

OFFERED BY COUNCILORS RUTHZEE LOUIJEUNE, FERNANDES ANDERSON, BOK, ARROYO, BREADON, COLETTA, FLAHERTY, MEJIA, MURPHY, WORRELL AND FLYNN



CITY OF BOSTON IN CITY COUNCIL

ORDER FOR A HEARING ON DISCRIMINATION IN LENDING AND APPRAISALS

WHEREAS, According to 2020 Census figures, Boston is experiencing a net departure of Black residents, where approximately 8,800 fewer Black people are calling Boston home in the last ten years. Specifically, Dorchester saw a 13 percent decline in Black residents, Mattapan a 5 percent decrease, and Roxbury saw a 12 percent decline in Black residents over the last decade, according to Boston Planning & Development Agency data.

WHEREAS, Most first-time Black homebuyers end up in only a handful of communities in Massachusetts, 42 percent in just five communities, predominantly in Brockton, Randolph, and South Shore cities according to a 2021 report by the Partnership for Financial Equity (previously Massachusetts Community Banking Council) and the UMass Donahue Institute Report; *and*

WHEREAS, In Brockton 52 percent of home loans went to Black borrowers, even though they are only 40 percent of the city's overall population, and in Boston only 6.4 percent of home loans went to Black borrowers though Black residents make up 23 percent of the city's overall population. Thus in raw numbers, nearly twice as many Black households received a loan in Brockton than in Boston, though they are one-seventh the size of Boston; *and*

WHEREAS, The 2021 the Partnership for Financial Equity report found that Black households were far more likely than White households to be rejected for a loan, even when accounting for control measures such as levels of income. The report also found that large institutional banks such as Bank of America and Wells Fargo are in the top 5 for total loans, but below the top 10 in terms of loans to both low and moderate income and Black and Hispanic/Latinx borrowers, whereas community banks issued a higher share of loans to low and moderate income, and Hispanic/Latinx and Black borrowers than large and regional banks; *and*

WHEREAS, A 2021 analysis by Freddie Mac found that 12.5% of homes appraised in Black communities were valued at less than the original cost of constructing the home. That figure compares to 7.4% of homes in White neighborhoods and as 9.4% of homes in Latino areas, and other studies showing on average \$48,000 less per home, amounting to \$156 billion in cumulative losses nationally for Black owner-occupied homes in majority Black neighborhoods,

WHEREAS, The Equality of Opportunity Project, using combined tax and census data, found that neighborhoods in metropolitan areas where the share of the population is fifty percent Black are valued at roughly half the price as homes in neighborhoods with no Black residents, and furthermore those neighborhoods are more segregated and produce less upward mobility for Black children who grow up in those communities

WHEREAS, Banks and mortgage companies are critical to supporting a steady supply of loan products, like Boston ONE+ and FHA mortgages, however overall the number of FHA loans has decreased by 25.7 percent from 2010 to 2020, and in Boston only 13 percent of FHA loans went to low- and moderate-income borrowers, and nearly half of Boston's ONE+ mortgages were provided by one bank that has since exited the real estate lending market.

WHEREAS, Federal and State laws prohibit discrimination in the sale and rental of housing by property owners, landlords, property managers, mortgage lenders, real estate agents, and appraisers based on a wide variety of factors, including race and source of income; and are bound by the Fair Housing Act of 1968 not to discriminate, and can thus be held legally liable if they do.

WHEREAS, The Department of Housing and Urban Development's Fair Housing guidelines instruct municipalities to enact local public fair housing enforcement strategies to combat housing discrimination and segregation; and

WHEREAS, Not only are housing demographic shifts accelerating the loss of Boston's people of color looking to buy their first homes in Boston, but discrimination in lending and appraisals also account for both barriers to homeownership and wealth devaluation for Black and Latinx residents ; **NOW, THEREFORE BE IT**

ORDERED: That the appropriate committee of the Boston City Council hold a hearing to discuss strategies to combat discrimination in lending and appraisals, and that the Massachusetts Commission Against Discrimination, Partnership for Financial Equity, and relevant departments, banks, including community banks, appraisers, government entities, non-profits, and persons be invited to testify.

Filed in Council: October 19, 2022