

# Bridging the Gap to Scalable Community Reinvestment Lending Programs

Roberto G. Quercia  
Sarah Riley

## Correction

The volume 19, number 2 issue of *Cityscape* omitted a sentence in the Acknowledgments section on page 125. The omitted sentence should have read, “Some of the language summarizing Community Advantage Program research in this paper comes from a related paper by the authors published in the Boston College Journal of Law & Social Justice at <http://lawdigitalcommons.bc.edu/jlsj/vol37/iss2/7/>.”

# Community Reinvestment Act and Local Governance Contexts: Advancing the Future of Community Reinvestment?

Colleen Casey  
Joseph Farhat  
Gregory Cartwright

## Correction

The volume 19, number 2 issue of *Cityscape* contained errors on pages 142 and 143. The third full sentence on page 142 should have read, “Since SLEHCRA’s launch in 2009, the coalition has written 46 public comment letters.” Page 143, paragraph 2, sentence 4 should have read, “Since 2009, SLEHCRA has conducted more than 80 reviews of bank performance.” Page 143, paragraph 4, sentence 1 should have read, “As mentioned previously, SLEHCRA has written 46 public comment letters.”

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# The HECM Program in a Snapshot

George R. Carter III  
Joshua J. Miller

## Correction

The volume 19, number 1 issue of *Cityscape* contained errors in exhibit 6 and on pages 123 through 125. The corrected discussion follows.

### FHA Administrative Data

In this section we use FHA administrative data to specifically examine HECM originations. The first HECM loan was originated in 1989 as a pilot program that was not made permanent until 1998 (Szymanoski, Enriquez, and DiVenti, 2007). The number of HECM loans originated during the 1990s was relatively low, with annual endorsements not exceeding 10,000 until 2002. Exhibit 5 shows the number of HECM originations from 2002 to 2015.

From 2002 to 2008, HECM originations increased from slightly less than 15,000 loans to the peak of about 115,000 loans. After the peak, the number of originations fell to an annual average of around 58,000 loans from 2011 to 2015. Although not included in exhibit 5, the number of loans originated during the first half of 2016 was 21,000, which is slightly less than the recent 5-year annual average.

The 2015 American Community Survey estimates that nearly 27.6 million homeowner households in which the household head was at least 62 years of age. Using these two statistics, we constructed a measure of market penetration of HECM loans that is comparable across time and geography. For example, in 2015, for every 1,000 age- and tenure-eligible households in the United States there were 24.4 HECM loans.<sup>4</sup>

An estimated measure of market penetration for each state is provided in exhibit 6. Utah is the state with the highest measure of HECM loans, at 50.3 loans per every 1,000 age- and tenure-eligible households. Maryland follows Utah at 43.1. The state with the lowest penetration of HECM loans is North Dakota, at 5.3, followed by South Dakota, at 7.8.

The state variation in the penetration of HECM loans may be explained by differences in preferences, state-level regulations, market saturation, and local housing market conditions.

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<sup>4</sup> The figure is consistent with the 2 to 3 percent estimate provided in the Consumer Financial Protection Bureau's 2012 report to Congress (CFPB, 2012).

In fact, empirical examination of state-level variation in the rate of origination of HECM loans finds evidence that seniors use the product to insure against house price declines (Haurin et al., 2016). This finding may be one plausible explanation for the high uptake of HECM mortgages in California and Florida before the housing bust.

## Exhibit 6

### HECM Loans Active in 2015 per 1,000 Eligible Households

United States	24.4	Pennsylvania	19.9
Utah	50.3	Illinois	18.7
Maryland	43.1	South Carolina	18.2
California	40.8	Georgia	17.6
Nevada	37.7	Oklahoma	17.1
Florida	35.2	Alabama	16.9
Oregon	34.4	Arkansas	16.6
New Jersey	33.9	Tennessee	16.5
Connecticut	32.9	Vermont	16.2
Colorado	32.6	Minnesota	16.1
Delaware	32.4	Missouri	15.2
Arizona	30.5	North Carolina	15.1
Virginia	30.1	Michigan	14.2
Idaho	30.0	Alaska	13.4
Rhode Island	28.8	Mississippi	13.1
Hawaii	28.8	Indiana	12.7
Washington	28.0	Wisconsin	11.8
Massachusetts	27.6	Nebraska	11.4
Texas	26.6	Kansas	11.2
New York	24.9	Ohio	11.1
New Mexico	24.6	Kentucky	8.9
New Hampshire	23.9	Iowa	8.7
Montana	21.5	West Virginia	7.9
Wyoming	20.8	South Dakota	7.8
Louisiana	20.8	North Dakota	5.3
Maine	20.5		

*HECM = Home Equity Conversion Mortgage.*

*Note: An eligible household is defined as a homeowner with a household head who is at least age 62.*

*Sources: Federal Housing Administration administrative data; 2015 American Community Survey*