



State of Banking in the City of Boston - 2024

Residential mortgage originations experienced somewhat of a recovery in 2024, both nationwide and in Boston, nearing pre-pandemic (2020) levels. This recovery was not even-handed, however, leaving low-income borrowers at historically low levels of mortgage originations. High mortgage borrowing rates coupled with higher home prices greatly challenged low-income borrowers affecting cost of entry, debt to income ratios and carrying costs.

Although inflation decreased to 2.9% in 2024, from its high of 8% in 2022, the 30-year fixed mortgage rate did not drop similarly and instead was 6.72% in 2024 (more than double the 3% of 2021).

The relatively higher 2024 mortgage rates also contributed to a strain in inventory. Boston-area home turn-over rate (the number of homes selling in a given year) dropped 37% since 2019.¹ This slowdown is driven by “interest rate lock” where homeowners stay put to retain low mortgages, causing a severe shortage of available homes and high prices.²

2024 Boston Home Ownership

The income a potential buyer would need to afford mortgage payments on the typical home in Greater Boston continued to rise.

In 2024 the median household income in Boston was \$97,344³. Yet, assuming standard underwriting terms that would allow buyers to spend no more than 31% of household income on monthly housing costs, a potential

buyer would need to have an annual household income of at least \$194,188 to afford monthly payments on the typical home in Boston. In 2024 the median single-family home sales price was \$900,000.⁴ This represents a 9.1% increase over the previous year.

Lending to Minorities and Low- and Moderate-Income Borrowers

According to the June 2024 Mortgage Lending Matters, by the Massachusetts based Partnership for Financial Equity: Black borrowers receive just 8% of home purchase mortgages in the City of Boston but comprise 21% of the population. Latino borrowers received 7.7% of home purchase mortgages while comprising nearly 20% of the city’s population. In contrast, Non-Hispanic White borrowers represent 72% of Boston’s population and accounted for 78% of the home purchase mortgages.⁵

To combat these disparities, several programs targeted at minority and LMI borrowers in Boston were active in 2024:

- **ONE+ Mortgage Program:** Launched in November 2024 by the Massachusetts Housing Partnership (MHP), this program aims to assist first-time homebuyers in Boston and 29 other communities with deeply discounted, fixed 30-year rates, no private mortgage insurance (PMI), and up to \$50,000 in down payment/closing cost assistance.
- **FHLBank Boston "Lift Up Homeownership":** A special-purpose credit program providing up to \$50,000 in down-

payment and closing-cost assistance to people of color purchasing their first home in New England.

- **Local Bank Initiatives:** Several lenders, including Eastern Bank and others working with the Boston Foundation’s Racial Wealth Gap Partnership, are actively trying to improve lending in low- and moderate-income census tracts.

Foreclosure Update

During the pandemic foreclosure moratoriums paused foreclosure for some time.⁶ The moratorium ended in June 2021 and 2022-2023 data indicate 126 petitions to foreclose. In 2024 petitions to foreclose increased to 186 petitions in the City of Boston.⁷

By way of context, at the height of the foreclosure crisis in 2008, the foreclosure executions in Boston numbered 1,215.⁸

Mortgage Lending Trends 2024

Banks covered in this report originated 1454 HMDA Mortgage Loans in 2024. Of those originations, 29% went to applicants who identified as a minority applicant. Another 12% went to applicants where no race was specified.

The proportion of applications that resulted in originations was 66% overall, 69% for white applicants and 60% for minorities (excluding race N/A).⁹

Mortgage applications by minority applicants as a percentage of total applications was 32% in 2024 (excluding race N/A).

The total number of low-income HMDA mortgage applications received by the banks covered in this report was 255 resulting in 110 originations for an origination rate of 43% (up from 39% in 2023).

The twenty-one (21) banks profiled in this report received 37% of all the HMDA mortgage applications submitted in the Boston MSA in 2024 and made 37% of the originations.

Small Business Lending Trends 2024

The total number of small business loans originated by the banks in the Boston MSA in 2024 was 29,463 and loan dollars totaled \$681 million.

The twenty-one (21) banks profiled in the Small Business report originated \$286 million in small business loans in Boston in 2024, equaling 42% of the total small business loan dollars originated in the area.

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.¹⁰

¹ Boston Business journal

² The Boston Foundation

³ US Census Bureau

⁴ Boston Globe

⁵ <https://financialequity.net/announcement/mortgage-lending-matters-report/>

⁶ City of Boston Distressed Property Report 2021.

⁷ Massachusetts Housing Partnership.

⁸ www.boston.gov/news

⁹ Metrics exclude applications where ID by race is not available.

¹⁰ City of Boston Municipal Code, Chapter VI, section 6-8.2.

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BankIQ prepared this document for the City of Boston.

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For the complete 2024 Linked Deposit Banking Report, contact the City of Boston Treasurer's office or the City of Boston website.

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2024 Linked Deposit Banking Report to the Mayor

EXECUTIVE SUMMARY

