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MASSACHUSETTS COMMUNITY & BANKING COUNCIL



**CHANGING PATTERNS XXIV
MORTGAGE LENDING IN 2016:
PARTICIPANT IDEAS AND FOCUS
AREAS**

**MEL KING INSTITUTE INNOVATION FORUM
JANUARY 23, 2018**

FOLLOW-UP CONVERSATION MARCH 6, 2018

Group Break-out Session Solution Ideas



- **Down Payment Assistance and Increasing Affordability**
 - Most often highlighted
- **Lending Interventions**
- **Zoning and Affordable Housing Production**
- **Education**
- **Products (specifically MHP ONE and MassHousing mortgages)**

Down Payment Assistance



- **More \$ for DPA**

- Lobby lenders to make the FHLB Equity Builder program available more widely
- Employer-assisted DPA, especially with Eds and Meds
- Make DPA Programs available as loans, as opposed to grants, to create a sustainable revenue source
- CPA Communities should dedicate Housing \$ towards DPA, especially in high-priced suburbs

Down Payment Assistance



- **Deeper DPA subsidies**
 - Look to Cambridge and San Francisco models
 - Pair it with Principal Reduction
 - Treat it more like a Mortgage Buy-down Program
- **Other issues**
 - Some lenders actively discourage Down Payment Assistance
 - Increased FTHB Education about Down Payment Assistance programs

Lending Interventions



- **Testing/Training**
 - More Fair Housing Testing
 - Implicit Bias Trainings for Lenders: Lenders should make a pledge to take it/offer it
 - Loan officers, closing staff, underwriters should submit to voluntary testing
 - Lenders need to have a more human process because algorithms can keep people out

Lending Interventions



- **Application and Compensation**

- Explore whether the mortgage application should omit demographic information to remove any identifying markers/make it blind to lenders/underwriters/others involved in process
- Explore loan compensation issues that encourage certain loans over others

Zoning and Production



- **Zoning**
 - Great Neighborhoods Bill and Intentional Planning
 - Seek ways to expand Revenue Sources for school systems as way to encourage zoning law changes

Zoning and Production



- **Housing Production**

- Build more affordable housing
- More multi-family housing production and density that looks good
- Get creative about form and types (collapsible, stacked, tiny homes)
- Deed-restrict affordable units for resale

Education



- **Education of Potential Homebuyers**
 - Increased Financial Literacy
 - Loan Modification and Reverse Mortgage Education
 - More education in courses about FHA vs. ONE and MassHousing products
 - Emphasize that Homeownership means more than just shelter in education: jobs, schools, child-care. Focus should not just be on the house.
 - Concerns about non-English speaking buyers

Education



- **Education of Partners**

- Build relationships with churches, community centers and libraries for education
- Bring Realtors to the table for better education
- Buyers are buying under pressure, so can't make best decisions, so find partners to help get them to the table earlier in process
- MHP and MassHousing need to get info to Realtors in a better way

Products



- Specifically focused on ONE and MassHousing products
 - Create an MHP ONE product for higher income levels
 - Explore lowering credit scores for MHP and MassHousing products
 - Make ONE Mortgage available to LMLs

General



“Break” the system to work for Blacks,
Latinos, and Asians



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QUESTIONS

To view report, supplemental tables, infographic,
Forum slides and prior year reports:

www.mcbc.info

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