

Black homebuyers account for 1% of homebuyers in Melrose over the past 15 years

Executive Summary: Over the past 15 years, Black homebuyers have accounted for 1% of the homebuyers in Melrose. The percent of Black homebuyers in Melrose is lower than the percent of Black residents in Melrose (3%).

This report is based on Home Mortgage Disclosure Act (HMDA) data downloaded for the Melrose census tracts for the years 2007-2021. The HMDA requires many financial institutions to report the mortgage loan business they conducted each quarter. The reported mortgage data contains a great deal of information about the mortgage applicants. This report analyzes the “derived race” information reported in the HMDA data. Per this [Home Mortgage Disclosure Act page](#), the derived race field is a “single aggregated race categorization derived from applicant/borrower and co-applicant/co-borrower race fields.” The options for this field include American Indian or Alaska Native, Asian, Black or African American, Native Hawaiian or Other Pacific Islander, White, 2 or more minority races, Joint, Race Not Available.

Home Purchase Loan Originations in Melrose from 2007-2021

The HMDA data for Melrose, from 2007-2021, include 7,244 home purchase loan applications in which the outcome was loan origination or loan purchased. Loan origination is when a bank provides the mortgage to the home buyer. Loan purchase is when the lending institution originates the loan and sells it to another financial institution within that same quarter. These are the two outcomes that indicate an applicant received a mortgage to buy a home.

The table below shows the derived race information for these 7,244 home purchase loans. While a goal of HDMA is to assess practices of discriminatory lending by race, the derived race information for 26% of the loans did not include information about race. Instead, the information reported was Race was Not Applicable (12.58%), Race Not Available (7.18%) or Information Not Provided in Mail, Internet or Telephone Application (6.34%).

Black homebuyers accounted for 0.99% of the home purchase loans over these fifteen years. Among the 5,534 loans in which race was identified, Black homebuyers accounted for 1.44%.

| Home Loans Originated or Purchased, 2007-2021 | | |
|---|--------------|-------------------------------|
| Derived Race | Total | Percent of Grand Total |
| White | 4,663 | 64.37% |
| Not applicable | 911 | 12.58% |
| Asian | 521 | 7.19% |
| Race Not Available | 520 | 7.18% |
| Information not provided by applicant in mail, Internet, or telephone application | 459 | 6.34% |
| Black or African American | 77 | 1.06% |
| Joint | 72 | 0.99% |
| American Indian or Alaska Native | 11 | 0.15% |
| Native Hawaiian or Other Pacific Islander | 9 | 0.12% |
| 2 or more minority races | 1 | 0.01% |
| Grand Total Home Purchase Loans Originated or Purchased | 7,244 | 100.00% |

The table below shows the percent of home purchase loans originated or sold by race by year. The share of mortgages to Black homebuyers varies little from year to year. The peak was in 2016, when Black homebuyers accounted for 2.7% of the reported mortgages issued in Melrose. However, two of the lowest years in terms of share soon followed, with 0.6% in 2019 and 0.4% in 2020. The only lower share total was in 2008, during the Great Recession, with 0.2%.

| Year | % White | % Black | % Asian | % American Indian or Alaska Native | % Native Hawaiian or Other Pacific Islander | % Not Provided/NA/Not Known |
|-------------|---------|---------|---------|------------------------------------|---|-----------------------------|
| 2007 | 68.1% | 1.0% | 2.9% | 0.2% | 0.2% | 27.8% |
| 2008 | 68.8% | 0.2% | 4.4% | 0.2% | 0.5% | 25.8% |
| 2009 | 66.1% | 1.4% | 3.0% | 0.2% | 0.0% | 29.3% |
| 2010 | 73.2% | 1.2% | 5.8% | 0.0% | 0.0% | 19.8% |
| 2011 | 73.2% | 1.4% | 2.3% | 0.5% | 0.0% | 22.7% |
| 2012 | 66.5% | 1.2% | 4.0% | 0.2% | 0.0% | 28.1% |
| 2013 | 69.9% | 1.2% | 4.2% | 0.0% | 0.0% | 24.8% |
| 2014 | 56.6% | 0.8% | 8.0% | 0.6% | 0.2% | 33.8% |
| 2015 | 64.7% | 1.0% | 6.3% | 0.0% | 0.0% | 28.0% |
| 2016 | 67.6% | 2.7% | 8.1% | 0.4% | 0.8% | 20.5% |
| 2017 | 62.6% | 0.8% | 11.3% | 0.0% | 0.2% | 25.1% |
| 2018 | 56.8% | 1.2% | 12.4% | 0.0% | 0.0% | 26.8% |
| 2019 | 57.8% | 0.6% | 9.4% | 0.0% | 0.0% | 28.9% |
| 2020 | 62.9% | 0.4% | 9.9% | 0.0% | 0.0% | 22.8% |
| 2021 | 53.8% | 0.8% | 14.9% | 0.0% | 0.0% | 25.9% |

Implications: According to 2020 U.S. Census data, Black residents comprise 3.34% of the Melrose population, which is a decrease from the 3.93% they comprised in 2010. The HMDA data indicate the percentage of Black homebuyers in Melrose over the past 15 years is 0.99% of the total homebuying population. So, the Black homebuying population for Melrose is lower than the percent of Black residents in Melrose (3.34%).

The HMDA data show the past and present harms of systemic racism. Melrose was a red-lined city, which meant a network of city, state and federal regulations and practices prevented Black people from buying homes in Melrose. Red-lining started in the late 1930's and ended with the passage of the Fair Housing Act in 1968. As such, a generation of Black home buyers were excluded from Melrose. Moreover, since this racial segregation was in place throughout much of the United States, a generation of Black Americans were denied the opportunity to buy a home, and thus denied the opportunity to accumulate and pass on the wealth created from home ownership.

Though Melrose recently stated plans to advance racial equity through housing access, the city did not use HMDA data to guide their planning. In February 2022, the city released its Housing Production Plan. There is no indication in the report that HMDA data for Melrose was included as a data source. The report provides no data on Black homebuyers or homeowners in Melrose. Below are excerpts from the Housing Production Plan. The first excerpt is about the strategy to encourage a fairer, more accessible private housing market, with a sub-strategy to create a down payment assistance fund that could target low homeownership rates among marginalized communities. The second excerpt is the section on Racial Equity, a major goal of the housing production plan. The inclusion of HMDA data would have better informed these strategies and goals. The city would know just how few Black homebuyers there have been in the past 15 years, and how much work would be required to repair past harms and achieve racial equity. The HMDA data would have bolstered the importance of the down payment assistance fund strategy, since the HMDA data indicates that over the past 15 years, Black homebuyers in Melrose were 68% more likely to be denied a mortgage loan than white homebuyers.

A primary goal of the Home Mortgage Disclosure Act is that the mortgage data can shed light on possible discriminatory practices. That the housing production plan can assert racial equity as a goal, but not avail itself of data designed to measure racial discrimination, is puzzling. Hopefully this information will be included in future planning.

Excerpts from the Melrose Housing Production Plan

Strategy C: Encourage a fairer, more accessible private housing market.

The vast majority of the housing in Melrose is delivered through the private real estate market. Historically and today, this market has not provided access to housing equally for all; whether intentional or not, discrimination continues to occur. The strategies below will guide the City's efforts to counteract historic and contemporary housing discrimination in the private market.

- C1. Create a down payment assistance fund for low- and moderate-income households looking to purchase a home in Melrose, and target low homeownership rates among marginalized communities.

Housing Goals section of the Melrose Housing Production Plan (February 2022)

2. Racial Equity

Advance racial equity, promote inclusion, encourage wealth creation through housing access for people of color, and enrich the Melrose community through increased diversity.

For more than 100 years, housing policy has played a key role in constructing and perpetuating racial inequality in the US. Tools like federal redlining, steering by realtors and mortgage issuers, racially restrictive covenants, and local exclusionary zoning were used to build a racially segregated housing system that disproportionately benefited White people and reduced opportunities for people of color, especially Black people.

Melrose's demographics are partly a result of that system. Other tools, like blockbusting, rent-to-own schemes, adjustable-rate mortgages, and subprime

mortgage lending further limited wealth creation among Black people in particular and people of color generally. Though the latter set of practices have been used less often in Melrose because there were fewer Black people to target, they have contributed to inequality in the broader housing market. Congress recognized and addressed these facts in its 1968 Fair Housing Act. However, little has changed in the intervening decades, in part due to lack of enforcement or local implementation mechanisms.

While fully ameliorating the impacts of these policies will require investment at the federal level, Melrose can use local housing policy to make incremental progress towards reversing this history of housing-based exclusion and providing individual households with opportunity. The benefits of this approach would be broadly shared by existing and future members of the Melrose community, who could all enjoy the social and economic strengths of a more inclusive and diverse population.

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