

**Small Business Lending in  
Minority Neighborhoods  
in Massachusetts  
2007-2016**

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## FOREWORD

The Massachusetts Community & Banking Council (MCBC) is pleased to offer *Small Business Lending in Minority Neighborhoods in Massachusetts, 2007–2016*, its 19<sup>th</sup> report on small business lending patterns. The report includes data on small business lending trends in minority neighborhoods in Massachusetts from 2007 to 2016 with comparisons to lending trends in majority white neighborhoods and with comparisons to local demographic characteristics. The primary goal of this report is to contribute to improved credit flows to small businesses across Massachusetts, particularly in minority neighborhoods, by presenting a careful description of small business lending trends.

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.

MCBC's Economic Development Committee, which includes representatives from city and state programs, regulatory agencies, community and non-profit organizations and financial institutions, oversees preparation of this report and works to identify other ways to leverage public and private resources to support small business development. The Committee regularly hosts speakers from a variety of city, state and community-based programs that assist small businesses and promote economic development in low- and moderate-income areas. Further information on MCBC's committees and programs, along with other MCBC reports, are also available on MCBC's website.

This report and its supplementary tables, as well as earlier reports from the Economic Development Committee, are available on MCBC's website at [www.mcbc.info](http://www.mcbc.info). Other MCBC reports are also available at this website, together with further information on MCBC's committees and programs.

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MCBC's 2017 Community Partners include ACCION, Community Teamwork, Inc., Dudley Square Main Streets, ESAC, the Fair Housing Center of Greater Boston, Interise, the Massachusetts Affordable Housing Alliance, the Massachusetts Association of CDCs, the Massachusetts Housing Partnership, MassHousing, the Metropolitan Boston Housing Partnership, the Somerville Community Corporation, South Eastern Economic Development (SEED) Corporation, and The Neighborhood Developers. Government Agency and Other Partners include City of Boston Department of Neighborhood Development, Consumer Credit Counseling Services, Don't Borrow Trouble (Freddie Mac), FDIC Money Smart Program, Federal Reserve Bank of Boston, Massachusetts Bankers Association, Massachusetts Credit Union League, Massachusetts Division of Banks, Massachusetts Mortgage Bankers Association.

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## EXECUTIVE SUMMARY

This report reviews the small business lending trends in minority neighborhoods in Massachusetts from 2007 to 2016 with comparisons to lending trends in majority white neighborhoods and with comparisons to local demographic characteristics. For the purposes of this report, minority neighborhoods are defined to be those neighborhoods where minorities represent the majority (i.e. more than 50% of the local population). Such neighborhoods, defined in terms of census tracts, have expanded substantially over the past thirty years in both Massachusetts and many other parts of the country as the overall minority population has grown.

The topic of bank lending in minority neighborhoods has been an important focus for banks and regulators for decades due to the fact that such communities have been associated with redlining in the past and have historically experienced higher application denial rates than majority white areas. The topic has gained heightened attention in the wake of the financial crisis of 2008 and has been at the center of United States Justice Department complaints against several banks in recent years as well as more rigorous scrutiny during fair lending examinations.

The primary goal of this report is to contribute to improved credit flows to small businesses across Massachusetts, particularly in minority neighborhoods, by presenting a careful *description* of small business lending trends that interested parties can agree is fair and accurate. It is beyond the scope of this report to offer either an *explanation* of why the observed outcomes have occurred or an *evaluation* of how well lenders have performed. Rather, this report's descriptive contribution is intended to be one input to the complex, on-going tasks of explanation and evaluation.

- The number and size of minority neighborhoods in Massachusetts has increased significantly over the past few decades as the state's minority population growth has outpaced white population growth. In 1990 there were just 106 minority census tracts in the state accounting for 8.0% of the total census tracts in the state and 5.7% of the state's population, compared to 246 such census tracts today representing 16.7% of total census tracts and 15.2% of the total population. In terms of population numbers, there are currently over 1 million Massachusetts residents living in minority census tracts in the state, compared to under 350,000 resident in 1990.
- Census tracts where minorities represent the majority population are located in 8 of the 14 counties that make up the Commonwealth, including Bristol, Essex, Hampden, Middlesex, Norfolk, Plymouth, Suffolk, and Worcester Counties.
- Lenders originated a total of 12,119 small business loans for \$452.8 million in minority areas in Massachusetts in 2016, representing 8.5% of the total number of CRA-reported loans in the state and 9.0% of the total dollar amount of loans. The volume of small business loan originations in 2016 was more or less in line with the percentage of firms in minority areas (9.0%) but was somewhat less than one might expect based on the percentage of the population in minority areas (13.6%).
- While the number of loans originated in minority areas remains below the levels that were reached before the financial crisis, the dollar amount of originations in minority areas are at an all-time high. Originations in minority areas increased by 134.3% in terms of the number of loans and by 143.1% in terms of the dollar amount of loans since 2010 when loan volume reached its recent lows, compared to increases of 43.6% and 38.1% in white areas.
- The average small business loan size in minority areas in Massachusetts was \$37,000 in 2016 compared to \$35,000 in majority white areas. The average loan size in both minority areas and majority white areas trended up during the years immediately following the recent financial crisis (from 2007 to 2013) but the trend reversed beginning in 2014 as the average loan size edged down slightly from 2014 to 2016. The data suggest that smaller loan amounts, likely in the form of small business credit card loans, have experienced a degree of recovery.

- Businesses received \$873,000 per 100 firms in minority areas in Massachusetts in 2016 compared to \$871,000 in majority white areas and the overall differences in lending rates have generally narrowed over the past five years. At the same time, majority white areas in Massachusetts have experienced overall higher lending rates compared to minority areas in 7 of the past 10 years.
- Massachusetts, which has the 23rd largest population in the country living in minority areas, ranked 24<sup>th</sup> in terms of the number of loans in 2016 and 26<sup>th</sup> in terms of the dollar amount of loans. When measured as a percentage of total loans in the state, Massachusetts ranked 31<sup>st</sup> in terms of the percentage of the number of loans in minority areas and 34<sup>th</sup> in terms of the percentage of the dollar amount of loans.
- From 2012 to 2016, small business loan volume has increased more in minority areas compared to white areas in 4 of the 8 counties in Massachusetts that have minority areas. Minority areas in Essex, Middlesex, Plymouth, and Suffolk counties recorded larger increases in loans in minority areas compared to white areas, while Bristol, Hampden, Norfolk, and Worcester Counties recorded larger increases in white areas.
- Small business lending rates in 2016 were higher in minority areas compared to majority white areas in 5 of the 8 counties in Massachusetts that have minority areas including Bristol, Essex, Middlesex, and Worcester. Lending rates were higher in majority white areas in Hampden, Norfolk, Plymouth, and Suffolk Counties.

## INTRODUCTION

This report reviews the small business lending trends in minority neighborhoods in Massachusetts from 2007 to 2016 with comparisons to lending trends in majority white neighborhoods and with comparisons to local demographic characteristics. For the purposes of this report, minority neighborhoods are defined to be those neighborhoods — where minorities represent the majority (i.e. more than 50% of the local population). Such neighborhoods, defined in terms of census tracts, have expanded substantially over the past thirty years in both Massachusetts and many other parts of the country as the overall minority population has grown.

The topic of bank lending in minority neighborhoods has been an important focus for banks and regulators for decades due to the fact that such communities have been associated with redlining in the past and have historically experienced higher application denial rates than majority white areas. The topic has gained heightened attention in the wake of the financial crisis of 2008 and has been at the center of Justice Department complaints against several banks in recent years as well as more rigorous scrutiny during fair lending examinations.

These days the topic of lending in minority neighborhoods is often associated with the term REMA, or reasonably expected market area, which refers to the geographic area used by bank regulators in their fair lending analyses. Examiners typically base their REMA evaluations on analyses of mortgage application data collected under the Home Mortgage Disclosure Act (HMDA) and, to a lesser extent, small business loan data collected under the Community Reinvestment Act (CRA), both of which are released to the public in the form of annual national databases. Fair lending evaluations generally base their conclusions on statistical comparisons of a bank's lending volume in minority areas, measured as a percentage of total volume, versus the aggregate lending trends of other lenders in the same market area as well as the local demographic makeup. Depending on the demographic makeup of the geographic area involved, examiners may place additional emphasis on lending within communities where the black and Hispanic populations constitute a majority (as opposed to a combination of all minorities) due to the historically larger disparities involving lending rates in these communities. Regulators have undertaken a number of industry conferences in recent months that have heightened awareness of REMA-based reviews among bank compliance officers and encouraged banks to undertake their own self-reviews.

While the annual HMDA database contains substantially more information with respect to borrower characteristics compared to the CRA database, including race, gender, and income, both databases include the same geographic level of detail which is required to conduct an analysis of lending trends within minority neighborhoods. It is, however, important to note the distinction between lending in minority neighborhoods, which is the focus of this report, versus lending to minority borrowers, which is not available within the CRA database since the race of the borrower is not collected for small business loans. Consequently, small business loans made in minority neighborhoods include loans to both minority-owned businesses and white-owned businesses that operate within a given neighborhood. Such a distinction is not typically explored as part of a REMA-based fair lending examination, rather the two topics are evaluated under separate examination protocols.

This report utilizes the annual CRA data as well as annual census data released by Federal Financial Institution Examination Council (FFIEC) to analyze small business lending trends in minority areas in Massachusetts with an emphasis on areas where blacks and Hispanics represent the majority. For the purposes of the CRA reporting requirements, small business loans are defined as business loans and commercial real estate loans with original amounts of \$1 million or less.

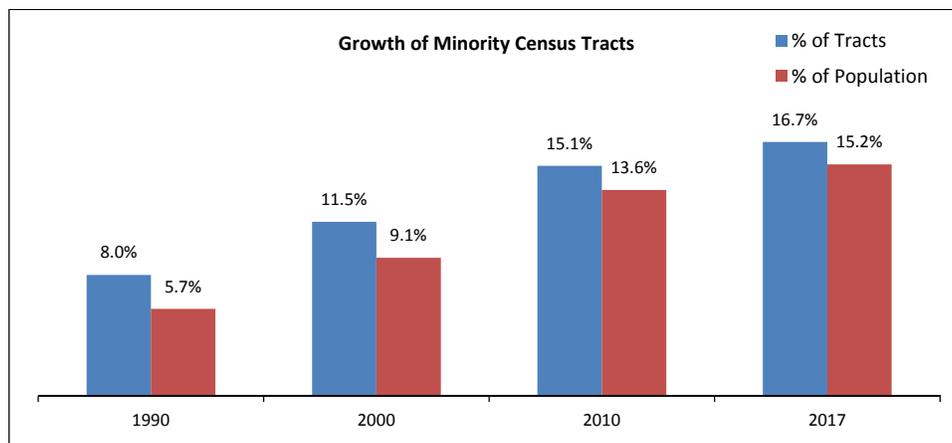
The primary goal of this report is to contribute to improved credit flows to small businesses across Massachusetts, particularly in minority neighborhoods, by presenting a careful *description* of small business lending trends that interested parties can agree is fair and accurate. It is beyond the scope of this report to offer either an *explanation* of why the observed outcomes have occurred or an *evaluation* of how well lenders have performed. Rather, this report's descriptive contribution is intended to be one input to the complex, on-going tasks of explanation and evaluation.

## MINORITY NEIGHBORHOOD DEMOGRAPHICS

The number and size of minority neighborhoods in Massachusetts has increased significantly over the past few decades as the state’s minority population growth has outpaced white population growth. In 1990 there were just 106 minority census tracts in the state accounting for 8.0% of the total census tracts in the state and 5.7% of the state’s population, compared to 246 such census tracts today representing 16.7% of total census tracts and 15.2% of the total population. In terms of population numbers, there are currently over 1 million Massachusetts residents living in minority census tracts in the state, compared to under 350,000 residents in 1990.

**Minority Census Tracts in Massachusetts**

Year	# of Census Tracts	% of Total	Total Population	% of Total
1990	106	8.0%	343,441	5.7%
2000	156	11.5%	577,346	9.1%
2010	223	15.1%	887,621	13.6%
2017	246	16.7%	1,022,007	15.2%



The increase in the number of minority census tracts is correlated to the growth in the state’s minority population in recent years. There are over 1.5 million minorities residing in Massachusetts today which accounts for 23.9% of the total state population. The minority population in the state has increased by 49.8% since 2000 while the white population of the state has declined by 4.2%.

**Minority Population in Massachusetts**

Race/Ethnicity	Total Population	% of Total	% Change 2000 to 2017
Asian	398,722	5.9%	67.2%
Black	434,326	6.5%	36.4%
Hispanic	707,928	10.6%	65.1%
Other Minorities	182,285	2.7%	10.4%
White	4,982,325	74.3%	-4.2%
Grand Totals	6,705,586	100.0%	5.6%
Minority Totals	1,723,261	25.7%	49.8%

Note: 2017 census data is shown in the tables and chart on this page to illustrate the continuing growth of minority areas and minority population in Massachusetts. However, it should be noted that 2016 census data is used in the all other sections of this report since the CRA small business lending data only extends through 2016.

A closer analysis of the minority census tracts in Massachusetts shows that there are 4 Asian majority tracts, 31 black majority tracts, 56 Hispanic majority tracts, 59 tracts where blacks and Hispanics combined constitute the majority, and 73 tracts where a combination of all minorities constitute the majority.

Type of Majority	# of Census Tracts	% of Total	Total Population	% of Total
Asian Majority	4	0.3%	13,721	0.2%
Black Majority	31	2.1%	117,656	1.8%
Hispanic Majority	56	3.8%	215,214	3.3%
Black+Hispanic Majority	59	4.0%	209,922	3.2%
Other Majority	73	5.0%	331,108	5.1%
White Majority	1,244	84.5%	5,660,008	86.4%
Not Available	5	0.3%	0	0.0%
Totals	1,472	100.0%	6,547,629	100.0%

Census tracts where minorities represent the majority population are located in 8 of the 14 counties that make up the Commonwealth, including Bristol, Essex, Hampden, Middlesex, Norfolk, Plymouth, Suffolk, and Worcester Counties. More detailed information regarding small business lending trends within these counties is presented in later sections of this report. The six counties in Massachusetts that do not contain any minority census tracts include Barnstable, Berkshire, Dukes, Franklin, Hampshire, and Nantucket Counties.

**Minority Census Tracts by County - 2016**

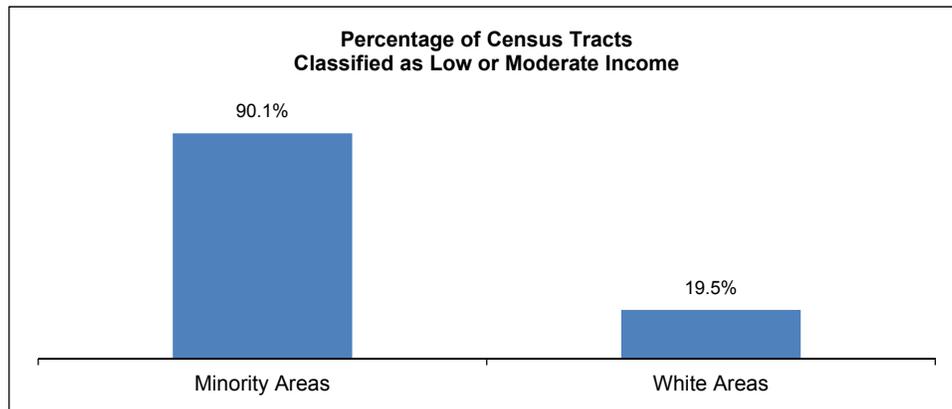
County	Minority Area Totals						Grand Totals – All Areas		
	# of Tracts	% of Total	Population	% of Total	# of Firms	% of Total	Total # of Tracts	Total Population	Total # of Firms
Barnstable	--	--	--	--	--	--	56	215,888	27,610
Berkshire	--	--	--	--	--	--	39	131,219	12,148
Bristol	6	4.8%	15,333	2.8%	738	1.9%	125	548,285	39,259
Dukes	--	--	--	--	--	--	4	16,535	2,528
Essex	31	19.1%	121,354	16.3%	6,724	10.6%	162	743,159	63,535
Franklin	--	--	--	--	--	--	18	71,372	6,456
Hampden	35	34.0%	138,780	29.9%	8,877	28.5%	103	463,490	31,140
Hampshire	--	--	--	--	--	--	36	158,080	12,607
Middlesex	26	8.2%	113,866	7.6%	7,116	5.0%	318	1,503,085	142,990
Nantucket	--	--	--	--	--	--	5	10,172	2,329
Norfolk	8	6.2%	48,083	7.2%	2,857	4.5%	130	670,850	63,958
Plymouth	14	14.0%	63,938	12.9%	3,641	8.9%	100	494,919	41,030
Suffolk	91	44.6%	335,399	46.5%	17,409	26.2%	204	722,023	66,566
Worcester	12	7.0%	50,868	6.4%	4,503	7.4%	172	798,552	61,234
Totals	223	15.1%	887,621	13.6%	51,865	9.0%	1,472	6,547,629	573,390

The distribution of minority census tracts by city/town is presented in the following tables. As noted above, more detailed information regarding the racial makeup of the minority tracts across the state are provided in later sections of this report.

**Minority Census Tracts by City/Town - 2016**

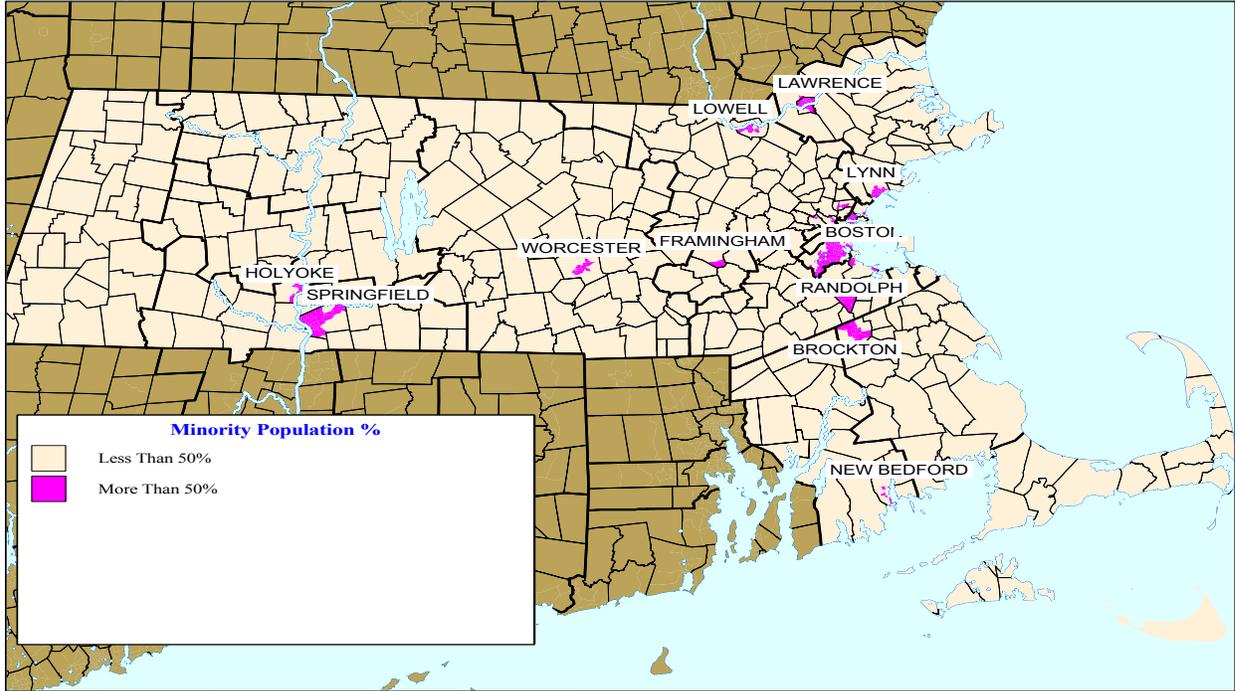
County	City/Town	# of Tracts	Population
Bristol	New Bedford	6	15,333
Essex	Lawrence	17	69,223
Essex	Lynn	12	44,052
Essex	Methuen	1	4,175
Essex	Salem	1	3,904
Hampden	Holyoke	7	21,928
Hampden	Springfield	28	116,852
Middlesex	Cambridge	4	16,072
Middlesex	Everett	1	4,365
Middlesex	Framingham	3	15,186
Middlesex	Lowell	12	45,878
Middlesex	Malden	3	16,773
Middlesex	Somerville	3	15,592
Norfolk	Quincy	3	15,971
Norfolk	Randolph	5	32,112
Plymouth	Brockton	14	63,938
Suffolk	Boston	83	295,659
Suffolk	Chelsea	7	33,112
Suffolk	Revere	1	6,628
Worcester	Worcester	12	50,868
Totals		223	887,621

As one might expect, census data has historically shown a strong correlation between race and income level in Massachusetts and across the country in that areas with higher minority populations generally have lower income levels. Based on the 2016 FFIEC census data, 90.1% of minority census tracts in Massachusetts are classified as either low or moderate income, while only 19.5% of majority white census tracts are so classified.

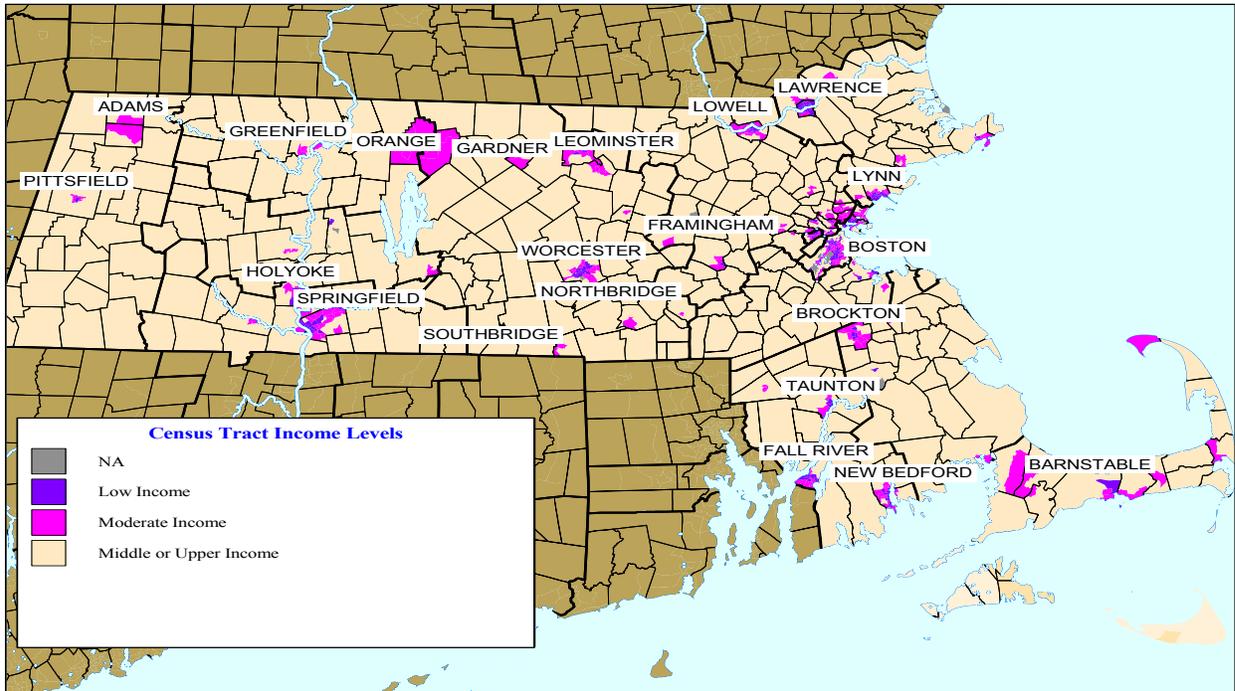


Maps showing the distribution of minority areas and lower income areas in Massachusetts are provided on the following page.

MAP: Minority areas are shaded pink



MAP: Low and moderate income areas are shaded purple and pink respectively

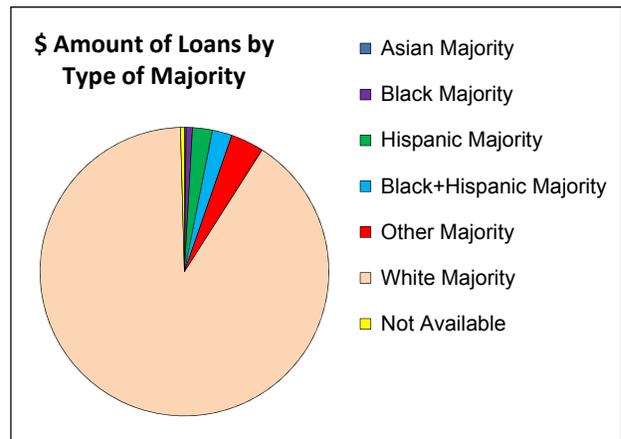
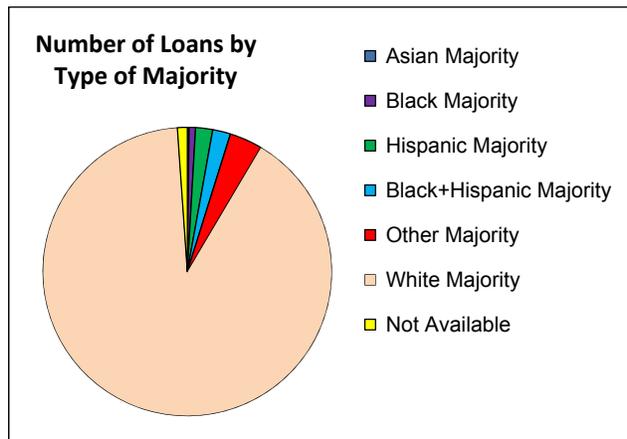


**SMALL BUSINESS LOAN VOLUME IN MINORITY AREAS**

Lenders originated a total of 12,119 small business loans for \$452.8 million in minority areas in Massachusetts in 2016, representing 8.5% of the total number of CRA-reported loans in the state and 9.0% of the total dollar amount of loans. The volume of small business loan originations in 2016 was more or less in line with the percentage of firms in minority areas (9.0%) but was somewhat less than one might expect based on the percentage of the population in minority areas (13.6%).

Loans in black and Hispanic areas accounted for more than half of all loans in minority areas. Lenders originated a total of 6,606 small business loans for \$257.1 million in minority areas in Massachusetts in 2016, representing 4.6% of the total number of loans in the state and 5.1% of the dollar amount of loans. The volume of small business loans in black and Hispanic areas were similarly in line with the percentage of firms in black and Hispanic areas (5.1%) but somewhat less than one might expect based on the population totals (8.3%).

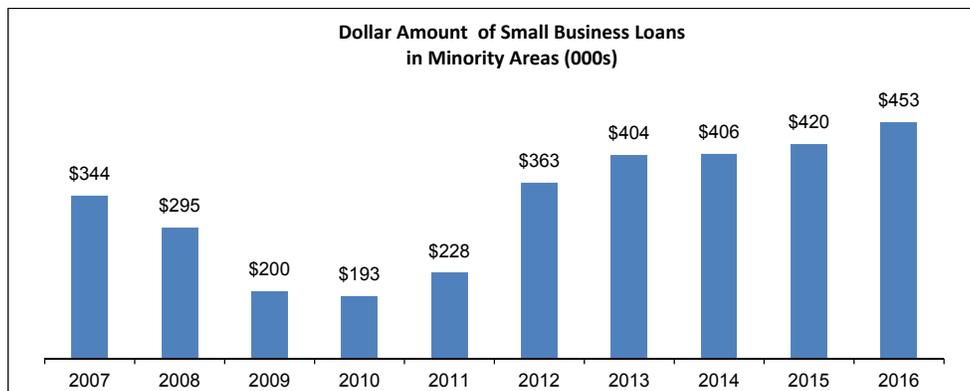
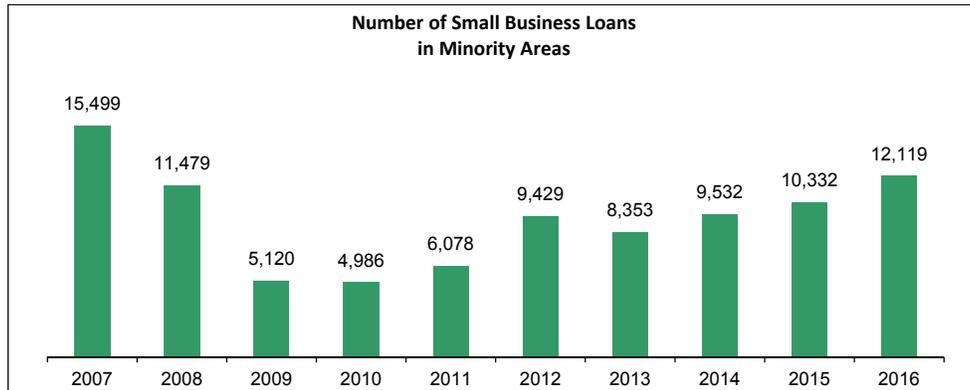
Type of Majority	Number of Loans	% of Total	Amount of Loans (\$000s)	% of Total	Total Population	% of Total	Number of Firms	% of Total
Asian Majority	288	0.2%	\$9,448	0.2%	13,721	0.2%	1,175	0.2%
Black Majority	1,031	0.7%	\$34,977	0.7%	117,656	1.8%	5,366	0.9%
Hispanic Majority	2,712	1.9%	\$111,874	2.2%	215,214	3.3%	11,977	2.1%
Black+Hispanic Majority	2,863	2.0%	\$110,206	2.2%	209,922	3.2%	12,146	2.1%
Other Majority	5,225	3.7%	\$186,256	3.7%	331,108	5.1%	21,201	3.7%
White Majority	128,945	90.4%	\$4,538,565	90.5%	5,660,008	86.4%	521,369	90.9%
Not Available	1,572	1.1%	\$22,302	0.4%	0	0.0%	156	0.0%
<b>Totals</b>	<b>142,636</b>	<b>100.0%</b>	<b>\$5,013,628</b>	<b>100.0%</b>	<b>6,547,629</b>	<b>100.0%</b>	<b>573,390</b>	<b>100.0%</b>
<b>Memo:</b>								
All Black/Hispanic Areas	6,606	4.6%	\$257,057	5.1%	542,792	8.3%	29,489	5.1%
All Other Minority Areas	5,513	3.9%	\$195,704	3.9%	344,829	5.3%	22,376	3.9%
All Minority Areas	12,119	8.5%	\$452,761	9.0%	887,621	13.6%	51,865	9.0%
White Areas	128,945	90.4%	\$4,538,565	90.5%	5,660,008	86.4%	521,369	90.9%



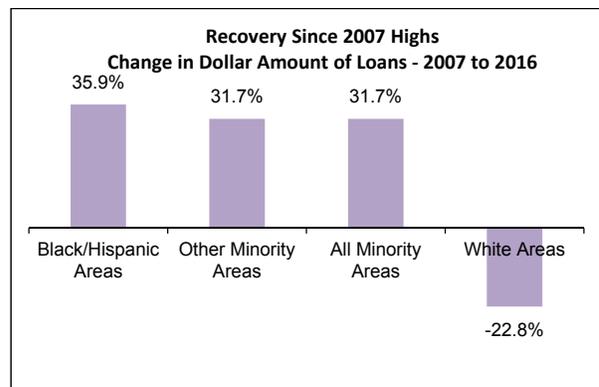
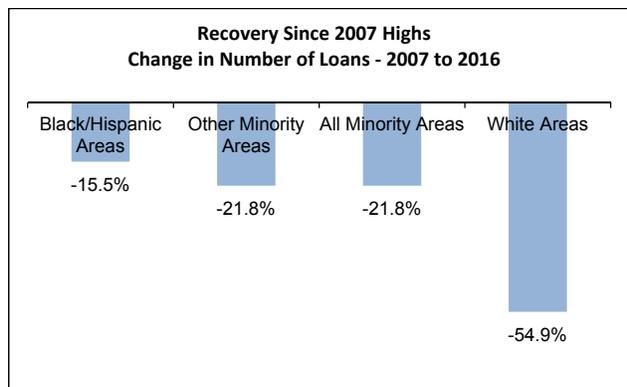
**SMALL BUSINESS LOAN GROWTH IN MINORITY AREAS**

The volume of small business loan originations in minority areas in Massachusetts has increased substantially over the past several years and has outpaced the loan growth in majority white areas.

While the number of loans originated in minority areas remains below the levels that were reached before the financial crisis, the dollar amount of originations in minority areas are at an all-time high. Originations in minority areas increased by 134.3% in terms of the number of loans and by 143.1% in terms of the dollar amount of loans since 2010 when loan volume reached its recent lows, compared to 43.6% and 38.1% in white areas.



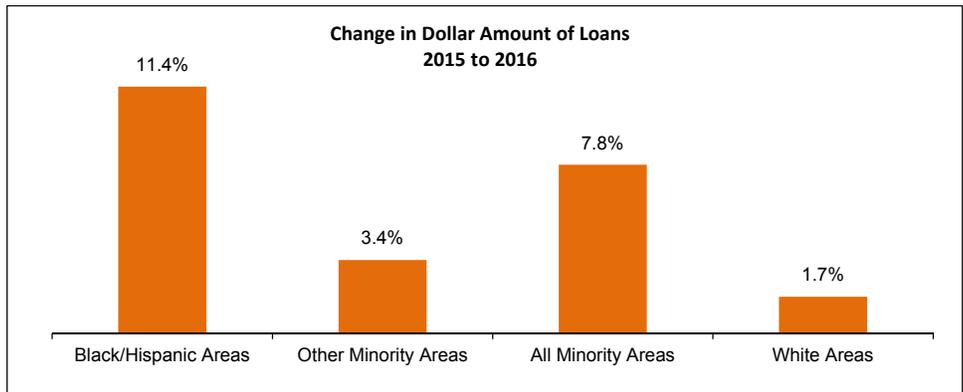
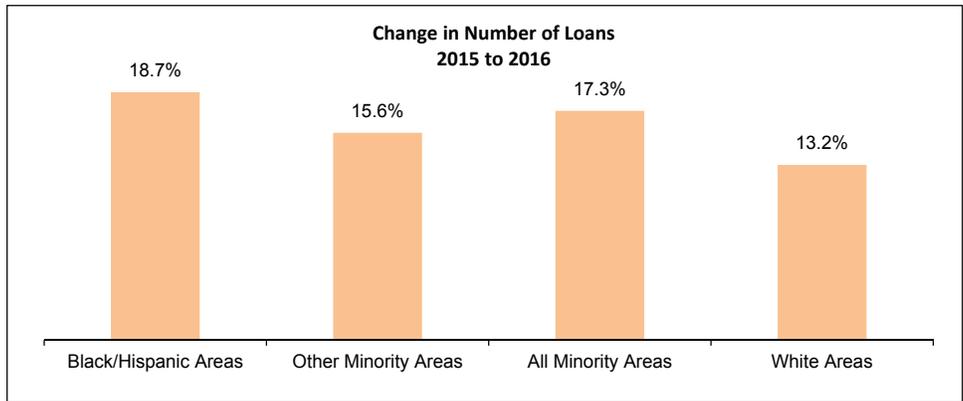
When compared to the highs reached in 2007 at the height of the lending boom prior to the recent financial crisis, small business loans in minority areas in Massachusetts were 21.8% below the recent highs in 2016 when measured in terms of the number of loans compared to 54.9% below the recent highs in white areas. At the same time, when measured in terms of the dollar amount of loans, small business loans in minority areas were 35.9% higher in 2016 compared to the highs achieved in 2007 while loan dollars in white areas were 22.8% lower.



One Year Growth – 2016 vs 2015

Small business loans in black and Hispanic areas in Massachusetts increased at an overall faster rate from 2015 to 2016 compared to other minority areas and compared to white areas. Black and Hispanic areas experienced overall increases of 18.7% in the number of loans and 11.4% in the dollar amount of loans in 2016, compared to increases of 15.6% and 3.4% in other minority areas and compared to increases of 13.2% and 1.7% in white areas.

Type of Majority	1 Year Change 2015 to 2016	
	% Change Number of Loans	% Change \$Amount of Loans
Asian Majority	25.2%	-18.7%
Black Majority	20.4%	82.1%
Hispanic Majority	17.9%	9.2%
Black+Hispanic Majority	18.8%	1.0%
Other Majority	15.2%	4.8%
White Majority	13.2%	1.7%
Not Available	-4.0%	-14.2%
Totals	13.3%	2.1%
Memo:		
All Black/Hispanic Areas	18.7%	11.4%
All Other Minority Areas	15.6%	3.4%
All Minority Areas	17.3%	7.8%
White Areas	13.2%	1.7%

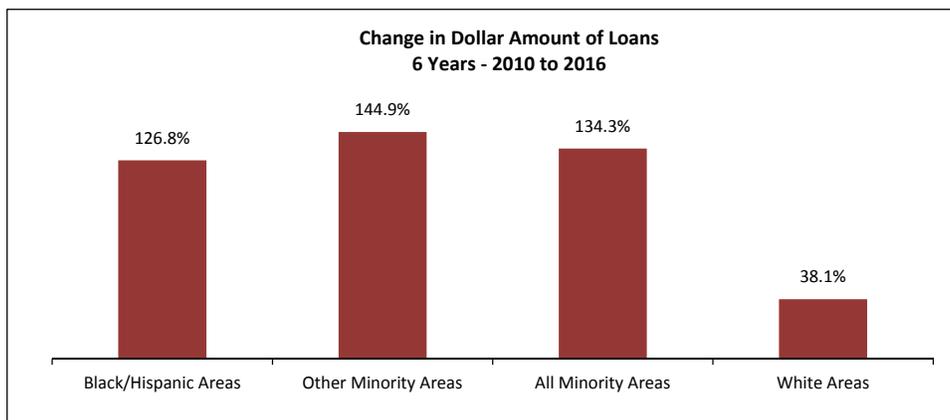
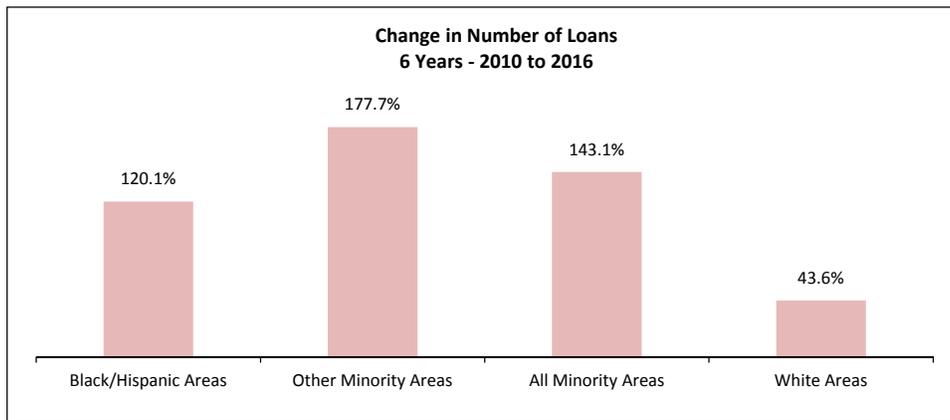


Six Year Growth – 2016 vs 2010

When compared to the lowest levels of small business lending reached during the bottom of the recent financial downturn, which was experienced in 2010, lending in black and Hispanic areas in Massachusetts has rebounded at a slower rate compared to other minority areas but at a substantially higher rate than white areas.

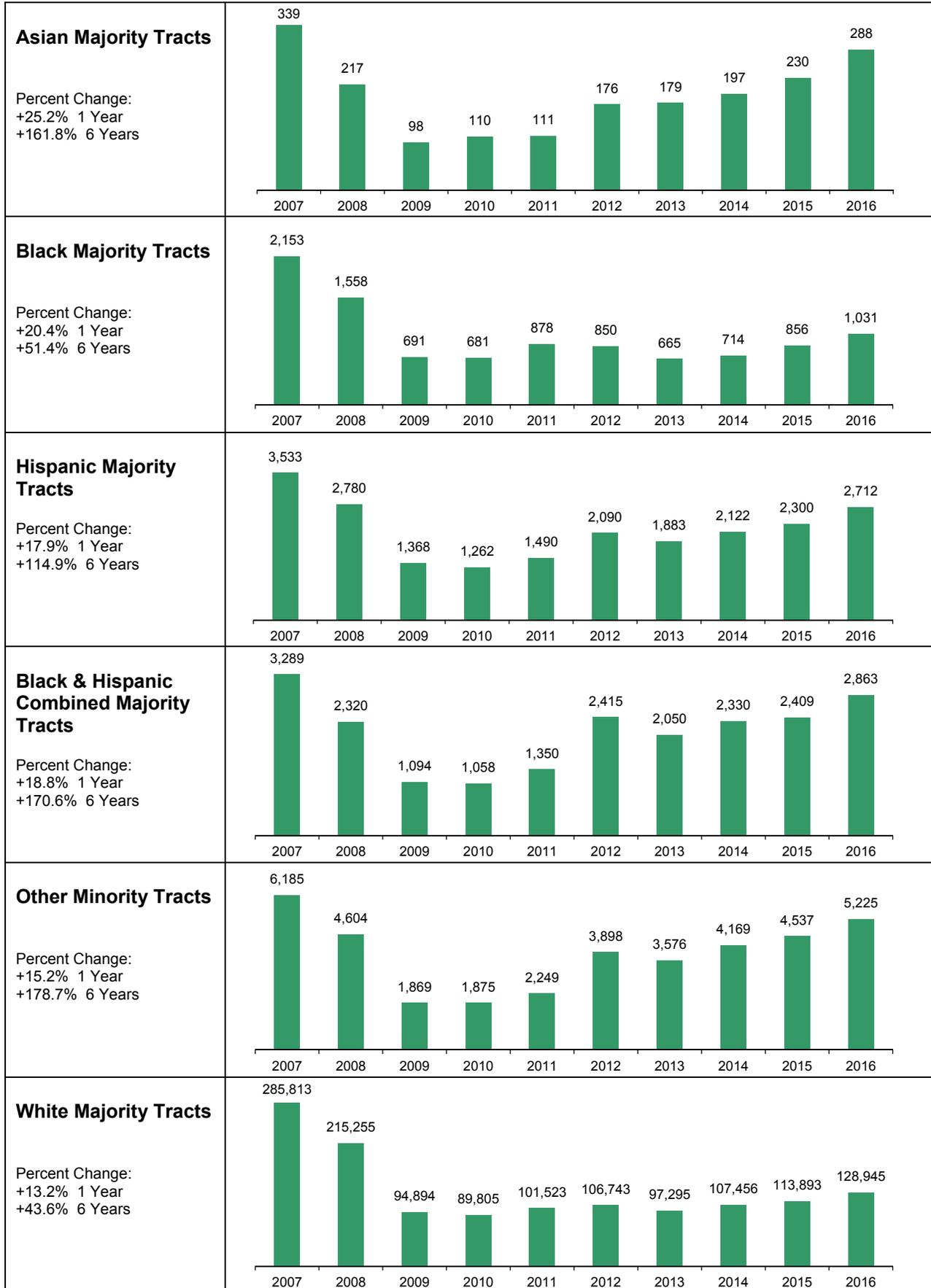
Black and Hispanic areas in Massachusetts experienced overall increases of 120.1% in the number of loans from 2010 to 2016 and 126.8% in the dollar amount of loans, while other minority areas experienced increases of 177.7% and 144.9% and white areas experienced increases of 43.6% and 38.1%.

Type of Majority	6 Year Change 2010 to 2016	
	% Change Number of Loans	% Change \$Amount of Loans
Asian Majority	161.8%	318.4%
Black Majority	51.4%	85.8%
Hispanic Majority	114.9%	127.5%
Black+Hispanic Majority	170.6%	143.1%
Other Majority	178.7%	139.8%
White Majority	43.6%	38.1%
Not Available	-32.6%	-32.2%
Totals	46.9%	42.7%
Memo:		
All Black/Hispanic Areas	120.1%	126.8%
All Other Minority Areas	177.7%	144.9%
All Minority Areas	143.1%	134.3%
White Areas	43.6%	38.1%



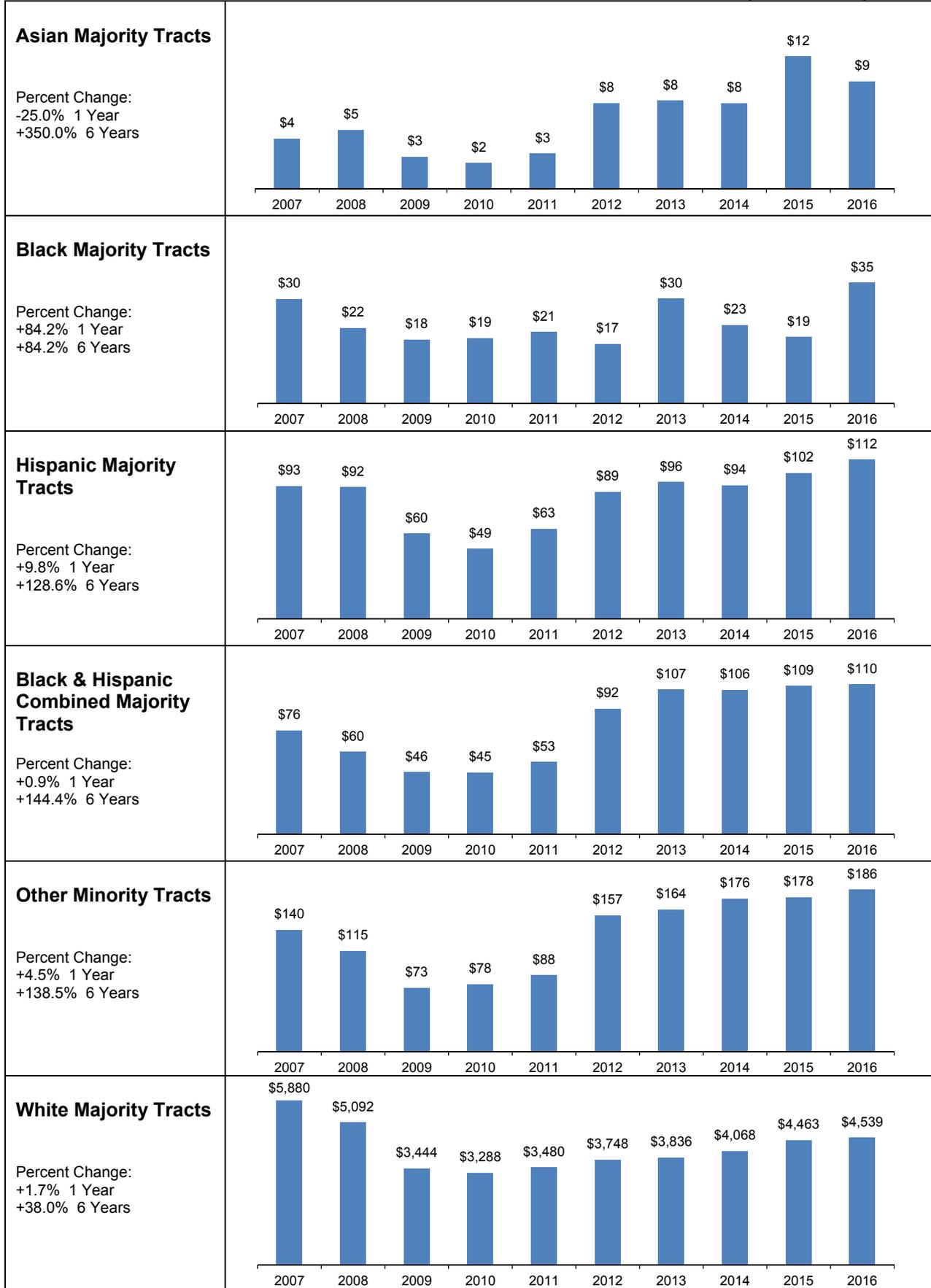
A more detailed look at the changes in small business loan volume over the past 10 years in minority areas are shown on the following two pages.

**Number of Small Business Loans in Massachusetts – 2007 to 2016**



Note: 1 year percent change covers 2016 vs 2015 while 6 year percent change covers 2016 vs 2010.

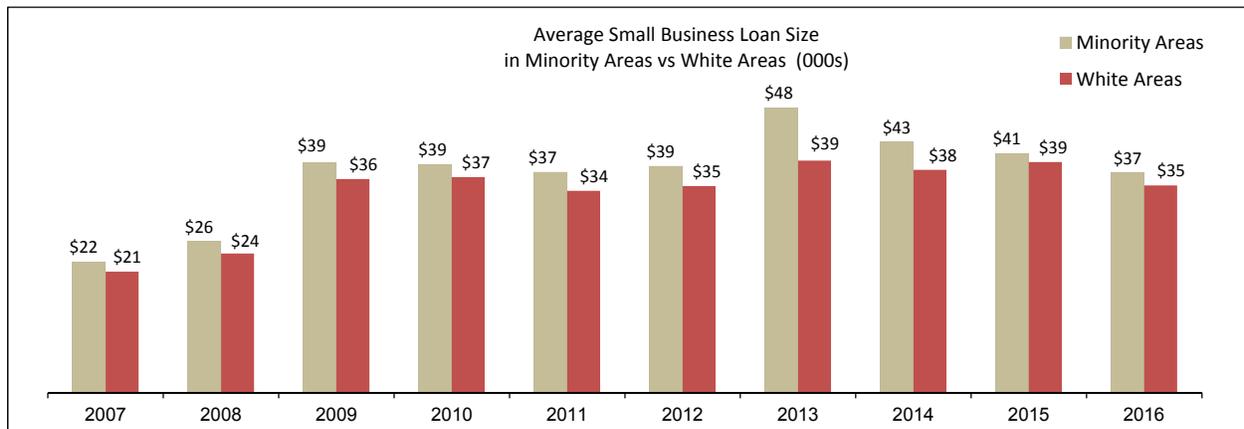
**Dollar Amount of Small Business Loans in Massachusetts – 2007 to 2016 (in \$ Millions)**



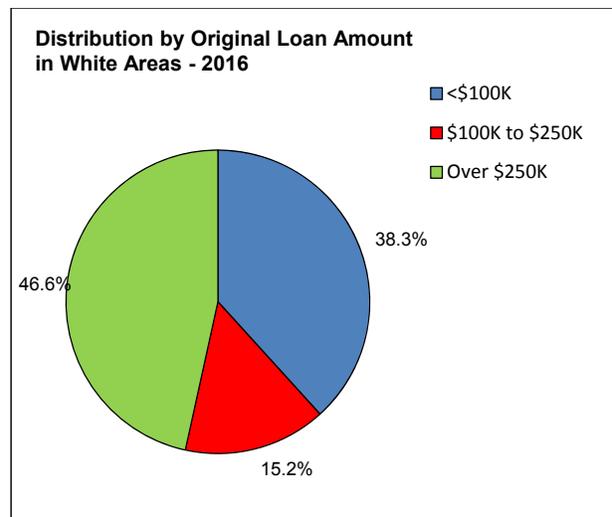
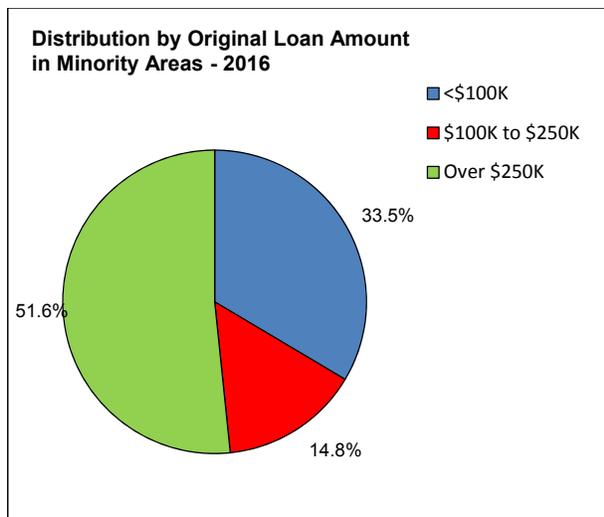
Note: 1 year percent change covers 2016 vs 2015 while 6 year percent change covers 2016 vs 2010.

## AVERAGE SMALL BUSINESS LOAN SIZE IN MINORITY AREAS

The average small business loan size in minority areas in Massachusetts was \$37,000 in 2016 compared to \$35,000 in majority white areas. The average loan size in both minority areas and majority white areas trended up during the years immediately following the recent financial crisis (from 2007 to 2013) but the trend reversed beginning in 2014 as the average loan size edged down slightly from 2014 to 2016. The data suggest that smaller loan amounts, likely in the form of small business credit card loans, have experienced a degree of recovery. The fact that the average loan size in minority areas has consistently been higher than the average size in white areas would suggest that business owners in white areas may have somewhat easier access to smaller loan amounts, likely in the form of credit card loans, than business owners in minority areas.

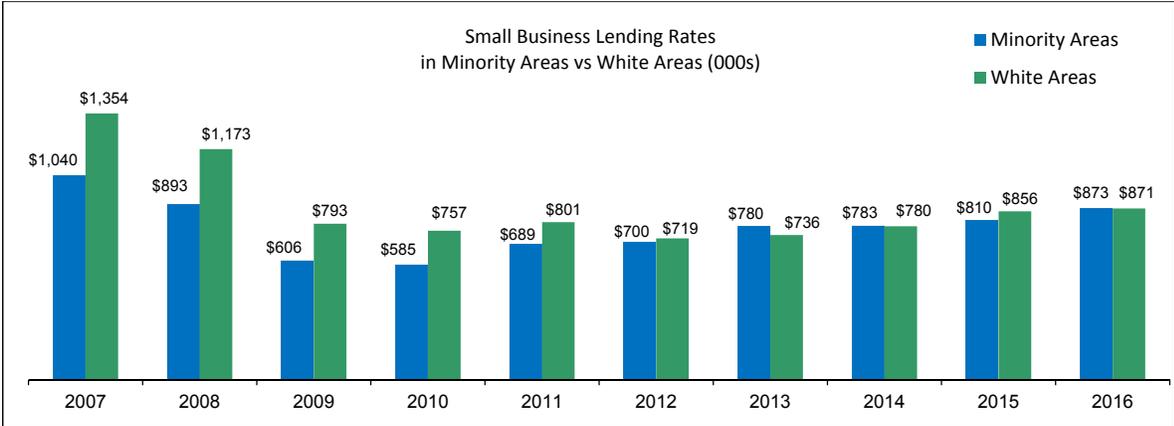


Loans with original amounts over \$250,000 accounted for just over half (51.6%) of the total loans in minority areas, while such loans accounted for less than half in white areas (46.6%).

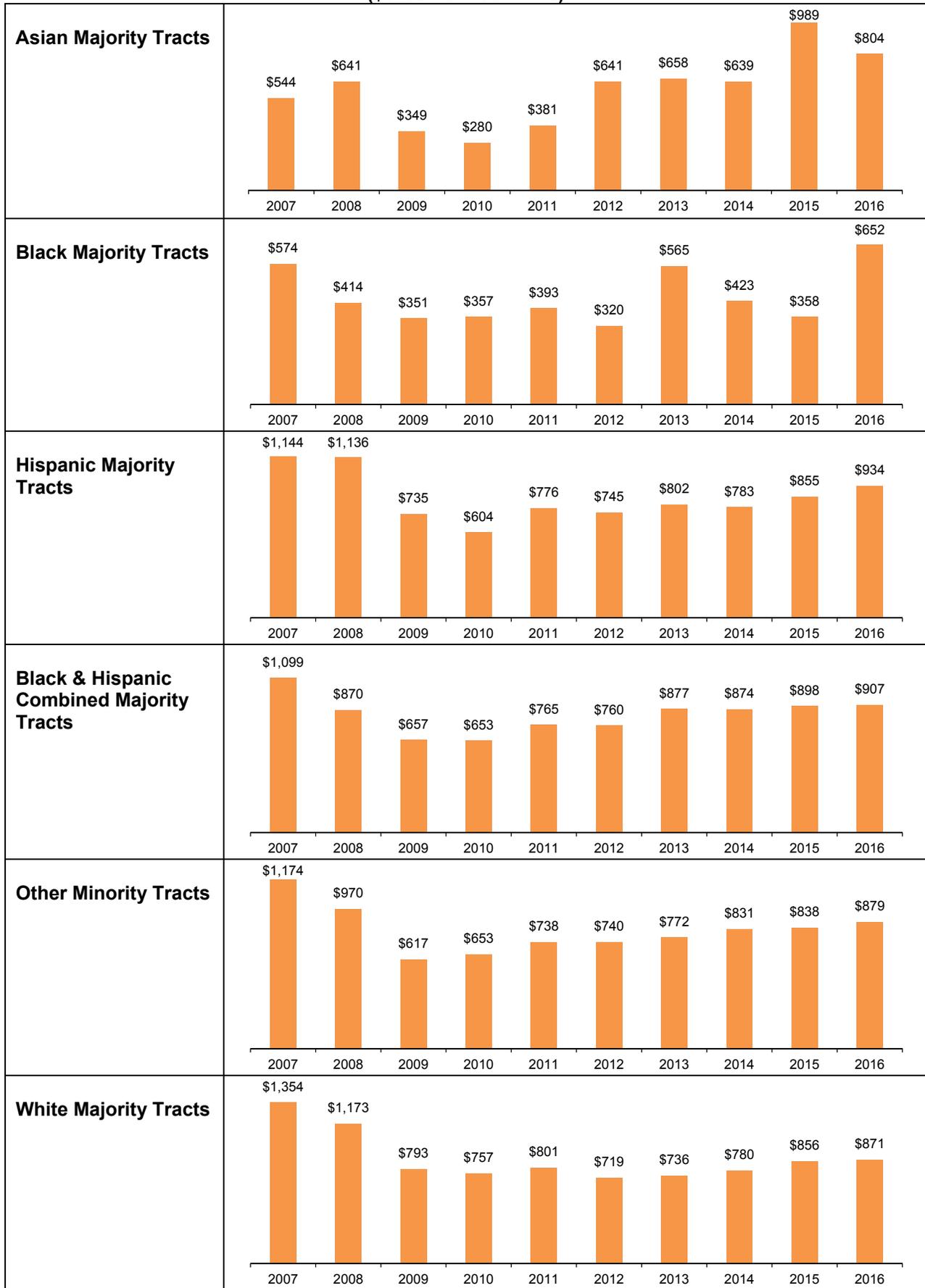


**SMALL BUSINESS LENDING RATES IN MINORITY AREAS**

Businesses received \$873,000 per 100 firms in minority areas in Massachusetts in 2016 compared to \$871,000 in majority white areas and the overall differences in lending rates have generally narrowed over the past five years. At the same time, majority white areas in Massachusetts have experienced overall higher lending rates compared to minority areas in 7 of the past 10 years.



**Lending Rates in Minority Areas in Massachusetts - 2007 to 2016**  
 (\$000s Per 100 Firms)



## STATE RANKINGS - SMALL BUSINESS LOANS IN MINORITY AREAS

When compared to other states, the national CRA data shows that small business loan volume in minority areas in Massachusetts in 2016 was slightly lower than the levels one might expect based on the number of residents living in minority areas when measured in real terms but fell short of the levels one might expect when measured in percentage terms.

Massachusetts, which has the 23rd largest population in the country living in minority areas, ranked 24<sup>th</sup> in terms of the number of loans in 2016 and 26<sup>th</sup> in terms of the dollar amount of loans. When measured as a percentage of total loans in the state, Massachusetts ranked 31<sup>st</sup> in terms of the percentage of the number of loans in minority areas and 34<sup>th</sup> in terms of the percentage of the dollar amount of loans.

State Rankings - Small Business Loan Volume in Minority Areas - 2016

State	Number of Loans	Rank	% of Total # of Loans	Rank	\$ Amount of Loans (000s)	Rank	% of Total \$ of Loans	Rank	Population In Minority Areas	Rank	% of Total Population	Rank
California	484,260	1	49.2%	3	\$15,365.5	1	51.4%	3	22,711,9	1	61.0%	4
Texas	202,766	2	41.4%	4	\$8,094.74	2	43.3%	4	13,126,2	2	52.2%	5
New York	111,742	4	24.8%	13	\$3,406.68	4	23.8%	16	6,852,35	3	35.4%	9
Florida	165,934	3	33.3%	7	\$4,687.28	3	34.1%	5	6,296,31	4	33.5%	11
Illinois	45,716	7	20.2%	16	\$1,939.03	7	19.9%	20	3,676,46	5	28.7%	15
Georgia	61,070	5	31.9%	8	\$2,251.87	5	32.9%	7	3,483,86	6	36.0%	8
New Jersey	60,284	6	25.2%	11	\$2,051.36	6	25.7%	12	2,886,63	7	32.8%	12
Maryland	38,733	8	33.9%	6	\$1,213.17	10	30.2%	9	2,388,12	8	41.4%	6
North Carolina	33,519	10	19.8%	18	\$1,787.21	8	22.7%	19	2,373,12	9	24.9%	18
Arizona	24,452	12	19.1%	19	\$989,176	13	24.5%	15	2,050,85	10	32.1%	13
Virginia	34,049	9	23.3%	14	\$1,320.48	9	23.5%	18	2,018,26	11	25.2%	17
Pennsylvania	14,222	17	6.9%	33	\$560,970	22	6.2%	38	1,655,24	12	13.0%	30
Louisiana	20,546	13	24.9%	12	\$1,005,18	11	26.4%	11	1,377,25	13	30.4%	14
Michigan	14,586	16	9.6%	29	\$726,182	17	9.5%	32	1,367,66	14	13.8%	27
New Mexico	13,549	20	51.2%	2	\$454,121	25	57.2%	2	1,318,02	15	64.0%	2
Ohio	14,038	18	8.7%	30	\$790,292	14	10.2%	29	1,268,63	16	11.0%	32
Hawaii	26,636	11	88.1%	1	\$1,004,96	12	89.6%	1	1,244,79	17	91.5%	1
South Carolina	15,053	15	20.5%	15	\$761,670	16	24.6%	14	1,187,32	18	25.7%	16
Nevada	16,232	14	29.0%	10	\$488,261	24	31.4%	8	1,103,44	19	40.9%	7
Alabama	13,059	23	20.1%	17	\$774,774	15	23.8%	17	1,090,28	20	22.8%	19
Tennessee	11,902	25	13.4%	23	\$672,508	18	15.9%	23	1,025,42	21	16.2%	25
Mississippi	10,784	26	29.5%	9	\$607,756	20	33.3%	6	1,001,94	22	33.8%	10
<b>Massachusetts</b>	<b>12,119</b>	<b>24</b>	<b>8.5%</b>	<b>31</b>	<b>\$452,761</b>	<b>26</b>	<b>9.0%</b>	<b>34</b>	<b>887,621</b>	<b>23</b>	<b>13.6%</b>	<b>28</b>
Colorado	13,894	19	10.5%	27	\$597,501	21	12.3%	27	869,425	24	17.3%	23
Washington	13,467	21	10.5%	26	\$664,903	19	12.8%	26	792,954	25	11.8%	31
Connecticut	13,189	22	16.0%	21	\$497,155	23	18.6%	21	757,367	26	21.2%	20
Indiana	5,565	29	6.7%	34	\$359,051	28	7.8%	35	632,778	27	9.8%	34
Missouri	7,592	27	8.3%	32	\$403,731	27	9.6%	31	618,679	28	10.3%	33
Oklahoma	5,856	28	10.9%	25	\$337,417	29	14.2%	24	493,347	29	13.2%	29
Wisconsin	3,777	32	4.9%	38	\$217,704	32	6.3%	37	474,769	30	8.3%	36
Arkansas	5,137	31	11.7%	24	\$262,658	30	13.4%	25	446,376	31	15.3%	26
Washington, DC	5,252	30	35.5%	5	\$166,682	35	29.3%	10	383,193	32	63.7%	3
Minnesota	3,643	33	3.9%	39	\$148,076	36	3.9%	40	358,176	33	6.8%	38
Kansas	2,481	37	6.6%	35	\$123,041	37	7.3%	36	274,968	34	9.6%	35
Kentucky	2,925	36	5.2%	37	\$224,242	31	9.1%	33	191,383	35	4.4%	41
Rhode Island	1,895	39	10.0%	28	\$78,500	39	10.4%	28	173,682	36	16.5%	24
Delaware	3,336	34	19.0%	20	\$180,888	34	24.7%	13	164,532	37	18.3%	22
Utah	3,275	35	5.3%	36	\$207,285	33	9.7%	30	149,518	38	5.4%	40
Alaska	1,971	38	13.6%	22	\$98,243	38	17.1%	22	148,215	39	20.9%	21
Nebraska	1,037	41	3.6%	40	\$62,717	40	4.3%	39	136,673	40	7.5%	37
Oregon	1,397	40	1.8%	41	\$55,868	41	1.9%	41	129,520	41	3.4%	44
Iowa	487	42	1.3%	43	\$26,530	42	1.5%	42	57,317	42	1.9%	45
South Dakota	246	43	1.7%	42	\$9,943	43	1.2%	43	54,813	43	6.7%	39
Montana	110	45	0.4%	46	\$3,237	46	0.3%	47	34,788	44	3.5%	43
North Dakota	94	46	0.7%	44	\$5,656	45	0.7%	45	24,351	45	3.6%	42
Idaho	215	44	0.7%	45	\$9,803	44	0.7%	44	16,360	46	1.0%	47
Wyoming	32	48	0.3%	48	\$1,655	48	0.4%	46	8,783	47	1.6%	46
West Virginia	52	47	0.3%	47	\$2,656	47	0.3%	48	4,186	48	0.2%	48
Maine	5	49	0.0%	49	\$19	49	0.0%	49	610	49	0.0%	49
New Hampshire	0	50	0.0%	50	\$0	50	0.0%	50	0	50	0.0%	50
Vermont	0	51	0.0%	51	\$0	51	0.0%	51	0	51	0.0%	51

The national CRA data also shows that the Commonwealth’s ranking in terms of the change in small business loan volume in minority areas in Massachusetts from 2015 to 2016 was higher in both real terms and percentage terms than one might expect based on the number of residents living in minority areas.

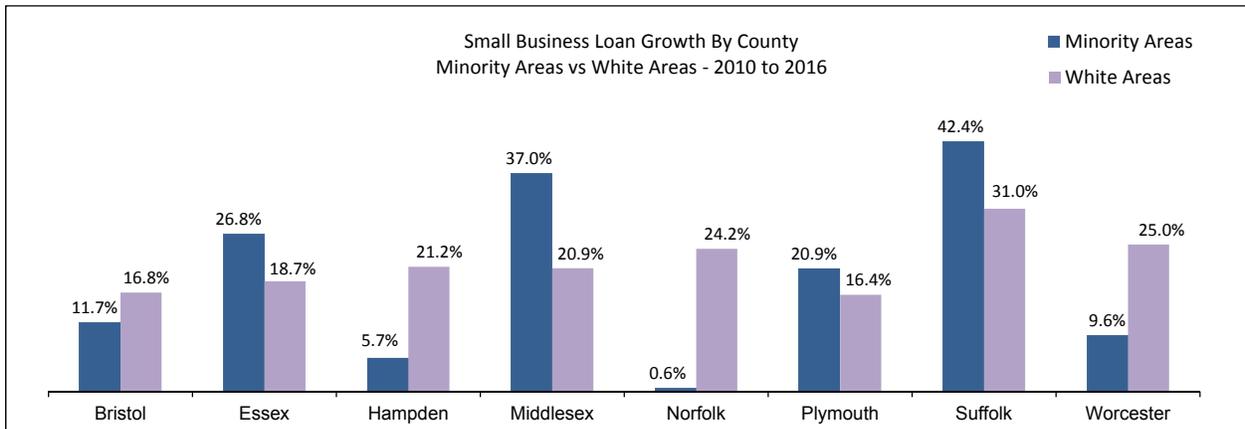
Massachusetts ranked 11<sup>th</sup> in terms of the change in number of loans from 2015 to 2016 and 19<sup>th</sup> in terms of the change in the dollar amount of loans. When measured on a percentage basis, Massachusetts ranked 3<sup>rd</sup> in terms of the percentage change in the number of loans in minority areas and 18<sup>th</sup> in terms of the percentage of the dollar amount of loans in minority areas.

**State Rankings - Change in Small Business Loan Volume in Minority Areas – 2016**

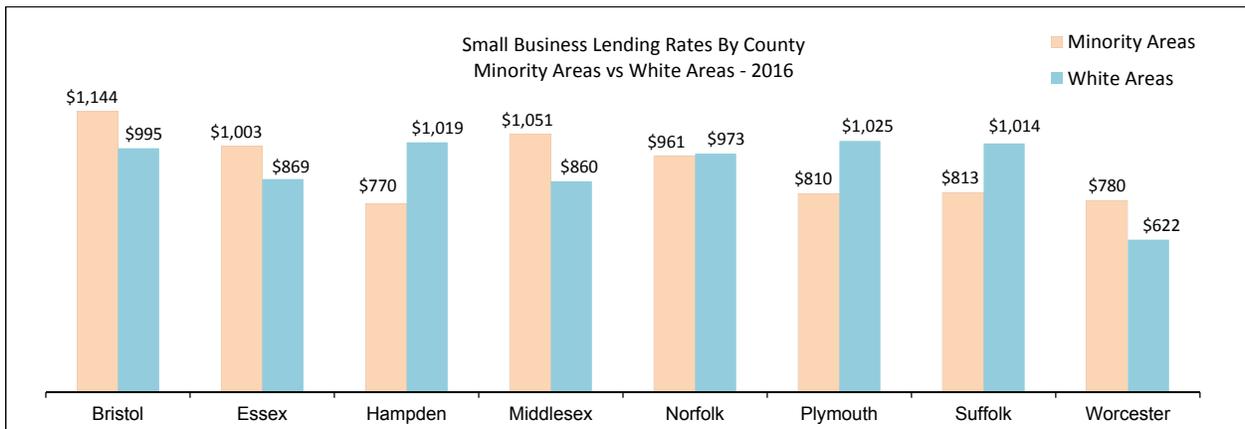
State	Change in Number of Loans	Rank	% Change in Number of Loans	Rank	Change in \$ Amount of Loans (000s)	Rank	% Change in \$ Amount of Loans	Rank	Population In Minority Areas	Rank	% of Total Population	Rank
California	14,402	3	3.1%	32	\$553,667	2	3.7%	30	22,711,9	1	61.0%	4
Texas	14,754	2	7.8%	17	\$459,186	3	6.0%	24	13,126,2	2	52.2%	5
New York	5,737	5	5.4%	25	\$438,497	4	14.8%	7	6,852,35	3	35.4%	9
Florida	17,130	1	11.5%	7	\$561,883	1	13.6%	8	6,296,31	4	33.5%	11
Illinois	3,020	8	7.1%	18	\$43,400	14	2.3%	34	3,676,46	5	28.7%	15
Georgia	5,511	6	9.9%	12	\$137,793	6	6.5%	22	3,483,86	6	36.0%	8
New Jersey	8,002	4	15.3%	6	\$181,141	5	9.7%	15	2,886,63	7	32.8%	12
Maryland	1,154	15	3.1%	31	\$80,581	8	7.1%	20	2,388,12	8	41.4%	6
North Carolina	1,624	12	5.1%	27	\$89,627	7	5.3%	28	2,373,12	9	24.9%	18
Arizona	2,066	9	9.2%	14	\$72,274	10	7.9%	17	2,050,85	10	32.1%	13
Virginia	383	26	1.1%	34	\$44,644	13	3.5%	31	2,018,26	11	25.2%	17
Pennsylvania	912	17	6.9%	19	\$28,461	20	5.3%	27	1,655,24	12	13.0%	30
Louisiana	3,202	7	18.5%	2	\$54,889	11	5.8%	25	1,377,25	13	30.4%	14
Michigan	763	18	5.5%	23	-\$21,328	48	-2.9%	41	1,367,66	14	13.8%	27
New Mexico	600	23	4.6%	28	\$24,290	21	5.7%	26	1,318,02	15	64.0%	2
Ohio	713	20	5.4%	26	\$19,265	26	2.5%	33	1,268,63	16	11.0%	32
Hawaii	-147	46	-0.5%	37	-\$50,645	49	-4.8%	43	1,244,79	17	91.5%	1
South Carolina	1,263	13	9.2%	15	\$4,148	35	0.5%	37	1,187,32	18	25.7%	16
Nevada	685	22	4.4%	30	\$34,687	18	7.6%	19	1,103,44	19	40.9%	7
Alabama	688	21	5.6%	22	-\$20,736	47	-2.6%	39	1,090,28	20	22.8%	19
Tennessee	1,166	14	10.9%	10	\$75,033	9	12.6%	10	1,025,42	21	16.2%	25
Mississippi	940	16	9.5%	13	\$36,455	17	6.4%	23	1,001,94	22	33.8%	10
<b>Massachusetts</b>	<b>1,787</b>	<b>11</b>	<b>17.3%</b>	<b>3</b>	<b>\$32,746</b>	<b>19</b>	<b>7.8%</b>	<b>18</b>	<b>887,621</b>	<b>23</b>	<b>13.6%</b>	<b>28</b>
Colorado	-267	48	-1.9%	39	\$19,286	25	3.3%	32	869,425	24	17.3%	23
Washington	-379	49	-2.7%	40	-\$7,117	45	-1.1%	38	792,954	25	11.8%	31
Connecticut	1,806	10	15.9%	4	\$50,944	12	11.4%	13	757,367	26	21.2%	20
Indiana	300	28	5.7%	21	\$7,100	31	2.0%	35	632,778	27	9.8%	34
Missouri	730	19	10.6%	11	\$42,989	15	11.9%	12	618,679	28	10.3%	33
Oklahoma	304	27	5.5%	24	\$4,863	34	1.5%	36	493,347	29	13.2%	29
Wisconsin	-125	45	-3.2%	42	\$13,707	28	6.7%	21	474,769	30	8.3%	36
Arkansas	519	24	11.2%	8	-\$14,914	46	-5.4%	44	446,376	31	15.3%	26
Washington, DC	228	30	4.5%	29	\$22,770	22	15.8%	6	383,193	32	63.7%	3
Minnesota	-175	47	-4.6%	43	\$20,517	24	16.1%	5	358,176	33	6.8%	38
Kansas	247	29	11.1%	9	\$18,180	27	17.3%	4	274,968	34	9.6%	35
Kentucky	183	31	6.7%	20	\$40,420	16	22.0%	3	191,383	35	4.4%	41
Rhode Island	147	32	8.4%	16	-\$2,839	43	-3.5%	42	173,682	36	16.5%	24
Delaware	452	25	15.7%	5	\$20,720	23	12.9%	9	164,532	37	18.3%	22
Utah	41	34	1.3%	33	\$10,377	29	5.3%	29	149,518	38	5.4%	40
Alaska	-9	39	-0.5%	36	\$7,851	30	8.7%	16	148,215	39	20.9%	21
Nebraska	-33	40	-3.1%	41	\$6,851	32	12.3%	11	136,673	40	7.5%	37
Oregon	-75	44	-5.1%	44	\$5,484	33	10.9%	14	129,520	41	3.4%	44
Iowa	-55	43	-10.1%	46	-\$6,649	44	-20.0%	47	57,317	42	1.9%	45
South Dakota	-4	37	-1.6%	38	-\$269	39	-2.6%	40	54,813	43	6.7%	39
Montana	-43	41	-28.1%	48	-\$449	40	-12.2%	46	34,788	44	3.5%	43
North Dakota	-48	42	-33.8%	49	\$2,073	36	57.9%	1	24,351	45	3.6%	42
Idaho	42	33	24.3%	1	-\$1,074	41	-9.9%	45	16,360	46	1.0%	47
Wyoming	-7	38	-17.9%	47	\$547	37	49.4%	2	8,783	47	1.6%	46
West Virginia	-3	36	-5.5%	45	-\$1,663	42	-38.5%	48	4,186	48	0.2%	48
Maine	0	35	0.0%	35	-\$61	38	-76.3%	49	610	49	0.0%	49
New Hampshire	0	50	0.0%	50	\$0	50	0.0%	50	0	50	0.0%	50
Vermont	0	51	0.0%	51	\$0	51	0.0%	51	0	51	0.0%	51

**GEOGRAPHIC COMPARISONS BETWEEN MINORITY AREAS IN MASSACHUSETTS**

From 2012 to 2016, small business loan volume has increased more in minority areas compared to white areas in 4 of the 8 counties in Massachusetts that have minority areas. Essex, Middlesex, Plymouth, and Suffolk counties recorded larger increases in loans in minority areas compared to white areas, while Bristol, Hampden, Norfolk, and Worcester Counties recorded larger increases in white areas.



Small business lending rates in 2016 were higher in minority areas compared to majority white areas in 5 of the 8 counties in Massachusetts that have minority areas including Bristol, Essex, Middlesex, and Worcester. Lending rates were higher in majority white areas in Hampden, Norfolk, Plymouth, and Suffolk Counties.



More detailed information on each of the eight Massachusetts counties with minority areas is shown on the following pages, and is presented in order of the number minority census tracts and total population living in such areas.

## Suffolk County

Suffolk County, with the largest number of minority census tracts of the 14 counties that comprise the state, has 91 minority census tracts including 2 Asian majority tracts, 31 black majority tracts, 14 Hispanic majority tracts, 28 tracts where blacks and Hispanics combined constitute the majority, and 16 tracts where all minorities combined constitute the majority. Minority tracts account for 44.6% of all the total number of census tracts in the county and 46.5% of the county population.

Type of Majority	# of Census Tracts	% of Total	Total Population	% of Total
Asian Majority	2	1.0%	6,941	1.0%
Black Majority	31	15.2%	117,656	16.3%
Hispanic Majority	14	6.9%	55,277	7.7%
Black+Hispanic Majority	28	13.7%	88,196	12.2%
Other Majority	16	7.8%	67,329	9.3%
White Majority	109	53.4%	386,624	53.5%
Not Available	4	2.0%	0	0.0%
<b>Totals</b>	<b>204</b>	<b>100.0%</b>	<b>722,023</b>	<b>100.0%</b>
Memo:				
All Black/Hispanic Areas	73	35.8%	261,129	36.2%
All Other Minority Areas	18	8.8%	74,270	10.3%
All Minority Areas	91	44.6%	335,399	46.5%
White Areas	109	53.4%	386,624	53.5%

The minority census tracts in Suffolk County are concentrated in the cities of Boston (83 tracts), Chelsea (7 tracts), and Revere (1 tract).

City/Town	Type of Majority	# of Census Tracts	Total Population
Boston	Asian Majority	2	6,941
Boston	Black Majority	31	117,656
Boston	Hispanic Majority	9	30,903
Boston	Black+Hispanic Majority	26	79,458
Boston	Other Majority	15	60,701
Chelsea	Hispanic Majority	5	24,374
Chelsea	Black+Hispanic Majority	2	8,738
Revere	Other Majority	1	6,628
<b>Totals</b>		<b>91</b>	<b>335,339</b>

Lenders reported a total of 3,899 small business loans in minority census tracts in Suffolk County in 2016 for \$141.6 million. The average loan size in minority areas was \$36,000 compared to \$43,000 in majority white areas. The overall lending rate in minority areas was \$813,000 per 100 firms in 2016 compared to \$1.0 million per 100 firms in majority white areas.

Type of Majority	Number of Loans	% of Total	Amount of Loans (\$000s)	% of Total	Average Loan Size (\$000s)	Lending Rate (\$000s)
Asian Majority	222	1.4%	\$6,781	1.1%	\$31	\$816
Black Majority	1,031	6.6%	\$34,977	5.5%	\$34	\$652
Hispanic Majority	668	4.3%	\$26,687	4.2%	\$40	\$980
Black+Hispanic Majority	962	6.1%	\$40,206	6.3%	\$42	\$966
Other Majority	1,016	6.5%	\$32,944	5.2%	\$32	\$762
White Majority	11,684	74.7%	\$496,933	77.7%	\$43	\$1,014
Not Available	68	0.4%	\$785	0.1%	\$12	\$503
<b>Totals</b>	<b>15,651</b>	<b>100.0%</b>	<b>\$639,313</b>	<b>100.0%</b>	<b>\$41</b>	<b>\$960</b>
Memo:						
All Black/Hispanic Areas	2,661	17.0%	\$101,870	15.9%	\$38	\$831
All Other Minority Areas	1,238	7.9%	\$39,725	6.2%	\$32	\$771
All Minority Areas	3,899	24.9%	\$141,595	22.1%	\$36	\$813
White Areas	11,684	74.7%	\$496,933	77.7%	\$43	\$1,014

## Hampden County

Hampden County has 35 minority census tracts including 19 Hispanic majority tracts, 10 tracts where blacks and Hispanics combined constitute the majority, and 6 tracts where all minorities combined constitute the majority. Minority tracts account for 32.7% of all the total number of census tracts in the county and 29.9% of the county population.

Type of Majority	# of Census Tracts	% of Total	Total Population	% of Total
Asian Majority	0	0.0%	0	0.0%
Black Majority	0	0.0%	0	0.0%
Hispanic Majority	19	17.8%	66,085	14.3%
Black+Hispanic Majority	10	9.3%	40,965	8.8%
Other Majority	6	5.6%	31,730	6.8%
White Majority	68	63.6%	324,710	70.1%
Not Available	4	3.7%	0	0.0%
<b>Totals</b>	<b>107</b>	<b>100.0%</b>	<b>463,490</b>	<b>100.0%</b>
Memo:				
All Black/Hispanic Areas	29	27.1%	107,050	23.1%
All Other Minority Areas	6	5.6%	31,730	6.8%
All Minority Areas	35	32.7%	138,780	29.9%
White Areas	68	63.6%	324,710	70.1%

The minority census tracts in Hampden County are concentrated in the cities of Springfield (28 tracts), and Holyoke (7 tracts).

City/Town	Type of Majority	# of Census Tracts	Total Population
Holyoke	Hispanic Majority	6	18,092
Holyoke	Other Majority	1	3,836
Springfield	Hispanic Majority	13	47,993
Springfield	Black+Hispanic Majority	10	40,965
Springfield	Other Majority	5	27,894

Lenders reported a total of 1,851 small business loans in minority census tracts in Hampden County in 2016 for \$68.4 million. The average loan size in minority areas was \$37,000 compared to \$38,000 in majority white areas. The overall lending rate in minority areas was \$770,000 per 100 firms in 2016 compared to \$1.0 million per 100 firms in majority white areas.

Type of Majority	Number of Loans	% of Total	Amount of Loans (\$000s)	% of Total	Average Loan Size (\$000s)	Lending Rate (\$000s)
Asian Majority	0	0.0%	\$0	0.0%	--	--
Black Majority	0	0.0%	\$0	0.0%	--	--
Hispanic Majority	983	12.6%	\$41,250	13.9%	\$42	\$870
Black+Hispanic Majority	508	6.5%	\$16,469	5.6%	\$32	\$681
Other Majority	360	4.6%	\$10,660	3.6%	\$30	\$621
White Majority	5,898	75.3%	\$226,783	76.6%	\$38	\$1,019
Not Available	82	1.0%	\$998	0.3%	\$12	--
<b>Totals</b>	<b>7,831</b>	<b>100.0%</b>	<b>\$296,160</b>	<b>100.0%</b>	<b>\$38</b>	<b>\$951</b>
Memo:						
All Black/Hispanic Areas	1,491	19.0%	57,719	19.5%	\$39	\$806
All Other Minority Areas	360	4.6%	10,660	3.6%	\$30	\$621
All Minority Areas	1,851	23.6%	68,379	23.1%	\$37	\$770
White Areas	5,898	75.3%	226,783	76.6%	\$38	\$1,019

Essex County

Essex County has 31 minority census tracts including 20 Hispanic majority tracts, 9 tracts where blacks and Hispanics combined constitute the majority, and 2 tracts where all minorities combined constitute the majority. Minority tracts account for 19.1% of all the total number of census tracts in the county and 16.3% of the county population.

Type of Majority	# of Census Tracts	% of Total	Total Population	% of Total
Asian Majority	0	0.0%	0	0.0%
Black Majority	0	0.0%	0	0.0%
Hispanic Majority	20	12.3%	82,011	11.0%
Black+Hispanic Majority	9	5.6%	31,681	4.3%
Other Majority	2	1.2%	7,662	1.0%
White Majority	131	80.9%	621,805	83.7%
Not Available	0	0.0%	0	0.0%
<b>Totals</b>	<b>162</b>	<b>100.0%</b>	<b>743,159</b>	<b>100.0%</b>
Memo:				
All Black/Hispanic Areas	29	17.9%	113,692	15.3%
All Other Minority Areas	2	1.2%	7,662	1.0%
All Minority Areas	31	19.1%	121,354	16.3%
White Areas	131	80.9%	621,805	83.7%

The minority census tracts in Essex County are concentrated in the cities of Lawrence (17 tracts), Lynn (12 tracts), Methuen (1 tract), and Salem (1 tract).

City/Town	Type of Majority	# of Census Tracts	Total Population
Lawrence	Hispanic Majority	17	69,223
Lynn	Hispanic Majority	2	8,613
Lynn	Black+Hispanic Majority	8	27,777
Lynn	Other Majority	2	7,662
Methuen	Hispanic Majority	1	4,175
Salem	Black+Hispanic Majority	1	3,904

Lenders reported a total of 1,618 small business loans in minority census tracts in Essex County in 2016 for \$67.4 million. The average loan size in minority areas was \$42,000 compared to \$35,000 in majority white areas. The overall lending rate in minority areas was \$1.0 million per 100 firms in 2016 compared to \$869,000 per 100 firms in majority white areas.

Type of Majority	Number of Loans	% of Total	Amount of Loans (\$000s)	% of Total	Average Loan Size (\$000s)	Lending Rate (\$000s)
Asian Majority	--	--	--	--	--	--
Black Majority	--	--	--	--	--	--
Hispanic Majority	958	6.0%	\$39,996	7.1%	\$42	\$1,005
Black+Hispanic Majority	585	3.7%	\$25,375	4.5%	\$43	\$1,034
Other Majority	75	0.5%	\$2,058	0.4%	\$27	\$707
White Majority	14,136	89.1%	\$493,593	87.7%	\$35	\$869
Not Available	103	0.6%	\$1,555	0.3%	\$15	--
<b>Totals</b>	<b>15,857</b>	<b>100.0%</b>	<b>\$562,577</b>	<b>100.0%</b>	<b>\$35</b>	<b>\$885</b>
Memo:						
All Black/Hispanic Areas	1,543	9.7%	\$65,371	11.6%	\$42	\$1,016
All Other Minority Areas	75	0.5%	\$2,058	0.4%	\$27	\$707
All Minority Areas	1,618	10.2%	\$67,429	12.0%	\$42	\$1,003
White Areas	14,136	89.1%	\$493,593	87.7%	\$35	\$869

## Middlesex County

Middlesex County has 26 minority census tracts including 2 Asian majority tracts, 2 tracts where blacks and Hispanics combined constitute the majority, and 22 tracts where all minorities combined constitute the majority. Minority tracts account for 8.2% of all the total number of census tracts in the county and 7.6% of the county population.

Type of Majority	# of Census Tracts	% of Total	Total Population	% of Total
Asian Majority	2	0.6%	6,780	0.5%
Black Majority	0	0.0%	0	0.0%
Hispanic Majority	0	0.0%	0	0.0%
Black+Hispanic Majority	2	0.6%	7,049	0.5%
Other Majority	22	6.9%	100,037	6.7%
White Majority	291	91.5%	1,389,219	92.4%
Not Available	1	0.3%	0	0.0%
<b>Totals</b>	<b>318</b>	<b>100.0%</b>	<b>1,503,085</b>	<b>100.0%</b>
Memo:				
All Black/Hispanic Areas	2	0.6%	7,049	0.5%
All Other Minority Areas	24	7.5%	106,817	7.1%
All Minority Areas	26	8.2%	113,866	7.6%
White Areas	291	91.5%	1,389,219	92.4%

The minority census tracts in Middlesex County are concentrated in the cities of Lowell (12 tracts), Cambridge (4 tracts), Framingham (3 tracts), Malden (3 tracts), Somerville (3 tracts), and Everett (1 tract).

City/Town	Type of Majority	# of Census Tracts	Total Population
Cambridge	Black+Hispanic Majority	1	2,126
Cambridge	Other Majority	3	13,946
Everett	Other Majority	1	4,365
Framingham	Black+Hispanic Majority	1	4,923
Framingham	Other Majority	2	10,263
Lowell	Asian Majority	2	6,780
Lowell	Other Majority	10	39,098
Malden	Other Majority	3	16,773
Somerville	Other Majority	3	15,592

Lenders reported a total of 1,918 small business loans in minority census tracts in Middlesex County in 2016 for \$74.8 million. The average loan size in minority areas was \$39,000 compared to \$34,000 in majority white areas. The overall lending rate in minority areas was \$1.1 million per 100 firms in 2016 compared to \$860,000 per 100 firms in majority white areas.

Type of Majority	Number of Loans	% of Total	Amount of Loans (\$000s)	% of Total	Average Loan Size (\$000s)	Lending Rate (\$000s)
Asian Majority	66	0.2%	\$2,667	0.2%	\$40	\$775
Black Majority	--	--	--	--	--	--
Hispanic Majority	--	--	--	--	--	--
Black+Hispanic Majority	286	0.8%	\$13,693	1.1%	\$48	\$1,460
Other Majority	1,566	4.3%	\$58,451	4.7%	\$37	\$1,002
White Majority	34,520	94.0%	\$1,168,327	93.7%	\$34	\$860
Not Available	293	0.8%	\$4,270	0.3%	\$15	--
<b>Totals</b>	<b>36,731</b>	<b>100.0%</b>	<b>\$1,247,408</b>	<b>100.0%</b>	<b>\$34</b>	<b>\$872</b>
Memo:						
All Black/Hispanic Areas	286	0.8%	\$13,693	1.1%	\$48	\$1,460
All Other Minority Areas	1,632	4.4%	\$61,118	4.9%	\$37	\$989
All Minority Areas	1,918	5.2%	\$74,811	6.0%	\$39	\$1,051
White Areas	34,520	94.0%	\$1,168,327	93.7%	\$34	\$860

Plymouth County

Plymouth County has 14 minority census tracts including 5 tracts where blacks and Hispanics combined constitute the majority and 9 tracts where all minorities combined constitute the majority. Minority tracts account for 14.0% of all the total number of census tracts in the county and 12.9% of the county population.

Type of Majority	# of Census Tracts	% of Total	Total Population	% of Total
Asian Majority	0	0.0%	0	0.0%
Black Majority	0	0.0%	0	0.0%
Hispanic Majority	0	0.0%	0	0.0%
Black+Hispanic Majority	5	5.0%	20,090	4.1%
Other Majority	9	9.0%	43,848	8.9%
White Majority	86	86.0%	430,981	87.1%
Not Available	0	0.0%	0	0.0%
<b>Totals</b>	<b>100</b>	<b>100.0%</b>	<b>494,919</b>	<b>100.0%</b>
Memo:				
All Black/Hispanic Areas	5	5.0%	20,090	4.1%
All Other Minority Areas	9	9.0%	43,848	8.9%
All Minority Areas	14	14.0%	63,938	12.9%
White Areas	86	86.0%	430,981	87.1%

The minority census tracts in Plymouth County are concentrated in the city of Brockton (all 14 tracts).

City/Town	Type of Majority	# of Census Tracts	Total Population
Brockton	Black+Hispanic Majority	5	20,090
Brockton	Other Majority	9	43,848

Lenders reported a total of 928 small business loans in minority census tracts in Plymouth County in 2016 for \$29.5 million. The average loan size in minority areas was \$32,000 compared to \$37,000 in majority white areas. The overall lending rate in minority areas was \$810,000 per 100 firms in 2016 compared to \$1.0 million per 100 firms in majority white areas.

Type of Majority	Number of Loans	% of Total	Amount of Loans (\$000s)	% of Total	Average Loan Size (\$000s)	Lending Rate (\$000s)
Asian Majority	--	--	--	--	--	--
Black Majority	--	--	--	--	--	--
Hispanic Majority	--	--	--	--	--	--
Black+Hispanic Majority	308	2.7%	\$7,826	1.9%	\$25	\$717
Other Majority	620	5.4%	\$21,676	5.2%	\$35	\$850
White Majority	10,352	90.4%	\$383,096	92.4%	\$37	\$1,025
Not Available	171	1.5%	\$2,163	0.5%	\$13	--
<b>Totals</b>	<b>11,451</b>	<b>100.0%</b>	<b>\$414,761</b>	<b>100.0%</b>	<b>\$36</b>	<b>\$1,011</b>
Memo:						
All Black/Hispanic Areas	308	2.7%	\$7,826	1.9%	\$25	\$717
All Other Minority Areas	620	5.4%	\$21,676	5.2%	\$35	\$850
All Minority Areas	928	8.1%	\$29,502	7.1%	\$32	\$810
White Areas	10,352	90.4%	\$383,096	92.4%	\$37	\$1,025

## Worcester County

Worcester County has 12 minority census tracts including 3 Hispanic majority tracts, 4 tracts where blacks and Hispanics combined constitute the majority and 5 tracts where all minorities combined constitute the majority. Minority tracts account for 7.0% of all the total number of census tracts in the county and 6.4% of the county population.

Type of Majority	# of Census Tracts	% of Total	Total Population	% of Total
Asian Majority	0	0.0%	0	0.0%
Black Majority	0	0.0%	0	0.0%
Hispanic Majority	3	1.7%	11,841	1.5%
Black+Hispanic Majority	4	2.3%	19,358	2.4%
Other Majority	5	2.9%	19,669	2.5%
White Majority	160	93.0%	747,684	93.6%
Not Available	0	0.0%	0	0.0%
<b>Totals</b>	<b>172</b>	<b>100.0%</b>	<b>798,552</b>	<b>100.0%</b>
Memo:				
All Black/Hispanic Areas	7	4.1%	31,199	3.9%
All Other Minority Areas	5	2.9%	19,669	2.5%
All Minority Areas	12	7.0%	50,868	6.4%
White Areas	160	93.0%	747,684	93.6%

The minority census tracts in Worcester County are concentrated in the city of Worcester (all 12 tracts).

City/Town	Type of Majority	# of Census Tracts	Total Population
Worcester	Black+Hispanic Majority	4	19,358
Worcester	Hispanic Majority	3	11,841
Worcester	Other Majority	5	19,669

Lenders reported a total of 865 small business loans in minority census tracts in Worcester County in 2016 for \$35.1 million. The average loan size in minority areas was \$41,000 compared to \$29,000 in majority white areas. The overall lending rate in minority areas was \$780,000 per 100 firms in 2016 compared to \$622,000 per 100 firms in majority white areas.

Type of Majority	Number of Loans	% of Total	Amount of Loans (\$000s)	% of Total	Average Loan Size (\$000s)	Lending Rate (\$000s)
Asian Majority	--	--	--	--	--	--
Black Majority	--	--	--	--	--	--
Hispanic Majority	103	0.8%	\$3,941	1.0%	\$38	\$739
Black+Hispanic Majority	184	1.4%	\$5,823	1.5%	\$32	\$595
Other Majority	578	4.4%	\$25,372	6.5%	\$44	\$848
White Majority	12,193	92.2%	\$352,834	90.3%	\$29	\$622
Not Available	160	1.2%	\$2,680	0.7%	\$17	--
<b>Totals</b>	<b>13,218</b>	<b>100.0%</b>	<b>\$390,650</b>	<b>100.0%</b>	<b>\$30</b>	<b>\$638</b>
Memo:						
All Black/Hispanic Areas	287	2.2%	\$9,764	2.5%	\$34	\$646
All Other Minority Areas	578	4.4%	\$25,372	6.5%	\$44	\$848
All Minority Areas	865	6.5%	\$35,136	9.0%	\$41	\$780
White Areas	12,193	92.2%	\$352,834	90.3%	\$29	\$622

## Norfolk County

Norfolk County has 8 minority census tracts all of which are tracts where all minorities combined constitute the majority. Minority tracts account for 6.2% of all the total number of census tracts in the county and 7.2% of the county population.

Type of Majority	# of Census Tracts	% of Total	Total Population	% of Total
Asian Majority	0	0.0%	0	0.0%
Black Majority	0	0.0%	0	0.0%
Hispanic Majority	0	0.0%	0	0.0%
Black+Hispanic Majority	0	0.0%	0	0.0%
Other Majority	8	6.2%	48,083	7.2%
White Majority	122	93.8%	622,767	92.8%
Not Available	0	0.0%	0	0.0%
<b>Totals</b>	<b>130</b>	<b>100.0%</b>	<b>670,850</b>	<b>100.0%</b>
Memo:				
All Black/Hispanic Areas	0	0.0%	0	0.0%
All Other Minority Areas	8	6.2%	48,083	7.2%
All Minority Areas	8	6.2%	48,083	7.2%
White Areas	122	93.8%	622,767	92.8%

The minority census tracts in Norfolk County are concentrated in the city of Quincy (3 tracts) and the town of Randolph (5 tracts).

City/Town	Type of Majority	# of Census Tracts	Total Population
Quincy	Other Majority	3	15,971
Randolph	Other Majority	5	32,112

Lenders reported a total of 832 small business loans in minority census tracts in Norfolk County in 2016 for \$27.5 million. The average loan size in minority areas was \$33,000 compared to \$37,000 in majority white areas. The overall lending rate in minority areas was \$961,000 per 100 firms in 2016 compared to \$973,000 per 100 firms in majority white areas.

Type of Majority	Number of Loans	% of Total	Amount of Loans (\$000s)	% of Total	Average Loan Size (\$000s)	Lending Rate (\$000s)
Asian Majority	--	--	--	--	--	--
Black Majority	--	--	--	--	--	--
Hispanic Majority	--	--	--	--	--	--
Black+Hispanic Majority	--	--	--	--	--	--
Other Majority	832	4.9%	\$27,465	4.4%	\$33	\$961
White Majority	16,170	94.3%	\$594,221	95.2%	\$37	\$973
Not Available	141	0.8%	\$2,377	0.4%	\$17	--
<b>Totals</b>	<b>17,143</b>	<b>100.0%</b>	<b>\$624,063</b>	<b>100.0%</b>	<b>\$36</b>	<b>\$976</b>
Memo:						
All Black/Hispanic Areas	--	--	--	--	--	--
All Other Minority Areas	832	4.9%	\$27,465	4.4%	\$33	\$961
All Minority Areas	832	4.9%	\$27,465	4.4%	\$33	\$961
White Areas	16,170	94.3%	\$594,221	95.2%	\$37	\$973

## Bristol County

Bristol County has 6 minority census tracts including 1 tract where blacks and Hispanics combined constitute the majority and 5 tracts where all minorities combined constitute the majority. Minority tracts account for 14.0% of all the total number of census tracts in the county and 12.9% of the county population.

Type of Majority	# of Census Tracts	% of Total	Total Population	% of Total
Asian Majority	0	0.0%	0	0.0%
Black Majority	0	0.0%	0	0.0%
Hispanic Majority	0	0.0%	0	0.0%
Black+Hispanic Majority	1	0.8%	2,583	0.5%
Other Majority	5	4.0%	12,750	2.3%
White Majority	119	95.2%	532,952	97.2%
Not Available	0	0.0%	0	0.0%
<b>Totals</b>	<b>125</b>	<b>100.0%</b>	<b>548,285</b>	<b>100.0%</b>
Memo:				
All Black/Hispanic Areas	1	0.8%	2,583	0.5%
All Other Minority Areas	5	4.0%	12,750	2.3%
All Minority Areas	6	4.8%	15,333	2.8%
White Areas	119	95.2%	532,952	97.2%

The minority census tracts in Bristol County are concentrated in the city of New Bedford (all 6 tracts).

City/Town	Type of Majority	# of Census Tracts	Total Population
New Bedford	Black+Hispanic Majority	1	2,583
New Bedford	Other Majority	5	12,750

Lenders reported a total of 208 small business loans in minority census tracts in Bristol County in 2016 for \$8.4 million. The average loan size in minority areas was \$41,000 compared to \$38,000 in majority white areas. The overall lending rate in minority areas was \$1.1 million per 100 firms in 2016 compared to \$995,000 per 100 firms in majority white areas.

Type of Majority	Number of Loans	% of Total	Amount of Loans (\$000s)	% of Total	Average Loan Size (\$000s)	Lending Rate (\$000s)
Asian Majority	--	--	--	--	--	--
Black Majority	--	--	--	--	--	--
Hispanic Majority	--	--	--	--	--	--
Black+Hispanic Majority	30	0.3%	\$814	0.2%	\$27	\$806
Other Majority	178	1.7%	\$7,630	1.9%	\$43	\$1,198
White Majority	10,016	96.9%	\$383,226	97.5%	\$38	\$995
Not Available	114	1.1%	\$1,500	0.4%	\$13	--
<b>Totals</b>	<b>10,338</b>	<b>100.0%</b>	<b>\$393,170</b>	<b>100.0%</b>	<b>\$38</b>	<b>\$1,001</b>
Memo:						
All Black/Hispanic Areas	30	0.3%	\$814	0.2%	\$27	\$806
All Other Minority Areas	178	1.7%	\$7,630	1.9%	\$43	\$1,198
All Minority Areas	208	2.0%	\$8,444	2.1%	\$41	\$1,144
White Areas	10,016	96.9%	\$383,226	97.5%	\$38	\$995

## RELATED RESEARCH STUDIES

In addition to being the subject of routine regulatory scrutiny by state and federal bank regulators, the topic of lending in minority neighborhoods is also the subject of numerous independent research studies. The sampling of related research studies summarized in this section includes an analysis of business lending trends in Chicago's lower income and minority neighborhoods, a study of the cost to the US economy attributable to racial disparities in lending, and a study on business ownership and the racial wealth gap.

### *Dis-Credited: Disparate Access to Credit for Businesses in the Chicago Six County Region*

This 2014 study by the Woodstock Institute reviews small business lending trends in the six county region around Chicago during the earlier years of the recent economic recovery (2008 to 2011). The study is based in large part on an analysis of CRA small business loan data and notes disparities in lending volume in minority neighborhoods and lower income areas in the Chicago area.

[Link: woodstockinst.org/sites/default/files/attachments/discredited\\_august2014\\_cowan.pdf](http://woodstockinst.org/sites/default/files/attachments/discredited_august2014_cowan.pdf)

### *The Color of Entrepreneurship - Why the Racial Gap among Firms Costs the U.S. Billions*

This 2016 study by the Center for Global Policy Solutions reviews the changes in the economic status of businesses owned by people of color between 2007 and 2012 and seeks to quantify the economic costs associated with missed entrepreneurial opportunities as a result of socio-economic barriers experienced by minority business owners.

[Link: community-wealth.org/sites/clone.community-wealth.org/files/downloads/report-austin.pdf](http://community-wealth.org/sites/clone.community-wealth.org/files/downloads/report-austin.pdf)

### *Bridging the Divide - How Business Ownership Can Help Close the Racial Wealth Gap*

This 2017 study by the Aspen Institute is intended to serve as an overview of the key issues underlying the connection between business ownership and wealth for Latinos and African Americans. The study finds that lower levels of business wealth among people of color have historically resulted from lower rates of business ownership and the fact that businesses owned by minorities are also smaller, on average, than those owned by whites.

[Link: assets.aspeninstitute.org/content/uploads/2017/01/Bridging-the-Divide.pdf](http://assets.aspeninstitute.org/content/uploads/2017/01/Bridging-the-Divide.pdf)

## GLOSSARY OF KEY TERMS

### Census Data

The census data used in this report, including majority population data, income level data, and minority census tract data, was obtained from the Federal Financial Institutions Examination Council (FFIEC) which is the formal interagency body empowered to prescribe uniform principles, standards, and report forms for the federal examination of financial institutions by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Consumer Financial Protection Bureau. The FFIEC's census data is derived from the US Census Bureau's five-year American Community Survey data.

### CRA & CRA Data

The Community Reinvestment Act (CRA) is a federal law that requires the nation's largest lenders (measured in asset size) to collect and publicly disclose annual information about originated and purchased small business loans with original amounts of \$1 million or less as well as small farm loans of \$500,000 or less. The collected data is compiled by the FFIEC in an annual CRA database and is commonly used, along with home loan data, by bank regulators during CRA performance evaluations and fair lending examinations. This report utilizes CRA data related to originated small business loans and does not include data on purchased loans or small farm loans.

### Income Level Classifications

Census tract income levels are defined in accordance with CRA guidelines and are broken down into low, moderate, middle, and upper income categories where low is less than 50% of the median family income of the metropolitan statistical area, moderate is 50% to 80%, middle is 80% to 120%, and upper is 120% or more. Census tract income level classifications are updated every five years as part of the US Census Bureau's five-year American Community Survey and also periodically as result of changes to MSA boundaries.

### Lending Rates

Small business lending rates are expressed in this report in terms of the amount of loan dollars per 100 firms and are calculated using number of firms data obtained from Dunn & Bradstreet. The numerator of the calculation is the dollar amount of loans and the denominator of the calculation is the number of firms divided by 100.

### Minority Census Tracts

In accordance with regulatory standards, minority census tracts are defined as census tracts where the minority population represents more than 50% of the total population. Some minority census tracts are defined by a single minority group that constitutes the majority population (such as Asian, black, or Hispanic census tracts) while other census tracts derive their majority status by adding the populations of two or more minority groups together. Minority census tract classifications are updated every five years as part of the US Census Bureau's five-year American Community Survey. For the purposes of this report, the following minority census tract classifications are used:

Asian Majority
Black Majority
Hispanic Majority
Black+Hispanic Majority
Other Majority (All Minorities Combined)