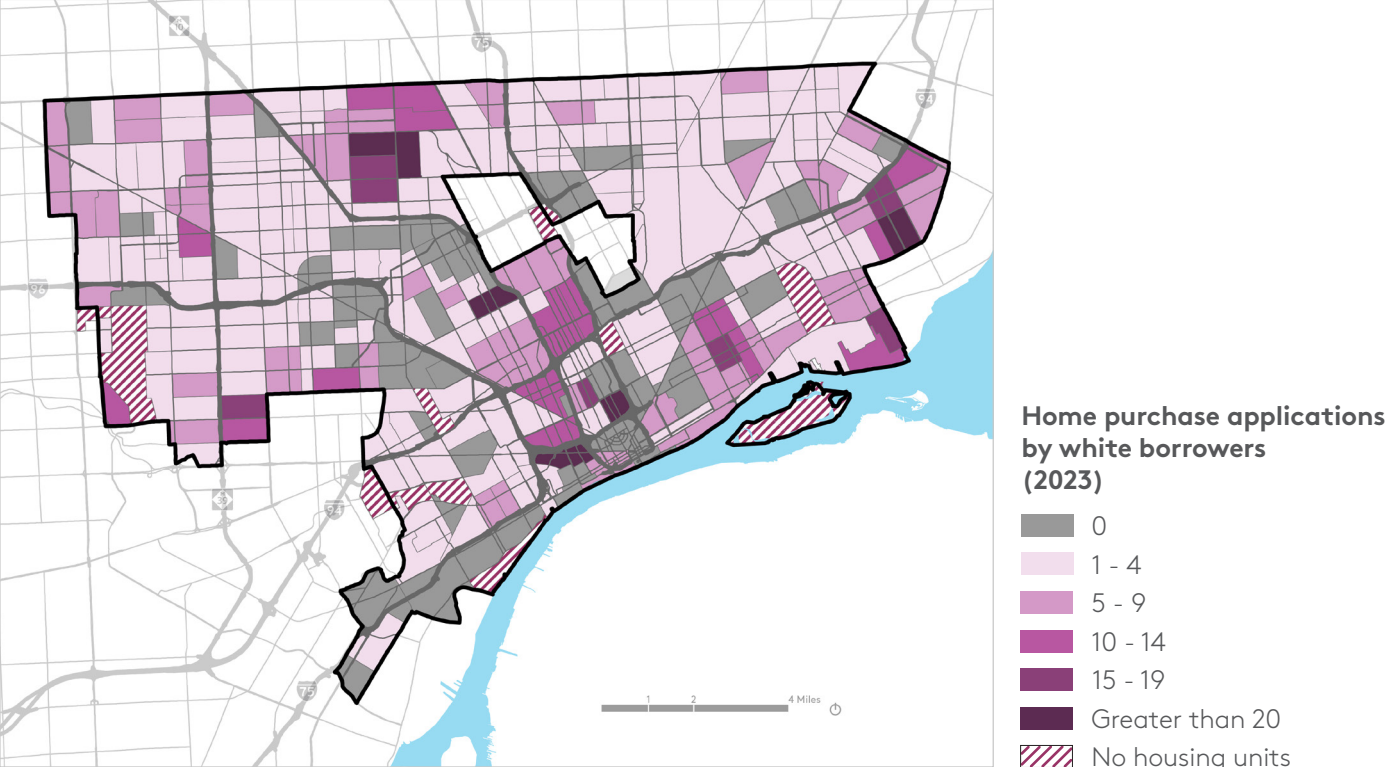
Source: Detroit Future City analysis of Home Mortgage Disclosure Act data

In 2023, 10% (28 of 276) of Detroit's census tracts had 15 or more such loans written to Black borrowers, compared to 7% (21 of 297) in 2021. New mortgages are seen mostly in the northwest and far-east of Detroit, mostly in the neighborhoods of Bagley, Schulze, Cornerstone Village, East English Village, Evergreen Lahser 7/8 and Schaefer 7/8 Lodge.



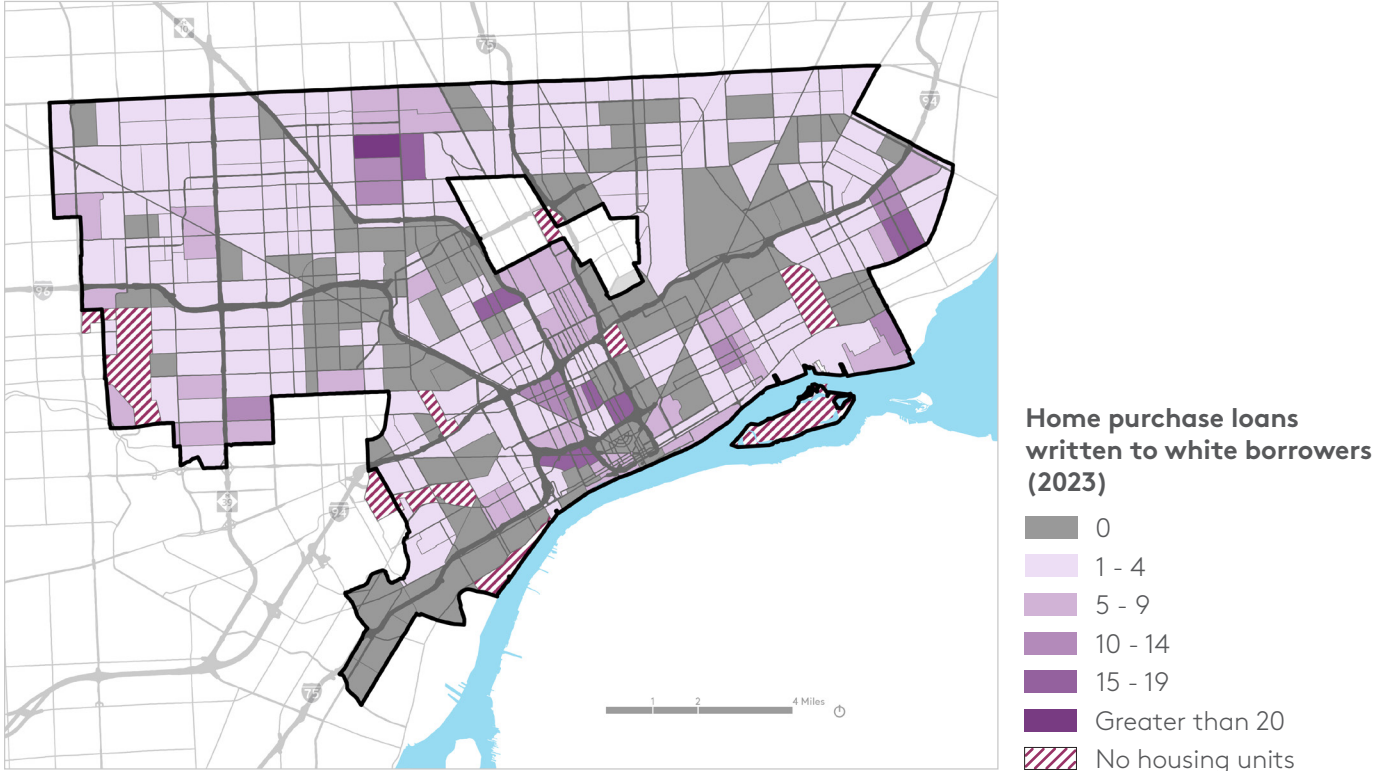
Source: Detroit Future City analysis of Home Mortgage Disclosure Act data

The demand for mortgages by white homebuyers is seen in very low numbers throughout the city. In 2023, only 5% (13 of 276) of census tracts had 15 or more home purchase applications made by white borrowers. Their concentration is seen in select areas closer to Downtown, University District, and the far-east.



Source: Detroit Future City analysis of Home Mortgage Disclosure Act data

Only 3% (7 of 276) of census tracts witnessed 15 or more loans written to white borrowers in 2023, namely Bagley, Brush Park, Boston Edison and Corktown, among others.



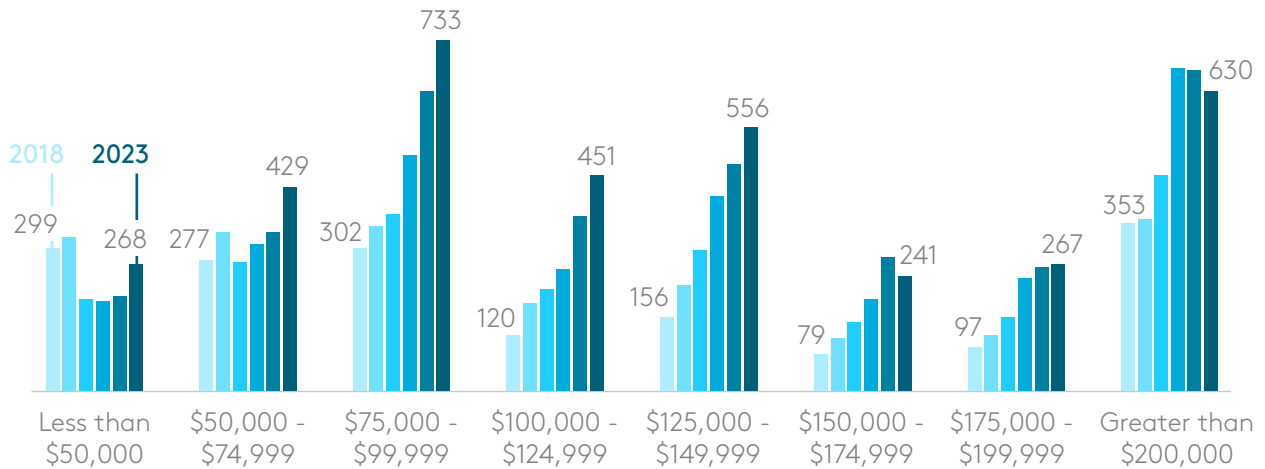
Source: Detroit Future City analysis of Home Mortgage Disclosure Act data

SIZE OF LOANS

Overall

Loan amounts for home purchase mortgages tend to vary. The number of loans written for less than \$100,000 increased from 878 in 2018 to 1,430 in 2023. In the same time frame, loans between \$100,000 and \$200,000 climbed from 452 to 1,515, and those over \$200,000 saw a modest increase as well, from 353 to 630.

Home purchase loans written in Detroit, by loan amount, 2018-2023

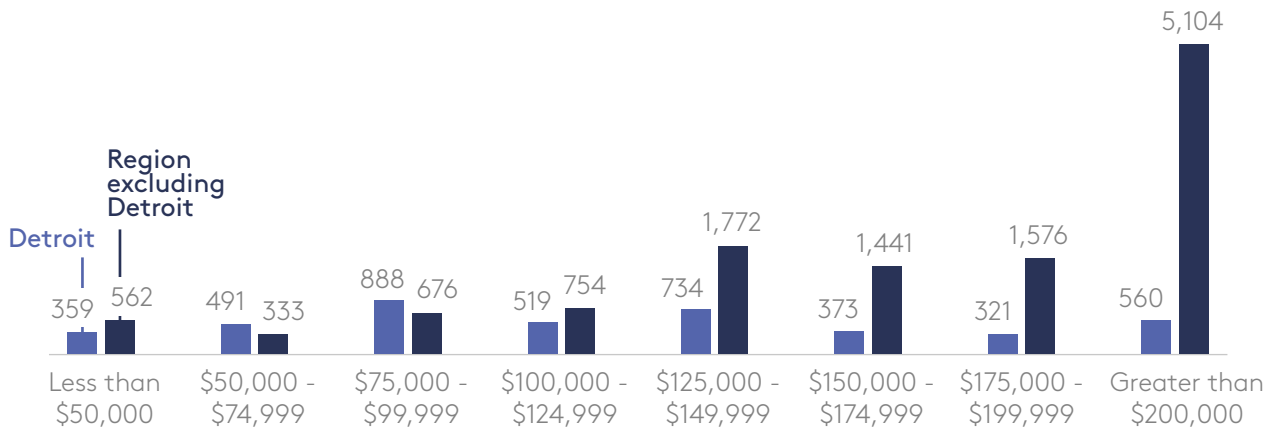


Source: Detroit Future City analysis of Home Mortgage Disclosure Act data

By Race and Geography

Loan amounts for Black homebuyers were significantly higher in the suburbs than in the city, with a much larger number of loans exceeding \$125,000. In the last three years, 42% of all home purchase loans written to Black borrowers in the suburbs were for loan amounts greater than \$200,000, compared to just 13% of those written in the city.

Home purchase loans written to Black borrowers in Detroit and the suburbs, by loan amount, 2018-2023

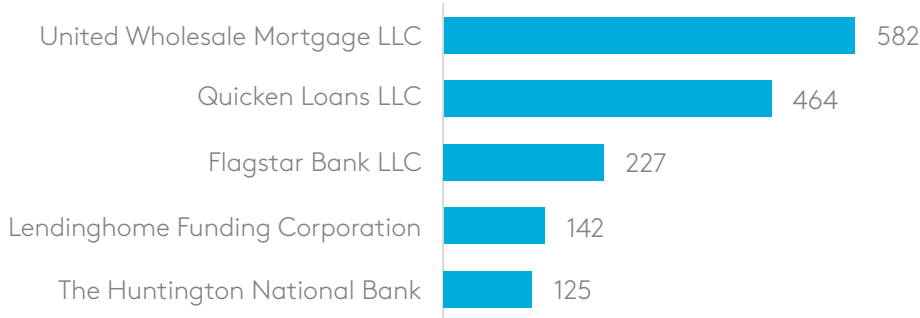


Source: Detroit Future City analysis of Home Mortgage Disclosure Act data

TOP LENDERS

A handful of lenders continue to dominate the mortgage market in Detroit. In 2023, United Wholesale Mortgage LLC wrote 582 loans, representing 16% of total home purchase loans in the city, while Quicken Loans LLC, the next big lender, wrote 464 loans, about 13%.

Top home purchase mortgage lenders in Detroit, 2023



Source: Detroit Future City analysis of Home Mortgage Disclosure Act data

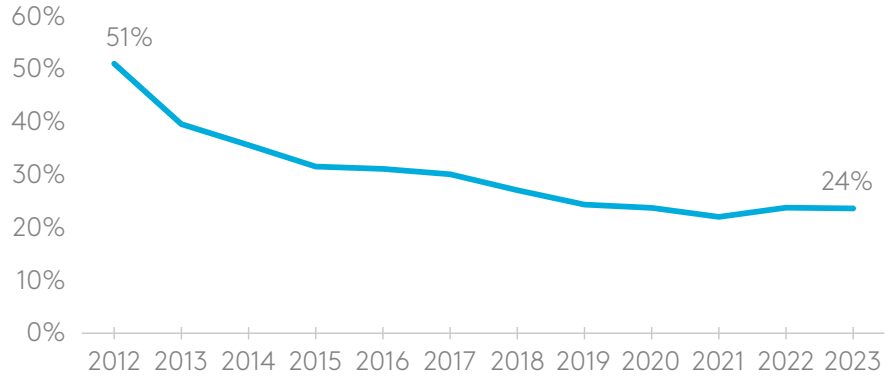


MORTGAGE DENIAL RATE

Overall

In the past five years, about 52% of home purchase applications resulted in a loan being written each year, and approximately 38% of applications were designated as withdrawn, incomplete or denied. The overall mortgage denial rate, which sharply declined between 2012 and 2019 as the economy recovered, has since leveled off, remaining steady at 24% in 2023.

Home purchase application denial rate in Detroit, 2012-2023

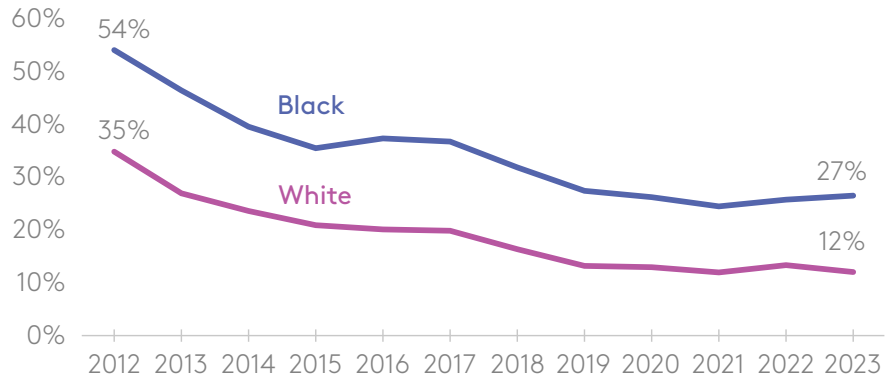


Source: Detroit Future City analysis of Home Mortgage Disclosure Act data

By Race

Racial disparities in denial rates between Black and white applicants continue to persist, with the gap widening slightly since 2022. Black applicants faced a 27% denial rate – more than twice as high compared to the 12% rate for white applicants.

Home purchase application denial rate in Detroit, by race, 2012-2023



Source: Detroit Future City analysis of Home Mortgage Disclosure Act data

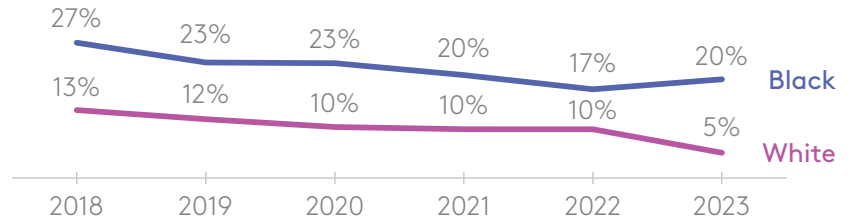
By Race and Income

Racial disparities in denial rates persist despite higher incomes. In 2023, high-income Black applicants were denied more often (20%) than moderate-income white applicants (15%). For both middle- and moderate-income Black applicants, the denial rate was 24%, only 4 percentage points higher than denial rates for high-income Black applicants.

High Income

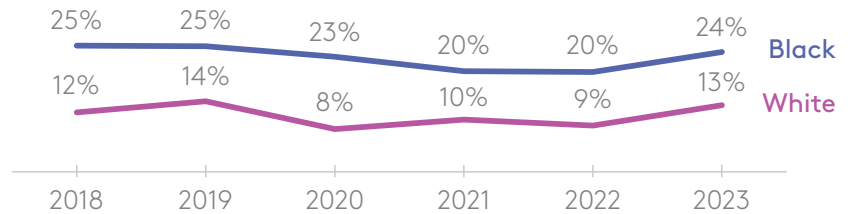
In 2023, high-income Black applicants experienced denial rates four times higher than their white counterparts.

Home purchase application denial rate in Detroit, by race and income, 2018-2023



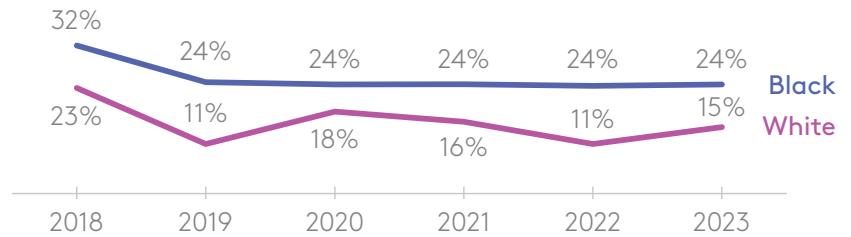
Middle Income

Denial rates for both Black and white middle-income applicants have increased by 4 percentage points each.



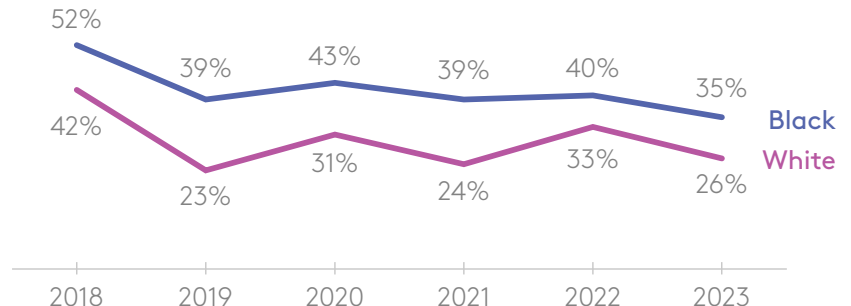
Moderate Income

Moderate-income white applicants have lower denial rates compared to moderate-income and even high-income Black applicants.



Low Income

Both Black and white low-income applicants have higher denial rates compared to other income groups, but disparities by race remain.



Source: Detroit Future City analysis of Home Mortgage Disclosure Act data

REASONS FOR DENIAL

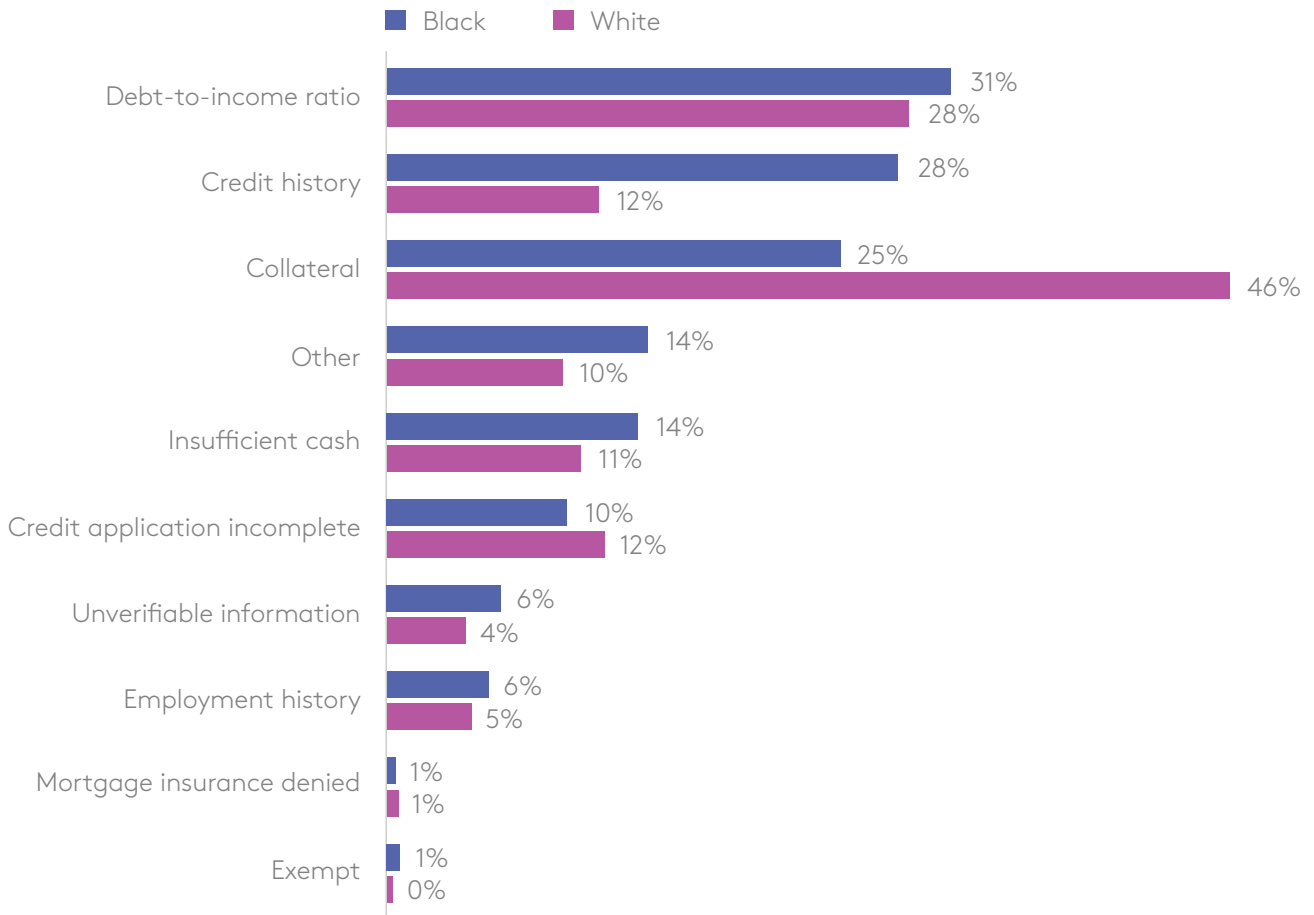
For Black applicants, the three most commonly cited denial reasons⁶ since 2021 were:

- Debt-to-income ratio (31%)
- Credit history (28%)
- Collateral (25%)

For white applicants, the primary drivers were:

- Collateral (46%)
- Debt-to-income ratio (28%)

Denial reasons for home purchase applications in Detroit, by race, 2021-2023



Source: Detroit Future City analysis of Home Mortgage Disclosure Act data

⁶ More than one denial reason may be cited for each denial.

Detroit Future City's prior research on mortgage lending

- **Small-Dollar Mortgages: The Role of Small-Dollar Mortgages in Detroit's Housing Market** [\[Report\]](#)

The report explores the role and factors affecting small-dollar lending in Detroit, and profiles three neighborhoods to inform strategies to increase their originations in the city.
- **Black Homebuyer Demand: An Analysis of Black Homebuyer Mortgage Applications in Metro Detroit from 2012 to 2021** [\[Report\]](#)

This brief looks at the changing demand for Black mortgages through the past decade and identifies areas that are attracting Black homebuyers in the region.
- **Detroit Mortgage Catalog: A Look at Mortgage and Cost-assistance Products Designed to Support Detroit Homebuyers** [\[Report\]](#)

The catalog provides an overview of mortgage products and assistance programs available especially to low- and moderate-income homebuyers in the city, including other educational resources around homebuying.
- **A Detroit Homebuyer's Guide to Overcoming Mortgage Application Obstacles** [\[Report\]](#)

This informational guide outlines relevant laws, practical solutions and legal remedies to help prospective homebuyers navigate the homebuying process.
- **Buying In: Opportunities for Increasing Homeownership in Detroit Through Mortgage Lending** [\[Report\]](#)

The report explores the challenges facing Detroit's mortgage market and analyzes overall mortgage trends in the city through the lens of income, race and geography. The research also highlights solutions for increasing homeownership in the city, particularly through mortgages.

Recommended citation:

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440 Burroughs St., Suite 229
Detroit, MI 48202
detroitfuturecity.com

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