



2018 STATE OF  
Hispanic  
HOME OWNERSHIP  
REPORT

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### **Thanks**

Many thanks to all those who contributed to the production of this report.



The National Association of Hispanic Real Estate Professionals® (NAHREP®) is a non-profit trade association founded in 1999. The association has 30,000 members that include real estate agents, brokers, mortgage professionals, and settlement service providers. NAHREP's mission is to advance sustainable Hispanic homeownership in America by educating and empowering real estate professionals who serve Hispanic homebuyers and sellers, advocating for policy that supports the organization's mission, and facilitating relationships between industry stakeholders and housing professionals.

The State of Hispanic Homeownership Report® is a publication of NAHREP.

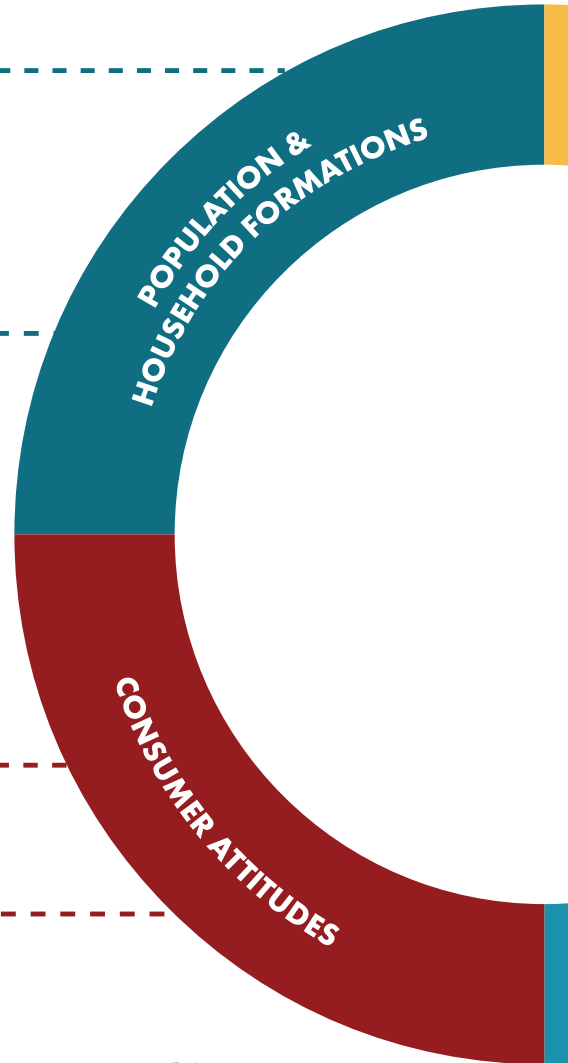
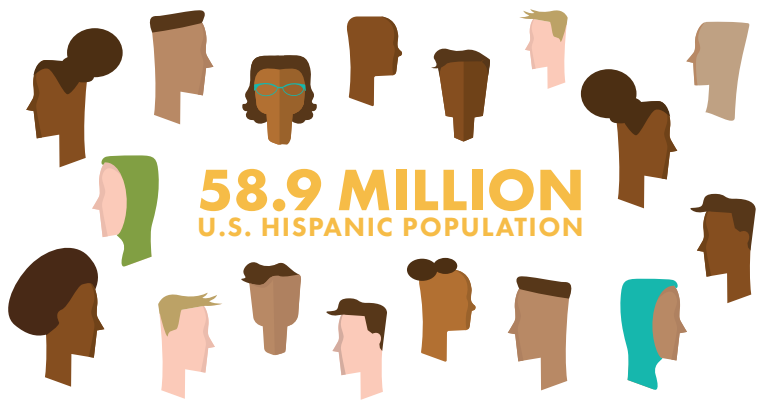
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## U.S. HISPANIC HOUSEHOLD FORMATIONS IN 2018



**32.4%** overall U.S. household formations in 2018  
SOURCE: U.S. CENSUS BUREAU



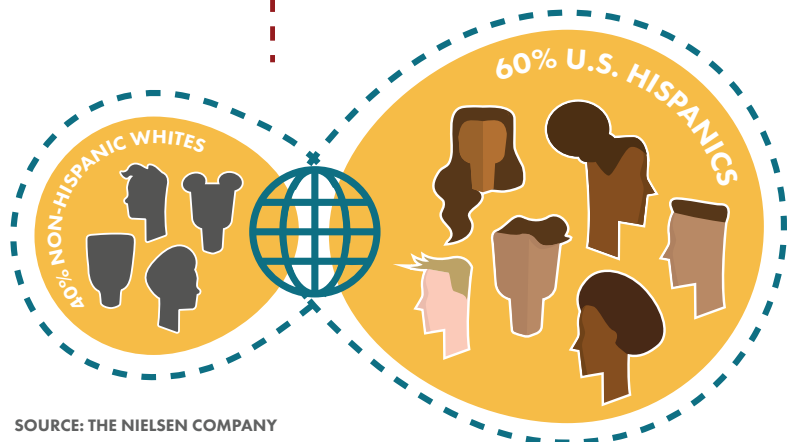
**59%**  
 IT REFLECTS THEIR CULTURAL VALUES

**52%**  
 INCLUDES PEOPLE WHO LOOK LIKE THEM

**61%**  
 RECOGNIZES THEIR CULTURAL BACKGROUND

## WHO GREW UP IN THE INTERNET AGE?

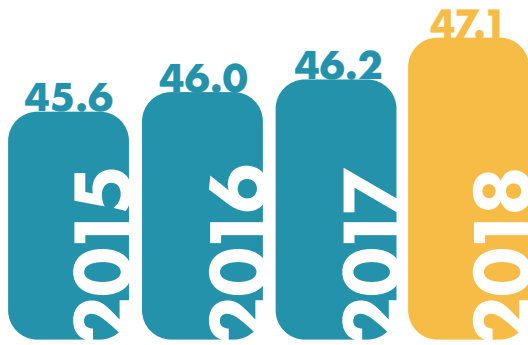
Hispanics tend to be active users of the internet with roughly one-third going online almost constantly.



SOURCE: THE NIELSEN COMPANY

# HISPANIC HOMEOWNERSHIP RATE INCREASE

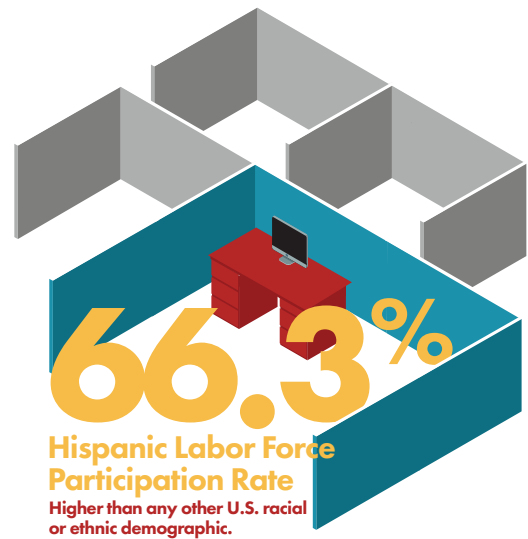
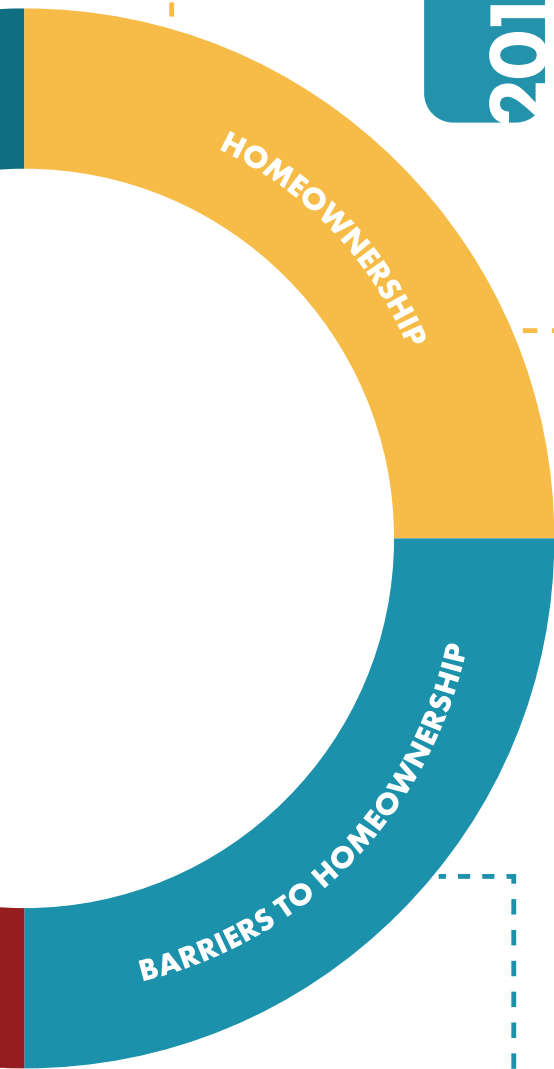
2018



SOURCE: U.S. CENSUS BUREAU

# 2018 STATE OF Hispanic HOME OWNERSHIP REPORT

SNAPSHOT

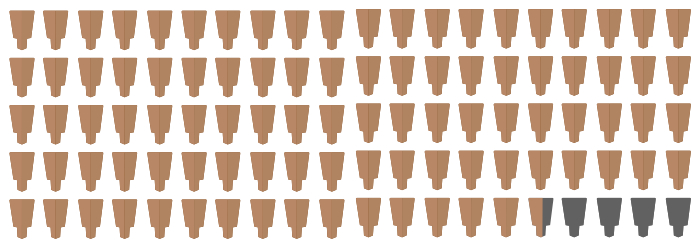


## BACKGROUND

The 2018 State of Hispanic Homeownership Report® is a publication of the National Association of Hispanic Real Estate Professionals® (NAHREP®).

Now in its ninth year of production, the State of Hispanic Homeownership Report is an industry benchmark that coalesces data and research across a broad cross-section within and outside of the housing industry. The report provides an analysis of how the U.S. Hispanic population is faring with respect to attainment of homeownership in America. Additionally, it highlights Hispanic consumer nuance, purchase power, and trends, and it provides insight into which factors contributed to the story of Hispanic homeownership in the U.S. over the past year.

This year's report evaluates the significance of U.S. Hispanics to overall U.S. homeownership growth through analysis of their labor force participation rate, household formation rate, median income and aspirational interest, among other factors. It also provides insight on consumer nuance and best practices to more effectively engage with the Hispanic demographic and ultimately increase homeownership opportunities for Hispanics in America.



**HISPANICS REPRESENT 95.7% OF ALL DEPORTATIONS**

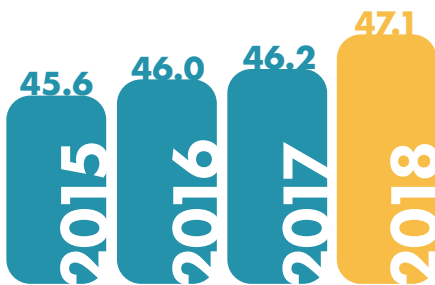
# Executive Summary

## U.S. HISPANIC HOMEOWNERSHIP IN 2018 AND OVER THE PAST DECADE

In 2018, Hispanics achieved a net gain of 362,000 homeowners. This raised the Hispanic homeownership rate from 46.2 percent in 2017 to 47.1 percent in 2018 and was the largest net gain for Hispanics since 2005.<sup>1</sup>

## HISPANIC HOMEOWNERSHIP RATE INCREASE

2018



SOURCE: U.S. CENSUS BUREAU

After twelve consecutive years of declines that affected all population segments, the Hispanic segment helped pull the nation out of a devastating housing recession in 2015 when it became the first ethnic demographic to show an increase to its post-recession homeownership rate. Hispanics have been the only ethnic demographic group to raise their homeownership rate in each of the past four years.

**Over the past decade, Hispanics have accounted for 62.7 percent of net U.S. homeownership gains,**

growing from 6,303,000 homeowners to 7,877,000, a total increase of 1,574,000 Hispanic homeowners.<sup>2</sup> This upward trajectory for Hispanic homeownership is consistent with projections made by the Urban Institute that Hispanics will account for more than half of all new homeowners over the next several years and for 56 percent of all new homeowners by 2030.<sup>3</sup>

## INCOME TRENDS

In 2017, the most current data available, Hispanic median household income also rose to \$50,486, accounting for the largest increase in income (3.7 percent) among all racial or ethnic population groups.<sup>4</sup>

## HOUSEHOLD FORMATION

In 2018, Hispanics formed 485,000 new households, accounting for 32.4 percent of total U.S. household formations. According to Harvard's Joint Center for Housing Studies, Hispanics are projected to increase by 4.6 million households between 2015 and 2025. Hispanic household growth continues to outpace that of overall U.S. household growth and is anticipated to do so for the foreseeable future.

## POPULATION TRENDS

At 58.9 million, the Hispanic population represents a rising share of the U.S. population, equating to 18.1 percent of the overall U.S. population.<sup>5</sup> Between 2016 and 2017, the Hispanic population increased by 1.5 million people, accounting for over half of the nation's population growth. Hispanics are the country's largest ethnic minority and have accounted for more than half of total U.S. population growth since 2000.<sup>6</sup>

## AGE

At a median age of 28.7, Hispanics are younger than the median age of non-Hispanic Whites (43.2 years) and the median overall U.S. age of 37.8 years.<sup>7</sup> A majority (60.4 percent) of all U.S. Hispanics are 35 or younger with over a quarter (27.2 percent) as millennials between the ages of 19 to 35, many of whom are entering their prime home buying years.<sup>8</sup>

## LABOR FORCE PARTICIPATION

At 66.3 percent, Hispanics continue to have the highest labor force participation rate of any demographic and are ahead of the overall U.S. labor force participation rate of 62.9.<sup>9</sup> Their high participation rate is due in part to the youth of the demographic as Hispanic millennials comprise nearly 30 percent of all Hispanics.

## HOUSEHOLD COMPOSITION

At an average of 3.7 persons, Hispanic households are larger than the U.S. average of 3.0 and are more likely to be a multigenerational household.<sup>10</sup>

Hispanic households are also more likely to be comprised of two parents and at least one child.

## CONCLUSION

In 2008, the Great Recession rocked the U.S. economy, upended the housing industry and caused millions of foreclosures nationwide. During that time, homeownership losses for Hispanics were particularly devastating.

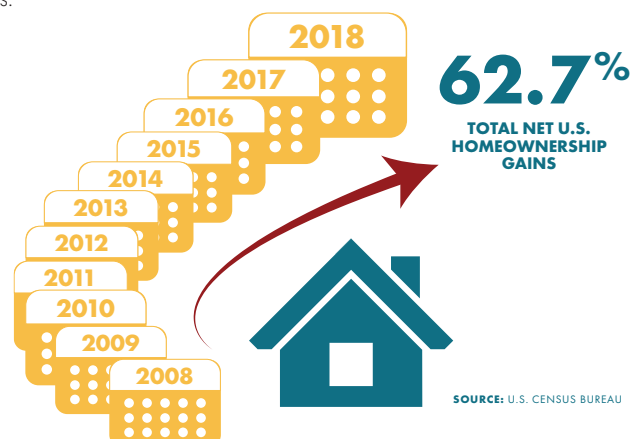
Today, unemployment is at historic lows and the economy is amid the longest expansion on record. These advances are due in large part to the contributions of Hispanics from 2008 to 2018, especially in three key areas:

- Hispanics were responsible for 81 percent of the U.S. labor force growth.<sup>11</sup>
- Hispanics accounted for 39.6 percent of U.S. household formations.<sup>12</sup>
- Hispanic homeownership gains represented 62.7 percent of the U.S. net homeownership increase.<sup>13</sup>

In the years following the recession, Hispanics have remained passionate about homeownership. According to Fannie Mae's 2018 National Housing Survey, 88 percent of Hispanics said that homeownership is a good investment long-term, and 92 percent said that, in the future, they are more likely to be homeowners than renters.

In 2018, Hispanics posted their largest homeownership gain since 2005. Despite concerns about housing inventory and changing government policies related to homeownership, the leading indicators, such as household formation, income trends, age and consumer sentiment, suggest that Hispanics will continue to drive homeownership gains in America for the foreseeable future.

## U.S. HISPANICS ACCOUNT FOR:



# SECTION 1: Hispanic Population & Household Formation Trends

## THE DEMOGRAPHIC SHIFT BEHIND U.S. POPULATION GROWTH

At 58.9 million, the Hispanic population represents a rising share of the U.S. population, equating to 18.1 percent of the overall U.S. population.<sup>14</sup> In 2016, one of every three Hispanics was under 18 years of age, and one of every six Hispanics was under the age of 35. Today, Hispanics make up 25 percent of all K-12 students.<sup>15</sup> More than 950,000 Hispanics turn 18 in any given year.<sup>16</sup> This means that every minute 1.8 Hispanics turn eighteen. By the 2020 Presidential election, Hispanics will be the largest racial or ethnic minority group in the U.S. electorate, accounting for just over 13 percent of the nation's eligible voters.<sup>17</sup>

By 2045, non-Hispanic Whites will shrink to 49.7 percent and will no longer be the majority population in the United States. At the same time, Hispanics will account for 24.6 percent of the U.S. population and other racial or ethnic groups will account for the remaining amount.<sup>18</sup> Although Hispanics represented 1.9 percent of the population in 1950, the Hispanic population is projected to reach 111,022,000 or 27.5 percent of the total U.S. population by 2060.<sup>19</sup> This growth is driven primarily by native-born Hispanics with only 24.5 percent of the Hispanic population expected to be foreign-born.<sup>20</sup>

## HOUSEHOLD FORMATION

Hispanics formed 485,000 new households in 2018, accounting for 32.4 percent of total U.S. household formations. According to Harvard's Joint Center for Housing Studies, Hispanics are projected to increase by 4.6 million households between 2015 and 2025.



Hispanic household growth continues to outpace that of overall U.S. household growth and is anticipated to do so for the foreseeable future.

## REGIONAL GROWTH AND NATIVE ORIGIN

More than half (61.9 percent) of the U.S. population resides in the South or West regions of the United States.<sup>21</sup> California, the nation's most populous state, is illustrative of the demographic wave reshaping the country. By 2014, Hispanics outpaced non-Hispanic Whites as the state's largest demographic group. At that time, there were 15 million Hispanics residing in California, compared to 14.9 million non-Hispanic Whites.<sup>22</sup> Today, 10 states now have a population of one million or more Hispanic residents: Arizona, California, Colorado, Florida, Georgia, Illinois, New Jersey, New Mexico, New York, and Texas.<sup>23</sup>

Since 2000, the Hispanic population has also increased to at least 10 percent in 11 states and the District: Connecticut (15.4 percent), Rhode Island (14.6 percent), Utah (13.7 percent),

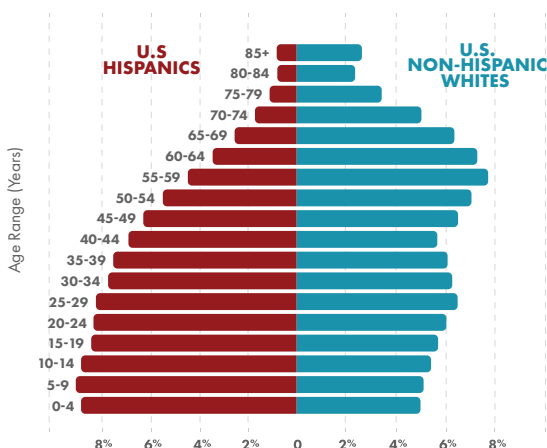
## STATES WITH THE HIGHEST HISPANIC POPULATIONS:<sup>24</sup>

California	15,477,304
Texas	11,156,514
Florida	5,371,385
New York	3,811,945
Illinois	2,209,337

Oregon (12.7 percent), Washington (12.3 percent), Idaho (12.2 percent), Kansas (11.5 percent), Massachusetts (11.2 percent), District of Columbia (10.7 percent), Nebraska (10.5 percent), Hawaii (10.2 percent), and Oklahoma (10.1 percent).<sup>25</sup>

U.S. Hispanic population growth today is primarily driven by higher birth rates and lower death rates, not by immigration. Nonetheless, Hispanics have comprised the largest share of immigrants over the past half century when 30 million Hispanics migrated to the United States.<sup>26</sup>

Nearly two-thirds of all U.S. Hispanics are of Mexican origin, Puerto Ricans make up nine percent, and four percent are Cuban Americans. Currently, one of every four children in America is Hispanic.



SOURCE: U.S. CENSUS BUREAU

## U.S. HISPANIC HOUSEHOLD FORMATIONS

2018



**32.4%** overall U.S. household formations in 2018  
 SOURCE: U.S. CENSUS BUREAU

Hispanics of Mexican origin are also the largest immigrant group in all but 19 states. New York, New Jersey, and Florida are home to many individuals of Dominican origin. Those states are also home to the largest concentration of Puerto Ricans outside Puerto Rico. Cubans primarily live in Florida, and most Salvadorans reside in California and the Metropolitan Washington, D.C. area. While the Hispanic immigrant-origin communities are important segments of the population, more than two-thirds of all Hispanics are U.S. citizens.

At a median age of 28.7, Hispanics are younger than the median age of non-Hispanic Whites (43.2 years) and the median overall U.S. age of 37.8 years.<sup>27</sup> A majority (60.4 percent) of all U.S. Hispanics are 35 or younger with over a quarter (27.2 percent) as millennials between the ages 19 to 35, many of whom are entering their prime home buying years.<sup>28</sup>

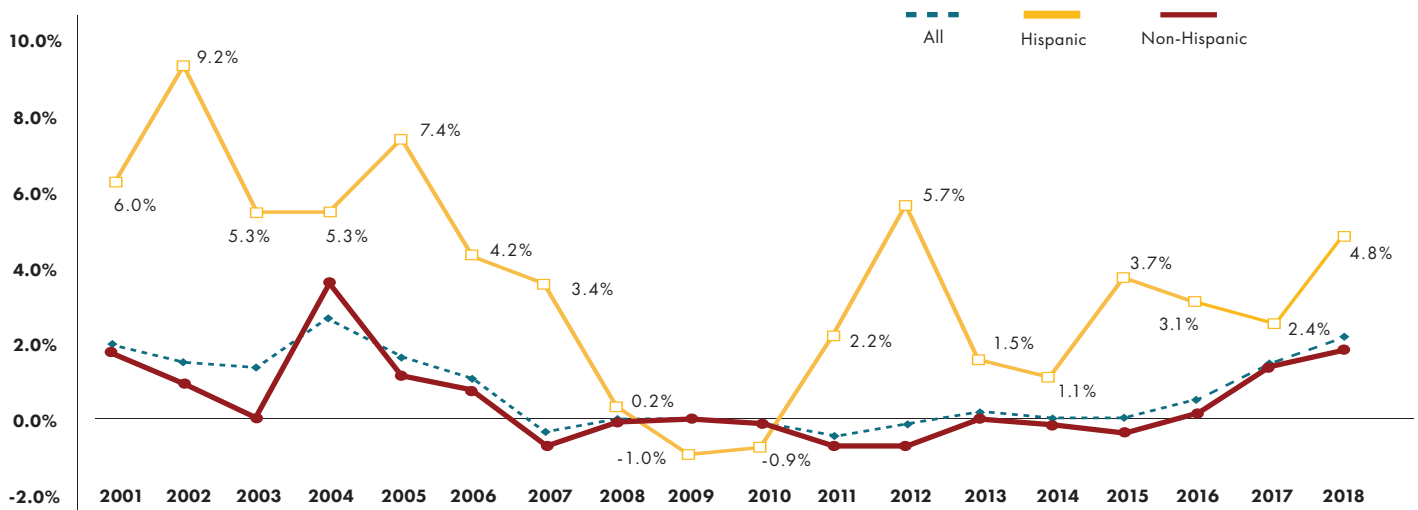
Multigenerational household composition is on the rise across many U.S. demographic groups, and Hispanics are more likely to live in multigenerational households.<sup>29</sup> This is due in part to cultural factors and in part to the higher likelihood of Hispanics containing foreign-born householders.

## DID YOU KNOW?

Used in place of Latino or Latina, Latinx is a gender-neutral term sometimes utilized in reference to individuals of Latin American cultural descent. Named to Oxford Dictionary's 2016 word of the year shortlist, Latinx is gaining increasing popularity in social media, marketing and academia. It is also praised by the LGBTQ community as an inclusive term since it diverges from the binary gendered terms inherent in the Spanish language.

## GROWTH IN OWNER-OCCUPIED UNITS IN THE U.S.:

PERCENT CHANGES IN THE GROWTH OF OWNER HOUSEHOLDS IN THE U.S. FROM 2000-2018



SOURCE: U.S. CENSUS BUREAU



## SECTION 2: Hispanic Homeownership

### HISPANIC CONTRIBUTIONS OVER THE PAST DECADE

In 2018, Hispanics achieved a net gain of 362,000 homeowners. **This raised the Hispanic homeownership rate from 46.2 percent in 2017 to 47.1 percent in 2018.**<sup>31</sup>

**Over the past decade, Hispanics have accounted for 62.7 percent of net U.S. homeownership gains,** growing from 6,303,000 homeowners to 7,877,000, a total increase of 1,574,000 Hispanic homeowners.<sup>32</sup> This growth trajectory for Hispanic homeownership is consistent with projections made by the Urban Institute that Hispanics will account for more than half of all new homeowners over the next several years and for 56 percent of all new homeowners by 2030.<sup>33</sup>

**For the fourth consecutive year, Hispanics were the only ethnic demographic group to raise their rate of homeownership.** At 47.1 percent, the rate of Hispanic homeownership is less than three percentage points from its all-time high of 49.7 percent. Hispanic median household income also rose to \$50,486, accounting for the largest increase in income (3.7 percent) among all racial or ethnic population groups.<sup>34</sup>

**In nearly every state where Hispanics account for greater than 30 percent of the state's population, their rate of homeownership is above 50 percent.** California is the only exception where Hispanics comprise 38.8 percent of the state's population and have a 43.07 rate of homeownership. This difference is heavily influenced by the intersection of pervasive affordability challenges and inventory shortages across California.

### LABOR FORCE CHARACTERISTICS AND PARTICIPATION

**At 66.3 percent, Hispanics have a higher labor force participation rate than non-Hispanic Whites (60.8) or the U.S. overall average (60.9).**<sup>35</sup>

However, Hispanics are an ethnic demographic comprised of many races. At 89 percent, most Hispanics in the labor force are White. Five percent of Hispanics in the labor force are Black and one percent are Asian.<sup>36</sup>

The nativity of most Hispanics in the U.S. labor force is Mexican (61 percent). Central Americans make up another 10 percent. Puerto Ricans are nine percent, seven percent are South American, and four percent are Cuban.

### HISPANIC HOMEOWNERSHIP : THE NUMBERS

Year	Rate of Homeownership (as a percent)	Number Of Hispanic Owner Households (units)	Annual Change in the Number of Owner Households (unit change)
2000	46.3	4,242,000	
2001	47.3	4,497,000	+256,000
2002	47.0	4,912,000	+414,000
2003	46.7	5,172,000	+261,000
2004	48.1	5,448,000	+275,000
2005	49.5	5,852,000	+404,000
2006	49.7	6,095,000	+243,000
2007	49.7	6,303,000	+208,000
2008	49.1	6,319,000	+15,000
2009	48.4	6,253,000	-65,000
2010	47.5	6,199,000	-54,000
2011	46.9	6,334,000	+135,000
2012	46.1	6,692,000	+358,000
2013	46.1	6,794,000	+101,000
2014	45.4	6,866,000	+73,000
2015	45.6	7,119,000	+253,000
2016	46.0	7,339,000	+220,000
2017	46.2	7,515,000	+176,000
<b>2018</b>	<b>47.1</b>	<b>7,877,000</b>	<b>+362,000</b>

Source: U.S. Census Bureau

Table A: Hispanic homeownership rate and total owner households from 2000 through 2018.<sup>30</sup>

At 80.5 percent, Hispanic men are more likely to participate in the labor force than any other racial or ethnic group.<sup>37</sup> Hispanic men are also more likely to work in the construction industry than any other category of adult employed men.

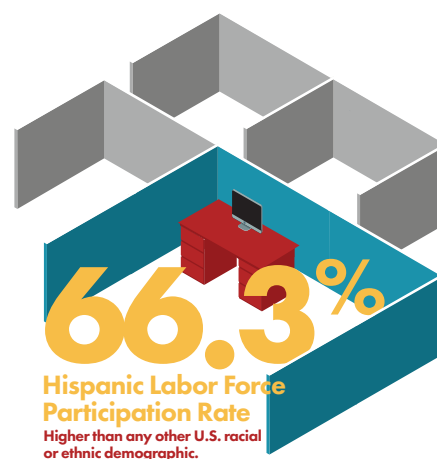
As of 2017, 32.4 percent of Hispanic households have a median income of \$75,000 or greater. Although the high-earner share is on the rise, and Hispanics account for 17 percent of the country's total employed population, they still represent a disproportionate percent of several occupational categories including:

- 53 percent - painters, construction, and maintenance
- 51 percent - agricultural
- 49 percent - maids and housekeeping cleaners

Thus, public policy that disproportionately affects Hispanics could impact these specific labor categories and their related industries.

### EDUCATION

Hispanic educational attainment has improved substantially over the past 20 years. From 1997 to 2017, Hispanics with four years of high school or higher improved at a higher rate than non-Hispanic White or Black completion, increasing from 55 percent in 1997 to 71 percent in 2017.<sup>38</sup>



## 2017 HISPANIC HOMEOWNERSHIP & ECONOMIC INDICATORS BY STATE

STATE	HISPANIC HOMEOWNERSHIP RATE	HISPANIC SHARE OF STATE POPULATION (5 YEAR ESTIMATE)	HISPANIC UNEMPLOYMENT RATE	HISPANIC MEDIAN HOUSEHOLD INCOME
Alabama	47.16	4.1	2.7	\$36,776
Alaska	43.8	6.8	3.5	\$64,112
Arizona	51.44	30.9	5.9	\$42,798
Arkansas	49.27	7.2	2.0	\$36,844
California	43.07	38.8	5.6	\$51,853
Colorado	48.75	21.3	3.4	\$47,577
Connecticut	33.83	15.4	8.7	\$44,153
Delaware	47.34	10.7	3.7	\$69,499
DC	32.15	9	3.1	\$47,205
Florida	51.04	24.7	4.3	\$44,196
Georgia	45.44	9.3	3.6	\$43,162
Hawaii	38.47	10.2	3.1	\$62,770
Idaho	52.27	12.2	4.9	\$42,324
Illinois	52.18	16.8	4.9	\$51,060
Indiana	52.82	6.7	4.4	\$42,995
Iowa	50.76	5.7	7.3	\$43,914
Kansas	51.5	11.5	3.9	\$43,328
Kentucky	35.51	3.4	5.6	\$38,267
Louisiana	45.2	5	3.4	\$44,023
Maine	49.08	1.5	---	\$45,211
Maryland	48.64	9.6	4.5	\$67,722
Massachusetts	25.39	11.2	7.2	\$39,299
Michigan	56.13	4.9	6.8	\$43,547
Minnesota	44.73	5.2	5.0	\$46,232
Mississippi	45.87	3	4.2	\$40,912
Missouri	49.84	4	4.3	\$43,281
Montana	50.04	3.6	7.5	\$40,465
Nebraska	47.19	10.5	5.7	\$44,113
Nevada	44	28.2	5.2	\$47,315
New Hampshire	38	3.4	---	\$53,568
New Jersey	35.92	19.7	5.1	\$51,675
New Mexico	65.5	48.2	6.1	\$39,356
New York	25.05	18.8	5.4	\$43,889
North Carolina	44.3	9.1	5.1	\$37,823
North Dakota	36.87	3.3	---	\$48,064
Ohio	44.38	3.6	7.1	\$41,296
Oklahoma	51.27	10.1	4.3	\$41,534
Oregon	40.82	12.7	4.7	\$44,944
Pennsylvania	40.61	6.8	7.0	\$37,297
Puerto Rico	68.56	99	---	\$19,709
Rhode Island	27.73	14.6	7.1	\$34,514
South Carolina	46.06	5.5	4.3	\$39,128
South Dakota	40.57	3.5	---	\$41,498
Tennessee	39.67	5.2	2.4	\$39,128
Texas	56.86	38.9	4.7	\$41,498
Utah	50.47	13.7	4.6	\$39,378
Vermont	48.17	1.8	---	\$44,798
Virginia	47.27	9	4.5	\$52,364
Washington	42.88	12.3	5.1	\$63,929
West Virginia	52.95	1.5	---	\$43,242
Wisconsin	39.69	6.6	5.3	\$41,046
Wyoming	56.63	9.7	6.7	\$48,628

SOURCE: U.S. Census Bureau & Bureau of Labor Statistics

— Data for demographic groups are not shown when the labor force base does not meet the BLS publication standard of reliability for the area in question, as determined by the sample size.

\*The BLS does not publish data associated with demographic characteristics of Puerto Rico. Given the Hispanic population of PR is 99%, 10.8% as the overall unemployment average in 2017 is a close approximation of the Hispanic unemployment rate.

## SECTION 3: Barriers to Increased Homeownership Gains

### HOUSING INVENTORY SHORTAGE

The U.S. is experiencing record-level housing inventory shortages. According to Zillow, in 2018 there were 10 percent fewer homes on the market than the prior year.<sup>39</sup> The impact is greatest in markets where home values are appreciating the fastest, with up to 40 percent fewer homes on the market. The effect is acute in markets with high concentrations of Hispanics such as Los Angeles (22 percent fewer), Las Vegas (24 percent fewer), and Denver (25 percent fewer).<sup>40</sup>

#### Labor Shortages as an Influencing Factor

A lack of available skilled labor in the construction industry is one of the upstream contributors to the housing inventory shortage. Nearly 80 percent of construction firms plan to increase their headcount in 2019, but an almost equal percentage are concerned about finding qualified workers.<sup>41</sup>

The skilled labor shortage marks the intersection of housing and immigration policy. Hispanic men represent the largest share of construction workers, and nearly 30 percent of undocumented men work in construction. With no immediate resolution, the U.S. could continue to have a significant skilled labor gap for the foreseeable future which would have a lasting effect on the construction industry's ability to build new housing stock.

### IMMIGRATION REFORM

#### Long-Term Residence

With unauthorized migration into the U.S. at its lowest level in a decade, unauthorized immigrants are more likely to be long-term residents in the U.S.<sup>42</sup> A full two-thirds of adult unauthorized immigrants have lived in the U.S. for more than 10 years.<sup>43</sup> As a result of this long-term residency, unauthorized immigrant adults tend to reside in mixed-status households with U.S.-born children – this figure increased to 43 percent in 2016, up from 32 percent in 2007.

#### Economic Contribution

Undocumented immigrants contribute \$13 billion annually to social security, adding to the country's retirement fund.<sup>44</sup> Immigrant workers in the labor market also add \$1.6 trillion to the U.S. economy annually, boosting it by 11 percent.<sup>45</sup>

TOP 3 OBSTACLES TO GETTING A MORTGAGE	GENERAL POPULATION	HISPANIC
Insufficient credit score or credit history	25%	31%
Affording the down payment or closing costs	29%	30%
Insufficient income for monthly payments	17%	24%

SOURCE: FANNIE MAE

#### Labor Force Growth

Immigration does not displace U.S. workers, it appears to increase the labor force participation among U.S.-born workers.<sup>46</sup> Structural forces including automation and outsourcing of jobs, rather than immigrants, are influencing the labor market and thus result in some impact on American jobs.<sup>47</sup>

#### Economic Impact of Deportation Raids

While Hispanics represent a decreasing share of new immigrants, they represent 95.7 percent of all deportations in 2018.<sup>48</sup> Under the Trump Administration, a reduction of humanitarian programs and enhanced enforcement, including increased interior removals, have stoked a climate of fear, negatively impacting immigrant economic behavior.<sup>49</sup> A survey of more than 30 immigrant-owned Houston businesses reported declines in revenue of up to 70 percent following ICE activity.<sup>50</sup> Similar economic impacts were reported

in Chicago and Atlanta where ICE enforcement action resulted in large numbers of arrests for minor traffic infractions. These surgical assaults on long-term resident, undocumented Hispanics create economic unrest in the communities in which they reside, and lasting impacts on the U.S.-born children they leave behind.

### ACCESS TO CREDIT

**In 2017, both debt-to-income (DTI) ratio and credit history accounted for 40 percent of mortgage loan denials for Hispanics.**<sup>51</sup>

When asked, Hispanic consumers believe their primary obstacles to getting a mortgage are an insufficient credit score, the ability to afford a down payment, and insufficient income for monthly payments.

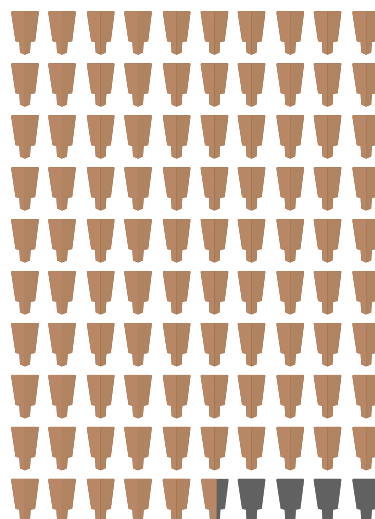
From 2017 to 2018, unease increased regarding affordability and income-related obstacles.<sup>52</sup> These perceptual changes are directionally aligned with the current market conditions, including increased home prices which materially affect borrower financing limits. Maintaining policy tools like the Qualified Mortgage Patch (QM Patch) in place will help as it provides an alternative calculation for consumers with DTI above 43 percent.

### FINANCING VEHICLES

**Hispanic home buyers are more than twice as likely (42.8 percent) to have an FHA loan,** as compared to non-Hispanics (20.6 percent).<sup>53</sup>

In contrast, 79.4 percent of non-Hispanic home buyers have conventional financing, compared to 57.2 percent of Hispanics. These differences mean Hispanics are more likely to pay mortgage insurance premiums (MIP) for the life of their FHA mortgage, thereby increasing overall monthly out-of-pocket expenses.

### HISPANICS REPRESENT 95.7% OF ALL DEPORTATIONS



SOURCE: IMMIGRATION AND CUSTOMS ENFORCEMENT

**DRIVING U.S. AUTO SALES.**

In 2017, Hispanic households purchased 1.8 million vehicles – 5-year growth is projected to increase 8% compared to overall market declines projected at 2%.

**BILINGUAL BY CHOICE.**

Regardless of their own Spanish-language proficiency, about 70% of Hispanic parents encourage their children to speak Spanish to stay connected to their culture.

**BIGGER FAMILIES ARE THE NORM.**

On average, Latinos have 3.7 persons per household, compared to the U.S. national average of 3.03.

**IT'S MY GRADUATION DAY!**

Hispanic college enrollment increased by 84% from 2000-2015.

# A GLIMPSE INTO THE U.S. Latinx Household





**CANELO VS JACOBS AT MY HOUSE!**

Latinos watch a lot of sports and over-index in fútbol (by 683%), pro boxing (by 195%), and NBA (by 20%).



**URBAN LIVING IS WHERE IT'S AT.**

More than half of U.S. Hispanics live in 14 major Metropolitan Statistical Areas, with Los Angeles-Long Beach-Anaheim topping the chart.



**FAMILY IS WHAT MAKES THIS HOUSE A HOME, BUT THE FURNISHINGS HELP.**

In 2017, U.S. Latinx spent \$1.5 trillion on consumer goods and are projected to increase to \$1.9 trillion by 2022.



**I'LL TAG YOU IN MY POST, #GRADUATION.**

Latinx are the highest demographic user group of Instagram, Snapchat, Pandora, and Spotify.

**PARTY AT MY HOUSE!**

The backyard is an important extension of a home's entertaining space for Latinx families, with 29% of Latinas indicating they would love a built-in outdoor kitchen.

**THE CASITA BELONGS TO ABUELITA.**

In 2016, 27% of Hispanics lived in multigenerational households.



# SECTION 4: Hispanic Consumer Attitudes, Nuance, and Behavior

## FANNIE MAE NATIONAL HOUSING SURVEY

Annually, Fannie Mae conducts a housing survey to gauge attitudinal characteristics toward homeownership. Hispanic respondents to this survey consistently indicate aspirational goals toward homeownership. **In the 2018 survey,**

- 88 percent of Hispanics agreed that owning a home is the best investment plan, and they are better off owning as opposed to renting.<sup>54</sup>
- 77 percent of Hispanics agree that they are better off owning as opposed to renting to improve their overall financial outlook.
- 80 percent of Hispanics agree that owning a home will help them achieve a goal of building wealth.
- 52 percent of Hispanics surveyed believe that buying a home is a safe investment with a lot of potential.

Regarding the economy, 42 percent of Hispanic respondents believe the U.S. economy is on the wrong track, nine percentage points lower than last year's survey (51 percent) but still less optimistic than the general population, of which only 37 percent believe the economy is on the wrong track. This perception could influence an ultimate buying decision for some consumers.

## LANGUAGE

A recent study by the Urban Institute suggests limited English proficiency (LEP) has a detrimental impact on homeownership attainment. The study found that neighborhoods with high LEP concentration had homeownership rates 5 percentage points lower than those with a median concentration of LEP residents.<sup>55</sup>

Access to in-language content is especially critical for LEP potential consumers, such as those who are recent immigrants. In May 2018, FHFA, Fannie Mae, and Freddie Mac began to implement a multi-year language access plan to help bridge potential gaps in homeownership access. The plan includes translated disclosures, translated universal residential loan application forms, and a language access line, among other things.<sup>56</sup> However, translating documents or availability of services in-language will not likely serve as a silver bullet to increase homeownership opportunities for individuals, including Hispanics, who have the interest,

capacity, and credit qualification to purchase a home.

When it comes to language, **81.5 percent of Hispanics in the U.S. speak English well to exclusively, irrespective of their immigrant status.**<sup>57</sup> Even among foreign-born Hispanics, 34.8 percent speak English very well or exclusively.<sup>58</sup> This means that in-language advertising content might appropriately target Hispanics without English fluency, who may or may not be adequately positioned for an upcoming homeownership opportunity.

While most U.S. Hispanics speak English with a degree of fluency, language does matter. The ability to speak Spanish, or at least be familiar with Spanish, is interconnected with culture but the language proficiency does wane over generations. At 97 percent, almost all immigrant parents speak Spanish to their children. However, 71 percent of second-generation U.S.-born

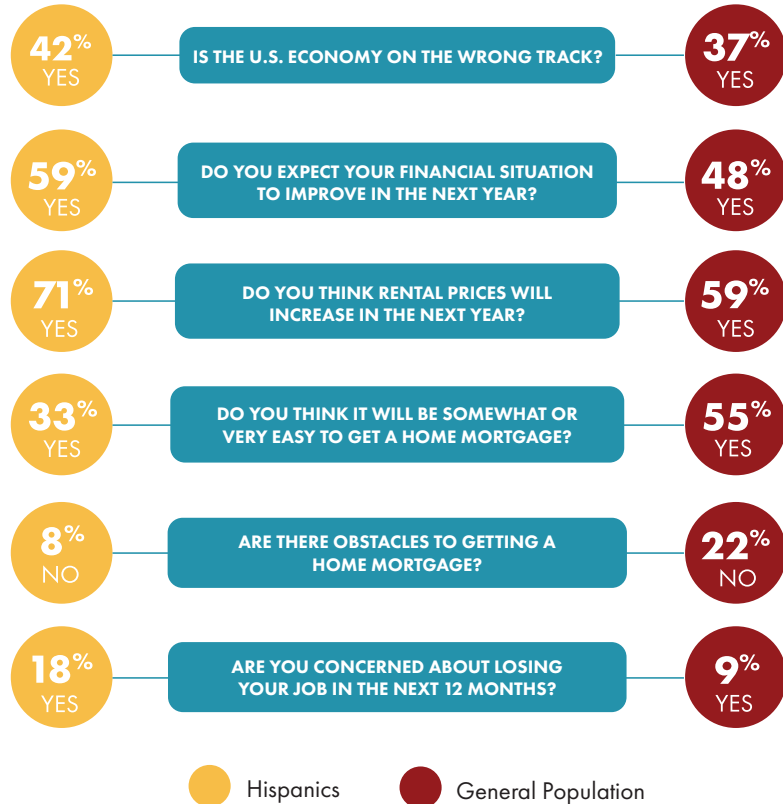
Hispanic parents speak Spanish to their children. This share decreases for third generation or beyond, falling to 49 percent.<sup>59</sup> **Regardless of their own Spanish-language proficiency, about 70 percent of Hispanic parents encourage their children to speak Spanish.**<sup>60</sup>

## IN-CULTURE VERSUS IN-LANGUAGE

For Latinx, the ability to speak Spanish is one important way to connect with community and culture. However, proficiency is not indicative of preference. This is an important factor for marketing segmentation and communication strategy since engagement in the language of preference is a critical component of a successful hyper-segmentation strategy.

In terms of preference, the self-referential nature of in-culture advertising content alone can be more persuasive than in-language content alone. Latinx preference for in-culture content

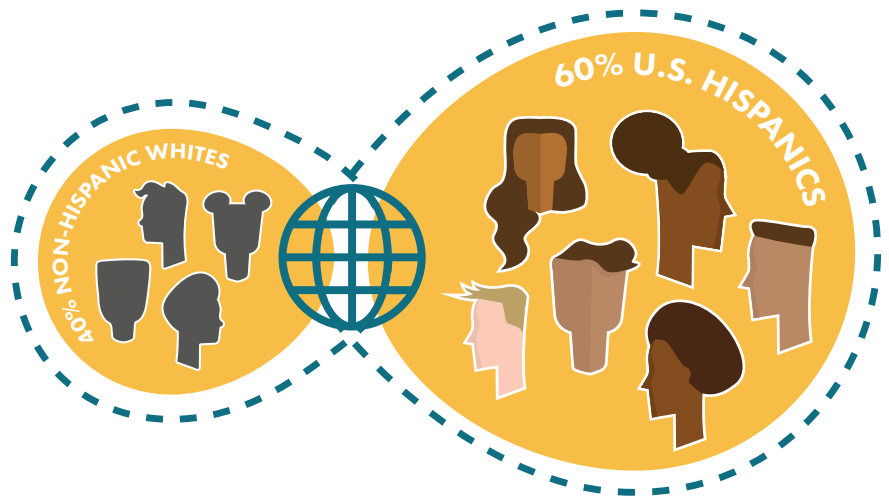
## FANNIE MAE SURVEY: HOMEOWNERSHIP INDICATORS



## WHO GREW UP IN THE INTERNET AGE?

Hispanics tend to be active users of the internet with roughly one-third going online almost constantly.

SOURCE: THE NIELSEN COMPANY



out-indexes that of all other demographics, with 61 percent of Latinx indicating they feel the advertisement is made for them if it recognizes their cultural background.<sup>61</sup> Conversely, in-language Spanish advertising to an English-dominant speaker can accomplish the opposite effect by making the consumer feel they are not the intended audience.

### INTERNET AND MOBILE ACCESS

Hispanics tend to be active users of the internet with roughly one-third going online almost constantly.<sup>63</sup> **The internet is ubiquitous for U.S. Hispanics as 60 percent were born or grew up in the internet age, compared to 40 percent of non-Hispanic Whites.**

**In lieu of desktop or laptop computers, Hispanics are more likely to access the internet via a smartphone** and Hispanic households are more likely to have a smartphone than those headed by non-Hispanic Whites.<sup>64</sup> U.S. Hispanics are more likely to be smartphone dependent (35 percent), than Black (24 percent) or non-Hispanic Whites.<sup>65</sup>

### STREAMING AND DIGITAL BEHAVIOR

Latinx tend to consume programming via on-demand and streaming services and are the least likely demographic to watch TV programming when it airs live.<sup>66</sup> Latinx are the least common consumer of Live TV at just 24 percent, compared to the total population at 32 percent. By contrast, **Latinx are super consumers of streaming via Netflix at 35 percent compared to the total population at 26 percent.**<sup>67</sup>

**Latinx are the highest demographic user group of Instagram, Snapchat, Pandora, and Spotify** and tie with Asians for their use of Facebook. Hispanics earning \$75,000+ (44 percent) also out-index their non-Hispanic White counterparts (22 percent) in social engagement.<sup>68</sup>

Despite these factors, digital spend in 2018 across all U.S. industries was heavily skewed toward non-Hispanic Whites (65.9 percent) and only 14.3 percent spent on Hispanic engagement.<sup>69</sup> Total U.S. digital ad spend surpassed 50 percent of all ad sales in 2018 and is projected to increase to 69 percent by 2023.

Across all industries, successful companies will use in-language strategies in very targeted circumstances. Companies that effectively compete for business will invest a proportionate percentage of their advertising budget on the Hispanic segment, including developing hyper segmentation strategies reflective of cultural nuances and income stratification.

### TOP MSAS FOR HISPANIC ORIGINATIONS

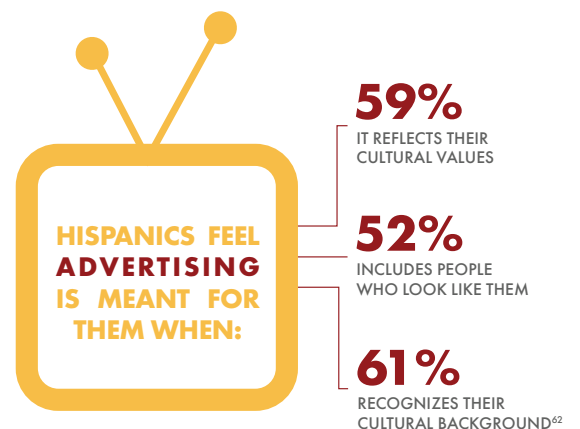
Nearly 50 percent of all Hispanic loans originate in ten Metropolitan Statistical Areas (MSAs).<sup>70</sup> The top three MSAs account for 25.7 percent of all Hispanic home buyer loans. The markets where the most loan production volume takes place are in California, Texas, Florida, Illinois, New York, New Jersey, Illinois, Virginia, and Washington D.C.

More than half (51 percent) of all mortgages to Hispanics are originated by only 50 lenders.<sup>71</sup> The top 10 lenders account for 44.5 percent of all mortgages to Hispanics, and the top 3 account for nearly 20 percent.

## HISPANICS FEEL CONTENT IS MEANT FOR THEM:

	CUANDO ES EN ESPAÑOL	WHEN IT IS IN ENGLISH	WHEN IT IS BILINGUE, ENGLISH-ESPAÑOL
Spanish-Dominant Speaker	66%	34%	69%
Bilingual English-Spanish Speaker	40%	44%	56%
English-Dominant Speaker	20%	60%	37%

SOURCE: CENTER FOR MULTICULTURAL SCIENCE



In the housing industry, Hispanic marketing and engagement strategies have been synonymous with in-language strategies. Successful companies in the housing space will shift toward developing hyper-segmentation strategies that focus on in-culture communication and engage consumers in their language of preference.

## Conclusion

In 2008, the Great Recession rocked the U.S. economy and upended the housing industry causing millions of foreclosures nationwide. During that time, homeownership losses for Hispanics were particularly devastating.

Today, unemployment is at historic lows and the economy is in the midst of the longest expansion on record. These advances are due in large part to the contributions of Hispanics from 2008 to 2018, especially in three key areas:

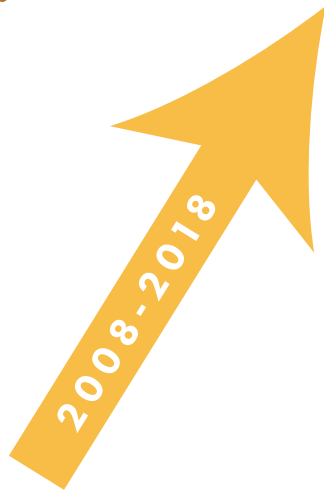
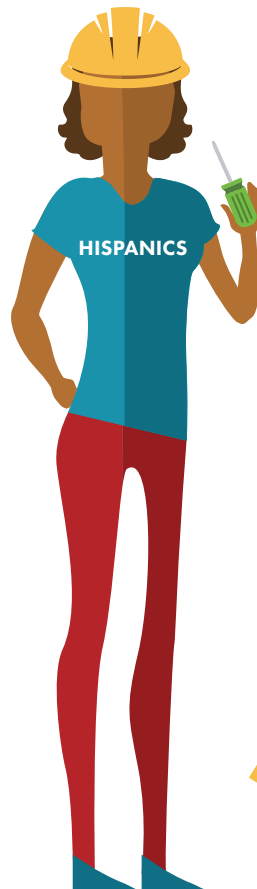
- **Hispanics were responsible for 81 percent of the U.S. labor force growth.**<sup>72</sup>
- Hispanics accounted for 39.6 percent of U.S. household formations.<sup>73</sup>
- Hispanic homeownership gains represented 62.7 percent of the U.S. net homeownership increase.<sup>74</sup>

In the years following the recession, Hispanics have remained passionate about homeownership. According to Fannie Mae's 2018 National Housing Survey, 88 percent of Hispanics said that homeownership is a good investment long-term, and 92 percent said that, in the future, they are more likely to be homeowners than renters.

In 2018, Hispanics posted their largest homeownership gain since 2005. Despite concerns about housing inventory and changing government policies related to homeownership, the leading indicators, such as household formation, income trends, age and consumer sentiment, suggest that Hispanics will continue to drive homeownership gains in America for the foreseeable future.

TOTAL HISPANIC ORIGINATIONS	STATE
Los Angeles-Long Beach-Anaheim	CA
Miami-Fort Lauderdale-West Palm Beach	FL
Riverside-San Bernardino-Ontario	CA
New York-Newark-Jersey City	NY-NJ
Phoenix-Mesa-Scottsdale	AZ
Chicago-Naperville-Elgin	IL
Washington-Arlington-Alexandria	DC-VA
Houston-The Woodlands-Sugar Land	TX
San Diego-Carlsbad	CA
Dallas-Fort Worth-Arlington	TX

## U.S. HISPANIC LABOR FORCE GROWTH 2008-2018



**81%**  
OF THE U.S. LABOR FORCE GROWTH

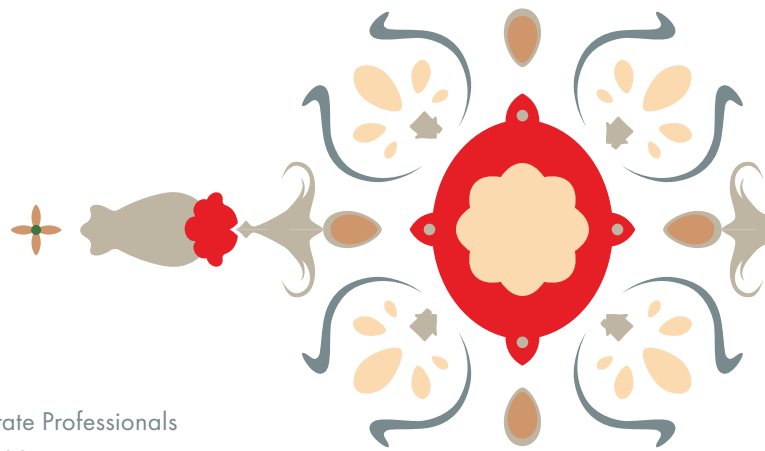


## End Notes

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# 2019 NAHREP National Policy Positions



The 2019 policy positions for the National Association of Hispanic Real Estate Professionals (NAHREP) are reflective of the organization's mission to champion sustainable Hispanic homeownership. NAHREP's policy positions all coalesce around the wealth building potential and stability that can be derived from homeownership. Therefore, our focus for 2019 will be to increase affordable lending opportunities for first-time home buyers and individuals with low- to moderate-wealth, while championing every effort to increase the supply of affordable homes. Finally, as the largest Hispanic business organization in the country, we stand to make the economic case for immigration reform. In the wake of uncertainty around DACA and individuals with Temporary Protective Status (TPS), creating an environment of stability for those living in mixed status households (3.3 million, mostly Latino)<sup>1</sup> will be critical to the economic well-being of Latino families, and, as a result, the U.S. economy as a whole.

## Policy Goals



Increase the supply of affordable homes for sale



Expand access to affordable home loan financing



Champion equitable and fair immigration policy solutions

## 1 - INCREASE THE SUPPLY OF AFFORDABLE HOMES FOR SALE

**Background:** By 2020, Latinos will comprise the majority of new household formations. However, a supply of affordable owner-occupied homes must meet the demand of the growing Latino population.

**Strategy:** Champion national and local policies that stimulate the building of affordable owner-occupied units and increase access to existing units to be used for homeownership.

### Key Areas of Focus:

#### Federal Strategy:

**LAND USE:** Federal agencies should incentivize state and local municipalities to:

- Ease land-use regulations that prohibit new residential construction.
- Require that transit-based development plans around employment hubs include the construction of multi-family condo units or other high density living housing construction.
- Maximize efforts to ensure that foreclosed single-family properties go to owner occupants rather than investors.

**MATERIALS:** The federal government should ease tariffs on the following goods that impact the cost of construction:

- Lumber
- Reinforcing Steel (rebar)
- Finished goods, such as appliances

**LABOR:** Address construction labor shortage by:

- Increasing the number of and speed by which worker visas are made available to immigrant workers.
- Pushing for inclusionary policies in construction trade apprenticeship programs.
- Passing Comprehensive Immigration Reform.

**FUNDING:** Support the passage of federal legislation that supports neighborhood investments and increased housing supply by:

- Supporting financing tools that would rehabilitate aging housing stock for single-family owners.

#### State and Local Policy:

- Support state legislation that incentivizes local municipalities to approve already planned-for housing.
- Fast-track land-use approvals for affordable residential construction.
- Adopt a state-level appeals process for qualified building projects in order to ensure that local governments do not neglect their duty to provide housing for the workforce.
- Support permitting for accessory dwelling units.

Examples of state legislation that address housing development and zoning: California: *SB-50 Planning and zoning: housing development: incentives.*

## 2 - EXPAND ACCESS TO AFFORDABLE HOME LOAN FINANCING

**Background:** As stated in this report, Hispanics have been responsible for 62.7 percent of net U.S. homeownership gains since 2008. Latinos accounted for 32.4 percent of U.S. household formations in 2018. Additionally, the median age for Hispanics is 29, which is almost a full decade younger than the median age of the general population at 38, and nearly 60 percent of Latinos are age 34 or younger. As young Latinos age into their prime wealth building and income generating years, the potential for more Latino homeowners will only increase. NAHREP believes that the housing market in general and the mortgage market specifically should serve the unique needs of the growing Hispanic population. This is of particular importance given the key role Hispanics play in the future of the U.S. housing market.

**Strategy:** Mortgage lending policy should strive to make credit available to all Hispanic households that desire to own a home and can sustain homeownership. Regulatory oversight should find the balance between credit access and consumer protection.

### Key Areas of Focus:

**1. Underwriting guidelines should accommodate the unique needs of Hispanic households. Latino households tend to have diverse income sources, multi-generational households, and a high degree of income derived from self-employment.**

- Support an extension to the Qualified Mortgage Patch (QM Patch) in order to avoid disruption of mortgage credit while the housing industry and stakeholders (including NAHREP) find a workable, comprehensive alternative to the calculation of income for those who fall beyond the 43% Debt-to-Income marker for conventional financing.
- Support efforts to better understand and to more clearly define QM standards for monthly income and monthly debt without reliance upon FHA eligibility and the Fannie Mae and Freddie Mac Seller Guides. Explore an alternative to QM that both expands access to credit to qualified borrowers and simplifies the process.
- Enhance appropriate credit access for nontraditional sources of income including income from self-employment, supplemental to a primary job, varies over time, comes from retirement assets, or is otherwise more difficult to establish as an ongoing stream of income used for mortgage qualification.

**2. U.S. Government support for mortgage lending should guarantee broad access to credit for first time home buyers, communities not served by the private sector, and workforce households. It should provide consistent credit availability throughout the ebbs and flows of the economic cycle.**

- Support Congressional appropriations to fund the Federal Housing Administration's (FHA) much needed modernization efforts and protects FHA down payment assistance programs.
- Increase access to low down payment programs in the conventional market and support the reduction or elimination of the loan level price adjusters (LLPAs) for loans that are covered by private mortgage insurance.
- Support homeownership incentives in the tax code such as the Mortgage Interest Deduction, Mortgage Insurance Tax Deductions, or a tax credit for low- to moderate-income home buyers.

- Support Community Development Block Grants (CDBG) that ensure availability of local down payment assistance programs and infrastructure needed to rehabilitate homes for single family homeownership.
- Ensure that reform efforts in the National Flood Insurance Program are accomplished in a manner that does not disproportionately impact existing homeowners in flood-prone areas, and ensure that those homeowners are insulated from shock due to premium hikes.

**3. Government's role in housing finance must always be focused on providing access to underserved segments that the private market fails to serve in an affordable and sustainable fashion. NAHREP will work to ensure that the needs of the Hispanic community are met in any solution that replaces the current Government Sponsored Enterprises (GSE) system. NAHREP will advocate to ensure that any housing finance reform package includes:**

- A clear commitment to serve low- to moderate-wealth borrowers, fully funds programs that serve underserved communities such as the Housing Trust Fund and the Capital Magnet Fund, and sets clear goals and strategies for how to meet those commitments.
- Preserves a credit risk pricing system that does not exclude low- to moderate-wealth borrowers from access to government supported financing programs and encourages innovation in credit access.
- Enforceable mechanisms are set in place by the Federal Housing Finance Agency (FHFA) tied to meeting Affordable Housing Goals in exchange for a government guarantee. The enterprises or their replacement must be incentivized to serve the entire market
- Secures a liquid, deep, and cost effective secondary market that services the entire nation on roughly the same terms.
- Protects the 30-year fixed rate, fully pre-payable mortgage, and overall access to affordable, long term mortgage financing.

## 3 - CHAMPION EQUITABLE AND FAIR IMMIGRATION POLICY SOLUTIONS

**Background:** Baby Boomers are aging out of the American workforce. Ten thousand boomers reach retirement age each day. Last year, the birth rate dropped to the lowest tally since 1987.<sup>2</sup> With a median age of 29, U.S. Latinos are significantly younger than the general population. Therefore, as young Latinos replace Baby Boomers in the workforce, the U.S. Latino GDP is only expected to grow, accounting for nearly a quarter of the total U.S. GDP volume growth by 2020.<sup>3</sup> If the U.S. were admitting too many immigrants, the economy would have trouble absorbing them. In actuality, the unemployment rate among immigrants in 2016, when the economy was considered to be at full employment, was almost three-quarters of a point lower than that of natives.<sup>4</sup> Demographic trends in the U.S. point to a labor crunch that will become a bottleneck for economic growth if not addressed. A shortage of construction labor is one of these examples. Furthermore, according to the Center for Migration Studies

(CMS), approximately 3.3 million families currently live in mixed status households, and nearly 6 million American children have an undocumented parent. CMS also approximates that 1.2 million households secured by mortgages had at least one undocumented individual residing in it in 2014.<sup>5</sup>

**Strategy:** Change the narrative around immigration by underscoring the economic case for immigration reform and support policies that strengthen economic stability for Latino families. NAHREP does not support using DACA, comprehensive immigration reform, the inhumane treatment of children separated at the border, and the funding of Puerto Rico recovery as independent negotiating chips. All are distinct and important issues impacting the overall U.S. economy, not simply "Latino" issues.

### Key Areas of Focus:

- 1. Redistribute Appropriations from ICE to economic boosting agencies such as FHA**
  - NAHREP supports a reduction of appropriations to the U.S. Immigration and Customs Enforcement (ICE). President Trump's FY2020 budget proposes to allocate \$8.8 billion to ICE, which would amount to the richest budget in the agency's history.<sup>6</sup> NAHREP urges an end to indiscriminate deportation policies and demands that Congress exercise its constitutional obligation to conduct meaningful oversight of the Department of Homeland Security (DHS) enforcement operations.
- 2. DREAM Act and Temporary Protective Status**
  - Support the passage of H.R. 6: The Dream and Promise Act, the version of the Dream Act in the 116th Congress. The legislation would offer a path to citizenship for dreamers and immigrants with temporary protected status.
- 3. DACA Homeowners**
  - Ensure equitable treatment of DACA recipients in the financial sector. Protect DACA recipients' abilities to secure government sponsored mortgages in order to continue to contribute to the U.S. economy through homeownership.
- 4. Pass Comprehensive Immigration Reform**
  - The Border Security, Economic Opportunity, and Immigration Modernization Act of 2013 should serve as the blueprint for comprehensive immigration reform. Legislation should include criteria to earn a path to citizenship in a realistic timeframe.

<sup>1</sup>Warren, R. & Kerwin, D. (2017) Mass Deportations Would Impoverish US Families and Create Immense Social Costs. Retrieved from: <https://journals.sagepub.com/doi/pdf/10.1177/233150241700500101>

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<sup>6</sup>U.S. Department of Homeland Security. (2019, March 18). FY 2020 Budget in Brief. Retrieved from: [https://www.dhs.gov/sites/default/files/publications/19\\_0318\\_MGMT\\_FY-2020-Budget-In-Brief.pdf](https://www.dhs.gov/sites/default/files/publications/19_0318_MGMT_FY-2020-Budget-In-Brief.pdf)







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