Congratulations
MassHousing’s Innovation Policy Team

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• Through **redlining**, the federal government denied government-backed mortgages for purchases in communities of color.

• **Legal racially-restrictive deeds** prevented households of color from moving to certain neighborhoods.

• Housing developers were **denied federal construction loans** if they did not include racially-restrictive deeds.
Redlining in Boston, c.1937


CLARIFYING REMARKS: Negros heavily concentrated north of Buggles St. on the west side of Washington. Jewish centered near Columbus Square. A large territory with some streets showing better experiences than the balance of the section.
Redlining’s legacy in Boston

Census Tract 1201.05
Moss Hill, Jamaica Plain
$161,500 median household income
89% homeownership rate
17% of residents are people of color

Census Tract 804.01
Nubian Square, Roxbury
$18,600 median household income
11% homeownership rate
91% of residents are people of color
As a result of these and other discriminatory policies and practices, the homeownership gap between Black and White families in the US is larger today than it was when the Fair Housing Act was approved in 1968. Housing is a driver of generational wealth, but housing discrimination means families of color have not had the same opportunities as White families to own a home and build generational wealth.
In 2019, there were no home-purchase loans to Black or Hispanic homebuyers in 66 of the state’s 351 cities + towns. There were no home-purchase loans to Black homebuyers in 130 municipalities.

Yet Black and Hispanic homebuyers are overrepresented in a handful of municipalities, including Boston, Brockton, Springfield, Worcester.
Massachusetts has one of the largest racial homeownership gaps in the country.

In Massachusetts, a white household is almost twice as likely to own a home than a non-white household.

- Nearly 70% of white households own a home
- Only 37.4% of non-white households own a home

Homeownership Rate Gap between White households and non-White households

**Homeownership Rate Disparity by Race/Ethnicity in Greater Boston**

- White
- Black
- Asian
- Hispanic/Latinx
Almost 50% of Black and Hispanic/Latinx borrowers purchased in Boston and Gateway Cities in 2019.

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Gateway City</th>
<th>Black Loan Count</th>
<th>Black Loan Share</th>
<th>Share of Population that is Black</th>
<th>Share of Statewide Loans to Black Borrowers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brockton</td>
<td>Yes</td>
<td>544</td>
<td>52.2%</td>
<td>40.8%</td>
<td>15.3%</td>
</tr>
<tr>
<td>Boston</td>
<td>No</td>
<td>306</td>
<td>6.4%</td>
<td>22.7%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Springfield</td>
<td>Yes</td>
<td>251</td>
<td>16.0%</td>
<td>18.6%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Worcester</td>
<td>Yes</td>
<td>229</td>
<td>13.9%</td>
<td>11.9%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Taunton</td>
<td>Yes</td>
<td>156</td>
<td>20.9%</td>
<td>8.1%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Randolph</td>
<td>No</td>
<td>133</td>
<td>39.3%</td>
<td>39.7%</td>
<td>3.7%</td>
</tr>
<tr>
<td>New Bedford</td>
<td>Yes</td>
<td>106</td>
<td>11.4%</td>
<td>5.9%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Stoughton</td>
<td>No</td>
<td>85</td>
<td>24.6%</td>
<td>14.3%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Fall River</td>
<td>Yes</td>
<td>83</td>
<td>11.6%</td>
<td>5.2%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Lynn</td>
<td>Yes</td>
<td>78</td>
<td>7.8%</td>
<td>11.2%</td>
<td>2.2%</td>
</tr>
<tr>
<td><strong>State Total</strong></td>
<td>-</td>
<td>3,547</td>
<td>4.8%</td>
<td>6.8%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: FY2021 Massachusetts Community Banking Council Report

Top 10 municipalities that Black and Hispanic/Latinx borrowers in 2019.
First-Time Homebuyer Assistance

Tools in the Toolbox:

➢ **Down Payment Assistance Program:**
  - The program is designed to empower first time homebuyers whose incomes can support a mortgage, but lack sufficient savings, or access to resources, to access the traditional mortgage market with a sizeable down payment.

➢ MassHousing and Mass Housing Partnership have additional resources, including **mortgage insurance programs** and **mortgage interest subsidy programs**, that can help lower the costs of homeownership.

Since 2018, MassHousing’s Down Payment Assistance Program has helped more than 4,000 moderate-income borrowers:

- Total DPA Amount: $40,327,940
- Average DPA: $9,977
- 35% Minority Borrowers

“...homebuyer education classes familiarized Massachusetts buyers with ONE Mortgage and MassHousing’s affordable mortgage programs, which are more affordable alternatives for low and moderate income borrowers even compared to attainable FHA loans. Down payment assistance also further empowers low and moderate income borrowers to choose these products over FHA.”

--Excerpt from the FY21 Report on Mortgage Lending Trends in Massachusetts by the Massachusetts Community Banking Council (MACBC)
The CommonWealth Builder Program (CWB)

Background: Currently supported by $60M in state funds, this program has the ability to scale and expand opportunities by approximately 333% with an injection of another $200M in ARPA funds.

Current Status: $60M/500 units

H.3922: $200M/1660+ units

= 2,160+ units

How it works: The program offers for-sale homeownership units middle income residents (i.e. 70-120% AMI) through the following guiding principles:

1. Build in key communities
   - The City of Boston
   - Gateway Cities
   - Qualified census tracts (QCT)

2. Help create much-needed supply
   - Up to $150K potential subsidy per unit for a max total of $5M
   - New construction or adaptive reuse

3. Increase minority homeownership opportunities
   - Current homeownership rate for non-white is about half that of white residents
   - Boston and Gateways are home to 50 percent of the state’s population but 75 percent of all residents of color

Example Projects:
Mount Washington Homes, Haverhill
7 units, all CWB units

2147 Washington Street, Roxbury
14 homeownership units, 8 CWB units + 62 affordable rental units
Mount Washington Homes, Haverhill

- 7 new CommonWealth Builder homeownership opportunities
- Homes sold to first-time homebuyers for between $150,000 and $200,000
- Majority of homeowners are single mothers and women of color
- Average monthly housing cost savings of $300

Rosa, a new homeowner: “I no longer have to worry about a rent increase. I can offer my kids more stability. And with the affordable monthly mortgage payment, I am able to increase my savings and have a better chance to increase my kids’ college fund. I will forever be grateful for this opportunity.”
Please join me in thanking Francis and Monique for their efforts to make the Commonwealth’s affordable housing ecosystem more just.