

# REACH

*Understanding the Racial Homeownership Gap*

*Strategies to Narrow the Gap*

# AGENDA

- Introductions
- Racial Homeownership Gap
- REACH
- Up Next

# ABOUT MASSHOUSING

Quasi-public state agency, entrusted with providing **low-cost financing** to build mixed-income **rental housing** and **affordable mortgages** for homebuyers.

## Home Ownership

**\$3.7 billion**

Unpaid principal balance

**18,507**

Active 1<sup>st</sup> Mortgages

## Rental

**\$4.7 billion**

Outstanding principal balance

**395**

Developments w/ **outstanding principal balance**

**50,000**

Rental units

# THE TEAM



## FRANCIS GOYES FLOR

### URBAN PLANNING + PUBLIC POLICY

- Regional Housing + Land Use Planner | Metropolitan Area Planning Council
- Housing Analyst | The World Bank
- Research Assistant | MIT's Center for Advanced Urbanism



## MONIQUE GIBBS

### PUBLIC POLICY + ADMINISTRATION

- Housing Development Officer | City of Boston
- Government Affairs + Strategic Initiatives Intern | Metropolitan Area Planning Council
- Rappaport Fellow | The Mayor's Housing Innovation Lab

The Innovation Team is  
**interdisciplinary +**  
**interdepartmental.**

We support + develop **research,**  
**analysis + recommendations** to  
expand affordable housing in the  
Commonwealth.

**THE**  
**MISSION**

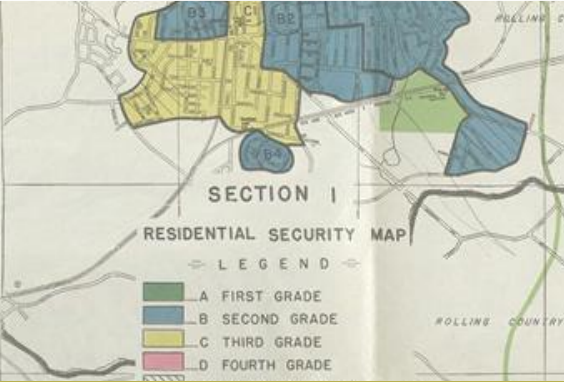


**Why do we need to  
talk about  
homeownership?**

SECTION I  
RESIDENTIAL SECURITY MAP  
LEGEND

- A FIRST GRADE
- B SECOND GRADE
- C THIRD GRADE
- D FOURTH GRADE
- SPARSELY BUILT UP (COLOR INDICATES GRADE)
- INDUSTRIAL
- COMMERCIAL (IMPORTANT RETAIL AND WHOLESALE AREAS)
- UNDEVELOPED OR FARMLAND (NO PROBABLE CHANGE WITHIN 5 YEARS)

- 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.



E. No persons of any race other than the Aryan race shall use or occupy any building or any lot, except that this covenant shall not prevent occupancy by domestic servants of a different race domiciled with an owner or tenant.

5. That the said land or buildings thereon shall never be rented, leased or sold, transferred or conveyed to, nor shall same be occupied exclusively by person or persons other than of the Caucasian Race.

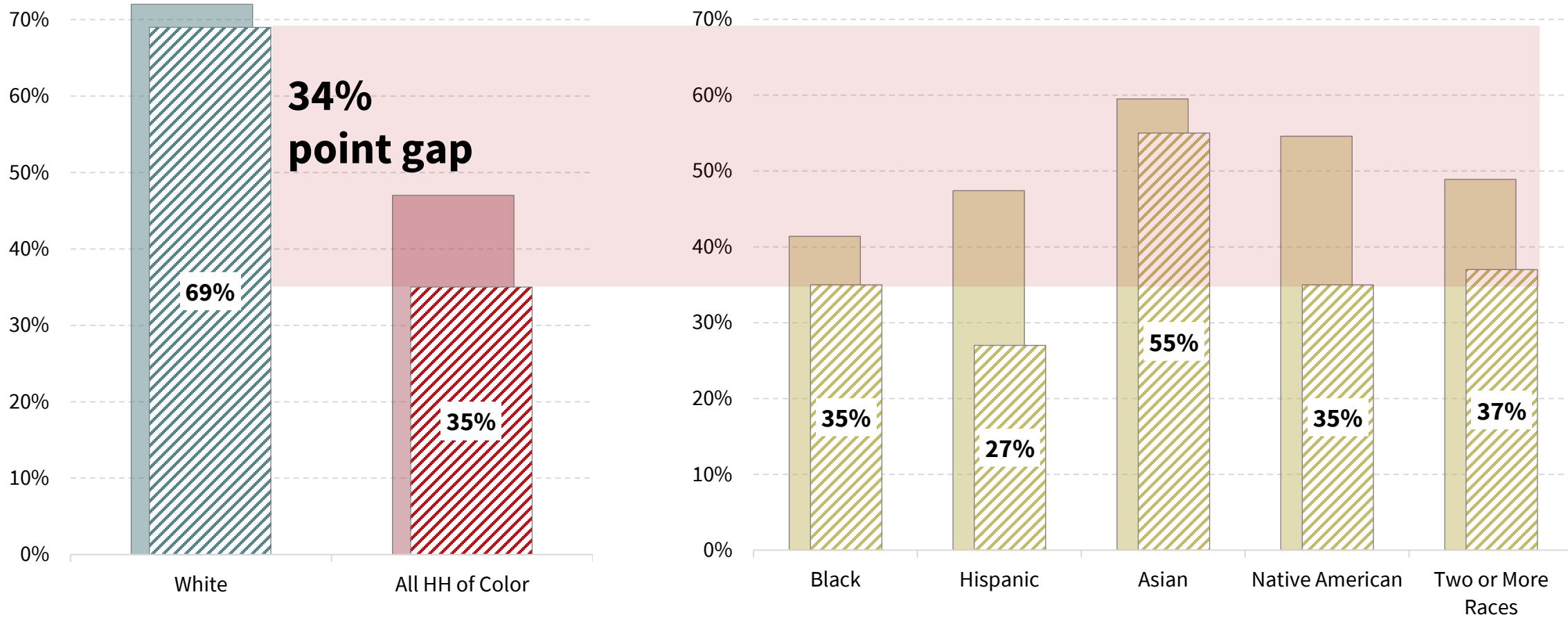


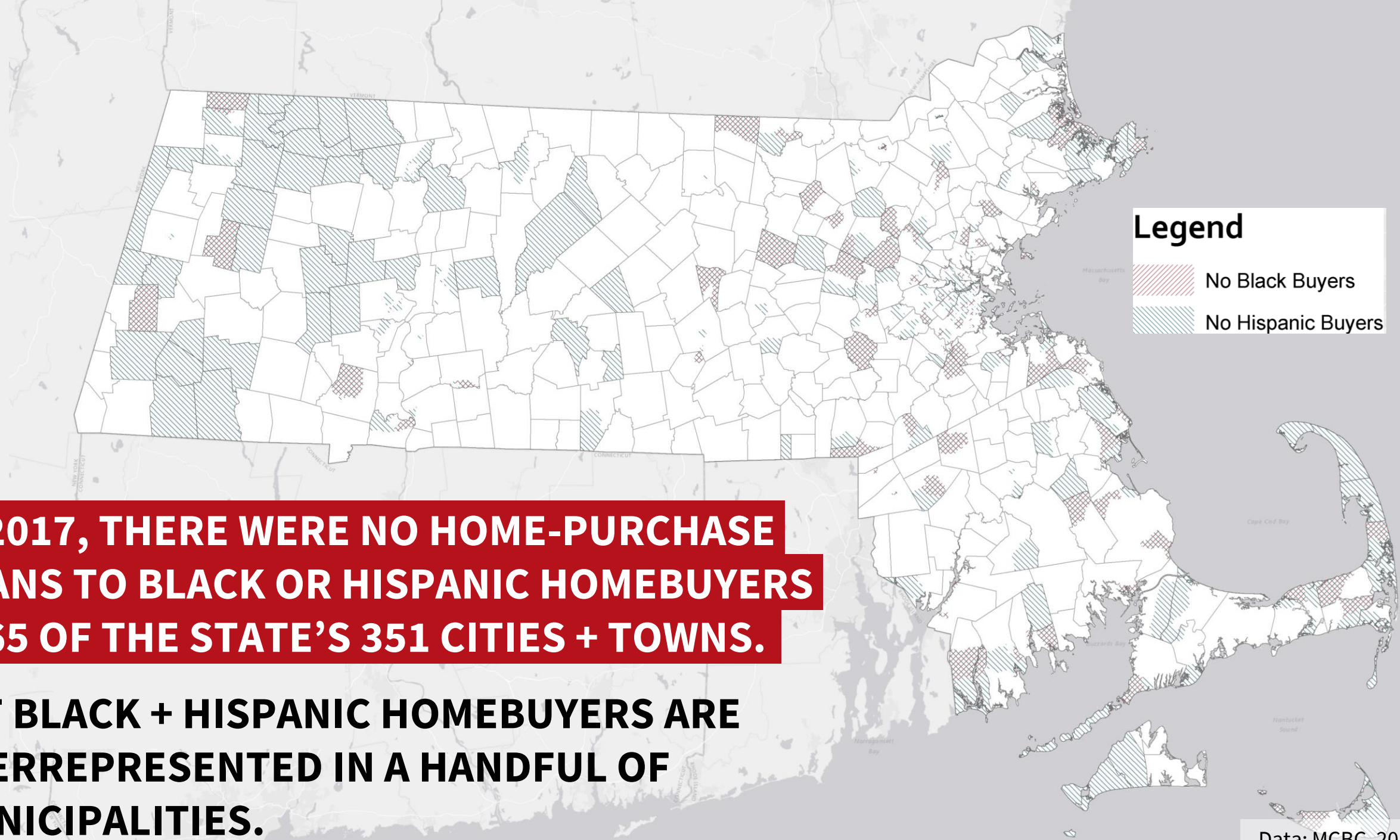
As a result of these and other discriminatory policies and practices, **the homeownership gap between Black and White families in the US is larger today than it was when the Fair Housing Act was approved in 1968.**



# MASSACHUSETTS HAS THE FIFTH LARGEST RACIAL HOMEOWNERSHIP GAP IN THE COUNTRY.

## Homeownership Rate by Race and Ethnicity in MA, 2018





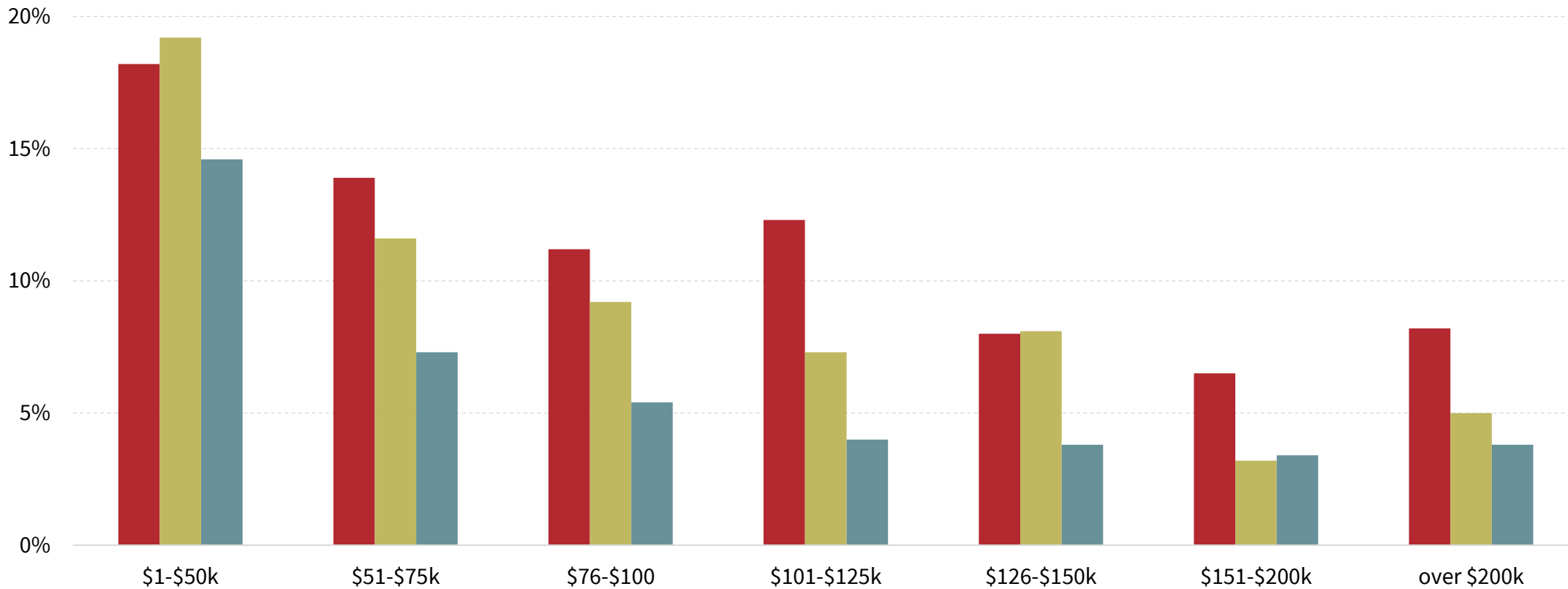
**IN 2017, THERE WERE NO HOME-PURCHASE LOANS TO BLACK OR HISPANIC HOMEBUYERS IN 65 OF THE STATE'S 351 CITIES + TOWNS.**

**YET BLACK + HISPANIC HOMEBUYERS ARE OVERREPRESENTED IN A HANDFUL OF MUNICIPALITIES.**

# BLACK AND HISPANIC HOUSEHOLDS ARE THREE TIMES MORE LIKELY TO BE DENIED FOR A MORTGAGE THAN WHITE HOUSEHOLDS, REGARDLESS OF THEIR INCOME.

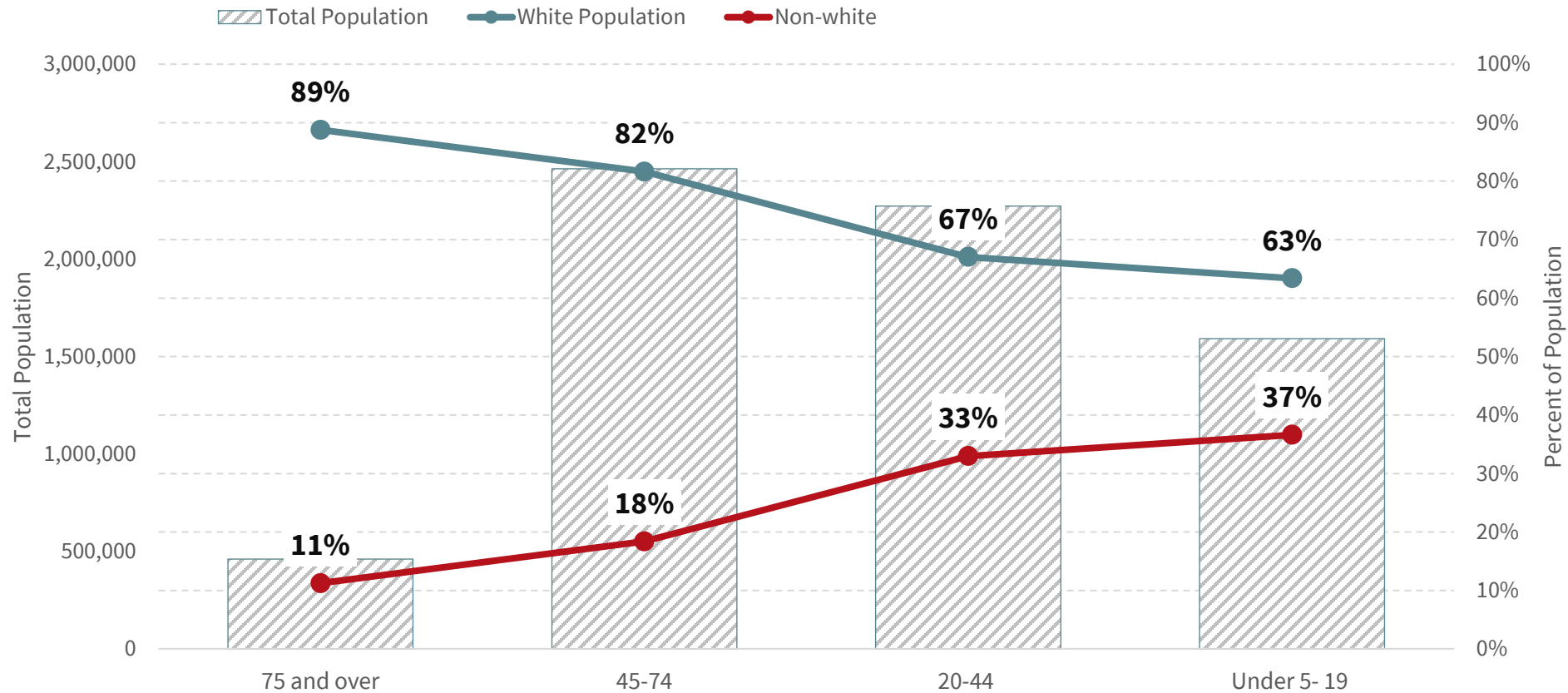
Denial Rates by Race & Income in MA, 2017

■ Black HH   ■ Hispanic & Latino HH   ■ White HH



# AS THE COMMONWEALTH BECOMES A MORE DIVERSE PLACE, WE CAN CREATE HOMEOWNERSHIP OPPORTUNITIES FOR YOUNGER HOUSEHOLDS OF COLOR.

## Massachusetts Population by Age and Race, 2017



**Racial  
Equity  
Advisory  
Council for  
Homeownership**



# Public + Quasi Public Agencies

Department of Housing and Community Development  
MassHousing  
Massachusetts Housing Partnership  
Boston Federal Reserve

# CDCs

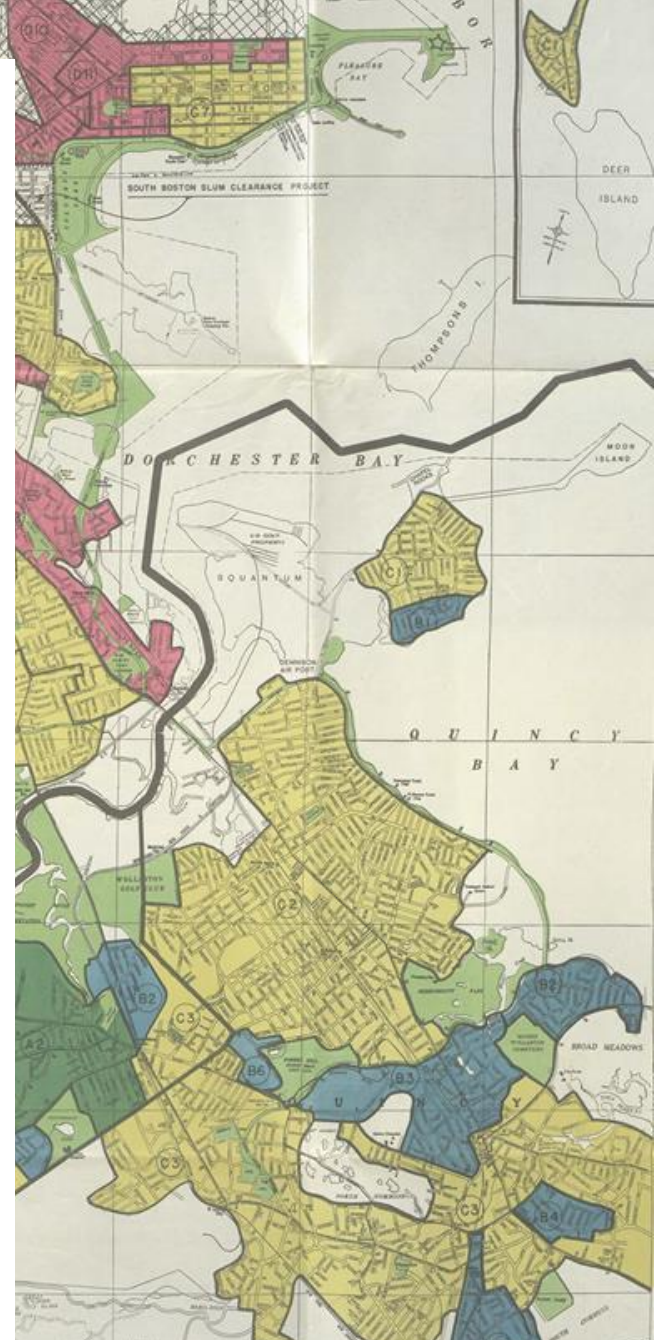
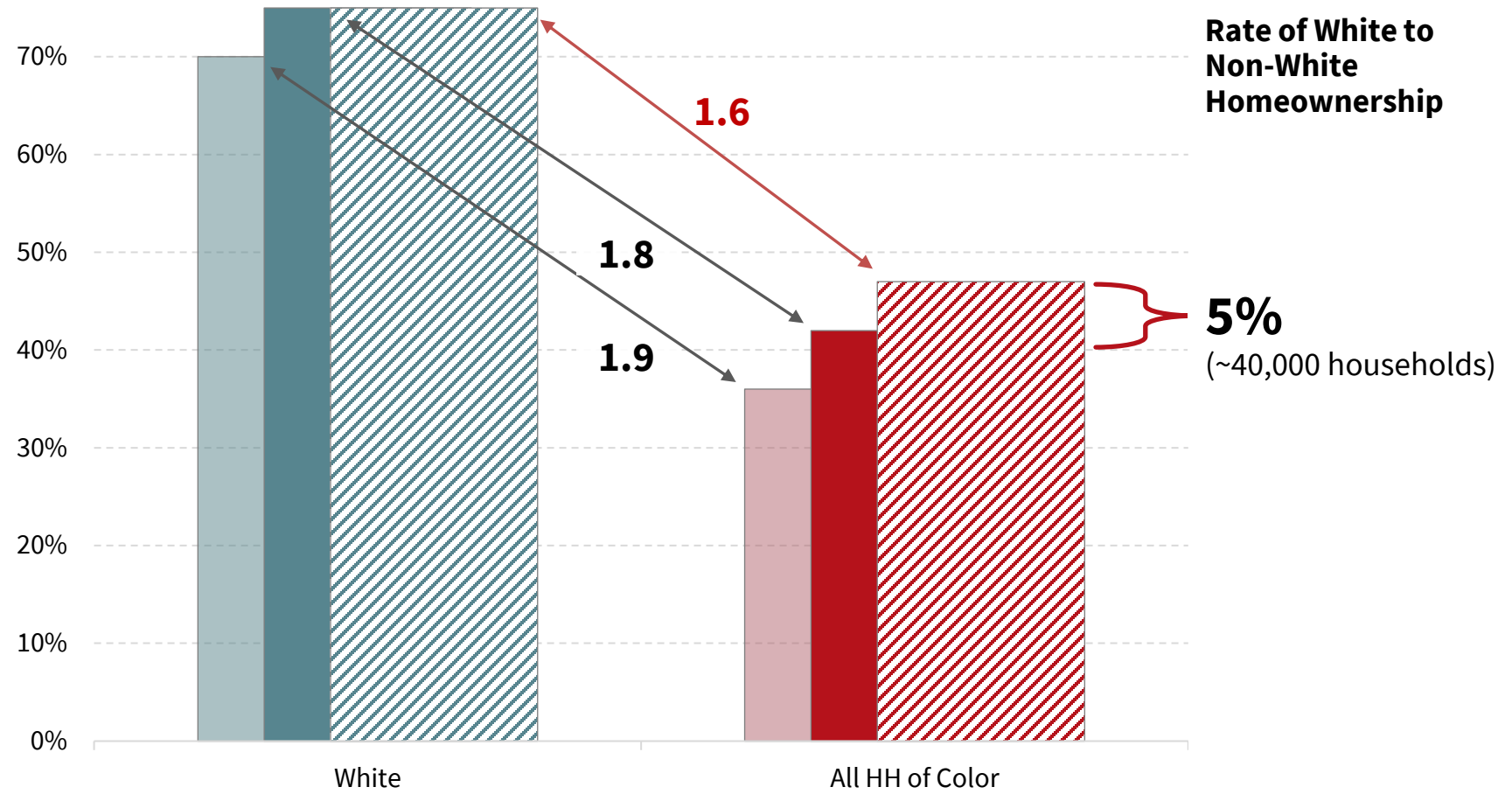
Madison Park Development Corporation  
Massachusetts Alliance of Community Development  
Corporations

# Nonprofits

University of Massachusetts  
Massachusetts Community + Banking Council  
Hyams Foundation  
Citizens' Housing + Planning Association  
Compass Working Capital  
The Boston Foundation  
Mass Affordable Housing Alliance

# THE COUNCIL

# INCREASE THE HOMEOWNERSHIP RATE OF HOUSEHOLDS OF COLOR BY 5% BY 2030.



# STRATEGIES TO NARROW THE GAP

- 1 Marketing of My Mass Mortgage and State Mortgage Products
- 2 Down Payment Assistance : Workforce Advantage 2.0
- 3 Commonwealth Builder Program
- 4 Racial Justice Housing Agenda



## **1 Marketing of My Mass Mortgage and State Mortgage Products**

- Redesign of My Mass Mortgage website
- Targeted marketing to people of color in interested in homeownership

## **2 Down Payment Assistance: Workforce Advantage 2.0**

- Up to \$25,000 for Boston and Gateway City Homebuyers
- Eligible to homebuyers up to 80% AMI

## **3 CommonWealth Builder Program**

- Homeownership Production Program
- Targeted to the City of Boston, Gateway Cities and Qualified Census Tract

## **4 Racial Justice Housing Agenda**

- Comprehensive agency plan to support and further racial justice in housing
- Creating strategies for both internal and external action



COMMONWEALTH BUILDER PROGRAM  
*A MassHousing Initiative*



City of Boston  
Gateway Cities  
Qualified Census Tracts



\$150,000/Workforce Unit  
\$5 million/Project



Local subsidy  
commitment



Min. 25% affordable units  
70% - 120% AMI  
First-Time Homebuyer



New Construction or  
Adaptive Reuse  
Single-family or condos  
Min. 20 units



# WORKFORCE ADVANTAGE PROGRAM

*Affordable down payment assistance financing for low-income first-time homebuyers.*



- Borrower must earn up to **80%** of the Area Median Income (AMI)
- Purchase a single-family home, 2-family or condominium in the City of Boston or one of the Commonwealth's 26 Gateway Cities

## Financing includes:

- A **0% interest rate loan**, deferred upon sale, transfer, payoff or re-finance
- Conventional or FHA Insured first mortgage
- A **down payment assistance loan** for up to 3% of the purchase price or \$25,00, whichever is less
- Discounted MassHousing **Mortgage Insurance** with MI Plus
- Financing may include **renovations** or **energy efficiency** improvements

# RACIAL JUSTICE HOUSING AGENDA

**The Racial Justice Housing Agenda will affirm MassHousing's longstanding commitment to diversity and inclusion.**

This agenda will invest in the development and implementation of strategies to address racial disparities in housing and advance wealth-generating opportunities in communities of color. They will also encourage and support a racially diverse workforce within MassHousing and across the affordable housing industry.

MassHousing staff will work collaboratively across the agency and form external partnerships to achieve the agenda's goals. The agenda is a dynamic and living document that will evolve and be expanded as needed.





# THANK YOU!

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