“From Living Rooms to Board Rooms”

by Thomas Callahan

I Want to Buy a House

As Diana Strother went to answer her doorbell one evening in 1988 little did she know that she was about to become involved in one of the largest, and ultimately, most successful community battles that Boston has seen in the past 25 years.

She strode down the hallway of her third floor apartment in one of Boston’s famed three-deckers while dinner was cooking on the stove for herself and her daughter and son. She was tired from her day at Massachusetts General Hospital where she worked. As a single mother, Diana was already juggling a lot. The organizer from the Massachusetts Affordable Housing Alliance (MAHA) said he just wanted to talk with her for 30 minutes about a new group that was forming around affordable homeownership issues.

Diana knew that she wanted to own her own home. She had been paying someone else’s mortgage for too long and was tired of landlords who only collected the rent and didn’t fix things. As a teenager Diana remembered joining a picket line with her mother to protest the lousy landlord that owned their building on Columbia Road.

Diana was intrigued. She didn’t know if she had the time but the organization sounded promising—people like herself who were getting priced out of homeownership in Boston. Maybe she would go to a meeting and check them out, she thought.

But not right now. As she closed the door for the organizer on the way out, she quickly went back to dealing with her son and daughter and her dinner. When MAHA called again, this time with an invitation to their next meeting, she decided to go and check it out. She desperately wanted to buy a home of her own one day and with Boston's rapidly escalating home prices, she felt that chance slipping away.

At the meeting, it dawned on her that this might be different. There were a lot of women like herself. Women of color who were angry. Angry at the city. Angry at banks. Angry at the system.

"The women in the room were so articulate. I was frustrated too but I couldn't put it into words like these women were. For awhile I just blended into the background and watched."

Diana felt like this group had some potential but it also had an ambitious agenda. Where to begin? Slowly, Diana started speaking up. She offered the group a potential starting point. Just a few blocks from her three-decker, the city was building affordable condos. But as a resident of the neighborhood, Diana didn't know how get to get one. Was there a list? Do you have to know the Mayor? One day she asked a construction worker and he told her they you needed an income of around $40,000 to buy the units and there was already a long waiting list.

"Most of the people I knew in our community didn't make $40,000. They made $15 or 20 or $25,000. We couldn't afford those condos. And even if we could, we would be on a waiting list forever. We had to do something. I had to do something. So when MAHA asked me to get more involved, I knew I had nothing to lose."

In large part because of Diana's experience, the group decided to ask city officials to the next meeting and ask them to set up a city hotline and clearinghouse where information about affordable homeownership opportunities could be widely broadcast. The group decided to call itself the Homebuyers Union (HBU) and they quickly decided to invite city housing officials to the next meeting. Diana found herself agreeing to take a leadership role in the meeting, even though she had never done anything like that before. The meeting was a success. The group hit a nerve with the city and they agreed to set up a hotline. In fact that hotline later evolved into a full service city-sponsored HomeCenter that today provides information to 20,000 people each year.

<u>The Day Boston Stopped</u>

January 11, 1989. The *Boston Globe* ran a front page story about a draft study by the Federal Reserve Bank of Boston showing racial bias in Boston mortgage lending (Marantz, 1989A). Diana and others in the Homebuyers Union felt like their world had changed, but it wasn't clear to anyone how (Campen, 1992). For a few days, phone lines across the city burned up. Community groups talked across issue, race, and neighborhood lines. Elected officials, from the chair of the legislature's Banks and Banking committee to Mayor Raymond Flynn, thought about what it meant for the city.

State Representative Thomas Finneran, then House chair of Joint Committee on Banks and Banking, said to the *Boston Globe*, "You wonder if the banks who would have been embarrassed by [the Fed study] squashed it. I'm from Dorchester and Mattapan and it's fairly well known I'm no great fan of banks. I hate to think a fair number of people out there in Roxbury or Mattapan or Dorchester are being denied because of the color of their skin or the location of property they want to purchase. I would hit the ceiling about that" (Marantz, 1989A).

And bankers, at least some of them, slowly grasped that this one story had the potential to change things for them as well. In June, 1989 Richard Driscoll, president of Bank of New England remarked, "Everybody involved needs to abandon old ideas about how this will be solved. Certainly banks will have to stop saying ‘we’ve never done it this way before’ or ‘our current policies prevent us from doing that’ or ‘it’s not my problem, let’s give it to the government’” (Marantz, 1989B).

Up until January 11, 1989 in Boston, the Community Reinvestment Act was a little-known and little-used law. One group, the Massachusetts Urban Reinvestment Advisory Group (MURAG), had reached agreements with banks in the first few years after the 1977 passage of the law. By 1989 MURAG and its leader were under investigation by government agencies and had stopped being particularly active in seeking to win commitments from banks for low-income communities. ACORN’s Boston chapter had won a good low cost checking account with Shawmut Bank in 1987 but that stood as the sum total of all the CRA work done in Boston’s neighborhoods over the past several years.

Out of many meetings and conversations during the next few months emerged a community coalition. After many hours of deliberation about who would be in and who would be out, a labor union, two neighborhood groups, two CDC’s, and MAHA’s Homebuyers Union became the Community Investment Coalition (CIC). Local 26 Hotel Restaurant Workers Union brought to the table an aggressive, confrontational style that was bound to be noticed by the banks. Greater Roxbury Neighborhood Authority lacked grassroots punch but featured a core group of experienced non-profit professionals that were passionate about their neighborhood. Dudley Street Neighborhood Initiative was beginning the organizing drive that led them to gain control, through eminent domain, of substantial parcels of land in the lowest income census tracts in Boston. Urban Edge and Nuestra Comunidad were well respected CDC’s with a reputation for getting things done.

And MAHA's Homebuyers Union was a group with much potential, but ultimately it was a group less than a year from its first meeting. A formidable coalition to be sure, but not one that struck fear into the heart of every banker—largely because so much of the coalition was unknown to the bankers and so much was unknown to the coalition itself.

Diana thought about this new alliance. "It was impressive that we were able to put aside some differences we had with each other and begin to focus on the banks." She knew the Homebuyers Union could not take on the banks alone but she was unsure about the chances of this new coalition. How effective could these groups really be, she wondered. She was about to find out.

She was also about to find out a lot about herself. One of the co-chairs of the Homebuyers Union, Terry Parson, was packing up and moving to Florida. Terry was frustrated. "I kind of lost faith in the banks…I've stopped looking and my family and I have decided to relocate" (Devine, 1989) That left a leadership void in the Homebuyers Union that Diana would be asked to fill.

CIC members spent many months putting a community reinvestment plan together. The plan called for increased lending for affordable housing developments, new branches and ATMs and investments in minority owned businesses (Community Investment Coalition, 1989). At the center of the plan was an affordable mortgage program that HBU members thought would make it easier for some in their ranks to buy a home.

CIC released the plan in August and quickly planned a community meeting in September where the plan could be formally presented to the bankers—if they would show up. The meeting was scheduled for the William Trotter elementary school in

Roxbury, a location most of the city's bankers couldn't find with a map. But some of them did come. Most sent mid-level executives, not the CEOs who had been invited. Some came but sat in the back of the room.

The meeting went along, politely and smoothly, until Diana spoke. Diana had suggested to the coalition that the banks had to be held accountable. A simple five-word question, "Will you agree to negotiate?" sent the banking world into a frenzy. "Negotiate" quickly became the word that would not trip off the bankers' lips no matter what. "We will 'talk' or 'discuss'. But no, we will not negotiate."

To Diana and her counterparts in the Homebuyers Union, this language was insulting. As surprised as she was to be sitting in this position, Diana wasn't about to settle for the crumbs the bankers were willing to throw at the community. She wanted a deal—a real deal—in writing and negotiated like any other business deal.

With no negotiations, the pressure continued. *Boston Globe* and *Boston Herald* reporters continued to cover the controversy. Community groups made plans for protest and to file CRA challenges. A few small banks said that they would negotiate but the big four banks (Bank of Boston, Shawmut, Bank of New England, and BayBank) were not yet at the table. One of them, however, had misgivings about the 'no negotiation' strategy. Richard Driscoll was President of Bank of New England and one of the few top executives who actually knew some members of the community. Driscoll had a good relationship with Mossik Hacobian of Urban Edge, a CDC in Roxbury and a member of CIC. He talked with Mossik and decided to come to the first "negotiation" session organized by the CIC.

It was a quite a scene. Twelve community residents, with Diana and fellow Roxbury resident Adrianne Anderson representing MAHA, sat around a table with half a dozen bankers. Not much was accomplished but Driscoll got to see that people were serious and prepared. He would go back and deliver that message to the other bankers.

For the next meeting, community groups made their first concession. The first meeting had been at 7:00 p.m. in a community room at the Dimock-Bragden apartments owned by Urban Edge. Bankers weren't used to these nighttime community meetings. They suggested 7:00 a.m. downtown instead. No way, said the community groups. It's too early and too far from the community. But they did agree to a 7:00 a.m. meeting in Roxbury at Urban Edge.

In a very unusual scene, Urban Edge served a catered breakfast to bank presidents and community leaders while the CEO's limos idled out-front. The battle was joined. The negotiations began in earnest and real progress was being made.

MAHA and its allies kept up the organizing pressure however. MAHA and the CIC filed challenges to applications by BayBank and State Street Bank to open branches in locations outside of Boston's minority neighborhoods. In response to the challenge, BayBank announced an unprecedented commitment to open five new branches and 25 ATMs in low income neighborhoods in Boston. Just days later, MAHA members led a protest on the Copley Square BayBank branch and a march to BayBank president Richard Pollard's Back Bay condominium. Protestors delivered a letter to Pollard reminding him that branches alone were not enough; mortgages and other loans and investments were a necessary part of being involved in any community.

By December, 1989 there was an agreement in principle for loans to affordable housing developers, and to minority businesses, and for new branches and ATMs. Missing from the agreement, however, was the issue that brought banks to the table in the first place. Mortgages. Specifically, *affordable* mortgages. The banks offered a Fannie Mae/GE product that primarily offered one new feature. It allowed lower income buyers to spend even more of their income on mortgage payments than had been previously allowed. While most supported this feature, it was distressing to not make progress on other issues. The product was only for single-family homes—not the 2 or 3-family homes that dominated the heavily minority neighborhoods of Roxbury, Dorchester and Mattapan.

MAHA members would not give in. They made sure that other coalition members knew that no agreement could go forward without a mortgage commitment. They enlisted the support of the Flynn administration. The standoff continued until Flynn called Shawmut's John Hamill and cut a deal, just hours before Flynn's annual State of the City address.

The announcement was rushed and details were sketchy. Banks agreed to $30 million in a one-shot mortgage deal that was 1% below market. Flynn announced the breakthrough at his State of the City address. The Massachusetts Bankers Association announced the rest of the plan at the annual Martin Luther King Jr. breakfast hosted by Reverend Charles Stith of the Organization for a New Equality. The mortgage plan was not part of the MBA announcement. CIC later held their own announcement, at the Dudley Square Library in Roxbury, with all parts of the deal discussed.

The euphoria was short-lived. The CRA had helped CIC win a huge victory but implementation would take even more organizing. Banks told MAHA members that the 1% below market rate loans were *adjustable* rate loans. MAHA members and others in the coalition had been clear. Fixed rate loans were the only responsible way to craft a low-income mortgage product. Low-income families just couldn't take the risk of an adjustable rate product.

HBU members began the organizing again. They flooded post cards into the banks. They went to the press. They went to Flynn. The city of Boston came up with $1 million to help further reduce interest rates but only if the banks offered the loans at below market rates. Joe Flatley and Clark Zeigler of the Massachusetts Housing Partnership offered the soft second loan structure and a $1 million state subsidy. The "soft second" referred to a program that would include a first mortgage at 75% loan-to-value and a second mortgage worth 20% of the purchase price. The structure allowed banks to drop private mortgage insurance and charge interest-only on the second mortgage for 10 years with public subsidy payments picking up as much as 75% of the buyers' payments on the second loan.

The banks came back to the table with a compromise. They would switch to fixed rates but at only $^{1}/_{2}$ % below market. MAHA members felt duped but they took solace in one important fact. Richard Pollard of BayBank, suggested that $^{1}/_{2}$ % was sustainable. That was music to their ears. Diana wasn't in this for just a one-shot deal. They wanted this program to be around for a long time to come.

Finally, eighteen months after the *Globe* article about the draft Fed study, a mortgage program was announced. Diana hosted a press conference with executives of

Shawmut, BayBank and Bank of Boston. It would take another four months before the program was officially open for business but Diana breathed a sigh of relief. She had won. They had won.

<u>I Was Depressed</u>

Florence Hagins had not however. Just a few months after Diana was nailing down an agreement on affordable mortgages, Florence Hagins was applying for a mortgage. She had seen the house of her dreams—a beautiful, 2 family home high atop Jones Hill in Dorchester. She was denied for the mortgage because the mortgage insurer thought she was too risky.

"I was depressed because the minute I saw this house, I fell in love with it. I never dreamed I would be denied."

Florence wasn't sure what to do next. A few weeks earlier, Florence had attended an informational session about this mortgage program with the funny name but a great interest rate. She wanted to apply for a soft second mortgage right then but Hillary Frank Pizer, MAHA's lead organizer, told Florence it would be a few weeks before the program was officially open for business. Fearing that she might lose the house of her dreams if she waited for the soft second program, Florence applied for a different mortgage. As she sat in her living room just a day after she received the denial, Florence received a call from MAHA telling her that the new soft second affordable mortgage program was now up and running. She completed her application on a Sunday night with a loan originator from Shawmut Bank sitting at her kitchen table.

At the info session a few weeks earlier, Florence had written a check at the meeting and joined MAHA on the spot. If she joined, she thought, maybe it would give her an even better chance to get one of those mortgages. So Florence joined, and now after a painful denial and many worried nights, she was on the verge of buying a home of her own.

Joining groups was not something that Florence did much of in her adult life. As a kid, Florence was always going to meetings and watching her mother fight another community battle. As she got older she always said that community activism was not for her.

But now, with her mom recently deceased, she had begun to rethink about what she had to give to her community. She wasn't sure this was it but she was impressed with the other women in the room that night. Diana wasn't ready to buy yet, but she was still pushing. Pushing everyone in the room that it was up to them to show that this program—almost 2 years in the making—would be successful. Adrianne Anderson also took a leadership role in the meeting but said that she made too much money to qualify for the soft second program. Florence reflected on this. "They were there. They were the ones who got this started. Here these women spent the last 2 years negotiating this deal and for it to happen and not benefit them at all—well, I felt like I got it, so I need to do something. That's why I felt that I should keep coming to the meetings "

On January 29, 1991, Florence Hagins closed on the home of her dreams. MAHA's organizing continued right through the first closing. While banks, MAHA and MHP had agreed in principle that the program would be available for two and three family homes as well as single families, the program opened for business only for single family homes. Florence's application for a two family home forced the issue right away and an exception was made for the very first loan. MAHA had told bankers that you couldn't run a mortgage program in Boston that was closed to multi-family homes. Florence's home proved that two and three family homes were an issue right out of the box.

If community organizing got the banks to the negotiating table, continued pressure led to an agreement. A fresh round of organizing led to the final agreement for soft second mortgages. And continued pressure turned the first loan into a rule-breaker—opening the program to 2 and 3-family homes. In many ways, what the Homebuyers Union members won was extraordinary for an organization barely a year old and still gaining in power and experience.

What came next, though, was the biggest surprise for the banks. The organizing didn't stop and didn't move on to other issues. They had not counted on a group like the HBU—a single-issue group dedicated to homebuying issues.

So when BayBank had done only a handful of loans after the first year, the HBU noticed and took action. They invited Dick Pollard, president of BayBank Boston out to Dorchester to meet with leaders of the HBU. Members of the Homebuyers Union did some research before the meeting. They called loan officers. They walked into branches. They clipped newspaper ads. No where could they find evidence that BayBank even offered the soft second program. Florence and the others presented these findings to the BayBank officials. And, like magic, the numbers of loans BayBank produced increased after the meeting. HBU members were learning an important lesson. Top-down orders in the banking world really work. And preparation counts.

"We were very well prepared when we went to meetings. We always knew what we were talking about. If one of us didn't know, the other one would chime in. Many times we would be better prepared than the bankers we were meeting with," Florence recalls.

John Hamill of Shawmut next made the trip to Dorchester when MAHA had asked his bank to renew its agreement. It was an important moment for the program because it would mark the first renewal agreement of this "one-shot deal."

"It was kind of intimidating", said Florence of negotiating with Boston's leading bankers. "We had to deal with a heavy dose of attitude at many of these meetings. The bankers would seem to be saying 'I don't want to be here, you know, all you black women or whatever, I don't want to do this mortgage, I'm just doing it because I have to'—you know, that type of attitude."

"I wasn't intimidated by the titles of these bankers but I was originally worried that they might have more knowledge than I did about various banking products. I never thought that we would be negotiating for million of dollars across the table from bankers, but there we were –in both dingy, cramped community rooms and in boardrooms with the fanciest china and silverware."

Fleet Bank, now the nation's seventh largest bank but then just a brash upstart from Rhode Island, acquired the failed Bank of New England and agreed to honor BNE's commitment to the soft second program. They, too, came to Dorchester to announce an $8 million commitment at MAHA's office.

Adrianne Anderson, HBU co-chair and MAHA board president, came up with the next idea for MAHA. By the end of 1993, MAHA had added Fleet, Citizens, US Trust and Boston Safe Deposit and Trust Company to the original list of three banks that offered the program. Seven banks, seven agreements, and many negotiations. What if, Adrianne wondered, we could get all of the banks in the same room at the same time and reach multi-year agreements with them. Florence was skeptical.

“That ain’t gonna work. That ain’t gonna work,” Florence thought at the time. “They didn’t want to do one year, never mind three or five years.”

Homebuyers Union members embraced the idea despite still being nervous about its chances of success and invited Boston’s banking elite to Roxbury’s Morgan Memorial building. There the bankers were met by an overflow crowd of 300 MAHA members and supporters and a supersized scoreboard designed to track the evening’s action.

“I got so excited when people started coming in. We were all running around getting extra chairs and everything. I was scared to death at that meeting. So many people. I got nervous—I’m not sure I had ever spoken in front of 300 people before that night,” described Hagins.

Adrianne’s plan worked to perfection. By the end of the evening, MAHA had won commitments for $93 million in Soft Second program (SSP) mortgages and many banks had made five-year commitments. One bank, Bank of Boston, changed its commitment on the spot after seeing competitors make five-year pledges. Bank of Boston officials had told MAHA organizers just hours before that the bank would make a three-year promise. On the spot and to the delight of the assembled crowd, Bank of Boston upped their total pledge by $6 million. The meeting ended with MAHA members knowing that this “one-shot deal” mortgage program would last, at least, until the end of the decade.

Florence and her daughter Andraea brought at least 15–20 people to the meeting. “I told people that this meeting was important to me and they came. My neighbors came, my friends came, my aunt came. I wasn't sure if they would come, but they did. And they all thought 'Wow, what a great meeting'. No one had ever seen $93 million put on the table in our community before."

The Numbers Add Up

This mortgage program that bankers had initially avoided had compiled some pretty impressive numbers after its first ten years. (Campen and Callahan, 2001). [This section draws on a more detailed review of the SSP in a paper co-authored by UMass/Boston economics professor James Campen and myself for the Federal Reserve System's Conference on Changing Financial Markets and Community Development. All specific statistics, unless otherwise indicated, are from that paper.] Affordability was an important goal of MAHA members from the beginning. Diana and other HBU members sought a mortgage-lending program that would make homeownership possible for those with incomes as low as $15,000. The SSP's remarkable success in achieving this goal can be viewed from three perspectives.

First, an examination of the income levels of all SSP borrowers during the ten-year history of the program shows that 32% of all SSP homebuyers had incomes of $25,000 or less, 60% had incomes of $30,000 or less, and 94% had incomes of no more than $40,000. Even Diana's ambitious stated goal of making homeownership possible with an income of $15,000 was met—24 SSP homebuyers had incomes between $10,000 and $15,000.

Second, over half of the more than 2,100 Boston SSP loans during the ten year period have gone to *low-income* homebuyers. Low-income borrowers are those with incomes at or below 50% of the median family income of the greater Boston area; the low-income ceiling has risen from $25,100 in 1991 to $32,750 in 2000.

A third perspective on the remarkable affordability provided by the SSP comes from comparing the monthly payments required to buy a house under each of four major targeted mortgage programs operating in Boston. The SSP is by far the most affordable mortgage program in the city, with its minimum payment between $207 and $311 lower than those required by the other targeted mortgage programs.

Reaching Minority Homebuyers

The 1989 Federal Reserve Bank of Boston study found that Boston's "housing and mortgage credit markets are functioning in a way that hurts black neighborhoods" (Bradbury, Case, and Dunham, 1989). Since that time, the SSP has done its part to reverse those historic patterns of redlining. Both banks and community groups have targeted their marketing and outreach efforts in neighborhoods of color. These efforts have contributed to the fact that minority homebuyers—who constituted just one-third of Boston's households according to the 1990 census—received three-quarters (74.3%) of all SSP loans in the city during the program's first nine years.

Blacks and Latinos each received shares of Boston's SSP loans more than twice as great as their 1990 shares of Boston's households. Blacks received 44.5% of the city's loans while accounting for 20.6% of Boston households, while Latinos, who made up 8.1% of the city's households, obtained 21.0% of all loans.

Serving Minority and Lower-Income Neighborhoods

An examination of the geographical distribution of Boston's SSP loans, shows that the program has been successful in financing affordable homeownership in the city's traditionally most underserved neighborhoods. Low- and moderate-income census tracts with more than 50% black and Latino residents, which contained just under 16% of the city's mortgageable housing units in 1990, have received 37% of Boston's SSP loans.

At the same time, however, many minority buyers have been provided with the opportunity of moving out of predominantly minority neighborhoods into primarily white moderate-income neighborhoods such as Hyde Park and Roslindale. These two neighborhoods had 28% and 21% minority residents, respectively, and had the third and fourth highest income levels among Boston's sixteen major neighborhoods. Although they were home to only 11% of Boston's population in 1990, 20% of the city's SSP loans were for homes located within their borders. Of these loans, 76% went to black or Latino borrowers.

Sustainable Homeownership

When Dick Pollard of BayBank said SSP mortgages at interest rates $^1/_2$ % below market were sustainable, MAHA's Homebuyers Union members recognized that they had a chance to make a long-lasting impact on the city. It was clear to MAHA members that there are no real benefits to home*buyers*—and their neighborhoods—unless they are able to remain home*owners*. MAHA members encouraged staff to initiate a full-fledged homebuyer counseling program in 1991-92. The program would enable MAHA to reach three different goals: 1) help promote the fledgling soft second program; 2) educate buyers with critical and unbiased information about the homebuying process; and 3) assist in organizing neighborhood residents into a strong, grassroots constituency for affordable housing.

In 1996 MAHA established its HomeSafe Resource Center, again at the urging of its members, to help low- and moderate-income families to succeed as homeowners. When SSP homebuyers become homeowners, they are automatically enrolled as members of HomeSafe and encouraged to participate in free homeowner education classes. Since 1996, more than 2,100 homeowners have graduated from the three-session "Homeowner 201" course, co-sponsored by the City of Boston, thereby becoming eligible for discounts from property insurance companies, oil suppliers, home supply centers, and alarm companies. All HomeSafe members are encouraged to take advantage of assistance with rehab, repair, and maintenance matters and consultation on landlord/tenant issues. SSP homeowners are especially encouraged to make use of MAHA's comprehensive foreclosure prevention program if and when they experience—or even anticipate—difficulties in making their monthly mortgage payments.

The effectiveness of these measures to promote sustainable homeownership for SSP borrowers is reflected in the program's low delinquency rates. Since 1996, delinquency rates for SSP loans have generally been somewhat lower than the rates for all Massachusetts mortgages. Recently, the SSP delinquency rate was 2.5% in Boston (and 2.9% statewide), compared to a delinquency rate of 2.9% for all mortgages in the state. Furthermore, foreclosures on SSP loans have been rare. By the end of 2000, only five of the 2,112 loans originated by the Boston SSP had ended in foreclosure—a rate of 1 in 422, or 0.24%.

"I lived through a failed mortgage program. This was not going to be another BBURG," stated MAHA's Florence Hagins of the ill-fated and ill-conceived Boston Banks Urban Renewal Group mortgage program of the late 1960's and early 1970's (Levine and Harmon, 1992) . "We were determined to show the banks that our neighborhoods were good for business and the soft second program has done that."

CRA for Insurance Companies?

The success of the SSP and other bank initiatives in low income and minority Boston neighborhoods and the strength of the grassroots organizing has lent credibility to efforts to increase insurance company involvement in these same neighborhoods. For years, MAHA and other community-based organizations had been engaged in a campaign to require insurance companies to do a better job of meeting the needs of lower-income and minority communities in Massachusetts. MAHA hired Homebuyers Union member Sonia Alleyne to direct its efforts to increase insurance company accountability. While MAHA's efforts to establish insurance counterparts of HMDA and the CRA at the state level fell short of accomplishing this ambitious goal, the campaign did result in the enactment of two precedent-setting laws.

MAHA's studies of property-insurance redlining and its community organizing—motivated in part by difficulties that SSP homebuyers had in obtaining homeowners insurance—set the stage for the 1996 passage of the country's most comprehensive property insurer disclosure law. The top 25 property insurers in Massachusetts are now required to report on the number of policies, cancellations and non-renewals by zip code. The state then makes this data, as well as industry aggregate loss ratio data by zip code, available to the public each October. In addition, the state reports In the aftermath of this legislation, property/casualty insurance companies provided start-up financial support for MAHA's HomeSafe program. In addition, MAHA has negotiated agreements with ten of the state's top property insurance companies to offer graduates of these classes discounts of 5%–15% on homeowner insurance premiums. MAHA is now able to track property insurer activity in low income neighborhoods by producing an annual report ranking the top 25 companies on how well they are serving the state's underserved zip codes.

MAHA and the Massachusetts Association of Community Development Corporations led the campaign that called attention to the Massachusetts life insurance industry's extremely limited investments in affordable housing, small businesses, and community development—either directly or through financial intermediaries that had been established for that very purpose. Although this campaign did not bring about a full insurance CRA for Massachusetts insurance companies, it did result in significant legislation and increased investment.

This effort first bore fruit for MAHA members in 1997, when the initial securities backed by SSP first mortgages were sold. Packaged by Fannie Mae, the securities offered a rate of return 50 basis points below the market level. Robert Sheridan, CEO of Savings Bank Life Insurance (SBLI), announced at a 500 person MAHA community meeting in 1997 that his company would buy $20 million of these securities over the next ten years. SBLI had already fulfilled forty percent of that commitment by the end of 2000 by purchasing $8 million of securities backed by SSP first mortgages originated by Citizens Bank. Sheridan equates SBLI's investment in affordable housing with the company's own mission—established by its founder Louis Brandeis—of providing affordable insurance. "This is not charity, this is a sound economic decision," he told a community newspaper after announcing the SSP commitment (Forry, 1997).

Three other life insurers were invited to attend that 1997 meeting but refused. MAHA members in attendance each signed a postcard to senior executives of the three missing companies. After the meeting, the postcards and cuddly, stuffed ostriches from

FAO Schwartz were packaged in boxes and sent to the homes of the executives with their "heads in the sand".

In 1998 the Massachusetts legislature passed a bill that required, as a condition of receiving long-sought tax relief, that the state's life insurance industry and property/casualty insurance industry each establish an investment fund, capitalized at $100 million, to make CRA-type investments throughout the state. It was one of these funds, the Life Insurance Community Investment Initiative (The Life Initiative), that made a purchase of $6 million of SSP mortgage-backed securities—the fund's largest single investment to date.

Since the passage of the 1998 law, life insurers have become more engaged in promoting affordable homeownership. John Hancock Financial Services became the first sponsor of MAHA's homebuyer classes that was not a mortgage lender. SBLI has supplemented its purchases of SSP mortgage-backed securities with financial support for MAHA's efforts to reach out to more low- and moderate-income homebuyers.

Powerful Action

In a reprise of its successful multi-bank community meeting five years earlier, MAHA moved into action again in May, 1999. This time with nine banks and 2,000 loans on the line, Boston Mayor Thomas M. Menino and 1,200 residents filed in to the Reggie Lewis Athletic Center to see if MAHA could once again convince banks to continue with this "one shot deal". MAHA was led by some old faces and some new ones. New leaders like Henry Crawford, Gerthy Lahens, and Iolanda Miranda joined Florence Hagins on stage to ask the bankers to make five year commitments.

Mayor Menino, who earlier had written at MAHA's behest to each of the city's banks asking them to come and make a commitment, summed up the evening perfectly when he took the microphone. "What you have tonight in this room, that's power." Power recognized by the city's financial and political leaders. Power wielded by individuals and neighborhoods not accustomed to winning. Power speaking to power.

The odds are long in each new fight, but the power of organized groups to win meaningful victories for themselves and their communities is what is helping to keep financial giants accountable to some of the nation's most underserved neighborhoods. New challenges abound with the rise of predatory lending, the consolidation in the financial services industries, and an increasingly technology-driven mortgage market. Community groups will again and again have to rely on organizing campaigns to help businesses realize that they often overlook and misunderstand low income and minority neighborhoods.

Florence Hagins recently reflected on why a group like the Homebuyers Union has been so successful against some of nation's most powerful financial interests. "I think it is because we do what we say we are going to do. Banks and insurance companies can respect that even when they disagree with us. And we have never asked them to give us anything. We are asking them to do business—to make loans. These are things that our neighborhoods deserve. And they know they can't pay us to be quiet."

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