

Home Improvement Loan Access Limitations in Cook County and Chicago, IL (2021-2024)



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Executive Summary

This report analyzes Home Mortgage Disclosure Act (HMDA) data from 2021 to 2024 to examine outcomes of first and subordinate lien^[1] for home improvement in Illinois, Cook County, and Chicago. Examining access to home improvement loans, which enable homeowners to repair and modernize their properties, is critical in identifying disparities that exacerbate housing inequities, disinvestment, and the deterioration of neighborhoods and generational wealth. The findings show that demand for home improvement loans is rising, but denials outpace originations in Cook County and Chicago for most applicants. This report concludes that systemic barriers in lending practices, particularly around smaller loans, subordinate liens, and low- and moderate-income (LMI) applicants, require both policy intervention and financial institution engagement to protect housing stability and resilience.

Key Findings:

- From 2021 to 2024, Cook County saw a 56 percent increase in home improvement loan applications, but approvals fell short, especially in urban areas.
- Loans under \$75,000, usually used for modest but essential repairs, were denied at a higher rate than larger loans in Cook County and Chicago for first and subordinate liens.
- Approximately 40 percent of Chicago's applicants are LMI, and their denial rates were as high as 58 percent for first liens and 72 percent for subordinate liens.
- Seniors fare generally better in first lien lending, likely due to higher equity, but their access drops sharply in Chicago for subordinate liens, with approval rates falling to 31 percent and as low as 14 percent for LMI seniors seeking larger home loans^[2].
- Black and Latine borrowers face consistent barriers, with denial rates around 60 and 50 percent, respectively, for subordinate liens in Chicago and Cook County. White applicants were the only group where approvals outpaced denials.

Recommendations:

- Financial institutions should develop flexible loan underwriting standards and lower-dollar loan products targeting essential repairs in disinvested neighborhoods.

^[1] First lien applications are from owners who did not have a mortgage or who were also refinancing their mortgage as part of the loan application. The fact that the application was classified as a home improvement loan in the HMDA data, rather than a refinance, suggests that the home improvement component of the new mortgage may be larger than the existing mortgage being refinanced as part of the application. Subordinate lien applications would be from owners who had an existing mortgage and who were trying to take on additional mortgage debt for the improvements.

^[2] Larger loans are defined as loans greater than \$75,000.

Executive Summary (continued)

- State and local governments should continue to support grant and low-interest loan programs to meet the scale of demand, particularly for seniors and LMI households.
- Regulators should enforce the Community Reinvestment Act (CRA) and fair lending laws to address statistically significant disparities in home improvement lending to respond to community demand in aging housing markets.

Introduction

Home improvement loans are a critical tool helping homeowners maintain their properties and build equity. These loans can be used to replace deteriorated roofs and windows, replace lead pipes, modernize bathrooms and kitchens, upgrade failing HVAC^[3] systems, and even add climate resilience features. For older owners and persons with disabilities, home improvement loans can also fund accessibility modifications, like stair lifts, wider doorways, and zero-barrier bathrooms, which can enable owners to remain in their homes as they age.

In Cook County, home improvement loans^[4] are consistently out of reach year after year, which is especially concerning because of the County's aging housing stock and the increasing pressures of the national housing shortage^[5]. Nearly half, 48.6 percent, of occupied housing units in Cook County were built before 1959^[6]. Older homes, especially in Chicago, are disproportionately located in communities where denial rates for home improvement loans are consistently higher than approval rates. From 2021 to 2024, home improvement loan applications^[7] in Cook County grew by 56 percent, indicating an increasing demand for financing to improve homes. Nationally, in 2023, home improvements that impacted a home's habitability accounted for 49 percent of home improvement expenditures. Additionally, approximately 76 percent of home improvement projects are paid for with cash^[8]. This suggests that many households are turning to out-of-pocket payments either because they have the means or their access to credit is limited.

^[3] Heat, Ventilation, and Air Conditioning (HVAC)

^[4] Home improvement loan means a closed-end mortgage loan or an open-end line of credit that is for the purpose, in whole or in part, of repairing, rehabilitating, remodeling, or improving a dwelling or the real property on which the dwelling is located. (Consumer Financial Protection Bureau, "§ 1003.2 Definitions: Application" under Regulation C, 12 C.F.R. § 1003.2(b)(2)(G)(ii)(A). <https://www.consumerfinance.gov/rules-policy/regulations/1003/2/#g-2-ii-A>.)

^[5] McCue, Daniel, and Sophie Huang. "Estimating the National Housing Shortfall." Housing Perspectives (Blog of the Harvard Joint Center for Housing Studies), January 29, 2024. Accessed October 20, 2025. <https://www.jchs.harvard.edu/blog/estimating-national-housing-shortfall>

^[6] U.S. Census Bureau, U.S. Department of Commerce. "Physical Housing Characteristics for Occupied Housing Units," American Community Survey, ACS 5-Year Estimates Subject Tables, Table S2504, <https://data.census.gov/table/ACSST1Y2024.S2504?q=year+built&g=050XX00US17031>.

^[7] Loan purpose: Home improvement; Occupancy type: Principal occupancy; Lien status: Subordinate lien

^[8] Joint Center for Housing Studies of Harvard University. Improving America's Housing 2025. Cambridge, MA: Joint Center for Housing Studies of Harvard University, 2025. https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Improving_Americas_Housing_2025.pdf

Home improvement loans rely heavily on a home's market value and other criteria, such as the homeowner's debt-to-income ratio, which limit access for those living in neighborhoods with historic disinvestment, properties in need of extensive repairs, and those with lower or fixed incomes. In 2023, only five percent of home improvement projects were primarily funded by home equity-based financing^[8]. Loan-to-value criteria, which often require a ratio of 80 percent or less, can provide insight into the properties most likely to qualify. Those criteria can also create barriers for households in communities where property values are depressed. As a result, homeowners facing issues associated with aging housing and limited cash flow in disinvested communities are less likely to access loans than wealthier owners in more affluent neighborhoods.

Limited access to home improvement loans directly contributes to deferred maintenance, as homeowners who are unable to secure financing postpone critical repairs. The lack of access to loans disproportionately impacts those with an existing mortgage, lower-income homeowners, seniors, people with disabilities, and Black and Latine communities, where denial rates are highest. Deferred maintenance of roof leaks, outdated HVAC systems, or plumbing failure worsens over time and leads to escalating repair costs. It also impacts the habitability of a property, putting the homeowners and community at risk as the property deteriorates. Worsening property conditions can lead to lower neighborhood property values, increased vacancies, and higher foreclosure rates. As the quality of the asset deteriorates, generational wealth erodes, contributing to racial wealth gaps in historically disinvested communities and life expectancy disparities by the underlying race and socioeconomic characteristics of the community ("death gap"^[9]).

These challenges are especially urgent today. Rising construction and labor costs, coupled with stagnant wages, make modest repairs financially burdensome, while extreme weather events, especially flooding^[10], put added strain on aging and deteriorating housing stock. At the same time, an aging population is increasing demand for accessibility modifications that allow seniors to remain safely in place. Together, these pressures amplify the consequences of limited home improvement loan access, making Cook County's lending disparities part of a broader national concern of housing stability, equity, and resilience.

^[9] The "death gap" was coined by David Ansell and is defined as the significant disparity in life expectancy between wealthy and healthy neighborhoods versus poor and unhealthy neighborhoods. - Ansell, David A. *The Death Gap: How Inequality Kills*. Chicago & London: The University of Chicago Press, 2017.

^[10] Cook County Government. "Cook County issues disaster proclamation for Aug. 16-19 storms and flooding." *Cook County News*, August 27, 2025. <https://www.cookcountyil.gov/news/cook-county-issues-disaster-proclamation-aug-16-19-storms-and-flooding>.

Findings

Home improvement lending data indicate the challenges many households face in securing financing. This analysis examines origination and denial rates^[11] by loan size, loan-to-value (LTV) ratios, access for LMI borrowers and seniors, racial and ethnic disparities in origination and denial rates, and the geographic distribution of lending in Chicago. While HMDA data provide critical insights into origination and denial patterns, LTV ratios are not the sole determinant of loan approval, and they may not capture the full financial picture of applicants. These limitations suggest that the disparities present may understate broader barriers homeowners face when seeking home improvement loans.

Overall Trends in Illinois, Cook County, and Chicago

From 2021 to 2024, over 125,000 homeowners applied for first and subordinate home improvement loans for their principal residences in Illinois, with approximately 47,828 of those applications from owners in Cook County and 19,332 in Chicago. Subordinate liens^[12] accounted for the majority of the demand, with approximately 74 percent of the home improvement loan applications in Illinois, 75 percent in Cook County, and 73 percent in Chicago, showing the need for home improvements among people with an existing primary mortgage.

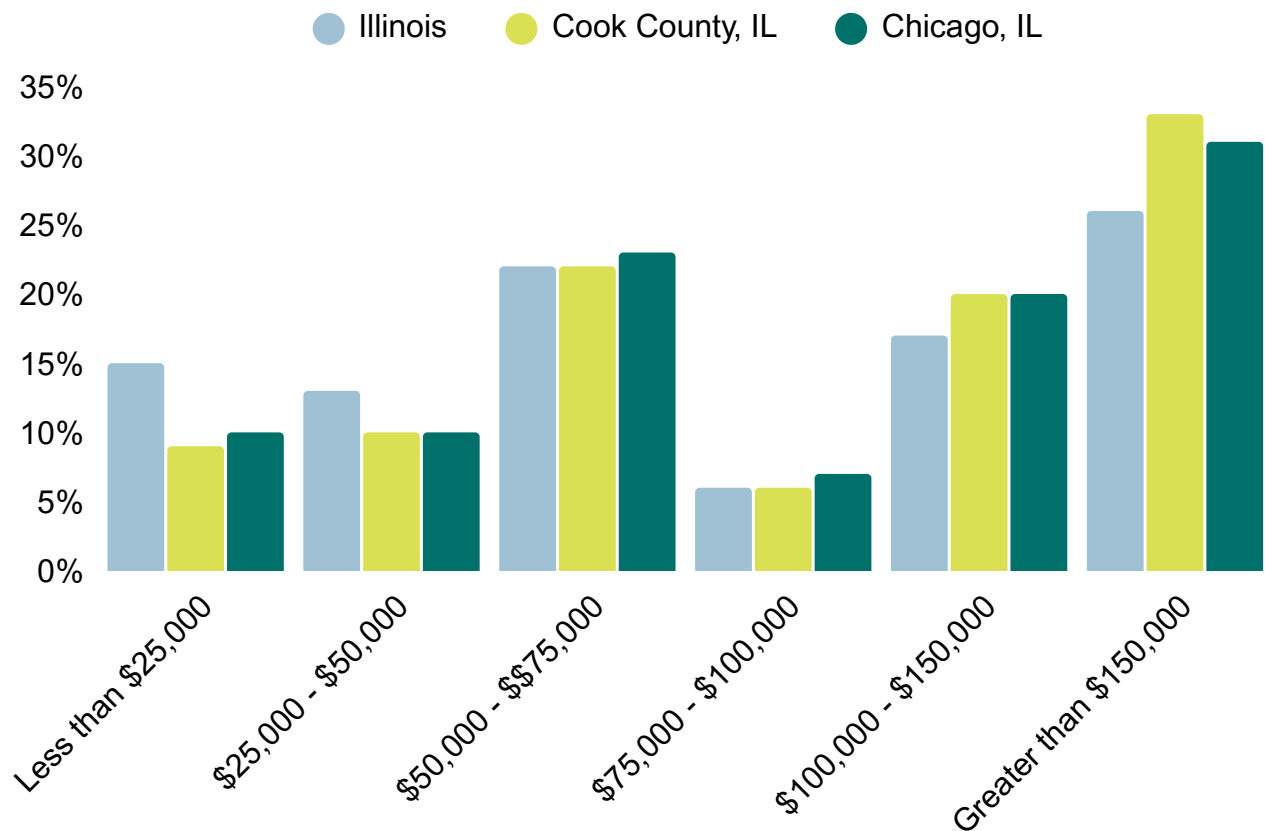
Loan size patterns reveal important differences between first and subordinate home improvement loans across Illinois, Cook County, and Chicago. First lien^[13] applications generally request higher loan amounts, as they are often structured as part of a refinance of the existing mortgage. As shown in Figure 1, over half of the first lien loans requested in Cook County and Chicago were over \$100,000, indicating the refinancing of an existing mortgage, more substantial home renovations, or higher property values. Additionally, over 20 percent of first lien applicants sought financing for loans between \$50,000 and \$75,000.

^[11] Calculations include the following actions taken: 1 – Loan originated; 2 – Application approved but not accepted; 3 – Application denied; 4 – Application withdrawn by applicant; 5 – File closed for incompleteness; 7- Preapproval request denied; and 8 – Preapproval request approved but not accepted. This analysis does not include 6 – Purchased loans.

^[12] Subordinate liens are a mortgage debt that has a second, or subordinate, claim against a property.

^[13] First liens are a mortgage debt that has the first claim against a property.

Figure 1: First Lien Applications by Amount Requested (2021-2024)

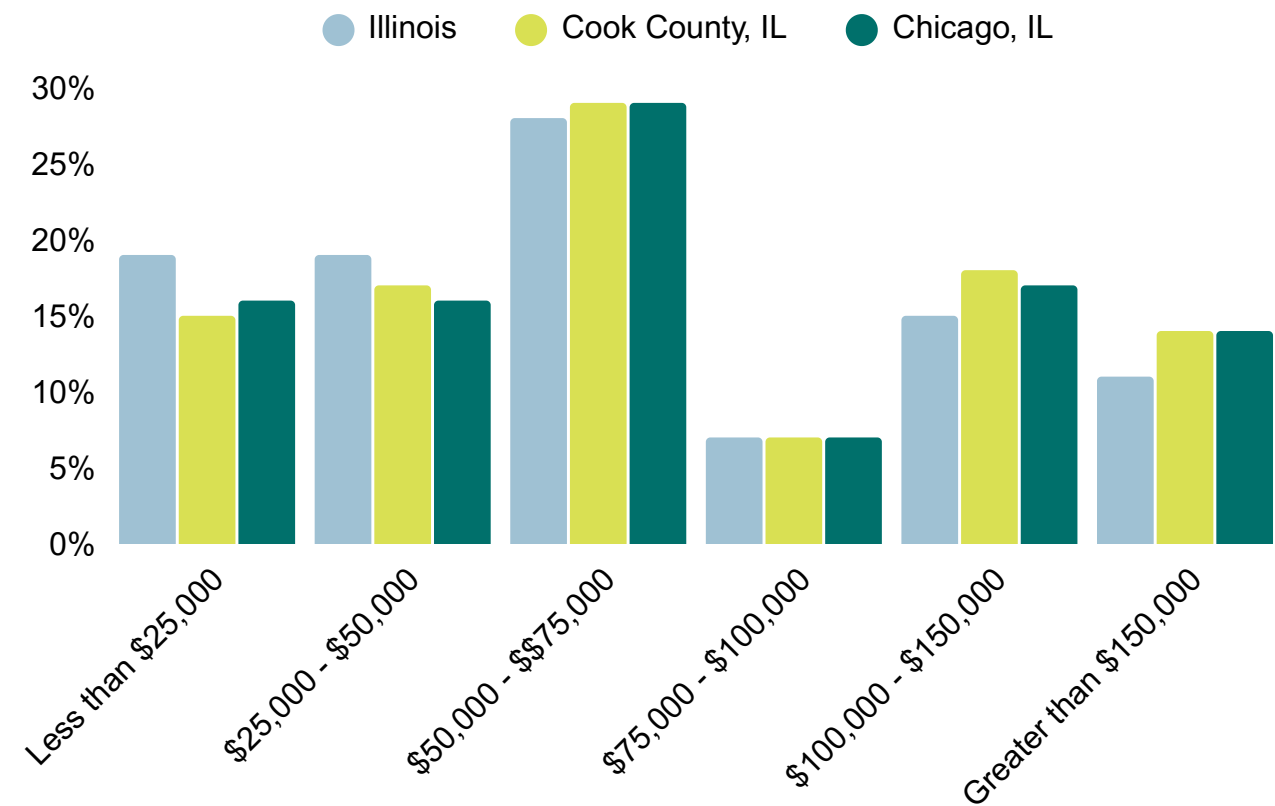


Source: Author's calculations; Home Mortgage Disclosure Act (2021-2024)

Contrastingly, subordinate loan amounts are concentrated in lower brackets, as shown in Figure 2. Nearly half of loans fell between \$25,000 and \$75,000 for all three regions, suggesting that homeowners sought financing for more modest repairs or modifications. In 2023, homeowner improvement and maintenance out-of-pocket costs were \$3,100 for lower-income households and \$10,900 for higher-income households^[14]. These costs demonstrate the demand for smaller home improvement loans and how minor repairs in one year can quickly compound over time if maintenance is deferred. The differences in loan size are significant because they shape which borrowers can access credit, which is discussed further in the next section when looking at approval and denial rates.

^[14] Joint Center for Housing Studies of Harvard University. Improving America's Housing 2025. Cambridge, MA: Joint Center for Housing Studies of Harvard University, 2025. https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Improving_Americas_Housing_2025.pdf

Figure 2: Subordinate Lien Applications by Amount Requested (2021-2024)



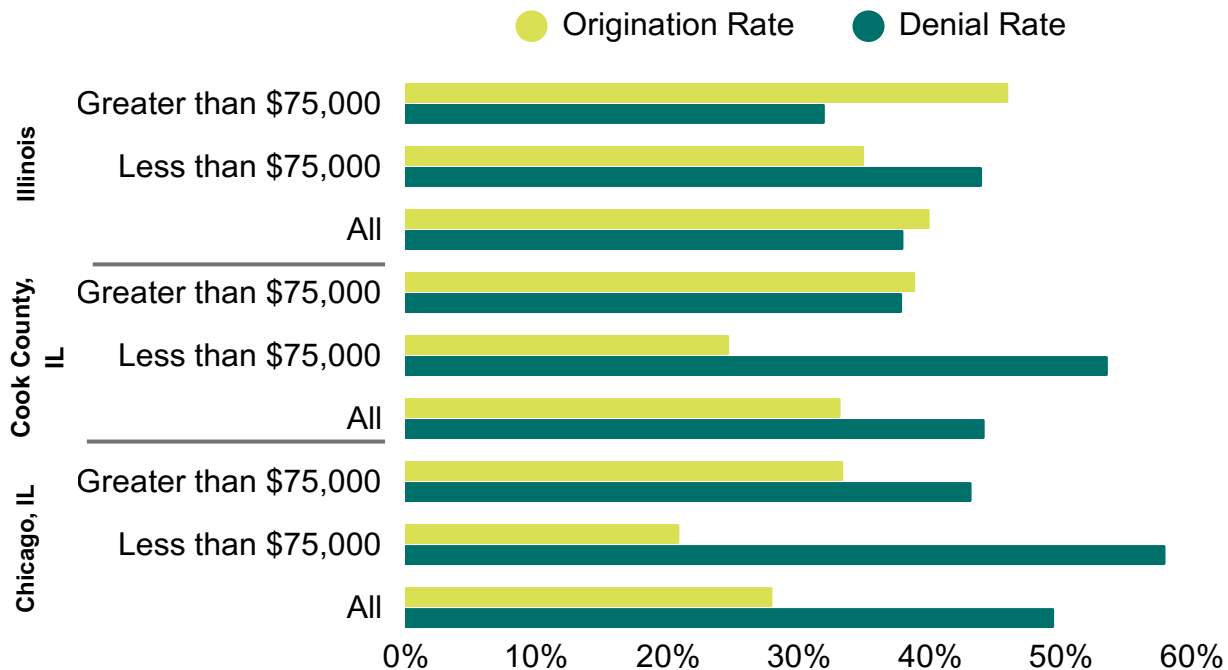
Source: Author's calculations; Home Mortgage Disclosure Act (2021-2024)

Home Improvement Loan Approvals and Denials

Approval and denial patterns for home improvement loans highlight sharp barriers for households seeking modest financing, with smaller loan requests facing disproportionately high denial rates, particularly in Cook County and Chicago. As shown in Figure 3, larger first lien loans in Illinois (greater than \$75,000) were more likely to be approved, with 46 percent of applications originated compared to 32 percent denied. In contrast, for smaller loans (less than or equal to \$75,000), the denials rose to 44 percent. The urban pattern is even more constrained; in Cook County, only 25 percent of smaller loan applications were approved versus 54 percent denied, and in Chicago, approvals dropped further to just 21 percent. These figures suggest that access to financing for smaller projects is particularly limited in more urbanized areas. For first lien applications, only six percent in Illinois and Cook County, and seven percent in Chicago, had an LTV ratio greater than 80 percent^[15]. This indicates that there may be more stringent criteria for first lien applicants seeking home improvement loans.

^[15] Loan-to-value calculations include only HMDA-reporting institutions that meet the volume and coverage criteria, as not all lenders are required to report some data points.

Figure 3: First Lien Approval and Denial Rates by Amount Requested (2021-2024)



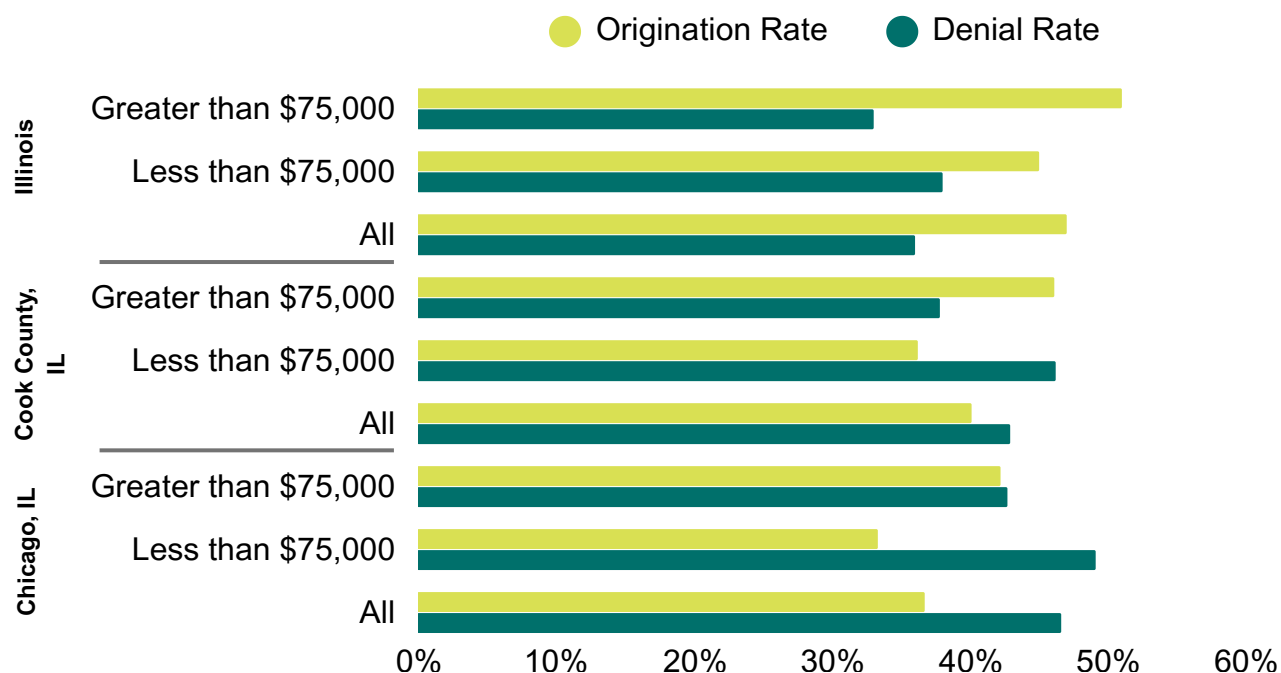
Source: Author's calculations; Home Mortgage Disclosure Act (2021-2024)

At the state level, subordinate lien approvals are slightly stronger, with 51 percent of applications for larger loans (greater than \$75,000) and 45 percent for smaller loans (less than or equal to \$75,000) resulting in originations. Yet, as Figure 4 illustrates, the picture is more concerning locally. In Cook County, approvals dipped to 36 percent for smaller loans, with denials climbing to 46 percent.

In Chicago, subordinate lien approvals were only 33 percent for small loans, compared to a 49 percent denial rate. In contrast to first liens, approximately 34 to 36 percent of subordinate liens had an LTV ratio over 80 percent in Cook County and Chicago. For larger loans in Cook County, a stronger approval rate was realized, at 46 percent, compared to the 38 percent denial rate. Across smaller loan sizes in urban areas, denials exceeded approvals, indicating that households may encounter challenges when seeking to layer financing on top of existing mortgages.

Overall, while Illinois demonstrates comparatively stronger approval rates, Cook County and especially Chicago reveal systemic barriers where denials outpace approvals. These disparities are particularly pronounced for smaller loan amounts and for subordinate lien applications, which limit access to necessary home improvements for LMI households.

Figure 4: Subordinate Lien Approval and Denial Rates by Amount Requested (2021-2024)



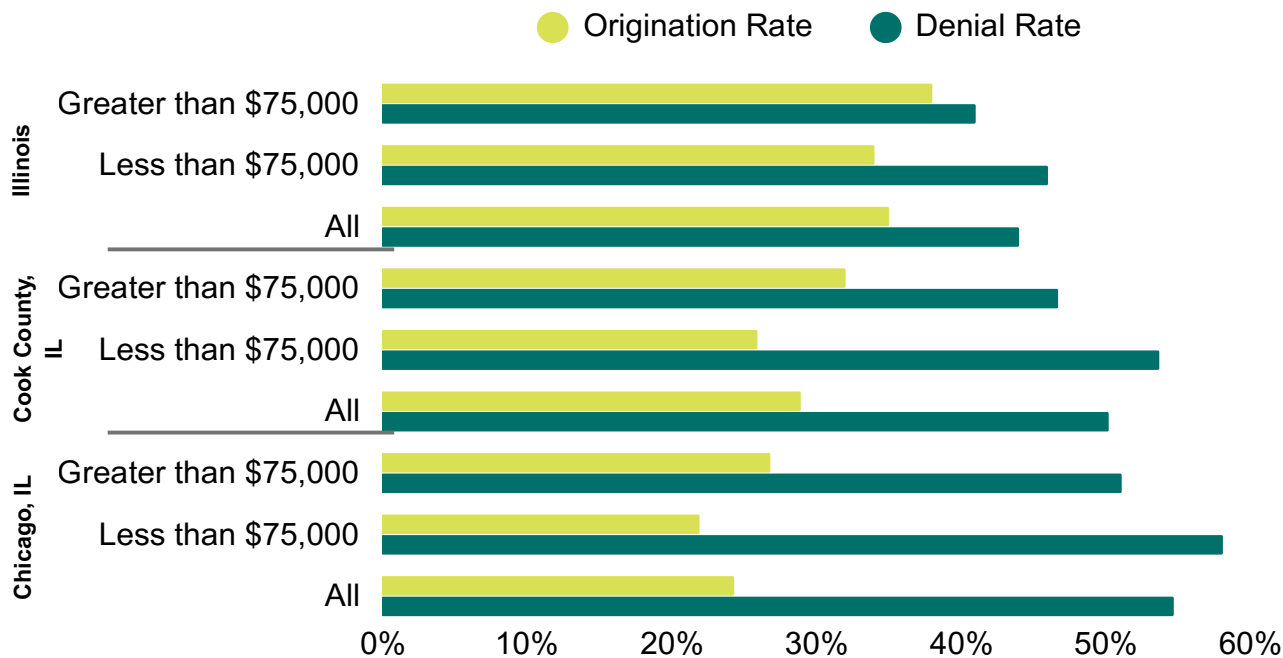
Source: Author's calculations; Home Mortgage Disclosure Act (2021-2024)

Low- and Moderate-Income (LMI) Lending

Median incomes for LMI applicants fall far below those of the overall applicant pool; approximately \$50,000 compared to \$78,000 statewide, \$50,000 versus \$76,000 in Cook County, and \$48,000 compared to \$70,000 in Chicago. These figures highlight the financial constraints these households face before even entering the lending process. Approximately 34 percent (43,153 applicants) of the total first and subordinate lien applicant pool of the state are LMI borrowers, representing 38 percent (17,822 applicants) of the Cook County applicant pool and 40 percent (7,622 applicants) in Chicago. In contrast to the overall pool, where origination rates appear relatively higher, LMI borrowers encounter significantly greater barriers to accessing credit.

For LMI borrowers, first lien approvals rarely exceed 35 percent, with denials consistently higher across Illinois, Cook County and Chicago. As seen in Figure 5, Illinois shows slightly stronger outcomes, with approval rates reaching 38 percent for loans greater than \$75,000 but falling to 34 percent for smaller loans. Outcomes worsen significantly in Cook County and Chicago, where approvals drop to just 32 percent and 27 percent for larger loans and 26 percent and 22 percent for smaller ones, respectively. Denial rates were as high as 58 percent in Chicago for LMI applicants. The share of reported loans with an 80 percent or higher LTV ratio for first lien LMI borrowers in Cook County and Illinois were five percent, and six percent for Chicago.

Figure 5: First Lien Approval and Denial Rates for LMI Applicants by Amount Requested (2021-2024)

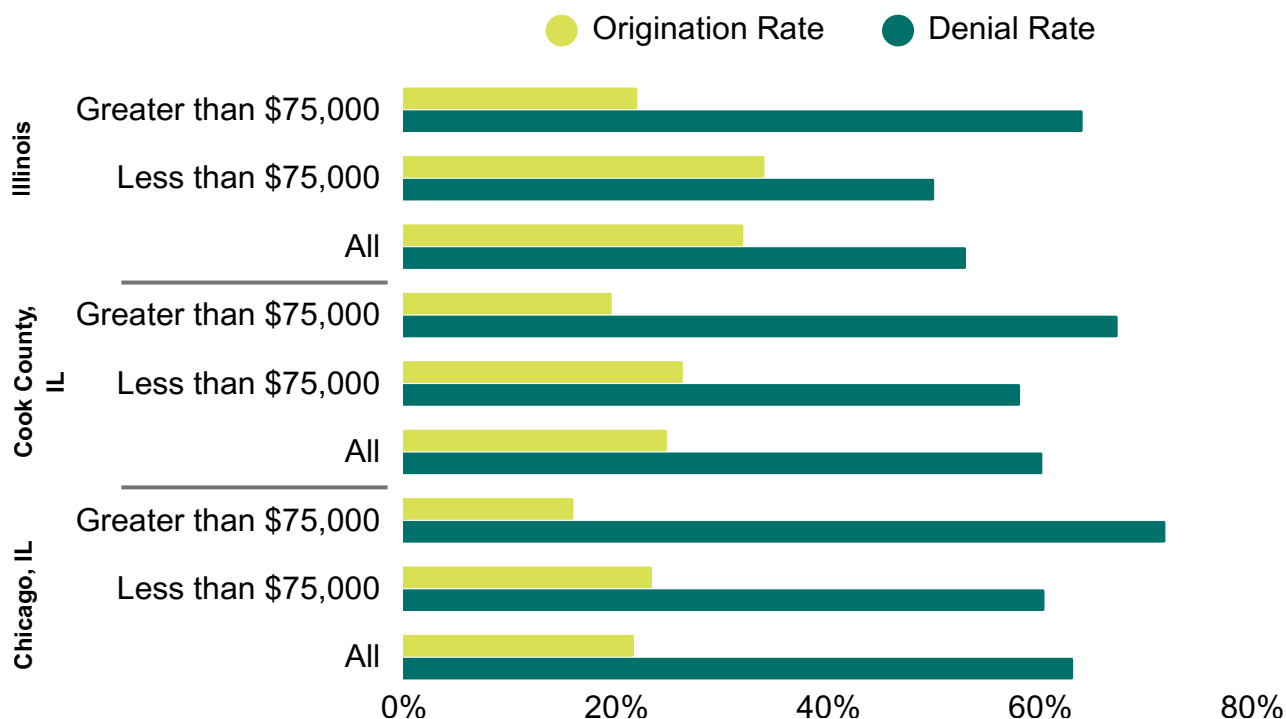


Source: Author's calculations; Home Mortgage Disclosure Act (2021-2024)

Subordinate liens, the most commonly submitted loan type, show even sharper disparities in approvals, with smaller loans having slightly higher approvals than larger loans. Figure 6 highlights how statewide approval rates barely hit 32 percent, with only 34 percent for loans less than \$75,000. In Cook County, approvals fall to 26 percent, and similarly, Chicago approvals drop to 23 percent. Again, in contrast to first liens for LMI applications, loans with an LTV greater than 80 percent for subordinate liens in Chicago and Cook County were much higher, at 28 and 29 percent, respectively. For larger subordinate liens, LMI borrowers have denial rates as high as 72 percent in Chicago. Denials dominate across all loan sizes, underscoring how difficult subordinate lien credit is for LMI households, particularly in urban areas.

The approval rate for LMI applicants contrasts starkly with that for the overall applicant pool. For subordinate lien applications, the origination rates rarely touched 26 percent, while the denial rates climbed to nearly double that level. These disparities grow sharper as geography narrows from Illinois to Cook County to Chicago, leaving LMI households in a precarious position when trying to finance essential home improvements.

Figure 6: Subordinate Lien Approval and Denial Rates for LMI Applicants by Amount Requested (2021-2024)



Source: Author's calculations; Home Mortgage Disclosure Act (2021-2024)

Senior Home Improvement Loan Access

Older homeowners are playing an increasingly central role in the housing and credit landscape. Nationally, the Harvard Joint Center for Housing Studies (2025) reports that homeowners aged 65 and older now account for 27 percent of all home improvement spending, nearly double their share from 20 years ago^[16]. Yet, despite the rising demand, seniors face systemic barriers to accessing financing. The National Council on Aging underscores that while older households hold substantial home equity, much of it is illiquid^[17], leaving the borrowers dependent on credit markets that may be less accessible

^[16] Joint Center for Housing Studies of Harvard University. Improving America's Housing 2025. Cambridge, MA: Joint Center for Housing Studies of Harvard University, 2025. https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Improving_Americas_Housing_2025.pdf

^[17] "Get the Facts on Home Equity and Seniors." Get the Facts on Home Equity and Seniors, June 1, 2024. <https://www.ncoa.org/article/get-the-facts-on-home-equity-and-seniors/>

given their fixed incomes, older housing stock requiring costly repairs, and lender risk perceptions around age and insufficient collateral^[18].

Seniors over 65 generally fare better than younger applicants in first lien lending, likely due to higher accumulated equity. In Illinois, origination rates for seniors are 45 percent compared to 38 percent for borrowers under 65, as displayed in Appendix Table 1. This advantage persists at the county and city levels. In Cook County, approvals for seniors reach 36 percent compared to 31 percent for younger applicants. In Chicago, the gap narrows but still favors seniors at a 30 percent approval rate compared to 27 percent for those under 65.

Loan-to-value ratios might explain this relative advantage. Fewer senior applicants take on loans with LTV ratios above 80 percent compared to younger borrowers (17 percent were senior applications compared to 82 percent under 65). While seniors overall perform better in first lien markets, those entering with high LTV ratios remain vulnerable to lender caution with a denial rate of 58 percent.

The picture changes sharply with subordinate liens. At the state level, seniors see approval rates of 43 percent, trailing behind younger borrowers (48 percent), as displayed in Appendix Table 2. In Cook County, the gap widens; seniors are approved at 34 percent, compared to 41 percent for those under 65. The disparity is most pronounced in Chicago, where approval rates for seniors fall to just 28 percent, significantly lower than 38 percent for younger borrowers. These outcomes show that while seniors' home equity offers some cushion in first liens, lenders often view additional debt burdens as too risky.

For LMI seniors, the challenges intensify^[19]. While first lien LMI seniors fare better than first lien LMI applicants under 65, it is subordinate lending that exposes some vulnerabilities. As seen in Table 1, LMI seniors statewide had approval rates of 35 percent compared to 31 percent for younger LMI borrowers; however, in Cook County, approvals for LMI seniors dropped to 27 percent, only minimally higher than 24 percent for applicants under 65.

^[18] Amornsiripanitch, Natee. 2023. The Age Gap in Mortgage Access. White Paper, Federal Reserve Bank of Philadelphia Supervision, Regulation, and Credit, Federal Reserve Bank of Philadelphia, Philadelphia: Federal Reserve Bank of Philadelphia. <https://www.philadelphiafed.org/-/media/frbp/assets/working-papers/2023/wp23-03.pdf>.

Roche, Tara, Tracy Maguze, and Adam Staveski. 2023. Small Mortgages Are Too Hard to Get. Pew.org, July 3. <https://www.pew.org/en/research-and-analysis/issue-briefs/2023/06/small-mortgages-are-too-hard-to-get>.

^[19] Institute for Housing Studies at DePaul University. 2021. Planning for the Housing Needs of an Aging Population. December 14. <https://www.housingstudies.org/blog/planning-for-housing-needs-aging-population/>.

In Chicago, the picture is even more concerning. Low- and moderate-income seniors applying for larger loans saw approval rates plummet to just 14 percent, with denial rates exceeding 72 percent. Among LMI seniors with subordinate lien applications and LTVs above 80 percent, approval rates (26 percent) are far outpaced by denial rates (72 percent). This illustrates the challenges faced by seniors, especially LMI seniors in Chicago who, despite holding home equity, are often shut out from the very credit needed to maintain safe and habitable housing.

Table 1: Subordinate Lien LMI Origination and Denial Rates for Illinois, Cook County and Chicago by Age (2021-2024)

Geography	Amount Requested	Under 65		Over 65	
		Origination Rate	Denial Rate	Origination Rate	Denial Rate
Illinois	Greater than \$75,000	21%	65%	26%	58%
	Less than or equal to \$75,000	33%	52%	37%	45%
	All	31%	55%	35%	47%
Cook County, IL	Greater than \$75,000	19%	68%	21%	63%
	Less than or equal to \$75,000	26%	60%	28%	54%
	All	24%	62%	27%	56%
Chicago, IL	Greater than \$75,000	17%	72%	14%	72%
	Less than or equal to \$75,000	23%	61%	24%	58%
	All	22%	64%	22%	61%

Source: Author's calculations; Home Mortgage Disclosure Act (2021-2024)

With few affordable or accessible credit options for seniors, especially those that are LMI, reverse mortgages have been marketed as an alternative, but reverse mortgage scams have been a persistent threat. Reverse mortgages, designed to help older homeowners tap into home equity to supplement their income, can be used to support home repairs and improvements. Unfortunately, many seniors, especially those living in historically disinvested communities, lack trustworthy financial counseling and have become targets of predatory practices. In Chicago, the United States Attorney's Office, Northern District of Illinois suggested that 80 seniors lost approximately \$6 million in a reverse mortgage scam, causing homeowners to lose their homes^[20]. These incidents underscore the need for stronger consumer protections and expanded access to certified housing counseling to ensure older homeowners can safely leverage their home equity without risking foreclosure or financial exploitation. While seniors face distinct risks related to predatory lending, disparities in access to traditional and subordinate home improvement loans disproportionately impact communities of color.

Subordinate Home Improvement Loan Racial/Ethnic Disparities

Home improvement loan access is consistently out of reach for Black and Latine borrowers in Cook County and Chicago. Nationally, Black and Latine homeowners are most likely to live in inadequate housing, with home improvement and repair costs causing disproportionate financial strain^[21]. Focusing on subordinate liens, as they are more likely to be for habitability repairs and are the bulk of the loan demand, there is a clear disparity in approvals by race and ethnicity. Approximately 60 percent of Black applicants and 50 percent of Latine applicants were denied subordinate home improvement loans in Chicago and Cook County, as shown in Table 2. For Black applicants, approximately 37 percent of reported loans had an LTV ratio greater than 80 percent in Chicago and Cook County. Latine applicants had the lowest share of reported loans with an LTV over 80 in Chicago at 31 percent. Asian applicants also had a harder time getting a home improvement loan in Cook County and Chicago, with denials exceeding originations.

^[20] Chicago Businessman Pleads Guilty to Federal Fraud Charge in Connection With Reverse Mortgage Scheme Targeting Elderly Homeowners," United States Department of Justice, May 7, 2024, <https://www.justice.gov/usao-ndil/pr/chicago-businessman-pleads-guilty-federal-fraud-charge-connection-reverse-mortgage>

^[21] Joint Center for Housing Studies of Harvard University. Improving America's Housing 2025. Cambridge, MA: Joint Center for Housing Studies of Harvard University, 2025. https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Improving_Americas_Housing_2025.pdf

The share of Asian applicants with an LTV greater than 80 was similar to Black applicants at 37 percent. White applicants are the only group where origination rates surpass denials across all regions. Additionally, White applicants had the lowest share of reported loans with an LTV over 80 percent in Illinois but had a similar rate to Latine applicants in Cook County and a slightly higher share than Latine applicants in Chicago at 36 percent. While Black and Latine applicants have steeper barriers, White and Asian applicants also face denial rates over 30 percent, highlighting that access to home improvement financing is a widespread challenge.

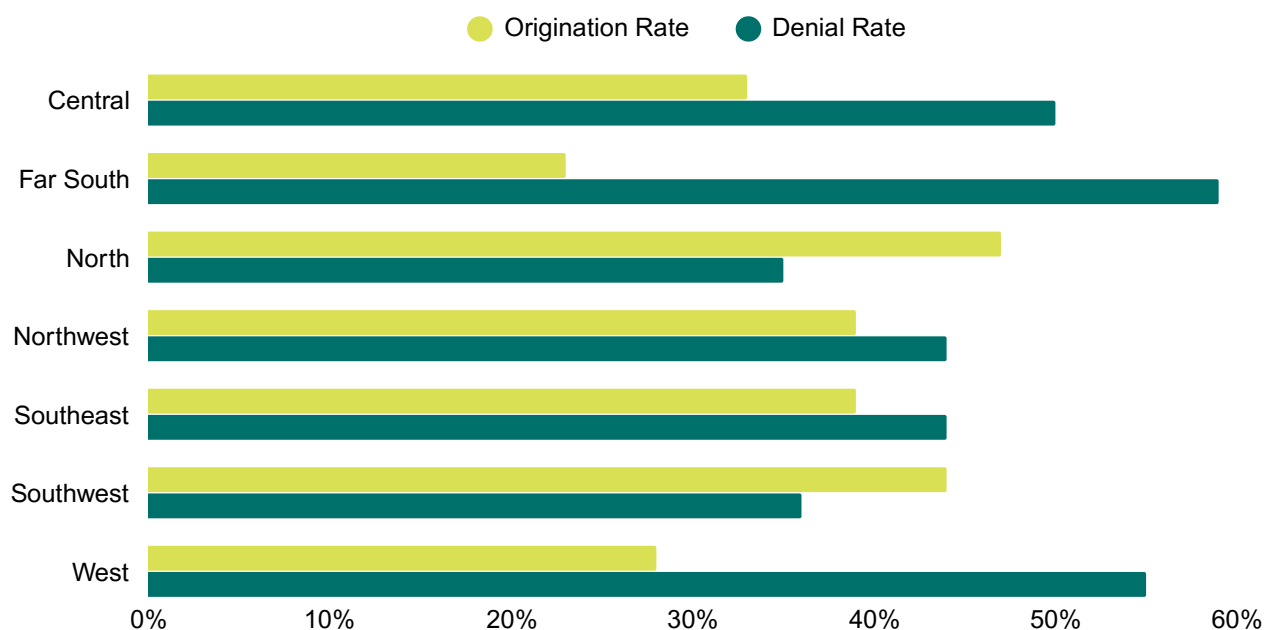
Table 2: Subordinate Lien Origination and Denial Rates for Illinois, Cook County and Chicago (2021-2024)

Illinois	Asian	Black	Latine	White
Origination Rate	42%	33%	37%	53%
Denial Rate	38%	52%	48%	31%
Share of loans with an LTV > 80	37%	37%	35%	33%
Cook County, IL	Asian	Black	Latine	White
Origination Rate	37%	27%	32%	48%
Denial Rate	43%	58%	52%	36%
Share of loans with an LTV > 80	37%	37%	34%	34%
Chicago, IL	Asian	Black	Latine	White
Origination Rate	37%	24%	31%	45%
Denial Rate	46%	60%	54%	38%
Share of loans with an LTV > 80	37%	37%	31%	36%

Source: Author's calculations; Home Mortgage Disclosure Act (2021-2024)

Due to Chicago's history of segregation, which persists in the demographic makeup of neighborhoods today, limited access to subordinate liens appears geographically by City region^[22]. In Chicago's 63 percent Black Far South region^[23], almost 60 percent of subordinate home improvement loans were denied, as shown in Figure 7. A similar disparity is true for the more racially mixed West region (39 percent Black; 36 percent Latine; 19 percent White). The percentage of loans with an LTV over 80 percent for subordinate loans, as displayed in Appendix Table 3, was approximately 41 percent in the Far South and West regions. In contrast, the North majority-white (60 percent) and the majority Latine Southwest regions (65 percent) saw better loan outcomes with originations exceeding denials by 13 percent and eight percent, respectively. The share of reported loans with an LTV ratio greater than 80 shows that the Southwest region had the lowest share of reported higher LTV loans (31 percent) for subordinate liens and the North region had the third lowest rate, at 37 percent. The primarily-White Central region (59.1 percent) had the highest share (42 percent) of high LTV loans, with the denial rate outpacing approvals by 17 percent. This indicates a barrier to access for everyone across the city, but the heaviest burdens fall on communities of color. The result is disproportionate opportunities to maintain aging homes, exacerbating deferred maintenance and accelerating neighborhood decline, reinforcing disinvestment.

Figure 7: Subordinate Lien Approval and Denial Rates by Chicago Regions (2021-2024)



Source: Author's calculations; Home Mortgage Disclosure Act (2021-2024)

^[22] City of Chicago region boundaries:

https://www.chicago.gov/dam/city/depts/cdph/policy_planning/PP_PlanningRegions101810.pdf

^[23] U.S. Census Bureau American Community Survey 5-Year Survey 2023

Median Age of Housing and Lending Outcomes by Geography

The age of the housing stock across Cook County provides additional context for understanding patterns in home improvement loan demand and outcomes by race. Homes built before 1939 are seen throughout many of Chicago's neighborhoods, and the cost to maintain them can be burdensome. In 2023, national homeowner spending for homes built before 1980, on average, was 24 percent higher than spending on homes built since 2010, and maintenance spending was 76 percent higher^[24]. But just because a home is older does not mean it is poorly maintained; this is especially true for those with higher incomes and better lending outcomes. Unfortunately, in areas where housing is older, incomes tend to be lower, and there is a history of disinvestment, with limited cash and credit access. Specifically in Chicago, the Austin community area had the highest demand for home improvement applications (909), but only 21 percent of those loans originated (see Appendix Tables 4 and 5). The median age of homes in that community is over 65 years old, as shown in Appendix Map 1. In contrast, Lincoln Park, a community with more homes built after 1961, had the second largest application demand (752), and 49 percent of those loans were approved. Additionally, in Austin, only 24 percent of reported loans had an LTV over 80 percent, and 31 percent of all reported loans in Lincoln Park (see Appendix Tables 4 and 5).

For subordinate liens, Austin had the highest demand for subordinate loans and only 22 percent originated, while Lincoln Park, second in subordinate lien application demand, had 50 percent of loans originated. The share of reported subordinate loans with an LTV ratio over 80 percent for Austin and Lincoln Park were 31 and 38 percent, respectively. There is a clear disparity in access to home improvement loans across communities, and it may not be equity-dependent.

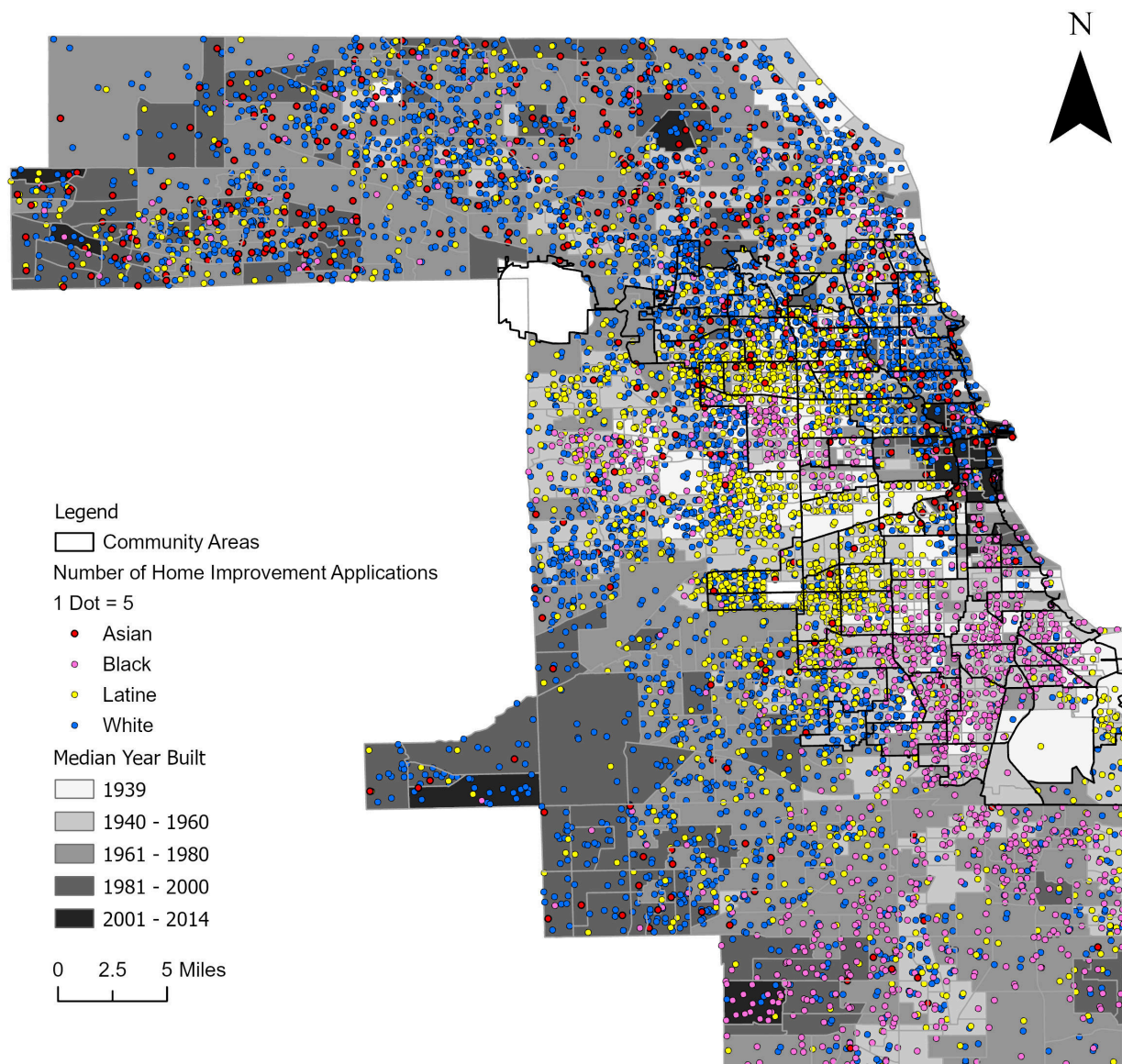
The distribution of first and subordinate lien applications and originations highlights the disconnect between where home improvement loans are needed and where they are approved, as shown in Maps 1 and 2. Map 1 shows where applications are submitted across Cook County, particularly in Chicago, and there is an increased density in areas where the median year housing was built before 1960. In contrast, Map 2 shows that originations are not evenly distributed geographically or by applicant race or ethnicity, with approvals clustering in north Cook County and north Chicago. As the data show, access to

^[24] Joint Center for Housing Studies of Harvard University. Improving America's Housing 2025. Cambridge, MA: Joint Center for Housing Studies of Harvard University, 2025. https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Improving_Americas_Housing_2025.pdf

home improvement loans in the Far South, Southeast, and West regions of Chicago, and for Black and Latine applicants, is significantly limited. This disconnect between the demand for and approval of home improvement loans indicates the restricted access to opportunities to maintain and repair homes, reinforcing the risk of deferred maintenance and deterioration in areas with historic disinvestment, neighborhood destabilization, and displacement.

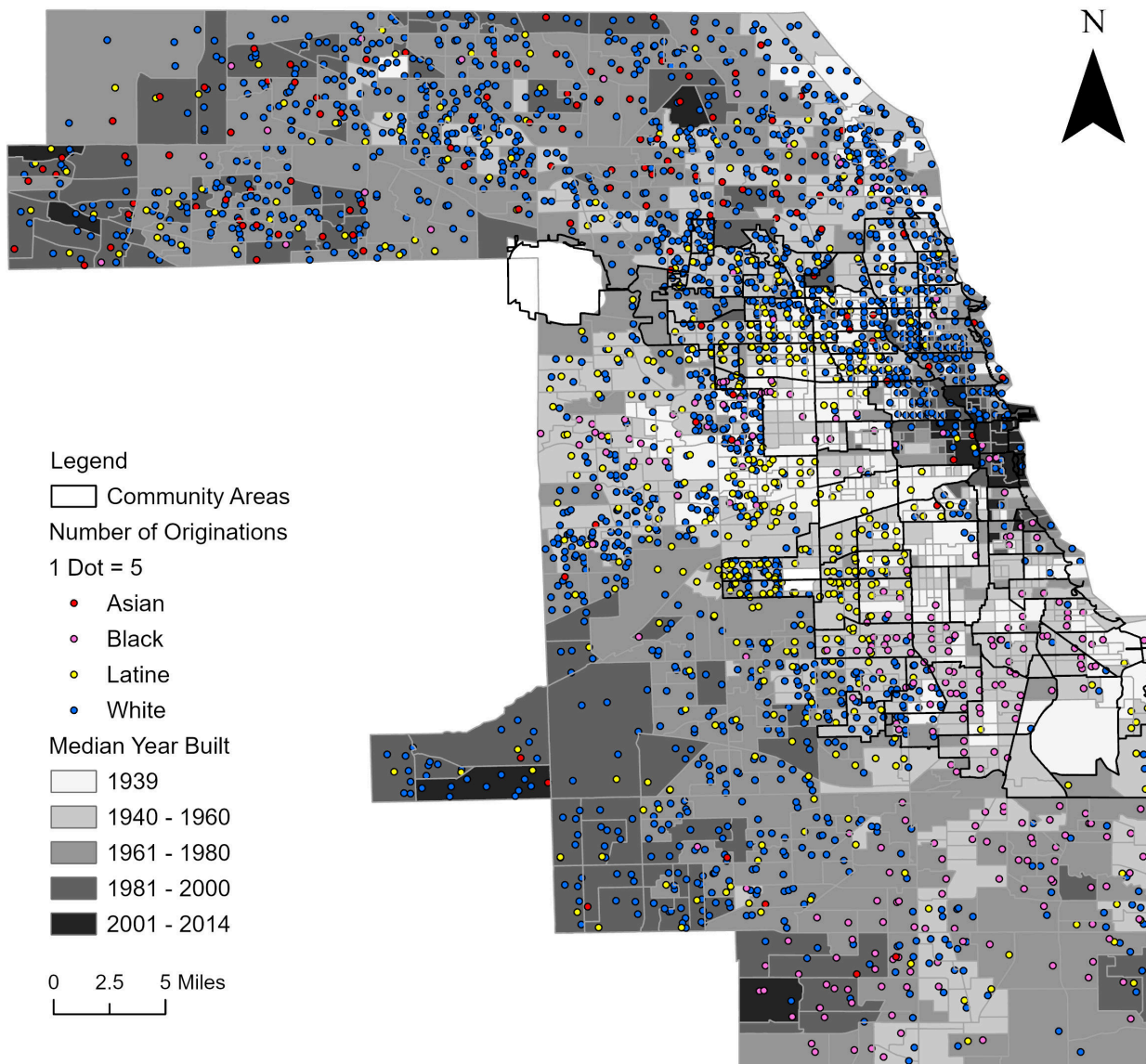
These patterns of disparities highlight how financial institutions, potentially constrained by stringent underwriting standards and limited home improvement loan products, fail to meet the financing needs of homeowners seeking credit. As a result, efforts have shifted to policy and advocacy interventions aimed at filling the gap.

Map 1: Cook County First and Subordinate Lien Home Improvement Loan Applications (2021-2024) and Median Year Built by Census Tract



Source: Author's calculations, Home Mortgage Disclosure Act (2021-2024); U.S. Census Bureau, 2023 ACS 5-Year Estimates (B25035) Note: Mortgage lending activity with less than 5 occurrences per census tract will not be displayed.

Map 2: Cook County First and Subordinate Lien Home Improvement Loan Originations (2021-2024) and Median Year Built by Census Tract



Source: Author's calculations, Home Mortgage Disclosure Act (2021-2024); U.S. Census Bureau, 2023 ACS 5-Year Estimates (B25035) Note: Mortgage lending activity with less than 5 occurrences per census tract will not be displayed.

Current Policy & Advocacy Efforts

Several policy and grant initiatives have emerged to address barriers to accessing credit that improve aging housing stock and preserve homeownership. At the federal level, the proposed Whole Home Repairs Act would expand access to grants and low-interest loans for essential repairs and energy-efficiency upgrades, directly targeting issues of aging and deteriorating housing stock.

In Illinois, the Fix Our Homes Illinois campaign and coalition, founded and coordinated by Housing Opportunities and Maintenance for the Elderly (H.O.M.E.), worked on passing HB 5506, the Senior Home Preservation Program Act, in 2024. This bill focuses on serving low-income senior homeowners in the way they prefer: direct service, along with funding workforce development. According to H.O.M.E., a frequent complaint from south and west side homeowners in Chicago and from rural areas in Illinois is that there are simply too few contractors available to affect home improvement projects, or even willing to travel to their homes. Workforce development must be an essential component of any home repair ecosystem.

This bill gained unanimous bipartisan support in concept by the Human Services Committee; the reason it did not advance is that the bill needed more detail. In 2026, Fix Our Homes Illinois is reintroducing a revised bill with additional data, an appropriation proposal, and the support of various partners, including Habitat for Humanity affiliates, Housing Action Illinois, Illinois Anti-Foreclosure Coalition, Teamwork Englewood, Chicago Bungalow Association, DePaul Institute for Housing Studies, University of Chicago, Woodstock Institute, and more.

There are various grant and low-interest loan programs disbursed by the United States Department of Agriculture (USDA), Illinois Housing and Development Authority (IHDA), the City of Chicago, and Cook County to support homeowners in need of home repairs. The USDA's Section 504 Home Repair program offers loans to very low-income homeowners and grants to very low-income elderly homeowners to repair and improve homes or mitigate health and safety hazards. The Home Repair and Accessibility Program through IHDA administers grants to a network of grantees around the state, where low- and very low-income homeowners can apply for funding to support health and safety repairs and accessibility improvements. Unfortunately, the City of Chicago has narrowed its offerings for home repair programs, having eliminated its CDBG-funded Small Accessible Repairs for Seniors (SARFS) program as of 2025, in which delegated agencies, including H.O.M.E., repaired over 300 low-income seniors' homes annually. Chicago's Home Repair Program offers repairs to roofs, porches, and small accessibility projects for those who meet income guidelines, but its waiting list only opened for ten days in March 2025 due to

capacity^[25]. Chicago's HomeMod Program, which currently has an equally long waitlist, offers accessibility modifications for low-income residents with disabilities.

Several local initiatives have emerged to help residents finance essential home repairs. Chicago Community Trust's Stay in Place Initiative works directly with community organizations, like The Resurrection Project and Chicago Bungalow Association in partnership with UnBlocked Englewood. This program provides funding for underserved communities, seniors, and long-term residents to repair homes, preserve homeownership, and stabilize neighborhoods. There are also home repair microloan programs provided locally by The Resurrection Project, a Community Development Financial Institution (CDFI), currently offering a 4.99 percent fixed interest rate on loans up to \$30,000 for home repairs and improvements, and energy efficiency upgrades. This innovative program offers lending alternatives outside of traditional financial institutions to fund home improvement projects in specific neighborhoods across the city. While these efforts demonstrate recognition of the financing gap, funding is incredibly constrained, and reach remains limited relative to the scale of need demonstrated in Cook County.

^[25] Walk-Morris, Tatiana. "After Cutting Program, City Can't Meet Demand For Home Repair Help." Block Club Chicago, July 14, 2025. <https://blockclubchicago.org/2025/07/14/after-cutting-program-city-cant-meet-demand-for-home-repair-help/>.

Conclusion

Across Cook County and Chicago, many residents face challenges accessing credit to improve their homes, yet lenders are currently falling short of meeting this critical need. Without responsive and flexible loan products, lenders may be contributing to deferred maintenance, neighborhood decline, and the erosion of generational wealth, especially in communities with historic disinvestment and to borrowers with limited or fixed incomes.

Innovative loan products and partnerships for LMI homeowners can help bridge the persistent home repair financing gap while also qualifying for CRA consideration. Lenders could partner with CDFIs or non-profit lenders to expand access through targeted microloan programs that provide low-interest or deferred payment options for LMI homeowners. Shared-risk lending models, where lenders, philanthropic organizations, the federal government, or public entities could collaborate to serve borrowers who might not meet traditional underwriting standards. These shared-risk models help make credit more available and affordable to borrowers and reduce risk to involved parties. These approaches not only address barriers to credit but also align lending institutions with broader community stabilization and wealth-building opportunities.

There have been considerable efforts at the federal, state, and local levels through advocacy and grant programs, but due to the scale of these issues, more is needed from lending institutions. These trends reiterate the need for new approaches to financing, as well as direct in-kind home repair or modification services and grant funding that can preserve housing stability and equity across the region. Additionally, regulators, through stronger enforcement of fair lending and consumer financial protection laws, should encourage the development of financial products that serve LMI households and those living in disinvested communities.

Appendix

Appendix Table 1: First Lien Origination and Denial Rates by Amount Requested and Age and Share of Loans with an LTV greater than 80 percent

First Lien Applications	Under 65			Over 65		
Illinois	Origination Rate	Denial Rate	LTV>80	Origination Rate	Denial Rate	LTV>80
Greater than \$75,000	45%	33%	10%	49%	28%	6%
Less than \$75,000	31%	49%	5%	43%	33%	2%
All	38%	41%	8%	46%	30%	4%
Cook County, IL						
Greater than \$75,000	38%	40%	11%	41%	33%	5%
Less than \$75,000	21%	58%	3%	31%	45%	1%
All	32%	47%	8%	36%	39%	3%
Chicago, IL						
Greater than \$75,000	33%	44%	11%	34%	41%	7%
Less than \$75,000	18%	61%	3%	26%	53%	1%
All	27%	51%	8%	30%	47%	4%

Source: Author's calculations; Home Mortgage Disclosure Act (2021-2024)

Appendix Table 2: Subordinate Lien Origination and Denial Rates by Amount Requested and Age and Share of Loans with an LTV greater than 80 percent

Subordinate Lien Applications	Under 65			Over 65		
	Origination Rate	Denial Rate	LTV>80	Origination Rate	Denial Rate	LTV>80
Illinois						
Greater than \$75,000	52%	32%	37%	44%	38%	20%
Less than \$75,000	46%	38%	36%	42%	39%	19%
All	48%	36%	37%	43%	38%	19%
Cook County, IL						
Greater than \$75,000	47%	37%	38%	38%	43%	21%
Less than \$75,000	37%	46%	38%	32%	49%	20%
All	41%	42%	38%	34%	47%	21%
Chicago, IL						
Greater than \$75,000	44%	41%	39%	29%	55%	20%
Less than \$75,000	34%	48%	39%	27%	53%	18%
All	38%	46%	39%	28%	54%	19%

Source: Author's calculations; Home Mortgage Disclosure Act (2021-2024)

Appendix Table 3: Chicago Regions First and Subordinate Lien Share of Loans with an LTV ratio greater than 80 percent

Chicago Region	Total loans with LTV greater than 80	Total loans with LTV reported	Share of loans with an LTV greater than 80
First Lien			
Central	11	133	8.30%
Far South	37	529	7.00%
North	36	520	6.90%
Northwest	39	822	4.70%
Southeast	43	598	7.20%
Southwest	68	792	8.60%
West	23	357	6.40%
Subordinate Lien			
Central	173	415	41.70%
Far South	385	943	40.80%
North	784	2,101	37.30%
Northwest	1,297	3,760	34.50%
Southeast	456	1,199	38.00%
Southwest	657	2,103	31.20%
West	331	801	41.30%

Source: Author's calculations; Home Mortgage Disclosure Act (2021-2024)

Appendix Table 4: Top 20 Chicago Community Areas First and Subordinate Lien Home Improvement Loan Applications, Originations, Denials, and Share of Reported Loans with an LTV > 80 percent (2021-2024)

Rank	Community Area	Applications	Origination Rate	Denial Rate	Share of loans with an LTV greater than 80
1	Austin	909	21%	61%	24%
2	Lincoln Park	752	49%	31%	31%
3	Belmont Cragin	649	31%	52%	27%
4	Logan Square	603	43%	40%	28%
5	West Town	594	42%	41%	36%
6	Auburn Gresham	562	22%	58%	30%
7	Irving Park	519	46%	36%	25%
8	Edgewater	504	40%	40%	27%
9	Ashburn	501	31%	53%	31%
10	Morgan Park	493	32%	51%	31%
11	West Ridge	487	35%	41%	32%
12	North Center	483	53%	32%	30%
13	Greater Grand Crossing	458	16%	68%	22%

14	Clearing	445	51%	35%	24%
15	Lake View	418	43%	36%	34%
16	Washington Heights	415	28%	53%	32%
17	Chicago Lawn	372	22%	60%	25%
18	Garfield Ridge	358	46%	37%	22%
19	Avondale	350	38%	45%	28%
20	Loop	342	39%	42%	37%

Source: Author's calculations; Home Mortgage Disclosure Act (2021-2024)

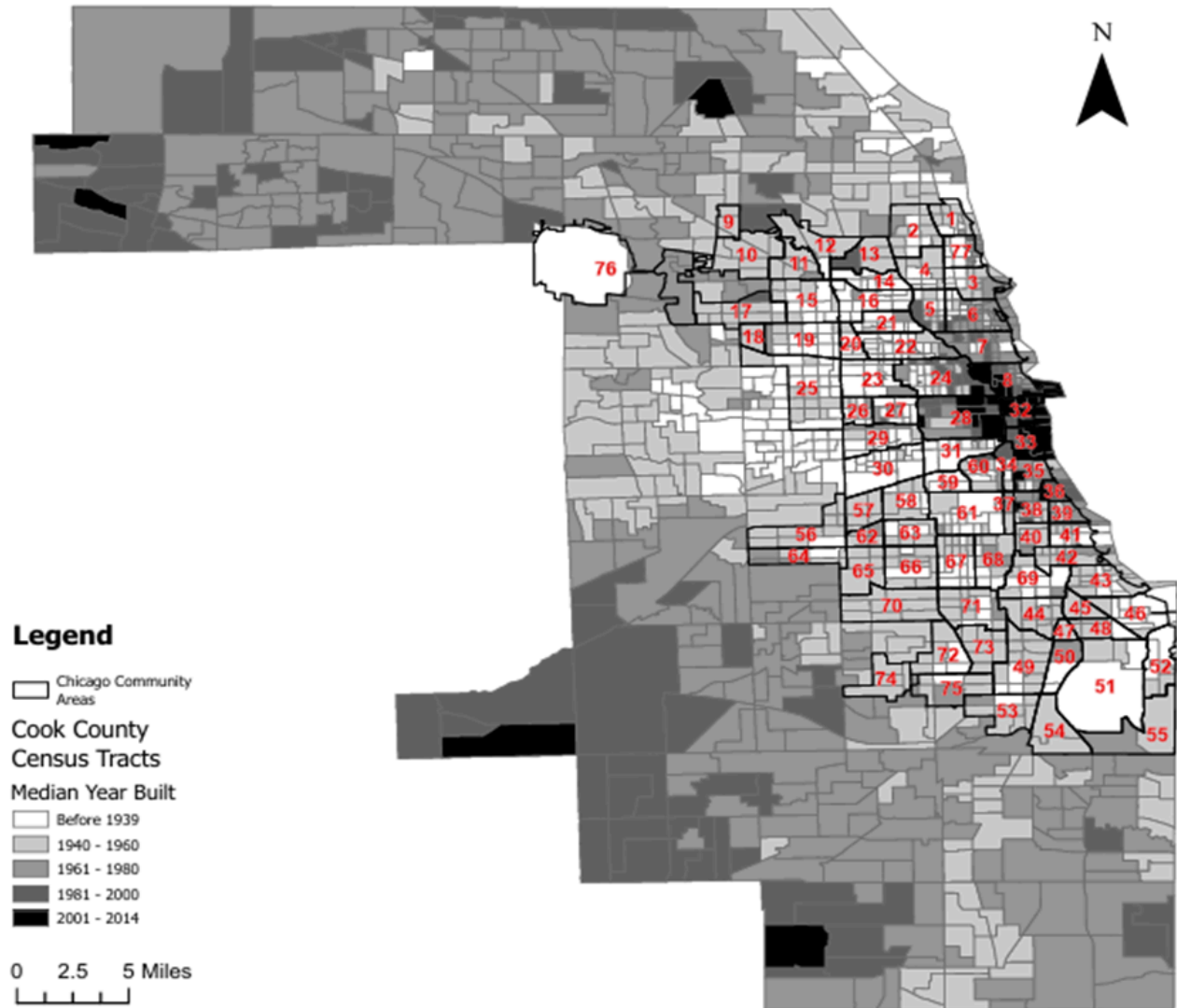
Appendix Table 5: Top 20 Chicago Community Areas Subordinate Lien Home Improvement Loan Applications, Originations, Denials, and Share of Reported Loans with an LTV > 80 percent (2021-2024)

Rank	Community Area	Applications	Origination Rate	Denial Rate	Share of loans with an LTV greater than 80
1	Austin	615	22%	62%	31%
2	Lincoln Park	604	50%	31%	38%
3	Belmont Cragin	520	29%	53%	32%
4	West Town	512	45%	39%	41%
5	Logan Square	498	46%	41%	32%
6	Irving Park	432	47%	37%	29%
7	North Center	420	55%	30%	34%
8	Ashburn	400	32%	57%	35%
9	Edgewater	390	45%	37%	32%
10	West Ridge	369	38%	40%	39%
11	Clearing	361	53%	34%	27%
12	Auburn Gresham	346	23%	60%	41%
13	Morgan Park	339	33%	49%	43%
14	Lake View	329	43%	34%	41%

15	Greater Grand Crossing	291	17%	67%	31%
16	Avondale	285	41%	44%	32%
17	Near West Side	281	41%	43%	43%
18	Edison Park	278	54%	30%	40%
19	Garfield Ridge	278	48%	38%	27%
20	Washington Heights	275	29%	55%	45%

Source: Author's calculations; Home Mortgage Disclosure Act (2021-2024)

Appendix Map 1: Cook County Census Tracts Median Year Built (2023)



1. Rogers Park	16. Irving Park	29. North Lawndale	40. Washington Park	53. West Pullman	Englewood
2. West Ridge	17. Dunning	30. South Lawndale	41. Hyde Park	54. Riverdale	68. Englewood
3. Uptown	18. Montclare	31. Lower West Side	42. Woodlawn	55. Hegewisch	69. Greater Grand Crossing
4. Lincoln Square	19. Belmont Cragin	32. Loop	43. South Shore	56. Garfield Ridge	70. Ashburn
5. North Center	20. Hermosa	33. Near South Side	44. Chatham	57. Archer Heights	71. Auburn Gresham
6. Lake View	21. Avondale	34. Armour Square	45. Avalon Park	58. Brighton Park	72. Beverly
7. Lincoln Park	22. Logan Square	35. Douglas	46. South Chicago	59. McKinley Park	73. Washington Heights
8. Near North Side	23. Humboldt Park	36. Oakland	47. Burnside	60. Bridgeport	74. Mount Greenwood
9. Edison Park	24. West Town	37. Fuller Park	48. Calumet Heights	61. New City	75. Morgan Park
10. Norwood Park	25. Austin	38. Grand Boulevard	49. Roseland	62. West Elsdon	76. O'Hare
11. Jefferson Park	26. West Garfield Park	39. Kenwood	50. Pullman	63. Gage Park	77. Edgewater
12. Forest Glen	27. East Garfield Park		51. South Deering	64. Clearing	
13. North Park	28. Near West Side		52. East Side	65. West Lawn	
14. Albany Park				66. Chicago Lawn	
15. Portage Park				67. West	

Source: U.S. Census Bureau, 2023 ACS 5-Year Estimates (B25035)

Note: Woodstock Institute analyzed Home Mortgage Disclosure Act (HMDA) reported applications for first and subordinate home improvement loans from 2021 to 2024, for principal residences. Mortgage origination rates are calculated by dividing the total number of originations for a specific race by the total number of applications for that race. Mortgage denial rates are calculated by dividing the total number of denials for that race by the total number of applications for that race. These data are from the Woodstock Institute Community Lending Data Portal. This portal includes aggregated and filtered Home Mortgage Disclosure Act (HMDA) mortgage lending data, Community Reinvestment Act small business lending data, United States Census Bureau American Community Survey socioeconomic and housing characteristics, Federal Deposit Insurance Corporation bank branch data, United States Postal Service active and vacant business address data, and Record Information Systems foreclosure data.



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