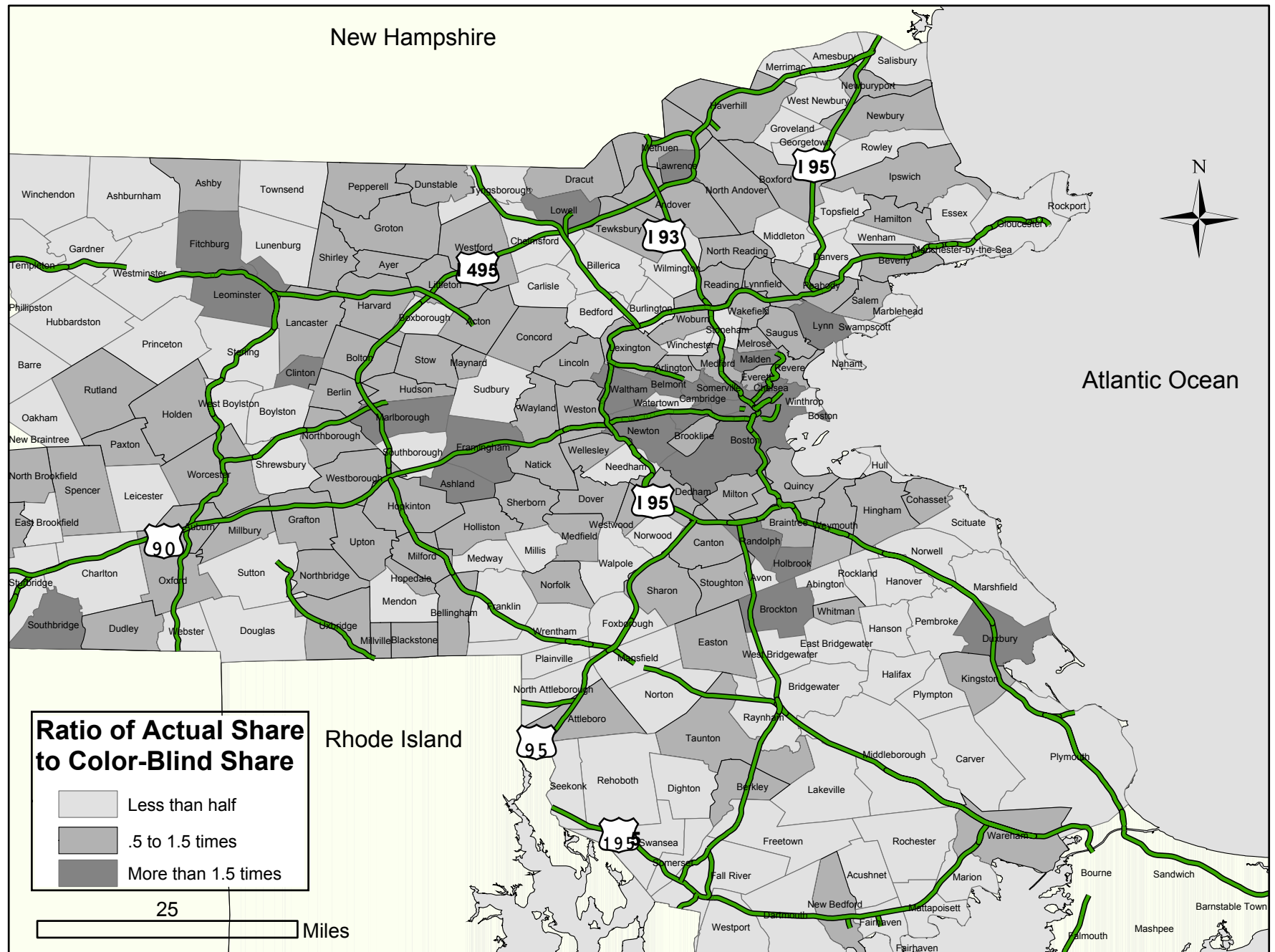


Comparison of Actual to "Color-Blind" Distribution of Owners by Home Value Latino Owners

Exhibit 7b

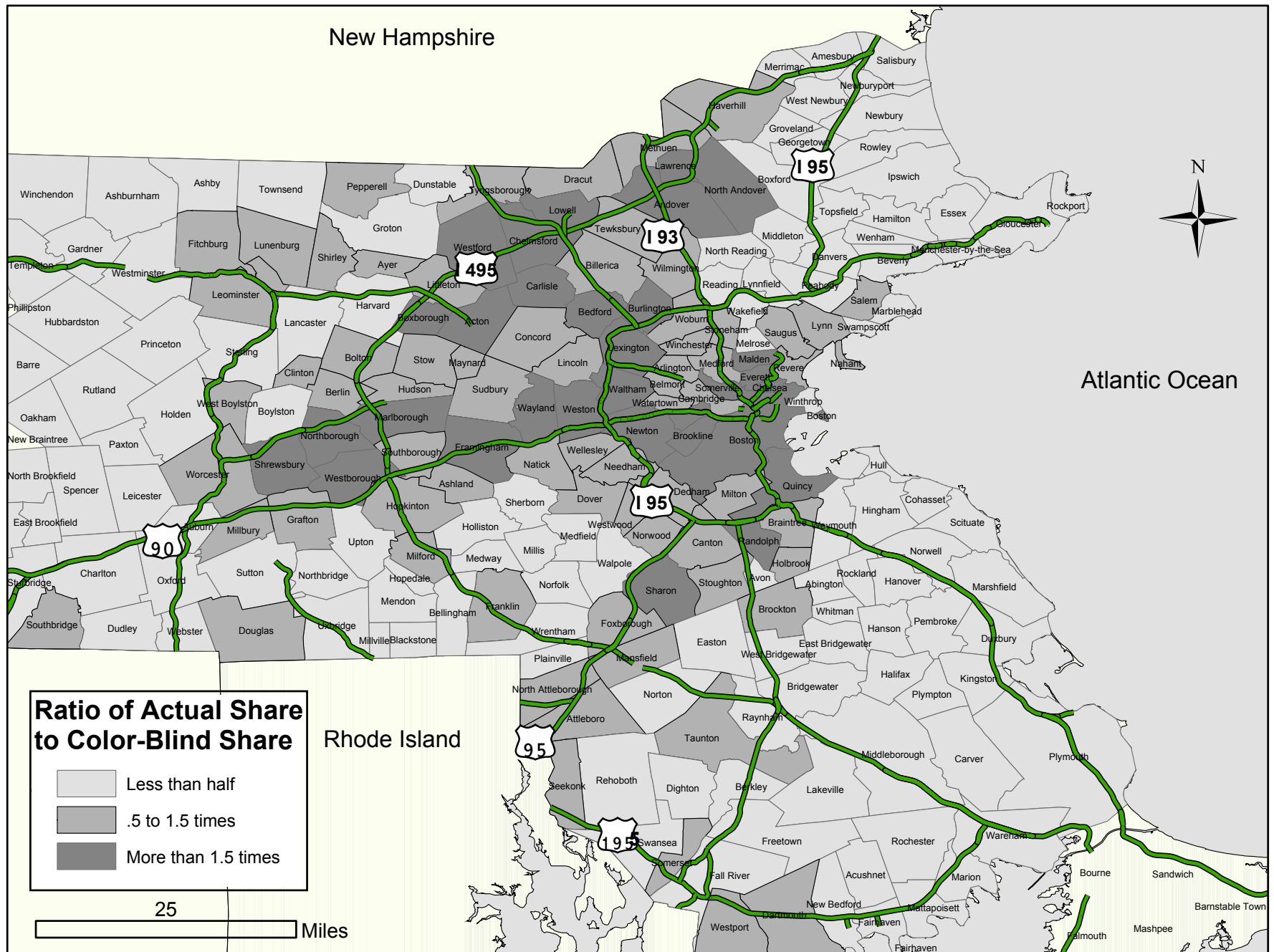


Source: Analysis based on data from the 2000 Decennial Census, Summary File 3.

Comparison of Actual to "Color-Blind" Distribution of Owners by Home Value

Asian Owners

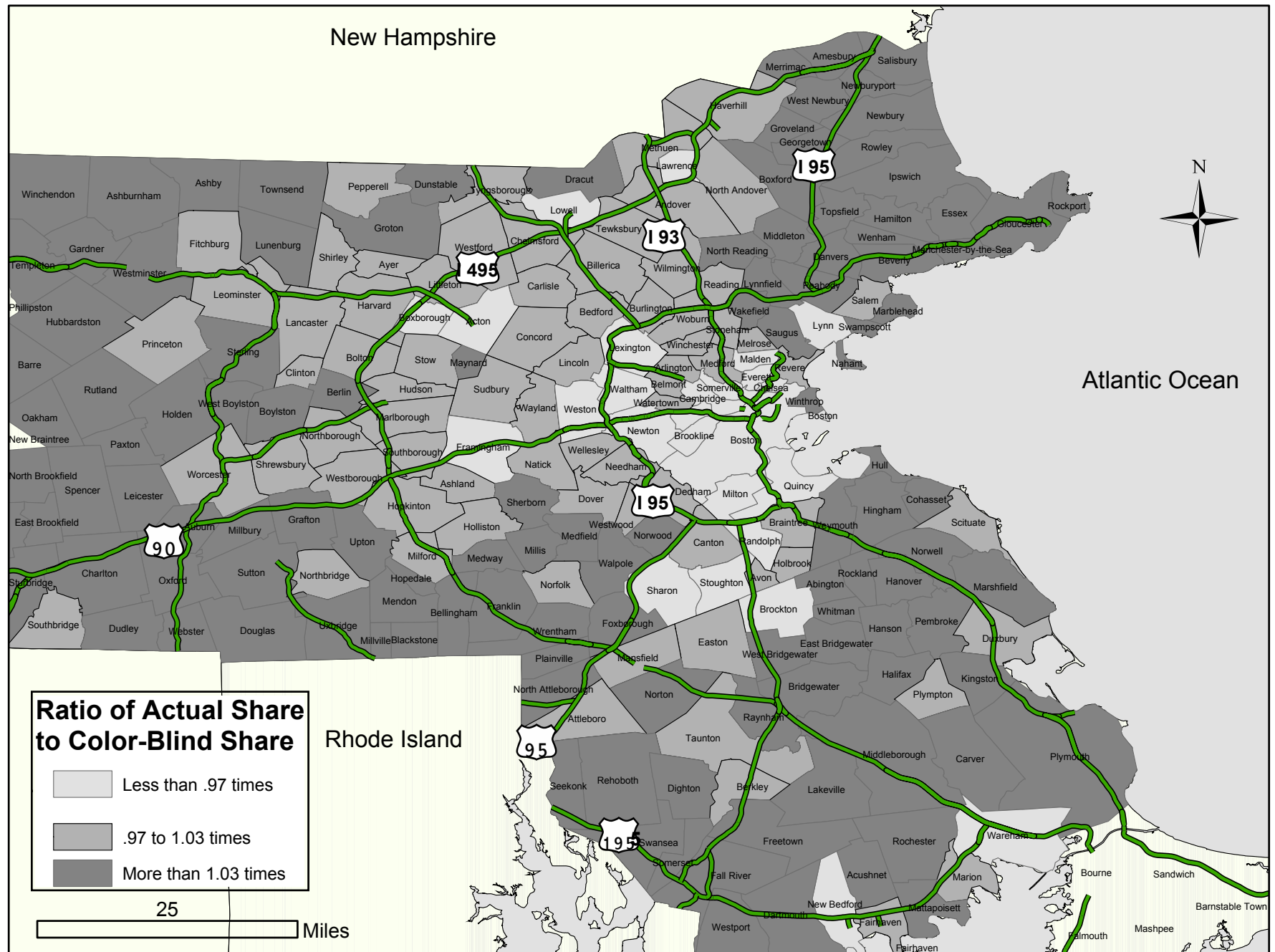
Exhibit 7c



Source: Analysis based on data from the 2000 Decennial Census, Summary File 3.

Comparison of Actual to "Color-Blind" Distribution of Owners by Home Value White Owners

Exhibit 7d



Source: Analysis based on data from the 2000 Decennial Census, Summary File 3.

“Color-Blind” Simulation by Mortgage Loan Amount

As noted in the methodology section, we performed three simulations with HMDA mortgage loan amount data; one with no adjustment for variation in loan-to-value ratios; one which created an “adjusted value” reflecting the reported loan amount plus a downpayment based on a 90% loan-to-value ratio for blacks and Hispanics and an 80% ratio for others; and one which created an “adjusted value” reflecting the reported loan amount plus a downpayment based on a 95% loan-to-value ratio for blacks and Hispanics and an 80% ratio for others.

Exhibit 8 lists the municipalities which are most over-represented for minority groups under the first simulation (no loan-to-value adjustment) as well as the degree to which they are over-represented, beyond what can be explained by affordability alone. As in the home value analysis, African-American borrowers are greatly under-represented in the vast majority of municipalities but over-represented in Boston and certain inner and southern suburbs. In Randolph, the African-American share of borrowers is 7.6 times what one would expect based on affordability; in Brockton, 6.4 times; in Boston, 4.0 times; and in Milton 3.7 times. The already established heavy African-American concentration in Boston and its southern suburbs will be exacerbated by this over-representation of new African-American buyers in already disproportionate African-American areas. Furthermore, in 82% of municipalities, the share of black buyers is less than half what we would predict based on affordability alone. In 11% of cities and towns there were no loans to blacks over the 1999-2001 period. Homebuyers of other races are acquiring similarly sized mortgages to African-American borrowers, but are purchasing in dramatically different locations.

Latino borrowers are also under-represented in the vast majority of suburban areas and over-represented in Boston, certain inner suburbs, and a far-flung set of satellite cities. The Latino share of borrowers in Lawrence is 11.9 times what one would expect based on affordability; in Chelsea, 9.4 times; in Lynn, 4.3 times; in Revere, 3.8 times; and in Everett 3.6 times. In 81% of municipalities, the share of Latino buyers is less than half what we would predict based on affordability alone. In 10% of cities and towns there were no loans to Latinos over the 1999-2001 period.

Asian owners are particularly under-represented in the farthest outlying suburbs, but over-represented in Quincy and many western and northwestern communities, particularly those along major highways. The Asian share of borrowers in Quincy is 4.7 times what one would expect based on affordability; in Acton, 3.8 times; in Randolph, Malden and Lexington, 3.4 times. Furthermore, in 59% of municipalities, the share of Asian buyers is less than half what we would predict based on affordability alone. In 9% of cities and towns there were no loans to Asians over the 1999-2001 period.

New white homebuyers are distinctly over-represented in far-flung suburbs to the north along the coast, to the south, and to the far west. **Exhibit 8** also lists those communities where whites are particularly under-represented, relative to what we would predict based on loan amount. In Lawrence, the number of white owners is only 40% of predicted; in Chelsea, 55%; in Randolph, 56%; and in Brockton, 68%.

Exhibit 8

Top 10 Most Over-Represented Municipalities (Based on Reported Loan Amount with No Loan-To-Value Adjustment)

<u>Latinos</u>	Factor by which actual number of Latino buyers exceeds predicted number	<u>Blacks</u>	Factor by which actual number of black buyers exceeds predicted number	<u>Asians</u>	Factor by which actual number of Asian buyers exceeds predicted number
Lawrence	11.9	Randolph	7.6	Quincy	4.7
Chelsea	9.4	Brockton	6.4	Acton	3.8
Lynn	4.3	Boston	4.0	Randolph	3.4
Revere	3.8	Milton	3.7	Malden	3.4
Everett	3.6	Everett	2.8	Lexington	3.4
Southbridge	3.0	Malden	2.4	Lowell	3.2
Fitchburg	2.6	Lynn	2.3	Burlington	2.8
Framingham	2.0	Worcester	1.8	Boxborough	2.6
Worcester	1.9	Stoughton	1.6	Westford	2.4
Boston	1.9	Medford	1.5	Shrewsbury	2.2

Share of Municipalities with *Less than Half* the Expected Number of Buyers of Given Race: (%)

<u>Latino</u>	<u>Black</u>	<u>Asian</u>
81.1	82.4	59

Share of municipalities with *NO* buyers of given race: (%)

<u>Latino</u>	<u>Black</u>	<u>Asian</u>
9.9	11.3	8.6

Note: Excludes loans made to borrowers of unknown race and those of less than \$25,000.

Source: 1991-2001 Home Mortgage Disclosure Act Data.

Top 10 Most Under-Represented Municipalities for Whites

<u>Whites</u>	Actual buyers as share of expected Buyers
Lawrence	0.40
Chelsea	0.55
Randolph	0.56
Brockton	0.68
Lynn	0.76
Everett	0.76
Malden	0.76
Boston	0.83
Revere	0.84
Lowell	0.85

Exhibit 9 illustrates the resulting change in the findings if the home values for blacks and Latinos are adjusted to reflect the stated loan amount plus a downpayment corresponding to 90% and 95% loan-to-value ratios. While there is some reduction from the baseline case in the extent to which black and Latinos are over-represented in certain municipalities relative to what affordability would suggest, the overall pattern remains very strong. Latinos are still over five times as likely to buy in Lawrence and Chelsea and African Americans in Randolph and Brockton than we would expect based on their loan amount plus predicted downpayment. And, in 80% of municipalities, the actual number of black and Latino buyers is less than half what affordability would suggest. **Exhibits 10a-d** map the extent of this over-representation using the most conservative case, in which blacks and Hispanics are assumed to have a loan-to-value ratio of 95% and other buyers have an 80% ratio.

Given differences in incomes and home values by race across the Boston area, as well as some heterogeneity in home prices across communities, it is unlikely that racial groups would be spread uniformly throughout the metro. One would expect, on average, that Asian and white owners would be more concentrated in municipalities with higher home values and that Latinos and African Americans would be more concentrated in those areas with lower values. However, the analyses presented here, both by home value and mortgage amount, show convincingly that mere financial affordability fails to explain the concentrated residence patterns that currently exist and that are largely being replicated. Most strikingly, African Americans and Latinos, who could afford to buy in a wide range of more outlying suburban communities, are concentrating in Boston, certain inner suburbs, and certain satellite cities, often the same places experiencing the largest declines in white homeowners.

Spatial Concentration of Homebuyers of Moderately Priced Homes

Guy Stuart's important work on homebuying in Metro Boston revealed a dramatically high share of black and Latino buyers purchasing in just a few municipalities over the 1993-98 period.¹⁸ Our study extends this analysis over the 1999-2001 period controlling for the value of the home, with similar results. **Exhibit 11** shows the top 10 communities for racial groups who purchased homes with an adjusted value of between \$150,000 and \$200,000. In this case, the adjusted value reflects the actual reported loan amount plus a downpayment based on a 90% loan-to-value ratio for blacks and Hispanics and an 80% ratio for others. The cities appearing on the lists are not surprising based on the size of the municipalities and the home prices in each, and many cities appear on several lists. What is striking are the differing shares that the top ten cities constitute of the total homes purchased within the specified price range. 76 percent of all homes with an adjusted value of between \$150,000 and \$200,000 and purchased by African-Americans were in the top ten cities, half in Boston and Brockton combined. 68 percent of all homes with an adjusted value of between \$150,000 and \$200,000 and purchased by Latinos were in ten cities, 30% in Lawrence and Boston combined. In stark contrast, only a quarter of homes purchased by whites in this value range were in the top ten cities.

¹⁸ Stuart, Guy. 2000.

Exhibit 9

Top 10 Most Over-Represented Municipalities

(Based on Reported Loan Amount + Downpayment Based on 90% Loan-to-Value for Blacks and Latinos and 80% for Others)

	<u>Factor by which actual number of buyers exceeds predicted number</u>		<u>Factor by which actual number of buyers exceeds predicted number</u>
<u>Latinos</u>		<u>Blacks</u>	
Lawrence	10.1	Randolph	7.2
Chelsea	8.8	Brockton	5.7
Lynn	4.0	Milton	4.4
Everett	3.7	Boston	4.1
Revere	3.7	Everett	2.9
Southbridge	2.5	Malden	2.4
Fitchburg	2.2	Lynn	2.1
Framingham	2.0	Medford	1.6
Boston	2.0	Stoughton	1.6
Malden	1.8	Worcester	1.5

Share of Municipalities with *Less than Half* the Expected Number of Buyers of Given Race:
(%)

<u>Latinos</u>	<u>Blacks</u>
80.2	80.6

Top 10 Most Over-Represented Municipalities

(Based on Reported Loan Amount + Downpayment Based on 95% Loan-to-Value for Blacks and Latinos and 80% for Others)

	<u>Factor by which actual number of buyers exceeds predicted number</u>		<u>Factor by which actual number of buyers exceeds predicted number</u>
<u>Latinos</u>		<u>Blacks</u>	
Lawrence	9.4	Randolph	7.0
Chelsea	8.5	Brockton	5.4
Lynn	3.9	Milton	4.7
Everett	3.8	Boston	4.1
Revere	3.7	Everett	3.0
Southbridge	2.4	Malden	2.5
Fitchburg	2.1	Lynn	2.1
Boston	2.0	Medford	1.7
Framingham	2.0	Stoughton	1.6
Malden	1.8	Worcester	1.4

Share of Municipalities with *Less than Half* the Expected Number of Buyers of Given Race:
(%)

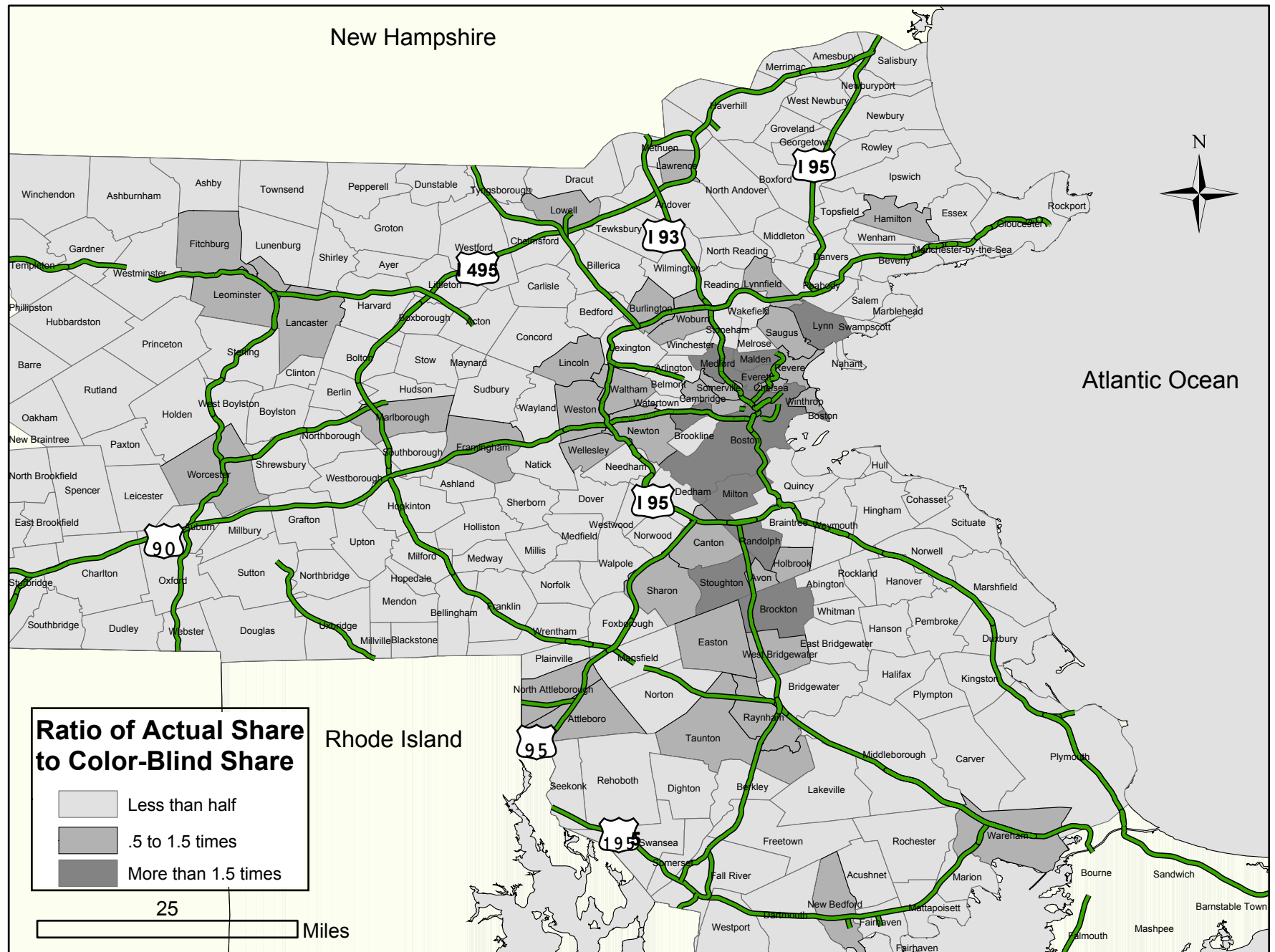
<u>Latinos</u>	<u>Blacks</u>
80.2	80.2

Note: Excludes loans made to borrowers of unknown race and those of less than \$25,000.

Source: 1991-2001 Home Mortgage Disclosure Act Data.

Comparison of Actual to "Color-Blind" Distribution of Home Mortgages Black Borrowers

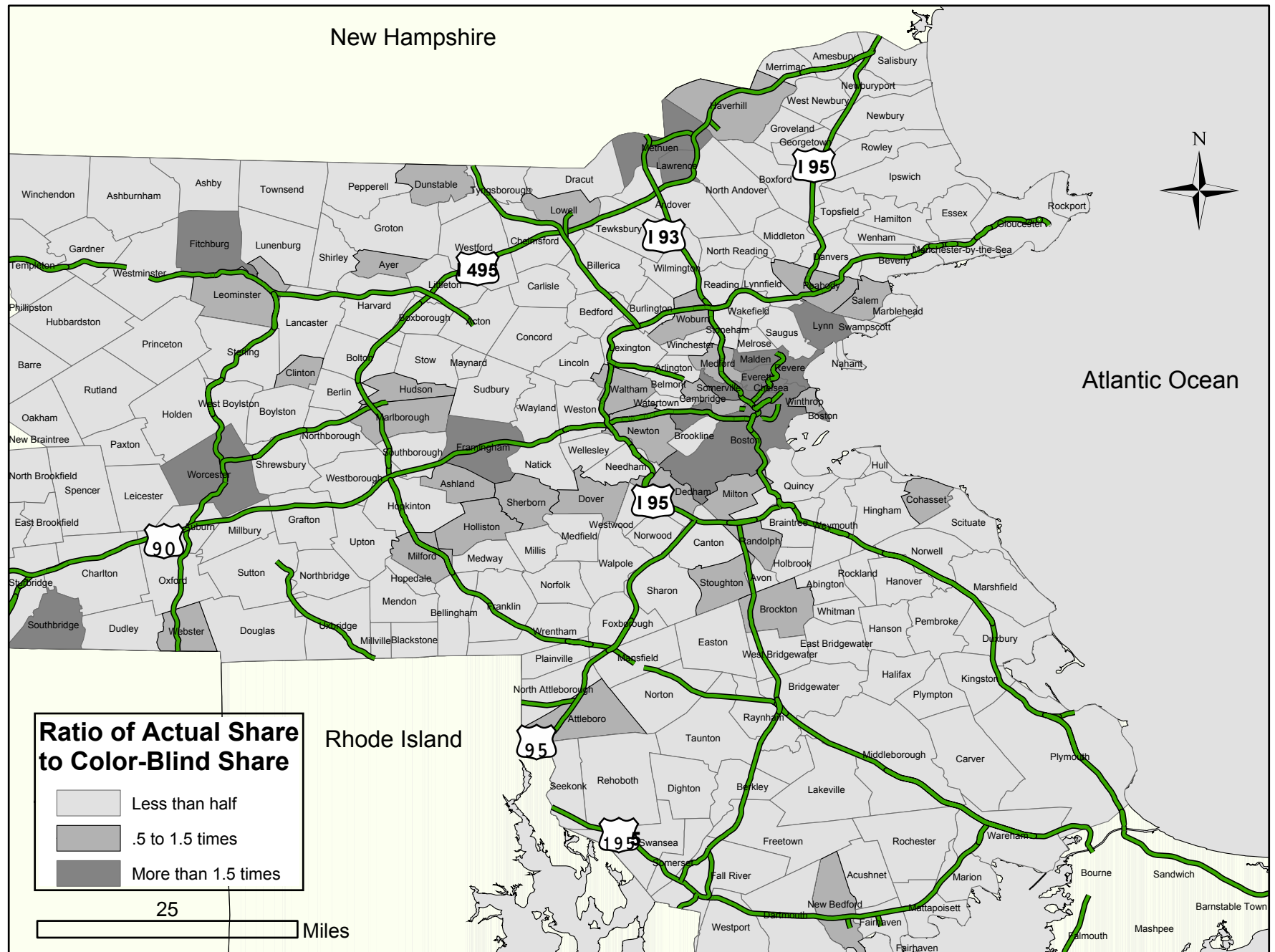
Exhibit 10a



Source: Analysis of data from the 1999-2001 HMDA data. Loans are originated, for-purchase loans in 1-4 unit structures. Race refers to the applicant. Assumes 95% loan-to-value ratio for blacks and Hispanics and 80% ratio for all others. Excludes loans less than \$25,000 and those for which race is unknown.

Comparison of Actual to "Color-Blind" Distribution of Home Mortgages Latino Borrowers

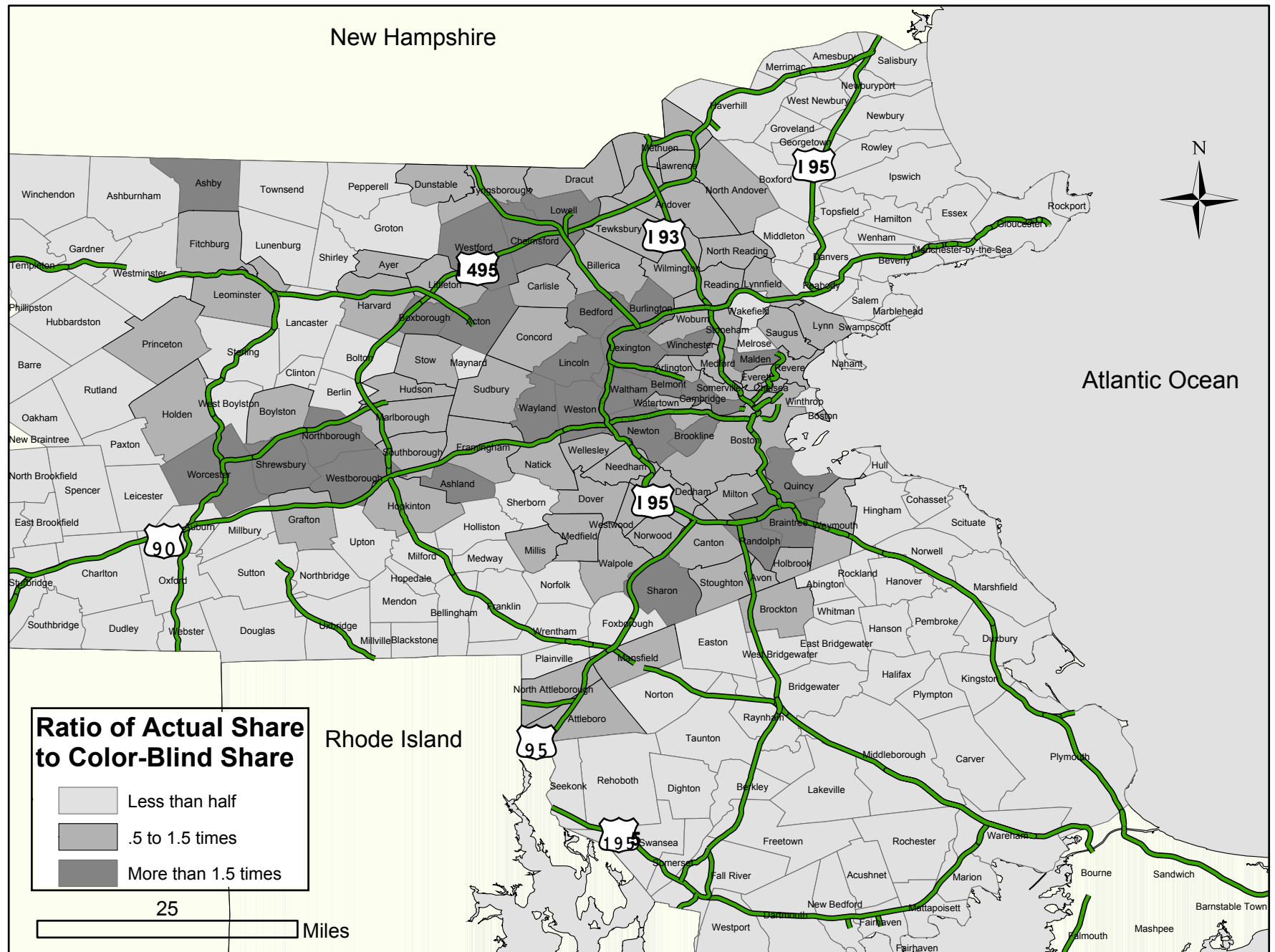
Exhibit 10b



Source: Analysis of data from the 1999-2001 HMDA data. Loans are originated, for-purchase loans in 1-4 unit structures. Race refers to the applicant. Assumes 95% loan-to-value ratio for blacks and Hispanics and 80% ratio for all others. Excludes loans less than \$25,000 and those for which race is unknown.

Comparison of Actual to "Color-Blind" Distribution of Home Mortgages Asian Borrowers

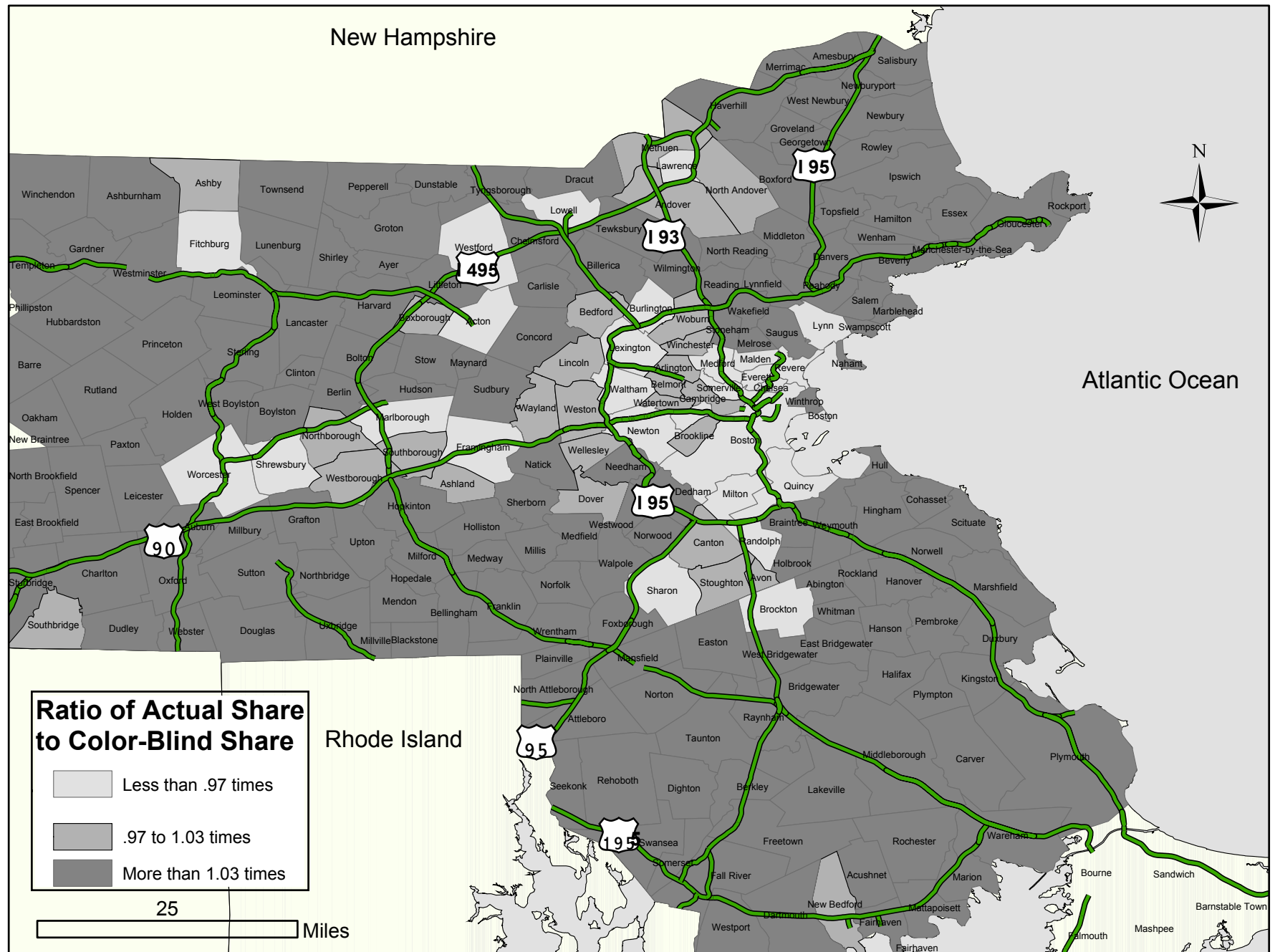
Exhibit 10c



Source: Analysis of data from the 1999-2001 HMDA data. Loans are originated, for-purchase loans in 1-4 unit structures. Race refers to the applicant. Assumes 95% loan-to-value ratio for blacks and Hispanics and 80% ratio for all others. Excludes loans less than \$25,000 and those for which race is unknown.

Comparison of Actual to "Color-Blind" Distribution of Home Mortgages White Borrowers

Exhibit 10d



Source: Analysis of data from the 1999-2001 HMDA data. Loans are originated, for-purchase loans in 1-4 unit structures. Race refers to the applicant. Assumes 95% loan-to-value ratio for blacks and Hispanics and 80% ratio for all others. Excludes loans less than \$25,000 and those for which race is unknown.

Exhibit 11

Location of Borrowers of Loans with Adjusted Values of \$150,000-\$200,000, by Race 1999-2001

City's Share of All Loans to Asians Within \$150-\$200,000			City's Share of All Loans to Blacks Within \$150-\$200,000			City's Share of All Loans to Hispanics Within \$150-\$200,000			City's Share of All Loans to Whites Within \$150-\$200,000		
<u>Asian</u>	<u># Loans</u>	<u>Range (%)</u>	<u>Black</u>	<u># Loans</u>	<u>Range (%)</u>	<u>Hispanic</u>	<u># Loans</u>	<u>Range (%)</u>	<u>White</u>	<u># Loans</u>	<u>Range (%)</u>
Boston	174	12.4	Boston	545	30.8	Lawrence	358	17.8	Boston	1961	5.5
Quincy	142	10.1	Brockton	335	19.0	Boston	251	12.5	Worcester	1149	3.2
Lowell	137	9.8	Randolph	137	7.8	Lynn	186	9.2	Plymouth	804	2.3
Worcester	71	5.1	Worcester	101	5.7	Worcester	119	5.9	Brockton	802	2.3
Lynn	62	4.4	Lynn	92	5.2	Brockton	109	5.4	Haverhill	779	2.2
Malden	47	3.3	Lowell	44	2.5	Chelsea	96	4.8	Lynn	743	2.1
Randolph	44	3.1	Malden	29	1.6	Lowell	71	3.5	Lowell	732	2.1
Brockton	31	2.2	Everett	22	1.2	Methuen	66	3.3	Taunton	693	2.0
Lawrence	28	2.0	Framingham	21	1.2	Revere	60	3.0	Fall River	614	1.7
Chelmsford	23	1.6	Attleboro	20	1.1	Haverhill	56	2.8	Weymouth	593	1.7
Top 10 Locations	759	54.1		1346	76.2		1372	68.2		8870	25.0

Note: "Adjusted value" refers to loan amount plus downpayment, based on LTV values of 90% for blacks and Latinos and 80% for all others.
Excludes loans made to borrowers of unknown race and those of less than \$25,000.

Source: 1991-2001 Home Mortgage Disclosure Act Data.

Previous work by McArdle on neighborhood characteristics of poverty-level populations of different races living in Metro Boston showed that poor African Americans and Latinos are much more likely to live in segregated, urban areas with high levels of poverty and other indicators of neighborhood distress than are poor whites.¹⁹ A useful exercise would be to look at the neighborhood characteristics of areas where different racial groups are purchasing homes, especially homes of similar values. If, as we surmise, black and Latino homebuyers are paying similar prices for homes as whites but purchasing in areas with lower-performing schools, fewer employment opportunities, and lower home-price appreciation, then the true cost of residential segregation of homebuyers by race would be clearer. We recommend such analysis for future research.

¹⁹ McArdle, Nancy. 2003.

Discussion

As long ago as 1975, the U.S. Commission on Civil Rights and the Massachusetts Commission Against Discrimination issued a sobering report, “Route 128: Boston’s Road to Segregation,” in which the agencies noted:

At the end of the 1960’s, it was not uncommon for leaders in the Greater Boston academic community to assert that greater racial integration in Boston’s suburbs would occur...[I]t was also suggested by some experts that discrimination in sales and rental of housing was of diminishing importance in shaping residential patterns.²⁰

The authors went on to dismiss the 60’s optimism by noting “no evidence exists that such discrimination has declined anywhere in the Greater Boston area.”

While some today may still share such skepticism, most would agree that overt forms of discrimination have waned. Despite any such optimism, study after study has documented continued patterns of residential segregation. The data presented here confirm previous analyses that show the Boston metropolitan area remains largely segregated by race. No matter how you slice it – home value or size of mortgage – the Boston area homeownership pie is not evenly divided based on affordability alone. On the contrary, while the *size* of the pie claimed by people of color may be increasing slightly, it remains largely concentrated in fairly narrow regions rather than equally distributed around the circumference. This pattern involves what might be called “Blue Hill Avenue extended” for African Americans and certain satellite cities for Latinos. One need only compare the maps created by Stuart’s analysis²¹ of Home Mortgage Disclosure Act data for the period 1993 to 1998 with the maps presented here to see the remarkable consistency of gradual dispersal and continued concentration.

Decrying persistent housing segregation in the United States based on race more than 35 years after passage of the landmark Fair Housing Act has become a tiresome refrain. Advocates of fair housing have grown tired of repeated studies documenting this persistence, while segments of the real estate industry are tired of having blame placed at their door for any such findings. The fatigue we feel is reflected by the ways in which we try to explain our inability to desegregate/integrate our society. Defenders of what one might call the narrow market view proclaim the neutrality – and sanctity -- of the market, lamenting the soaring cost of housing in the same breath they use it to explain why people of color do not live in certain communities. It is, they argue, simply a matter of money. People of color do not live in suburban communities or certain neighborhoods simply because they *cannot afford* it. After all, sadly we also know that the earnings and accumulated wealth of people of color, while narrowing the gap over the decades, continue to lag behind those of whites. It is only a matter of time, the logic goes, before people of color will be able to afford to live wherever they may *choose*. Until then, we must accept as a painful but simple truth that racial housing segregation is merely a reflection of unfortunate economic disparities. Our analysis puts the lie to such a simple explanation, for we have shown

²⁰ Massachusetts Advisory Committee to the U.S. Commission on Civil Rights and the Massachusetts Commission Against Discrimination. 1975.

²¹ Stuart, Guy. 2000.

that people of color could, in fact, afford to live in many more communities than they do. The research therefore points to a need to expand our vision beyond mere financial affordability and keep our eyes on the broader “market” forces that operate as constraints on choice.²²

At the other extreme is the argument that the continued segregation is the result of various forms of discrimination, both individual and institutional. Advocates often point to the dramatic separation between the races as evidence that realtors, bankers and others involved in housing are discriminating against people of color by providing services and information different from that provided to whites. In its crudest form this argument is called steering. Forces are at play, the logic goes, that steer people of color toward some communities and away from others. In prosecutorial parlance, the persistence of housing segregation is, for civil rights advocates, a smoking gun revealing discrimination.

There is clearly a need to determine the extent of actual discrimination taking place in the sales market. We know from studies conducted by the Fair Housing Center of Greater Boston that discrimination is rampant in the rental market²³. In two rental audits of the Boston region that relied on paired testers, the Center found widespread discrimination against African Americans, Latinos, families with children and participants in the Section 8 program. There is obviously a need for much more such testing in the sales market with accompanying enforcement efforts against those who discriminate.

Few people subscribe rigidly to either the position that segregation is purely a result of market forces or that it is due entirely to discrimination, and most recognize that the answer must lie somewhere in between. There may, in fact, be extra-economic factors that exacerbate market forces, and market forces may influence choices. The fact that the recent HMDA data on purchases reflect the concentrations of previous buyers is suggestive. To be sure, some of this could be the result of steering. But it could also reflect the fact that people of color consider the racial composition of an area as a factor in their decision-making process. In this sense, one need not abandon a market argument to understand what is going on. Market arguments suggest that results reflect choices. But all choices operate within constraints.

We often try to think of the costs of segregation and we decry the fact that we are all diminished when we cannot interact with people of different backgrounds. We are especially concerned about children. What if people making decisions about where to live are performing a different form of calculus when they choose to limit their searches to a few cities and towns? What if people of color consider their prospective comfort as a critical factor in deciding where to live, and comfort is determined at least in part by whether and how many other people of color live in the area. What if people of color consider the presence or absence of other people of color as an index of how welcoming a community is going to be? Perhaps people decide they cannot afford

²² The recourse to arguments about affordability is certainly convenient. In today’s Boston region, the crisis of affordability is a given; everyone has been affected by the incredibly inflated home sales market. It makes it that much easier to dismiss segregation to this same crisis, since “even” white families are having difficulties. Such arguments ignore the actual good news in the region, namely that despite its reputation, it has become home to a growing group of affluent people of color whose incomes at least allow them to remain in the purchase market.

²³ Fair Housing Center of Greater Boston, 2001 and 2002.

the *costs* – both in terms of money and time – of traveling vast distances to enjoy a desired social and cultural life. It may well be that some communities are, in this sense, *not affordable*.

There is an obvious need for extensive, intensive and long-term qualitative research to complement the quantitative record. This research must focus on how and why people – both white and of color – make their housing choices. Such research must incorporate both economic and extra-economic factors. A recently concluded HUD-funded project provides a promising methodology for such study, combining testing with personal interviews of recent homebuyers.

²⁴ Future research must seek to uncover people’s residential preferences when not constrained by the practices of realtors and lenders. We also need additional research like that produced by the Multi-City Study of Urban Inequality on whether the racial composition of a community affects decision-making by people of color and whites.²⁵

Given the small number of people of color in many of Boston’s suburban communities and the large number of communities with no people of color, the problem raised by the social cost of segregation will not be easy to address. Indeed, the North Shore HOME Consortium Analysis of Impediments to Fair Housing²⁶ reported that efforts by some North Shore communities had succeeded in attracting families of color but “the vast majority left shortly after moving to the community.” Rather than any “overt animus” the AI cited a pattern of “benign neglect coupled with isolation from families and friends.” The analysis also cited the dearth of resources available for Spanish-speaking families. Who is to argue a family should subject itself to an uncomfortable situation just because it can afford a house or in order to integrate a community?

Implications and Policy Recommendations

What then is to be done? If the problems do not flow directly from overt discrimination or discriminatory practices, how can they be solved? Who is responsible? What is the role of the state? There is actually room for action on several levels. The first step is an open recognition that our communities remain segregated. We must also acknowledge the very likely possibility that this will not change without concerted, coordinated and determined effort. That effort must focus on removing any remnants of discriminatory practices, but also on finding ways to attract and retain populations of color in communities they can afford but from which they are absent. Obviously, this is a difficult task and represents a true dilemma; one similar to the conundrum facing those who seek to desegregate public education. Research has clearly demonstrated that the academic and social success of children of color is linked to having other such children as class mates. It is not enough to have one or two pioneering children in an entire school. A similar “critical mass” may be necessary to make people of color comfortable in a community.

²⁴Massachusetts Commission Against Discrimination, 2003. This research involved a partnership between Harvard University, the Massachusetts Commission against Discrimination and two non-profit fair housing organizations: the Housing Discrimination Project in Holyoke, MA, and the Fair Housing Center of Greater Boston.

²⁵ Bluestone, et. al. 2000.

²⁶ North Shore HOME Consortium. 1997

Public and private officials must recognize this reality *and* acknowledge that they have a role to play in changing it. On the state level, the Department of Community and Housing Development (DHCD) should develop a new analysis of impediments (AI) that incorporates 2000 census data as well as this and other recent studies showing the extent of the problem. The AI may, as did the previous one, choose to recognize affordability as an issue, but acknowledge that the high price of homes itself is not necessarily the impediment.²⁷ Assuming a more comprehensive look at the impediments to fair housing, DHCD must then use its resources to ensure that all available tools are employed to address the situation. Even its emphasis on rental housing can play a role. Indeed, if the number of people of color in a community is an important factor affecting where people choose to buy, increasing the presence of renters of color in a community could be one very important interim strategy for promoting future home sales. More so, if we continue to encourage those who rent to become homeowners.

We must utilize all the tools we have at our disposal, and this means a continued commitment to Chapter 40B, the state's anti-snob zoning statute, as well as the Low Income Housing Tax Credit program. These two programs provide rare but powerful mechanisms for attracting newcomers to communities. Despite recent controversy over its operation, Chapter 40B has succeeded in producing thousands of housing units in suburban communities otherwise not inclined to add additional housing. The Low Income Housing Tax Credit Program is a critical tool for the creation of multi-family housing in an era in which creation of such housing has become increasingly difficult and expensive.

The painful truth is that we do not now know whether or how these programs are working to affect patterns of segregation.²⁸ Again, a burden falls to DHCD. The agency must begin to collect data by race on who is using and benefiting from these programs. There is absolutely no way for the Department to meet its statutory obligations to ensure these programs are operating in a non-discriminatory fashion without such data. More important, such data will help to determine which communities are succeeding in attracting people of color, information that will be critical for attracting others.

These actions alone will not overcome resistance or apathy that may exist in some suburban communities. We know that much of the resistance to Chapter 40B comes from predominantly white communities. Representatives of such communities often speak of preserving the

²⁷ The state's current AI, published in 1998 and using 1990 census data, identifies the 'hot' housing market" and notes that, "Among the least controllable impacts on fair and accessible housing is the effect of a swiftly rising real estate market." The document really focuses on rental housing. In an appendix, the document discusses "homeownership affordability," noting that "minorities are also less likely to be homeowners." Despite information on median sales price by county, the AI does not address where people of color are buying homes, let alone link this to costs.

²⁸ Current research suggests that the Low Income Housing Tax Credit program may well be perpetuating segregation by locating low income housing within existing concentrations of people of color. While the need for such housing cannot be denied and there is no reason people of color in need should be "sent" to the suburbs as core cities undergo gentrification, there is also a need to make sure such programs operate to promote access to housing in all communities. Such allegations form the basis of law suits in New Jersey and Connecticut; and locally, civil rights attorney Barbara Rabin of the Greater Boston Legal Services has found the vast majority of such housing is located in urban neighborhoods with concentrations of people of color and/or concentrations of poverty. Those located in more affluent, suburban and whiter census tracts are primarily devoted to the elderly.

“character” of their towns. As part of that preservation, those cities and towns seek to reserve any affordable units that are built for their current residents, the police, firefighters and teachers, as well as children of long-time residents. While these goals are important, the state must view any and all residency preference requests with critical eyes. Any such preferences that maintain exclusively white enclaves must be rejected in favor of more aggressive affirmative marketing plans to people of color from outside the community.

There is also a role for realtors and lenders, those who actually form the front lines of the home sales market. Too often, banks meet their Community Reinvestment Act requirements by focusing their attention on people of color to those of low- to moderate-income and the communities in which they live.²⁹ In this way banks tend to help maintain racial segregation. It is time banks expanded their outlook and their reach to assist people of color gain footholds in non-traditional communities, remembering that moderately priced homes are available throughout the region. They can do this through their marketing and their relationships with realtors.

Realtors, of course, have the most direct influence on housing choices. Indeed, as much as bricks and mortar, realtors sell communities. It is precisely this tendency that underlies past practices and current suspicions of steering. Marketing communities, as long as it does not serve prohibited purposes, is good business and happens all the time. For example, the community of West Medford is a small, quiet area bordering on Arlington and Winchester. Traditionally an integrated neighborhood, with one of the oldest established black middle class populations in the state, West Medford has for many years been an inexpensive alternative to its pricier neighbors. Located as it is near the Mystic River and Mystic Lakes, complete with a commuter rail stop and convenience to Route 93, West Medford had, until recently, been one of the best kept real estate secrets in the area. It was an area known to African Americans as welcoming, safe, and affordable.

While it remains an integrated neighborhood, the current housing crisis is changing West Medford, and realtors are playing a significant role in this change. As has happened in Roxbury and other parts of Boston, West Medford’s racial composition has not insulated it from the effects of the current housing crisis. New homes have been built on the little remaining open space and existing houses have steadily sold for elevated prices. Most of those moving into the neighborhood have been white.³⁰ Not only that, but realtors have made conscious efforts to market the neighborhood to people who have been considering buying much smaller condominium units in Cambridge for the same or slightly less money. Why not have a home

²⁹ Many bankers will be quick to point out that CRA requirements are directed toward low to moderate income (LMI) populations and neighborhoods, not to any more specific groups. As such, they might resist calls to participate in desegregating outlying communities. Of course, many of the communities contain LMI populations and LMI neighborhoods. When not speaking explicitly of CRA obligations, many of these same bankers will highlight efforts to assist communities of color as part of their community commitment.

³⁰ In terms of community relations, this fact has added a racial twist to the more common newcomer/old timer dynamic confronting any neighborhood undergoing change. With its history of integration and some appropriately supportive effort by city officials, neighborhood residents are working hard to address these conflicts.

with a yard, near the river and commuter rail rather than a small apartment? This same logic can be used to attract people of color to non-traditional communities.³¹

Cities and towns themselves must play their parts in making themselves more welcoming and open. Rather than seeing newcomers as detracting from “character,” suburban communities can and should embrace diversity as adding character. It means local leaders – both private and public – must speak out in favor of initiatives designed to increase diversity and openly challenge exclusionary proposals.

The research we have presented here has been limited in scope, designed to address one very specific question: how much of the current segregation in the homeownership segment of the Boston area is the result of affordability. The answer is, quite simply, very little. We hope that the data are as convincing to others as they are to us and that we can now move beyond this question to tackle the real problems. We know the problem is *more than money*, but how much more? and how much are we willing to pay – in time, money, planning, and determination – to eliminate the gap between where we can afford to live and where we actually live?

³¹ This example is in contrast to the realtor from a far northern exurb who, when approached by a white couple from Lexington seeking to relocate because of a job change, “Oh, yes, we get a lot of people up here trying to get away from the Metco program.” The couple interpreted this as thinly veiled racist code and decided they would not seek housing in a community in which realtors felt comfortable assuming any whites seeking housing shared such racist views.

Appendix 1

Change in Homeowners and Renters in the Boston Metro Area: 1990-2000

Owners	Non-Hispanic White				Non-Hispanic Black				Hispanic				Asians/Pacific Islanders			
	1990	2000	Change	Percent Change	1990	2000	Change	Percent Change	1990	2000	Change	Percent Change	1990	2000	Change	Percent Change
NECMA	1,032,537	1,130,175	97,638	9.5	20,540	32,705	12,165	59.2	12,632	21,466	8,834	69.9	14,242	30,798	16,556	116.2
Boston	54,661	53,323	-1,338	-2.4	11,142	15,116	3,974	35.7	2,386	4,073	1,687	70.7	1,845	3,555	1,710	92.7
Satellite Cities	181,079	178,399	-2,680	-1.5	3,856	7,896	4,040	104.8	4,345	9,172	4,827	111.1	2,664	6,934	4,270	160.3
Inner Suburbs of Boston	157,723	163,077	5,354	3.4	1,331	2,385	1,054	79.2	1,295	1,905	610	47.1	3,759	8,043	4,284	114.0
Outer Suburbs	639,074	735,376	96,302	15.1	4,211	7,308	3,097	73.5	4,606	6,316	1,710	37.1	5,974	12,266	6,292	105.3
Renters																
NECMA	638,215	587,118	-51,097	-8.0	58,165	71,177	13,012	22.4	53,621	77,006	23,385	43.6	21,261	43,782	22,521	105.9
Boston	96,949	85,801	-11,148	-11.5	35,917	37,838	1,921	5.3	16,024	21,699	5,675	35.4	7,593	13,480	5,887	77.5
Satellite Cities	213,312	187,179	-26,133	-12.3	14,839	22,649	7,810	52.6	27,221	41,121	13,900	51.1	7,973	15,806	7,833	98.2
Inner Suburbs of Boston	100,106	94,259	-5,847	-5.8	2,392	3,901	1,509	63.1	2,449	3,498	1,049	42.8	3,100	7,605	4,505	145.3
Outer Suburbs	227,848	219,879	-7,969	-3.5	5,017	6,789	1,772	35.3	7,927	10,688	2,761	34.8	2,595	6,891	4,296	165.5
Total Households																
NECMA	1,670,752	1,717,293	46,541	2.8	78,705	103,882	25,177	32.0	66,253	98,472	32,219	48.6	35,503	74,580	39,077	110.1
Boston	151,610	139,124	-12,486	-8.2	47,059	52,954	5,895	12.5	18,410	25,772	7,362	40.0	9,438	17,035	7,597	80.5
Satellite Cities	394,391	365,578	-28,813	-7.3	18,695	30,545	11,850	63.4	31,566	50,293	18,727	59.3	10,637	22,740	12,103	113.8
Inner Suburbs of Boston	257,829	257,336	-493	-0.2	3,723	6,286	2,563	68.8	3,744	5,403	1,659	44.3	6,859	15,648	8,789	128.1
Outer Suburbs	866,922	955,255	88,333	10.2	9,228	14,097	4,869	52.8	12,533	17,004	4,471	35.7	8,569	19,157	10,588	123.6
Homeownership Rate (%)																
NECMA	61.8	65.8	4.0		26.1	31.5	5.4		19.1	21.8	2.7		40.1	41.3	1.2	
Boston	36.1	38.3	2.3		23.7	28.5	4.9		13.0	15.8	2.8		19.5	20.9	1.3	
Satellite Cities	45.9	48.8	2.9		20.6	25.9	5.2		13.8	18.2	4.5		25.0	30.5	5.4	
Inner Suburbs of Boston	61.2	63.4	2.2		35.8	37.9	2.2		34.6	35.3	0.7		54.8	51.4	-3.4	
Outer Suburbs	73.7	77.0	3.3		45.6	51.8	6.2		36.8	37.1	0.4		69.7	64.0	-5.7	
Share of Owners Living in Each Area (%)																
NECMA																
Boston	5.3	4.7			54.2	46.2			18.9	19.0			13.0	11.5		
Satellite Cities	17.5	15.8			18.8	24.1			34.4	42.7			18.7	22.5		
Inner Suburbs of Boston	15.3	14.4			6.5	7.3			10.3	8.9			26.4	26.1		
Outer Suburbs	61.9	65.1			20.5	22.3			36.5	29.4			41.9	39.8		

Note: 1990 racial groups are non-Hispanic whites, non-Hispanic blacks, Hispanics, and Asians/Pacific Islanders. 2000 Racial groups are non-Hispanic whites (alone), non-Hispanic blacks (alone or in combination with other groups,) Hispanics, and Asians/Pacific Islanders (alone or in combination.) Because of some double-counting, racial groups will not sum to total. For more explanation, see the technical appendix. The metro area is defined as the NECMA (New England County Metropolitan Area) including Bristol, Essex, Middlesex, Norfolk, Plymouth, Suffolk, and Worcester Counties. Satellite Cities include Attleboro, Brockton, Cambridge, Chelsea, Everett, Fall River, Fitchburg, Gloucester, Lawrence, Leominster, Lowell, Lynn, Malden, New Bedford, Somerville, Waltham, Worcester. Inner suburbs are those remaining cities and towns which fall roughly within the Route 128 belt. Outer suburbs are those remaining cities and towns within the NECMA. See technical appendix for more explanation.

Source: 1990 Decennial Census, Summary File 1 and 2000 Decennial Census Summary Files 1 and 2.

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Technical Appendix

“Color-Blind” Analysis Methodology¹

Four “color-blind” analyses were performed; one based on home value; one based on unadjusted mortgage loan amount; and two based on mortgage loan amount adjusted for different loan-to-value ratios.

Home value-based analysis:

The analysis based on home value uses the “value for specified owner-occupied housing units” variable from the 2000 Decennial Census Summary File 3 dataset. This analysis simulates the distribution of homeowners by race across the metro area as if their residential location was determined only by the correspondence between the home values in each municipality and the value of homes that each homeowner owned as of 2000. We begin by dividing all specified owner units into nine “value categories:”

Less than \$100,000
 \$100-125,000
 \$125-150,000
 \$150-175,000
 \$175-200,000
 \$200-250,000
 \$250-300,000
 \$300-400,000
 \$400,000+

We then determine what share each racial/ethnic group constitutes of the total number of owners in each value category metro-wide: the “metro share.” Thirdly, for each individual city/town, we calculate the number of all owned units that fall into each value category. Next, we multiply this number of units in each value category by the “metro share” for each of the four racial/ethnic groups. This produces a predicted number of owners by race for each city/town, such that the distribution of racial groups across value categories at the city/town level matches the distribution at the metro level. The final metric is the actual share of all owners attributable to each race divided by the predicted share of all owners by race. For example, the **actual** black share of all owners divided by the **predicted** black share of all owners. This shows the extent to which the actual distribution of owners by race differs spatially from a “color-blind” distribution.

For the 2000 Census, respondents were able to choose more than one racial category. The categories used in this analysis were: non-Hispanic white alone; Hispanic, Asian

¹ Methodology is modeled on that developed by John Kain in “Housing Market Discrimination and Black Suburbanization in the 1980s,” 1984.

alone, and black alone. We exclude from these groups non-Hispanic owners who are more than one race (less than 1% of all owners.) We would also have preferred to separate out non-Hispanic blacks as a unique category, but this is not possible with the Summary File 3 dataset. The Summary File 4 dataset would allow us to distinguish non-Hispanic blacks, but it also suppresses data in many metro area cities and towns because of small sample size. Thus, we settled on analyzing all black owners, rather than non-Hispanic black owners. Metro-wide the share of black owners that are Hispanic is 4.9%.

Mortgage loan amount analysis, no loan-to-value adjustment:

The analysis based on mortgage loan amount uses the “loan amount variable” from the Home Mortgage Disclosure Act databases for 1991 to 2001. Only loans originated in owner-occupied, 1to-4 unit dwellings with race specified were considered. Loans of under \$25,000 were excluded to screen for “soft-second” and other unusual loans. Loans from the three years of data were included to increase the number of loans analyzed, and loan amounts from 1999 and 2000 were put into 2001 dollars using the CPI-U. This analysis simulates the distribution of mortgage borrowers by race across the metro area as if their residential location was determined only by the correspondence between the mortgage loan amounts borrowed in each municipality and the loan amounts actually borrowed by borrowers of different races. We begin by dividing all loan amounts into twelve “loan categories:”

Less than \$75,001
 \$75,001-100,000
 \$100,001-125,000
 \$125,001-150,000
 \$150,001-175,000
 \$175,001-200,000
 \$200,001-225,000
 \$225,001-250,000
 \$250,001-300,000
 \$300,001-400,000
 \$400,001-500,000
 Over \$500,000

We then determine what share each racial group constitutes of the total number of borrowers in each loan category metro-wide: the “metro share.” Thirdly, for each individual city/town, we calculate the number of all borrowers that fell into each loan category. Next, we multiply this number of borrowers in each loan category by the “metro share” for each of the four racial groups. This produces a predicted number of borrowers by race for each city/town, such that the distribution of racial groups across loan categories at the city/town level matches the distribution at the metro level. The final metric is the actual share of all borrowers attributable to each race divided by the predicted share of all borrowers by race. For example, the actual black share of all borrowers divided by the predicted black share of all borrowers. This shows the extent to

which the actual distribution of borrowers by race differs spatially from a “color-blind” distribution.

For the HMDA data, the major racial/ethnic groups analyzed are as follows: non-Hispanic white; non-Hispanic black, non-Hispanic Asian, and Hispanics. Race refers to the applicant. Respondents could only choose one race. Data for smaller racial groups were used in the analysis but these results were not shown because of the small number of cases.

Mortgage loan amount analysis, with loan-to-value adjustments:

Two additional analyses were performed with the HMDA loan amount data to test sensitivity to different down-payment assumptions. First, “adjusted values” were created based on the given loan amount and a 90% loan-to-value ratio for blacks and Latinos and a 80% ratio for all others. The methodology then proceeded as noted in the previous example, substituting the “adjusted value” for the loan amount. A second sensitivity analysis used an “adjusted value” based on a 95% loan-to-value ratio for blacks and Latinos and a 80% ratio for all others

Geographic Area Definitions

The metro area analyzed is defined as the Massachusetts portion of the Boston NECMA (New England County Metropolitan Area:) Bristol, Essex, Middlesex, Norfolk, Suffolk, Plymouth, and Worcester Counties.

The “satellite cities” are defined as those, apart from the City of Boston, designated by the Office of Management and Budget as “central cities” as of 1999 plus other cities and towns with population densities over 10,000 people per square mile. These include: Attleboro, Cambridge, Chelsea, Everett, Fall River, Fitchburg, Gloucester, Lawrence, Leominster, Lowell, Lynn, Malden, New Bedford, Somerville, Waltham, and Worcester.

The “inner suburbs of Boston” are essentially those non-satellite cities which lie within the Route 128/I95 belt (excepting a few cities to the North where 128/I95 turns northward and down Cape Ann.) These suburbs include: Arlington, Belmont, Brookline, Dedham, Lexington, Medford, Melrose, Milton, Nahant, Newton, Quincy, Revere, Saugus, Stoneham, Swampscott, Wakefield, Watertown, Winchester, Winthrop, and Woburn.