

Changing Patterns XXI:

Mortgage Lending to Traditionally Underserved Borrowers & Neighborhoods in Boston, 2013

M|C|B|C

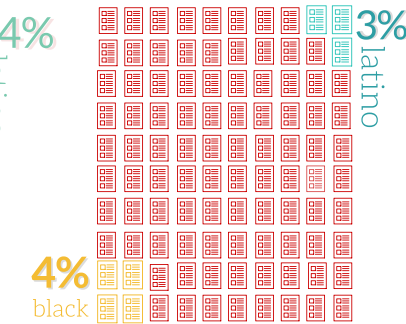
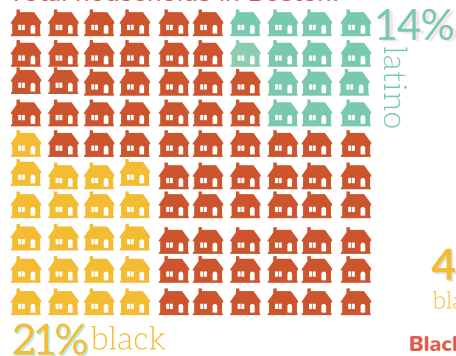
MASSACHUSETTS COMMUNITY & BANKING COUNCIL

WEBSITE: [HTTP://MCBC.INFO/](http://mcbc.info/)

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Black and Latino households are under-represented in conventional mortgage lending:

Total households in Boston:



Blacks and Latinos only receive 7% of conventional home loans in Boston.

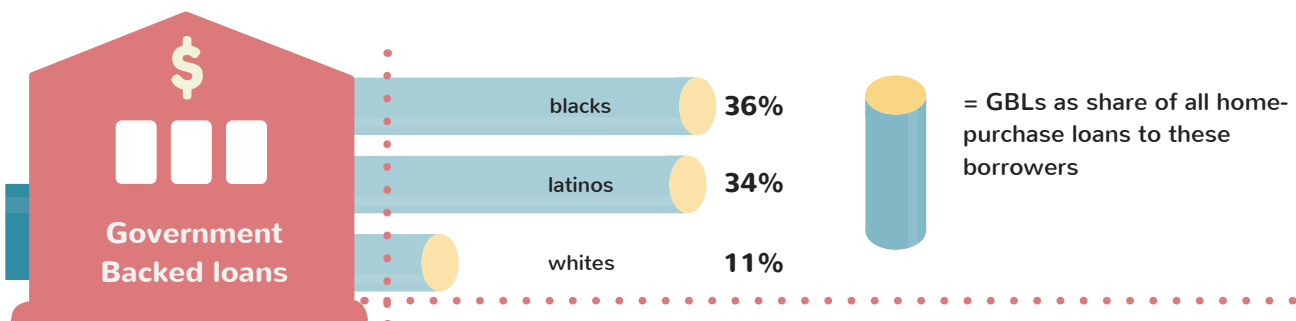
What is the CRA?

CRA is a federal and state law designed to encourage banks and credit unions to help meet the needs of borrowers in all segments of their communities, including low- and moderate-income neighborhoods.

What is a Government-backed loan?

GBLs are loans insured or guaranteed by FHA, VA or USDA. While a reasonable option for those unable to obtain conventional loans, GBLs may be more expensive and can indicate a lack of availability of conventional loans.

Black and Latino borrowers in Boston, Greater Boston and statewide were much more likely to receive Government-Backed Loans (GBL's) in 2013 than were their white or Asian counterparts.



Total home-purchase lending to blacks and Latinos in 2013 was highly concentrated in a small number of the state's cities and towns, and entirely absent in many others.

In 95 of MA's 351 cities and towns **there was not a single loan** to either a black or a Latino homebuyer.

Just **5** cities got

46%

of total home-purchase loans to blacks in MA

but only 11% of total home-purchase loans to whites

Boston
Brockton
Randolph
Springfield
Worcester

11 cities

account for

50%

of home-purchase loans to Latinos in MA (but only 14% to whites)

Lawrence, Boston, Springfield, Lynn, Worcester, Revere, Methuen, Haverhill, Lowell, Everett, and Brockton



Changing Patterns XXI: Mortgage Lending to Traditionally Underserved Borrowers & Neighborhoods in Boston, Greater Boston and Massachusetts, 2013 is MCBC's annual report providing information on mortgage lending in the City of Boston, in Greater Boston, in Massachusetts and in each of the state's thirty-three largest cities and towns. This report and its supplementary tables and definitions, as well as earlier reports in the Changing Patterns series, are available on MCBC's website at www.mcbc.info. The report was prepared for MCBC by Jim Campen, professor emeritus of economics at UMass Boston.

In Boston, Greater Boston, and Massachusetts in 2013, the denial rates on conventional (non-government-backed) home-purchase loan applications by blacks were strikingly high relative to the corresponding denial rates for whites.

The conventional loan denial rate was
25.9%
for blacks in Boston

Resulting in a black/white denial ratio of 4.0



*Loan denial rate for whites
The black/white denial rate disparity ratio was 3.0 in Greater Boston, and 2.7 statewide.

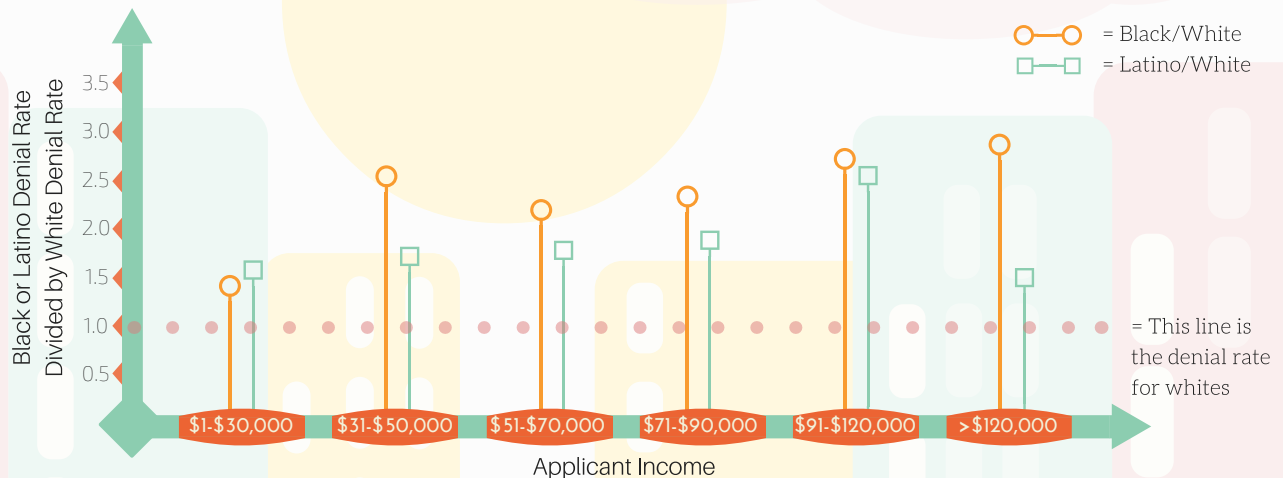
Latino denial rates:

Denial rate among Latinos in Boston for conventional home-purchase loans was approximately twice the denial rate for white applicants.

- Black/white and Latino/white denial rate disparity ratios were significantly lower for applications for government-backed loans.

The higher denial rates experienced by blacks and Latinos cannot be explained by their lower incomes.

When applicants in Greater Boston are grouped into income categories, the 2013 denial rates for blacks and for Latinos were, in every case, well above the denial rates for white applicants in the same income category.



For example, for applicants with incomes between \$91,000 and \$120,000, the black/white disparity ratios to 2.69 in Greater Boston, and the Latino/white disparity ratio was 2.57.

About MCBC:

The Massachusetts Community & Banking Council (MCBC) was established in 1990 to bring together community organizations and financial institutions to affect positive change in the availability of credit and financial services across Massachusetts by encouraging community investment in low and moderate income and minority group neighborhoods and providing research, other information, assistance and direction in understanding and addressing the credit and financial needs of low and moderate income individuals and neighborhoods.

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