

Offered by City Councilor Ricardo Arroyo, Breadon, Bok, Campbell, Essaibi-George, Edwards Flaherty, Flynn, Mejia, O'Malley and Wu



## CITY OF BOSTON IN CITY COUNCIL

### ORDER FOR A HEARING TO DISCUSS PREDATORY LENDING PROGRAMS IN THE CITY OF BOSTON

**WHEREAS:** Predatory lending is any lending practice that imposes unfair or abusive loan terms on a borrower or any practice that convinces a borrower to accept unfair terms through deceptive, coercive, exploitative, or unscrupulous actions for a loan that borrower does not need, want, or cannot afford; *and*

**WHEREAS:** Predatory lending is devastating for communities, but has a particularly destructive effect on communities of color; *and*

**WHEREAS:** In a 2015 report, "The Color of Wealth in Boston," the Federal Reserve Bank of Boston found increasing wealth gaps between white residents and non-white residents, with white households holding a median net worth of \$247,500 compared to only \$8 for Black households, \$3,020 for Puerto Rican households, and close to \$0 for Dominican households; *and*

**WHEREAS:** The report found that 79% of white households own a home, compared to only 30% of Black households, 17% of Dominicans, and 21% of Puerto Ricans; *and*

**WHEREAS:** The report similarly found in addition to households of communities of color being less likely to own homes, they are also more likely to have mortgage debt, causing more financial disruptions, and ultimately contributing to huge racial disparities in net worth; *and*

**WHEREAS:** Homeownership is the main way in which Americans build and store their wealth, reinforced by tax savings that are associated with benefits such as mortgage interest deductions and higher credit scores for individuals that make payments on time; *and*

**WHEREAS:** Despite homeownership being the primary channel for households to accumulate wealth, racial and ethnic minorities do not benefit to the same extent as white households from the wealth-building effects of homeownership; *and*

**WHEREAS:** Illegal lending practices exacerbate existing inequalities for communities of color created through a long history of residential segregation, redlining, and housing discrimination; *and*

**WHEREAS:** The City Council should ensure that predatory lending is not occurring at financial institutions in the City of Boston, especially in its historically marginalized communities; ***NOW THEREFORE BE IT***

**ORDERED:** That the appropriate committee of the Boston City Council hold a hearing to discuss the practice of predatory lending and mortgages in the City of Boston; and that representatives from the Office of Housing Stability, Massachusetts Affordable Housing Alliance, BlueHub Capital, Hogar Hispano Inc., and other interested parties be invited.

Filed on: July 21, 2021