



State of Banking in the City of Boston - 2019

2019 Boston Home Ownership

Pressures on Boston's limited housing supply eased in 2019. The median sales price for a single-family home in Boston was down 0.7% year-over-year. Condo prices were down year-over-year by 1.9%. The sales of single-family homes were down by 10% and sales for condos were down by 8.8%.¹ Despite this reduction Boston's population continued its growth of 12% in the past decade, double that of the nation as a whole.²

Cost of Homeownership

Even considering the year-over-year reduction in pricing and increase in availability, the median housing price for in Boston remains out of reach for many home buyers. Overall median home prices rose to \$735,000 in 2019 from \$508,000 five years earlier. The continued high price of home ownership makes it challenging, if not out-of-reach for many Boston residents, given the 2019 median household income of \$71,115.³

A family would need to earn around \$160,000 per year to qualify the median home in Suffolk County, according to data from the National Housing Conference.⁴

Lending to Minorities and Low- and Moderate-Income Borrowers

Blacks and Latinos have consistently received shares of total loans far below their population shares; the loans they do obtain have been much more likely to be higher interest Federal Housing Administration loans (*FHA); and their applications for mortgage loans has been much more likely to be denied at higher rates.⁵

In the City of Boston, FHA loans accounted for 14.9% of loans to blacks, and 2% of loans to whites and 1.2% to Asian applicants. The current level of FHA loans, especially to traditionally underserved borrowers and neighborhoods, is not itself a problem, but is a constructive response to an underlying problem: the lack of availability of conventional loans to those borrowers and neighborhoods.⁶

Furthermore in 2019, refinance loans considered high-cost accounted for 1.7% of refinance loans overall and 2.73% of refinance loans to blacks.⁷

Historically, denial rates for conventional mortgage loans have been higher for Blacks and Latinos yet this discrepancy is not based solely on income.⁸ In Greater Boston, the denial rate for borrowers with incomes between 100% and 120% of the median income was 22% for Blacks and 9% for whites.⁹

*FHA loans are loans insured by the Federal Housing Administration. While a reasonable option for those unable to obtain a conventional loan, FHA loans are typically costlier and can indicate a lack of availability of conventional loans.

Foreclosure Update

Citywide, foreclosure executions were 103 in 2018 and further reduced to 40 in 2019. At the height of the foreclosure crisis in 2008, the foreclosure executions in Boston numbered 1,215.¹⁰

Mortgage Lending Trends 2019

Banks covered in this report originated 2656 HMDA Mortgage Loans in 2019. Of those originations, 20% went to applicants who identified as a minority applicant. Another 16% went to applicants where no race was specified.

The proportion of applications that resulted in originations was 67% overall, 72% for white applicants and 58% for minorities (excluding race N/A).¹¹

Mortgage applications by minority applicants as a percentage of total applications was 23% in 2019 (excluding race N/A).

The total number of low-income HMDA mortgage applications originated by the banks covered in this report was 324 resulting in 177 originations or an origination rate of 55% compared against an

origination rate of 67% for all reportable HMDA loans by banks covered in this report.

The 11 banks profiled in this report received 20.9% of the mortgage applications submitted in Boston in 2019 and made 20.5% of the originations by number.

About this Report

Since 1999, BankIQ has prepared the Linked Deposit Banking Report to the Mayor, which reports annually on the residential lending, small business lending, and community development practices of the group of banks eligible to provide banking services to the City of Boston.

The report was created in accordance with section 6-8.2 of chapter VI of the City of Boston Municipal Code. Section 6-8.2 requires that any institution wishing to contract with the City to provide banking services or to become a city depository shall annually disclose information on its loan activity and community development participation and services. The Linked Deposit Banking Report to the Mayor, which summarizes these disclosures and includes additional supplemental information, is intended to assist City officials as they compare the activities and performance of banks in order to help ensure that City monies are invested in institutions that contribute positively to the Boston community.¹²

¹ <https://www.curbed.com>

² www.bostonglobe.com

³ <https://datausa.io/profile/geo/boston-ma/#housing>

⁴ www.bostonherald.com/2019/10/3.

⁵ www.mahahome.org (James Campen)

⁶ FFIEC online HMDA reports, Board of the Governors of the Federal Reserve System; 2018.

⁷ www.bostonglobe.com

⁸ www.mahahome.org (James Campen)

⁹ Ibid.14.9

¹⁰ www.boston.gov/news

¹¹ Metrics exclude applications where ID by race is not available.

¹² *City of Boston Municipal Code*, Chapter VI, section 6-8.2.

BankIQ
120 Coolidge Street
Brookline, MA 02446-5808
jnoble@bankiq.com

BankIQ prepared this document for the City of Boston.

With over twenty years' Government Banking experience, BankIQ is an independent, woman-owned and operated business. BankIQ specializes in collecting, analyzing, preparing, and documenting Financial Services information for the Public Sector.

For further information, contact us at our email.

Disclaimer

The information presented in these reports is not, nor should it be construed as, an assessment of the financial condition of the subject institutions. Neither does any report represent an analysis, conclusion, or opinion of the Treasury Department or BankIQ concerning the safety and soundness of a financial institution. The data presented in the reports has been compiled from a number of federal regulatory and state regulatory agencies. The data so compiled may not necessarily reflect current activity because of delays resulting from the time required to collect, tabulate, and publish the data. While the City and BankIQ believe that they have used the most recent data available in the preparation of these reports, because of reporting delays, the data contained herein may not reflect current circumstances. Additionally, statistical data are approximations and generalizations subject to various sources of error inherent in the statistical process, and may be revised on the basis of additional data. The data contained herein describe past activity and are not presented with a view to predicting future results either in particular categories or in general. The sources used by the City and BankIQ to compile the data, which are cited herein, should be checked to ensure that the data have not been amended or revised subsequent to the date hereof

For the complete 2019 Linked Deposit Banking Report, contact the City of Boston Treasurer's office or the City of Boston website.

Front cover photo by Katie Haugland Bowen, licensed under CC BY 2.0 / edited from original

2019 Linked Deposit Banking Report to the Mayor

EXECUTIVE SUMMARY



CITY OF BOSTON