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2019 STATE OF
HISPANIC
HOMEOWNERSHIP
REPORT

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Thanks

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The National Association of Hispanic Real Estate Professionals® (NAHREP®) is a non-profit trade association founded in 1999. The association has 40,000 members and 100+ chapters 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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HISPANIC HOUSEHOLD FORMATIONS IN 2019

31.4%
OF NET GROWTH

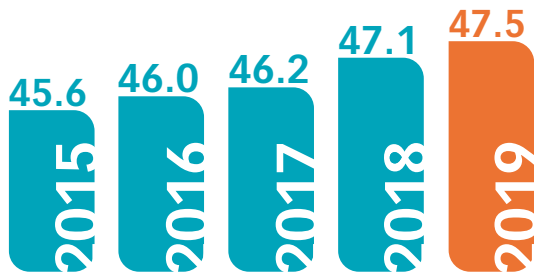


+435,000
NEW HOUSEHOLDS

SOURCE: U.S. CENSUS BUREAU

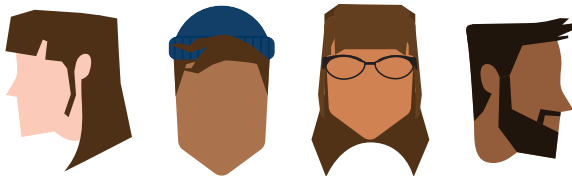
HISPANIC HOMEOWNERSHIP RATE INCREASE

2019



SOURCE: U.S. CENSUS BUREAU

IN 2018, THERE WERE
4.9 MILLION



"MORTGAGE READY" HISPANIC MILLENNIALS IN THE U.S.

SOURCE: FREDDIE MAC

GROWTH OF HOUSING CONTRIBUTION TO GDP 2000-2018

OVERALL



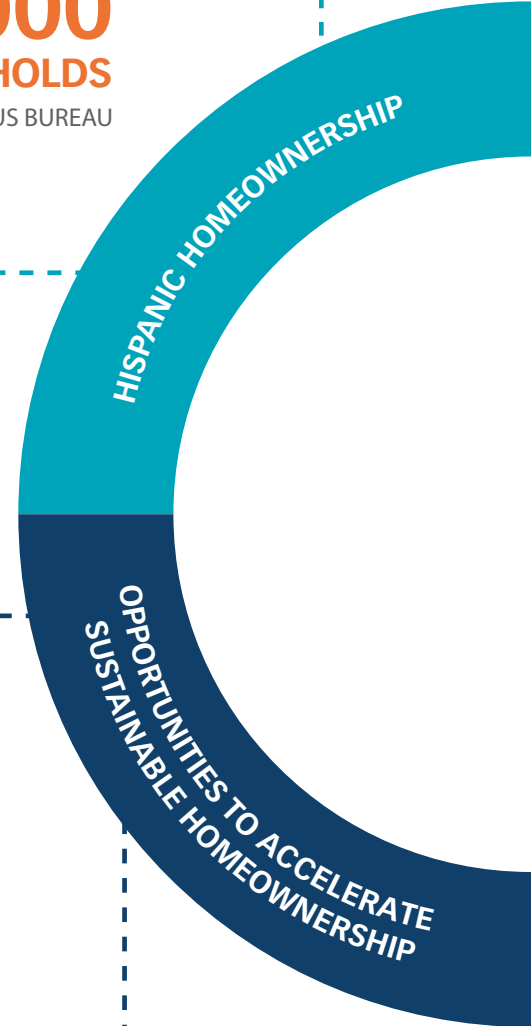
\$1.7 → \$3.4 TRILLION

HISPANIC



\$110 → \$371 BILLION

SOURCE: NATIONAL ASSOCIATION OF HOME BUILDERS

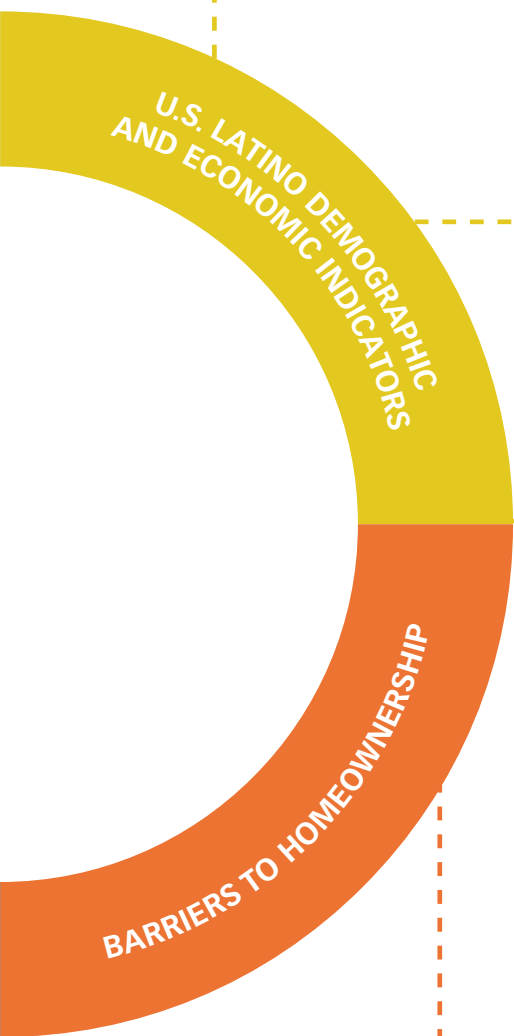




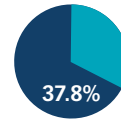
59.9 MILLION
AND **18.3% OF**
THE POPULATION

SOURCE: U.S. CENSUS BUREAU

2019 STATE OF
HISPANIC
HOMEOWNERSHIP
REPORT

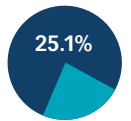


MORE THAN 60% OF LATINOS ARE MILLENNIALS OR YOUNGER



GEN Z
22.6 million
0-21

GENERAL POPULATION:
27.67% | 90.5M



MILLENNIALS
15.1 million
22-37

GENERAL POPULATION:
22.02% | 72M

SOURCE: U.S. CENSUS BUREAU



66.8%

HISPANIC LABOR FORCE PARTICIPATION RATE 2019

HIGHEST OF ALL DEMOGRAPHICS FOR PAST 2 DECADES

SOURCE: U.S. BUREAU OF LABOR STATISTICS



IMMIGRANT SHARE OF CONSTRUCTION AND NON-CONSTRUCTION LABOR MARKET

CONSTRUCTION:	NON-CONSTRUCTION:
2005: 21.2%	2005: 14.4%
2018: 24.3%	2018: 16.6%

SOURCE: NAHB HOUSING MARKET INDEX

BACKGROUND

The **2019 State of Hispanic Homeownership Report**[®] is a publication of the National Association of Hispanic Real Estate Professionals[®] (NAHREP[®]) and is in its tenth year of production. The report coalesces data and research across a broad cross-section within and outside of the housing industry. It serves to evaluate how the U.S. Hispanic population is faring in terms of homeownership acquisition and to review the primary opportunities and barriers to future homeownership growth.

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	255,000
2002	47.0	4,912,000	415,000
2003	46.7	5,172,000	260,000
2004	48.1	5,448,000	276,000
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	16,000
2009	48.4	6,253,000	-66,000
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	102,000
2014	45.4	6,866,000	72,000
2015	45.6	7,119,000	253,000
2016	46.0	7,338,000	219,000
2017	46.2	7,514,000	176,000
2018	47.1	7,879,000	365,000
2019	47.5	8,156,000	277,000

SOURCE: U.S. CENSUS BUREAU

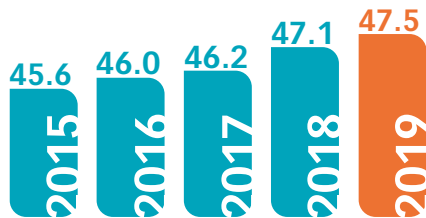
TABLE A: HISPANIC HOMEOWNERSHIP RATE AND TOTAL OWNER HOUSEHOLDS FROM 2000 THROUGH 2019.

EXECUTIVE SUMMARY

U.S. HISPANICS DRIVING HOMEOWNERSHIP

Over the past decade, Hispanics have accounted for 51.6 percent of the overall U.S. homeownership growth, adding 1.9 million new homeowners during that period.¹

HISPANIC HOMEOWNERSHIP RATE INCREASE 2019



SOURCE: U.S. CENSUS BUREAU

In 2019, Hispanics⁹ achieved a net gain of 277,000 homeowners. This raised the Hispanic homeownership rate from 47.1 in 2018 to 47.5 in 2019. Last year also marked the fifth consecutive year of gains in the Hispanic homeownership rate, the longest period of consecutive increases since 2000.

HISPANICS ARE YOUNG

With a median age of 29.5, Hispanics are 8.7 years younger than the general population.² Hispanics also tend to purchase homes at a younger age. During the past year, roughly 40 percent of Hispanic homebuyers were under the age of 34. As with most populations, Hispanic homeownership rates increase with age. The Hispanic homeownership rate peaks between the ages of 66 and 70.³

FASTEST-GROWING POPULATION

At 59.9 million, Hispanics are the second-largest ethnic group in the U.S. and make up 18.3 percent of the overall U.S. population. Hispanics are the fastest-growing demographic, accounting for 57.6 percent of the total U.S. population growth in the last year.⁴

DRIVING DEMAND THROUGH HOUSEHOLD FORMATIONS

From 2009-2019, Hispanics accounted for 40.4 percent of the overall growth in household formations, having added over 4.3 million new households.⁵ Household formations are one of the key indicators for measuring homeownership demand.

HIGHEST LABOR FORCE PARTICIPATION

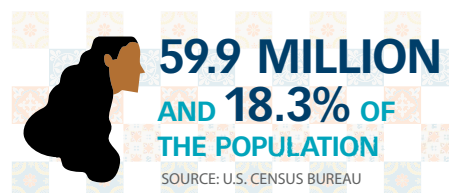
Hispanics have the highest labor force participation of any demographic. At 66.8 percent, the Hispanic labor force participation rate is a full 3.4 percentage points above the labor force participation rate of the general population.⁶ Hispanics have had the highest labor force participation rate of any demographic for the past two decades.

OPPORTUNITIES FOR GROWTH

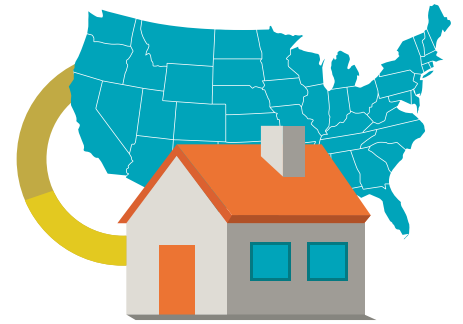
There are 4.9 million millennials with the credit characteristics to qualify for mortgages, many of whom are located in Texas. In 2018, the Houston market added the most Hispanic homeowners, and Texas benefited the most from Latino migration patterns adding a net increase of 102,000 Latinos.

LABOR SHORTAGE IN CONSTRUCTION

Latinos and immigrants make up a disproportionately large number of the construction labor force. In 2018, the construction labor force consisted of 24.3 percent immigrants and 29.5 percent Hispanics, larger shares than any other demographic. The most acute labor shortages are in construction occupations where the share of both immigrants and Hispanic workers is most pronounced.⁷



+ 4.3 MILLION NEW HOUSEHOLDS



BETWEEN 2009-2019 HISPANICS ACCOUNTED FOR 40.4% OF HOUSEHOLD FORMATION GROWTH

SOURCE: U.S. CENSUS BUREAU

HISPANIC SHARE OF HOUSING GDP

Between 2000-2018, Hispanics more than tripled their contribution to the housing share of the GDP, increasing from \$110 billion in 2000 to \$371 billion in 2018.⁸

The growth in Hispanic housing contribution to GDP has significantly outpaced that of the overall market which doubled during that same time period. Since 2000, Hispanics have accounted for 12.3 percent of net housing GDP growth.

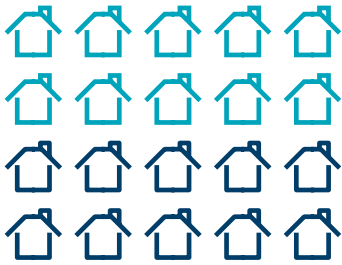
CONCLUSION

An unyielding desire to own a piece of the American Dream is inherent in the fabric of the U.S. Latino community. Despite facing one of the most acute housing inventory shortages in history and a contraction of credit, Hispanics were the only demographic to increase their homeownership rate for the fifth consecutive year. Many of the most prevalent homeownership barriers Hispanics face are attributable to a single variable: Hispanics are young. Because credit scores, income, and household wealth all improve with age, the likelihood for continued Hispanic homeownership growth over the next five years remains strong. Clearly, 2020 will bring a new set of economic challenges as Americans confront a global public health pandemic and the associated economic consequences. This notwithstanding, it will be the Latino community's youth, strong work ethic and desire for homeownership that will once again drive homeownership growth as the country rebounds from a post-pandemic economy.

⁹For clarification, the terms "Hispanic" and "Latino" are used interchangeably throughout this document to refer to people of Mexican, Puerto Rican, Cuban, Central American, South American, Dominican, Spanish descent, and descent from other Spanish-speaking countries.

SECTION 1: Hispanic Homeownership

In 2019, Latinos added a net increase of 277,000 owner households to the U.S. economy, with a total of nearly 8.2 million new homeowners nationwide. As a result, the Hispanic homeownership rate increased to 47.5 percent. Despite exceptional housing inventory challenges, Hispanics were the only demographic to increase their rate of homeownership for the last five consecutive years, the longest period of consistent growth for Hispanics since 2000.



U.S. HISPANICS ACCOUNT FOR 51.6% OF TOTAL U.S. HOMEOWNERSHIP GROWTH 2009-2019

SOURCE: U.S. CENSUS BUREAU

Over the past decade, Hispanics have accounted for 51.6 percent of the overall U.S. net homeownership growth. While the non-Hispanic White homeownership rate continues to surpass that of Hispanics and other demographics, it is diverse populations that are driving most of the growth in homeownership. To this point, non-Hispanic White homeowners contributed to only 1.5 percent of the overall U.S. net homeownership growth over the past ten years.

The Hispanic homeownership rate appears to be on a sustainable upward trajectory, and signs show that the gap between Hispanic and non-Hispanic White homeownership is shrinking. 2019 marked the lowest gap in homeownership rates since the pre-crisis peak in 2007.⁹

HISPANIC HOMEOWNERSHIP BY AGE

Hispanic homeownership rates increase with age. **Between the ages of 66 and 70, Hispanics have the highest homeownership rate at 65.9 percent,**

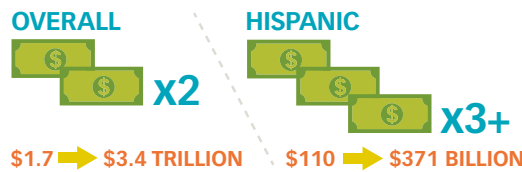
and Hispanics over 70 have a homeownership rate of 64.6 percent. As the vast majority of Hispanics today are young, homeownership rates are likely to rise congruent with Hispanics aging. Surprisingly, Hispanics actually surpass both the general population and the non-Hispanic White population in their homeownership rates for young adults between the ages of 18 and 21, suggesting that young Hispanics have a strong aspiration for homeownership, driving them to purchase homes at an earlier age.¹⁰

HISPANIC SHARE OF THE HOUSING GDP

The National Association of Home Builders (NAHB) estimates housing contributed approximately 16.3 percent of the overall U.S. GDP in 2018.^b Of the housing GDP share, Hispanics are responsible for 11.1 percent, almost double what it was in 2000. **In 2018, Hispanics injected \$371 billion into the economy through the housing market alone, tripling their contributions since 2000.**

The growth in Hispanic housing contribution to GDP has significantly outpaced that of the overall market which doubled during that same time period. Since 2000, Hispanics have accounted for 12.3 percent of net housing GDP growth.¹¹

GROWTH OF HOUSING CONTRIBUTION TO GDP 2000-2018



SOURCE: NATIONAL ASSOCIATION OF HOME BUILDERS

HISPANIC HOMEOWNERSHIP BY STATE

Across the country, individual states are seeing a rise in their Hispanic homeownership rate. In 2018, 61.5 percent of states saw an increase in Hispanic homeownership, including high cost states like California and New York.^c

DID YOU KNOW?

In a survey of the top producing Hispanic real estate agents, 44.6 percent said Hispanic homebuyers were more likely to purchase a fixer-upper than non-Hispanics, suggesting that Hispanics are more likely to improve and spend additional money enhancing their homes after they purchase them.

TOP STATES FOR HISPANIC HOMEOWNERSHIP IN 2018

BETWEEN 2010 AND 2018, 20 STATES INCREASED THEIR RATE OF HOMEOWNERSHIP BY AT LEAST 5%:

- Alabama ↑ 40%
- South Carolina ↑ 22.8%
- Maine ↑ 16.4%

STATES AND TERRITORIES WITH THE HIGHEST HISPANIC HOMEOWNERSHIP RATE:

- Puerto Rico - 67.3%
- Wyoming - 64.8%
- New Mexico - 62.8%
- Maine - 59.5%
- Michigan - 57.9%

STATES THAT HAVE THE MOST CONSECUTIVE YEARS OF HOMEOWNERSHIP GROWTH:

- California: 6 years
- Wyoming: 4 years
- Georgia, Illinois, Maryland, New Jersey, South Carolina: 3 years

STATES WITH A HISPANIC HOMEOWNERSHIP RATE OVER 50%:

- In 2018, 23 U.S. states had a Hispanic homeownership rate of 50% or greater, an increase of 35 percent from 2017.

^bThe National Association of Home Builders (NAHB) Housing Share of GDP includes construction of new single-family and multi-family structures, residential remodeling, production of manufactured homes, brokers' fees, gross rents and utilities paid by renters, owners' imputed rents and utility payments. It does not include mortgage origination fees, insurance premiums, and settlement services on purchase transactions.

^cCalculation includes District of Columbia and Puerto Rico.

2018 HISPANIC HOMEOWNERSHIP & ECONOMIC INDICATORS BY STATE

STATE	HISPANIC HOMEOWNERSHIP RATE	PERCENT HISPANIC POPULATION	HISPANIC UNEMPLOYMENT RATE	HISPANIC MEDIAN HOUSEHOLD INCOME
Alabama	51.51	4.3	4.6	\$37,412.00
Alaska	52.46	7.2	4.3	\$63,921.00
Arizona	53.8	31.6	5.7	\$50,140.00
Arkansas	50.7	7.6	3.7	\$46,047.00
California	43.99	39.3	5.1	\$59,440.00
Colorado	51.53	21.7	3.4	\$55,206.00
Connecticut	33.9	16.5	6.9	\$42,456.00
DC	30.57	11.3	3.7	\$72,284.00
Delaware	52.48	9.5	3.8	\$60,688.00
Florida	52.02	26.1	3.5	\$49,903.00
Georgia	47.4	9.7	3.4	\$50,955.00
Hawaii	37.33	10.7	3.9	\$70,193.00
Idaho	50.14	12.7	4.7	\$47,062.00
Illinois	54	17.3	4.2	\$55,563.00
Indiana	54.89	7.1	3.2	\$48,109.00
Iowa	52.84	6.1	4.9	\$48,328.00
Kansas	50.97	12	3.9	\$45,938.00
Kentucky	37.25	3.6	5.5	\$42,317.00
Louisiana	44.74	5.1	4.8	\$43,475.00
Maine	59.58	1.7	---	\$54,818.00
Maryland	52.9	10.4	5.2	\$69,951.00
Massachusetts	27.13	12.3	5.4	\$43,789.00
Michigan	57.93	5.2	4.9	\$50,396.00
Minnesota	45.77	5.5	4.2	\$50,240.00
Mississippi	41.71	2.9	---	\$45,232.00
Missouri	49.38	4.1	---	\$47,038.00
Montana	57.41	3.9	---	\$45,569.00
Nebraska	48.84	11.1	5.7	\$47,868.00
Nevada	46.74	29	5.1	\$50,309.00
New Hampshire	40.43	3.9	---	\$50,303.00
New Jersey	36.86	20.6	4.5	\$57,832.00
New Mexico	62.87	49.1	4.5	\$39,325.00
New York	25.67	19.2	4.8	\$49,867.00
North Carolina	46.2	9.6	4.6	\$42,231.00
North Dakota	29.23	3.6	---	\$46,716.00
Ohio	44.79	3.9	6.2	\$44,813.00
Oklahoma	51.71	10.9	3.4	\$45,801.00
Oregon	41.95	13.3	5.6	\$52,779.00
Pennsylvania	41.06	7.6	6.3	\$42,899.00
Puerto Rico	67.37	98.7	9.2*	\$20,203.00
Rhode Island	31.23	15.9	7.2	\$40,046.00
South Carolina	49.02	5.8	4.5	\$42,280.00
South Dakota	27.92	3.9	---	\$40,400.00
Tennessee	43.64	5.5	3.6	\$42,489.00
Texas	57.26	39.6	4.4	\$48,175.00
Utah	53.54	14.2	3.8	\$53,351.00
Vermont	46.97	2	---	\$37,114.00
Virginia	50.07	9.5	3.8	\$66,307.00
Washington	43.51	12.9	7.0	\$56,461.00
West Virginia	53.16	1.4	---	\$45,424.00
Wisconsin	42.47	6.9	3.5	\$46,849.00
Wyoming	64.86	10	5.9	\$49,483.00

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 98.7%, 9.2% as the overall unemployment average in 2018 is a close approximation of the Hispanic unemployment rate.

The data within this chart reflects 2018 1-year ACS estimates, contrary to the 2017 and 2018 State of Hispanic Homeownership Reports where 5-year ACS estimates were utilized.

WHO ARE THE 2018 HISPANIC HOMEBUYERS?

In 2018, 464,076 Hispanics purchased a home. Using data from the Home Mortgage Disclosures Act (HMDA) and 2018 American Community Survey, the following trends emerge among recent Hispanic homebuyers.^d

LATINO HOMEBUYERS ARE YOUNGER

While the median age of the Hispanic home purchaser in 2018 was 40, the median age for home purchasers overall was 44 years old. **40.3 percent of Hispanic buyers were under the age of 34, and 69.2 percent were 44 or younger.**

2018 HISPANIC HOMEBUYERS AGE BREAKDOWN

AGE	HISPANIC	GENERAL POPULATION
65+	3.6%	7.3%
55-64	8.8%	12.2%
45-54	18.3%	18.1%
35-44	28.9%	26.0%
34 AND BELOW	40.3%	36.3%

SOURCE: 2018 HMDA DATA

MOSTLY U.S.-BORN

An increasing share of Hispanic homebuyers are U.S.-born. In 2018, 60.0 percent of Hispanic homebuyers were born in the U.S., an increase of 9.4 percent from 2013. Considering that 94.3 percent of Latinos under the age of 18 are native-born, this shift in market share is only going to increase. In order for the industry to effectively respond to this growing market segment, it will be critical for programs to adapt to the growing share of first and second generation Latino homebuyers.

Of the 40.0 percent of recent Hispanic homeowners that were born outside of the U.S., 55.6 percent were U.S. citizens and 81.9 percent have lived in the U.S. for at least 11 years.

GROWING SHARE ARE SELF-EMPLOYED

Among the heads of Hispanic households who purchased a home in 2018, 8.6 percent of them were self-employed. While this percentage is on par with the general population of homebuyers, Hispanic owner households saw a 16.2 percent increase in self-employed borrowers between 2013-2018, compared to a 6 percent increase for the overall population.

HIGHER INCOME THAN HISPANICS OVERALL

In 2018, Hispanic home purchasers had a median household income of \$68,000, 32.3 percent higher than the median income for all Hispanic households and 9.8 percent higher than the median income for the general population.

BUYING MORE EXPENSIVE HOMES RELATIVE TO INCOME

The median property value for Hispanic home purchasers in 2018 was \$225,000, \$30,000 less than that of the overall population. Hispanics trend toward buying houses below the market median rate, but more expensive relative to their income than other populations. Due to a concentration in high cost markets and lower incomes, Latinos are more leveraged than their non-Hispanic White counterparts.

WHERE ARE THEY LOCATED?

The largest number of Hispanic home purchasers are coming from areas with high Latino populations, or those above 1.4 million Hispanics. All but one of these markets (Houston, TX) were above the median household property value for the U.S. in 2018 (\$255,000).

MARKETS THAT ADDED THE MOST LATINO OWNER HOUSEHOLDS TO THE U.S. ECONOMY BETWEEN 2013-2018			MARKETS THAT EXHIBITED THE FASTEST GROWTH RATE OF HISPANIC HOMEOWNERS		
MARKET	HISPANIC OWNER HOUSEHOLDS ADDED	MEDIAN PROPERTY VALUE	MARKET	HISPANIC HOMEOWNERSHIP GROWTH RATE	MEDIAN PROPERTY VALUE
1. HOUSTON, TX- THE WOODLANDS- SUGAR LAND, TX	(+40,013)	\$245,000	1. COLUMBUS, OH	73.7%	\$225,000
2. DALLAS- PLANO- IRVING TX	(+35,630)	\$285,000	2. MIDLAND, TX	57.9%	\$195,000
3. NEW YORK-JERSEY CITY-WHITE PLAINS, NY-NJ	(+35,004)	\$455,000	3. LAKELAND-WINTER HAVEN, FL	55.9%	\$195,000
4. RIVERSIDE- SAN BERNARDINO- ONTARIO, CA	(+33,898)	\$365,000	4. PALM BAY- MELBOURNE- TITUSVILLE, FL	49.6%	\$225,000
5. PHOENIX-MESA- SCOTTSDALE, AZ	(+32,999)	\$265,000	5. CAPE CORAL- FORT MYERS, FL	46.2%	\$235,000

SOURCE: U.S. CENSUS BUREAU AND 2018 HMDA DATA

^dCalculations within this section of the report were made in partnership with Urban Institute using 2018 HMDA data and ACS data.

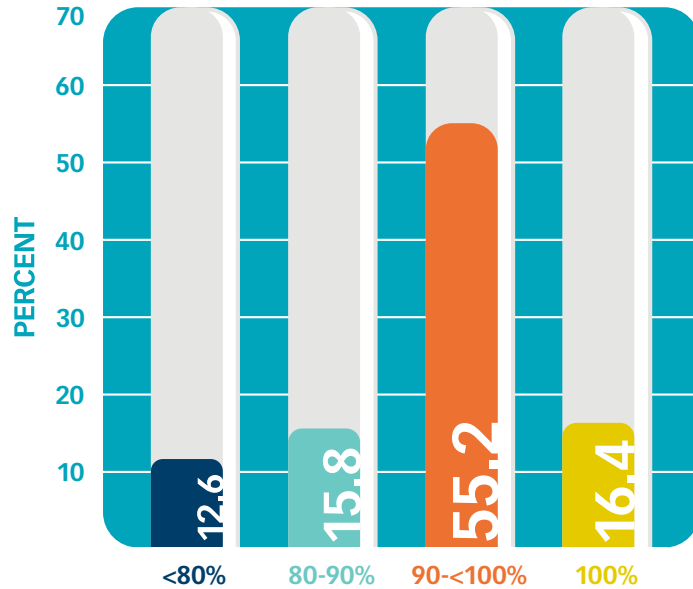
HOW ARE LATINOS FINANCING THEIR HOMES?

HISPANICS INCREASING USE OF CONVENTIONAL FINANCING

The share of Hispanics using conventional financing has increased. Between 2013 and 2018, conventional usage went from 45.6 percent to 57.6 percent, while the share of Hispanics using FHA loans declined from 42.5 percent to 32.8 percent.

While the majority of Hispanic home purchasers financed their homes through conventional financing, Hispanics were still more than twice as likely to use FHA loans compared to their non-Hispanic White counterparts. The disproportionate share of Hispanics in the FHA lending space is concerning, as FHA insured loans can be costlier than conventional financing. This has the capacity to limit lifetime wealth building potential.

LOAN TO VALUE RATIO FOR HISPANIC HOMEBUYERS IN 2018

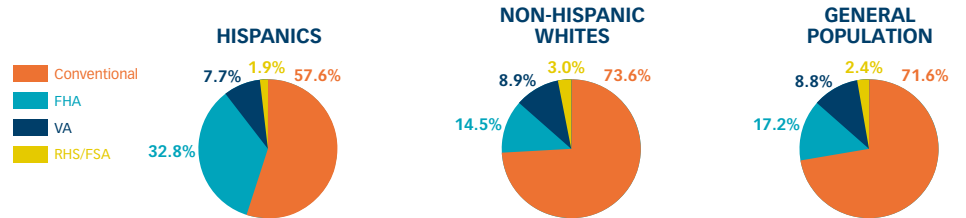


SOURCE: 2018 HMDA DATA

MOST LATINOS RELY ON LOW DOWN PAYMENT PRODUCTS

Among the 2018 Hispanic homebuyers, the median down payment was 3.5 percent, compared to 10 percent for the general population. **71.6 percent of Hispanic homebuyers purchased homes with less than a 10 percent down payment in 2018.**

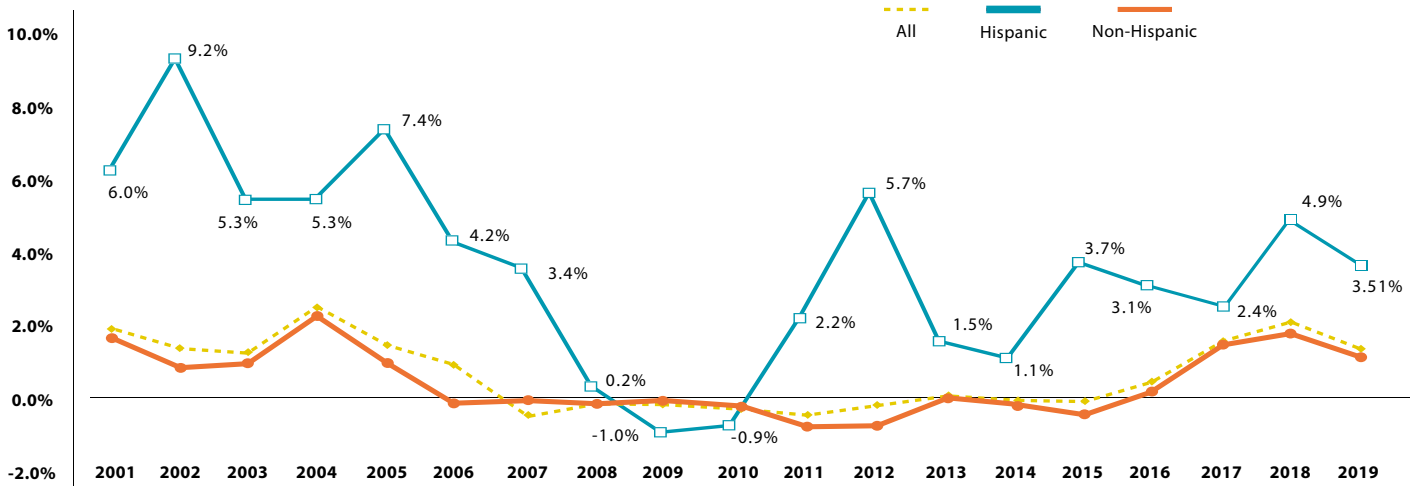
LOAN CHANNEL BY RACE & ETHNICITY 2018 HOMEBUYERS



SOURCE: 2018 HMDA DATA

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

PERCENT CHANGES IN THE GROWTH OF OWNER HOUSEHOLDS IN THE U.S. FROM 2000-2019



SOURCE: U.S. CENSUS BUREAU

A LOOK INTO U.S. LATINO HOMEBUYERS IN 2018

LATINO HOMEBUYERS ARE YOUNGER

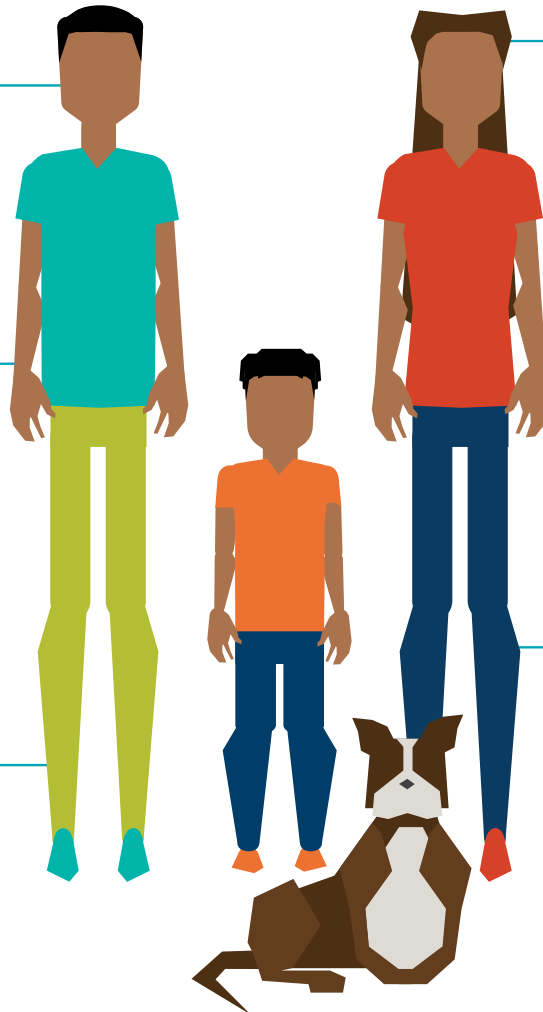
At a median age of 40, Latino homebuyers were the youngest homebuyers in 2018. 69.2% were 44 or younger.

BORN IN THE USA

60% of Latino homebuyers in 2018 were U.S.-born, an increase of 9.4% from 2013. Of those foreign-born, 81.9% have lived in the U.S. for at least 11 years.

GROWING SHARE OF HOUSEHOLDS ARE SELF-EMPLOYED

Self-employed Latino homebuyers grew by 16.2% between 2013-2018, more than double the overall population.



HIGHER INCOME THAN HISPANICS OVERALL

Latino homebuyers had a median household income of \$68,000, 32.3% higher than the median income for all Hispanic households.

LOCATED IN HIGHER-COST AREAS

Latino families are buying more expensive homes at every income level than other demographics due to concentration in higher-cost markets.

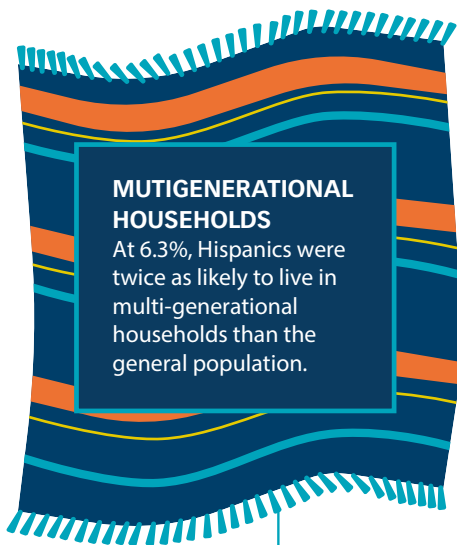
WHERE ARE THEY BUYING?

Top 5 markets that added the most Hispanic households in 2018

1. Houston | The Woodlands | Sugar Land
TEXAS
2. Dallas | Plano | Irving
TEXAS
3. New York | Jersey City | White Plains
NEW YORK-NEW JERSEY
4. Riverside | San Bernardino | Ontario
CALIFORNIA
5. Phoenix | Mesa | Scottsdale
ARIZONA

MULTIGENERATIONAL HOUSEHOLDS

At 6.3%, Hispanics were twice as likely to live in multi-generational households than the general population.



2018 U.S. LATINO BORROWERS ...A CLOSER LOOK

1 HOUSTON DRIVES HISPANIC HOMEOWNERSHIP

Latinos purchased homes with a median property value of \$225,000 in 2018 with the highest number of buyers in the Houston, TX market.

2 CONVENTIONAL FHA

At 57.6%, the majority of Latinos in 2018 financed their home through conventional financing. While Latinos were twice as likely to use FHA financing than the general population, the share is decreasing.

3 INTEREST RATES SLIGHTLY HIGHER

Latino homebuyers' median interest rate for both conventional and FHA loans in 2018 was 4.88%, compared to 4.75% for their non-Hispanic White counterparts.

4 FICO SCORES ARE INCREASING

For all Latinos, median credit scores increased in 2018 to 684 from 678 two years prior.

Closing Disclosure

Closing Information

Date Issued 2/27/2018
Property 1234 NAHREP Ln
 Houston, TX 77011
Sale Price \$225,000

Transaction Information

Borrower Sara Padilla

Loan Information

Loan Term 30 Year Fixed
Loan Type Conventional FHA
 VA

Loan Terms

Loan Amount	\$217,125
Interest Rate	4.88%
Monthly Principal & Interest	\$1149.70

Projected Payments

Payment Calculation	
Principal & Interest	\$1149.70
Mortgage Insurance	\$168.27
Estimated Escrow <small>(Amount can increase over time)</small>	\$477.50
Estimated Total Monthly Payment	\$1,795.47

Estimated Taxes, Insurance & Assessments	\$477.50	This estimate includes	In escrow?
		<input checked="" type="checkbox"/> Property Taxes	YES
		<input checked="" type="checkbox"/> Homeowner's Insurance	YES
		<input type="checkbox"/> Other:	

5 DOWN PAYMENTS LESS THAN 10%

In 2018, Latino homebuyers' median down payment was 3.5 percent and 71.6% purchased homes with less than a 10 percent down payment.

6 DTI WAS HIGHER

The median debt-to-income ratio for Latino homebuyers in 2018 was 42%, higher than the general population. More than a third of Latinos were above a 45% DTI.

7 SAVING TAKES TIME

The median Latino family takes 3.7 years to save for a down payment of 3%. It would take the median Latino family almost 25 years to save for a 20% down payment.

Look back to p.11 for more info on Latino financing.

SECTION 2: Snapshot of U.S. Latino Demographic and Economic Indicators

POPULATION GROWTH AND AGE

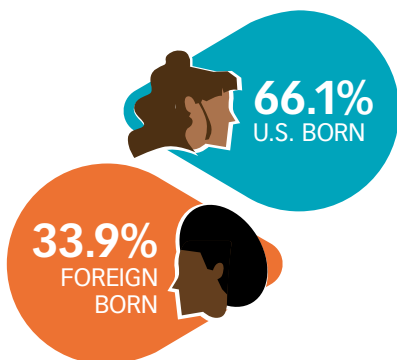
At 59.9 million, Hispanics are the second-largest ethnic group in the U.S. and make up 18.3 percent of the overall U.S. population. Hispanics continue to be the fastest-growing demographic, accounting for 57.6 percent of the total U.S. population growth in the last year,¹² a trend that is expected to continue into the foreseeable future. Since 2010, the Hispanic population has increased by 9.4 million individuals, accounting for 51.0 percent of total U.S. population growth.¹³

The Hispanic median age increased in 2018 to 29.5, just shy of a percentage point higher than it was the year prior. Despite this shift, Hispanics continue to be disproportionately young, with a median age 8.7 years younger than the general population. **In fact, one in three Hispanics are 18 or younger.¹⁴**

U.S.-BORN VS. FOREIGN-BORN POPULATION SHIFT

U.S. Hispanic population growth continues to be driven predominantly by natural births rather than immigration. **In 2018, less than one third (30.6 percent) of the growth in the U.S. Hispanic population can be attributed to net immigration.¹⁵** Of Latinos under the age of 18, 94.3 percent are U.S.-born, indicating that the share of U.S.-born Latinos will continue to rise.¹⁶

Breakdown of U.S. and Foreign-Born Latinos



94.3% of Latinos under 18 are U.S. born.

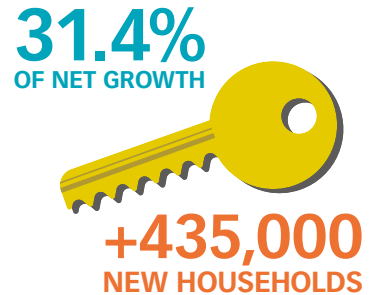
SOURCE: U.S. CENSUS BUREAU

Overall, immigration from Latin American countries has decelerated since the Great Recession, particularly from Mexico. In 2018, China replaced Mexico to become the largest sending country of foreign-born immigrants to the United States, and between 2006 and 2018, immigration from Asia surpassed that from Latin America by nearly 1.5 million.¹⁷

HISPANIC HOUSEHOLD FORMATION TRENDS

Household formations are one of the key indicators of housing demand. **In 2019, Hispanics added 435,000 new households, a 2.6 percent increase from the year prior.** From 2009-2019, Hispanics have accounted for 40.4 percent of the overall growth in household formations and have added over 4.3 million new households, significantly outpacing the household formation growth of the overall U.S. population.¹⁸

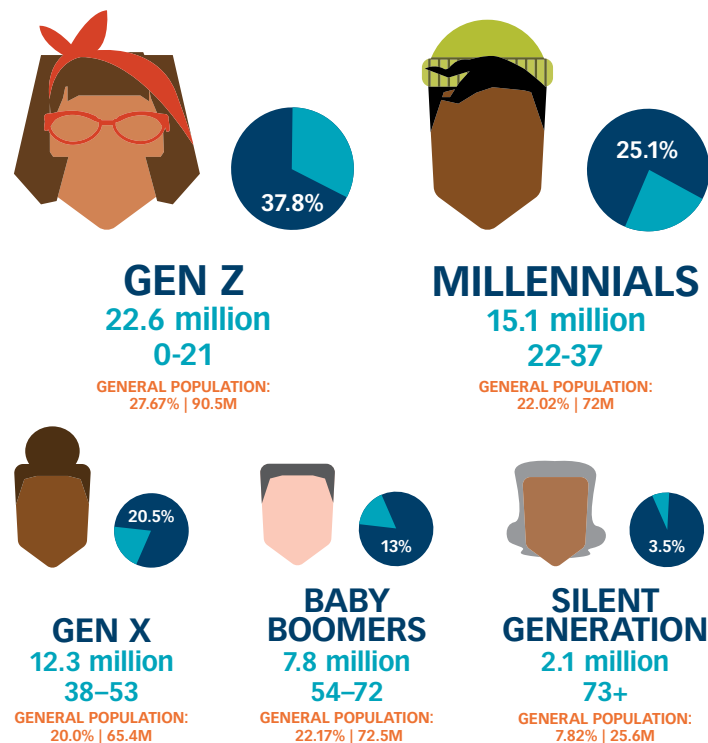
HISPANIC HOUSEHOLD FORMATIONS IN 2019



SOURCE: U.S. CENSUS BUREAU

This is consistent with projections from the Harvard Joint Center for Housing Studies (HJCHS) report, which predicts that Hispanic households will grow by 4.5 million between 2018-2028, accounting for 37 percent of total household growth. At the same time, HJCHS predicts that between 2028-2038, non-Hispanic White households will begin to decline.¹⁹

BREAKDOWN OF THE HISPANIC POPULATION BY GENERATION 2018



SOURCE: U.S. CENSUS BUREAU

LABOR FORCE PARTICIPATION

66.8%

HIGHER RATE THAN ANY OTHER DEMOGRAPHIC

MEDIAN AGE

29.5 YEARS

8.7 YEARS YOUNGER THAN THE GENERAL POPULATION

INCOME

\$51,404

MEDIAN HISPANIC INCOME, AN INCREASE OF 3.2%

PORTION OF HOUSING GDP

\$3.71 BILLION

LATINO CONTRIBUTION TO HOUSING GDP

KEY HISPANIC ECONOMIC INDICATORS

LABOR FORCE PARTICIPATION

For the past two decades, Hispanics have had the highest labor force participation out of any demographic group. **At 66.8 percent, Hispanic labor force participation is 3.4 percentage points above that of the general population.**²⁰

Over the past 10 years, Hispanics accounted for 71.3 percent of the overall U.S. labor force participation growth.²¹

Many economists consider labor force participation to be one of the leading indicators of economic health and stability, even more so than the unemployment rate. Hispanics have long outpaced the general population in labor force participation. As older Americans continue to age out of prime working years, young Latinos will offset the anticipated losses in the workforce.

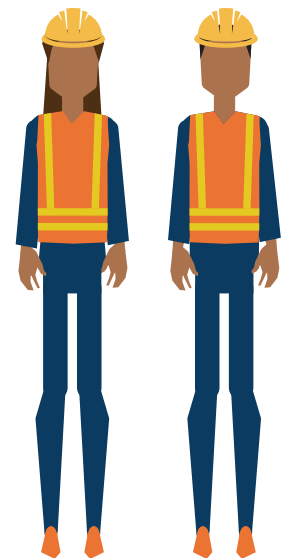
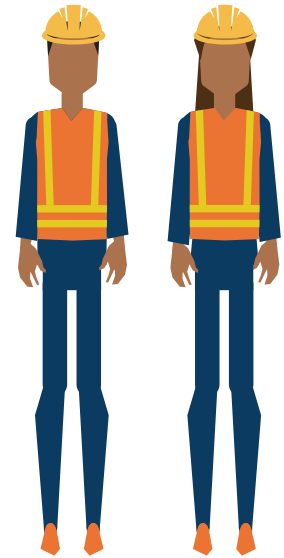
INCOME TRENDS

Hispanic median household income increased in 2018 to \$51,404, up 3.2 percent over the prior year. While median Hispanic household income continues to remain below that of the overall population (\$61,937), Hispanics have seen gains since 2011 and have outpaced the income growth for both the general and the non-Hispanic White populations. Since 2010, Hispanics have increased their median household income by \$11,239, an increase of 28 percent.²²

EDUCATION

In 2018, an additional 449,514 Latinos earned a bachelor's degree, a modest increase of one percent from the year prior.²³ Since 2010, the number of Hispanics graduating from undergraduate programs has steadily increased every year, with 2.2 million earning a 4-year degree during that period.

While higher education attainment is positively correlated with higher incomes, increasing student loan burdens are becoming a larger impediment for many would-be Latino homeowners. According to the U.S. Department of Education, 66.3 percent of Latino graduates in 2016 held student debt, with an average loan balance of \$25,452.²⁴



66.8%

HISPANIC LABOR FORCE PARTICIPATION RATE 2019
HIGHEST OF ALL DEMOGRAPHICS FOR PAST 2 DECADES

SOURCE: U.S. BUREAU OF LABOR STATISTICS

DID YOU KNOW?

Labor force participation rate is the proportion of individuals who are either working or actively looking for work divided by the total working age population.

SECTION 3: Barriers to Homeownership Gains

HOUSING INVENTORY SHORTAGE

A lack of available housing inventory remains one of the leading barriers to further advancing sustainable Hispanic homeownership growth. According to Zillow, **in December 2019 there were 7.5 percent fewer homes on the market than the year prior, marking 2019 as the lowest level ever recorded** since the group began tracking inventory data.²⁵

In 2019, the United States Census Bureau reported a record low homeowner vacancy rate (HVR) at 1.4 percent, matching the lowest level ever recorded in 1993.²⁶ The HVR for the top 75 MSAs has been declining every year since 2008.

Inventory shortages are considerably pronounced in states and metropolitan statistical areas (MSA) with high concentrations of Hispanic residents. Among the Top 10 MSAs with the lowest HVR, half have a Hispanic population of 10 percent or higher, and over a quarter of those have a Hispanic population of 20 percent or higher.²⁷

TWO FACTORS IMPACTING HOUSING SUPPLY:

LABOR SHORTAGE & RESTRICTIVE BUILDING REGULATIONS

LABOR SHORTAGE

A tight construction labor market has inhibited builders across the country from constructing the volume of homes necessary to meet housing demand, in large part driven by Latino prospective homebuyers. Restrictive immigration policies are exacerbating this problem, considering that the construction industry heavily relies on an immigrant construction workforce.

According to the National Association of Home Builders (NAHB) Housing Market Index, immigrants make up a disproportionate and increasing share of the construction labor force. **In 2018, immigrants accounted for 24.3 percent of the overall construction labor force, compared to 16.6 percent of the non-construction market.**



IMMIGRANT SHARE OF CONSTRUCTION AND NON-CONSTRUCTION LABOR MARKET

CONSTRUCTION:	NON-CONSTRUCTION:
2005: 21.2%	2005: 14.4%
2018: 24.3%	2018: 16.6%

SOURCE: NAHB HOUSING MARKET INDEX

Additionally, Hispanics make up a greater share of the construction labor force than any other demographic. 29.5 percent of the construction labor force in 2018 was Hispanic. In states with high Latino populations, Hispanics make up more than half of the construction labor pool: California (54 percent), Texas (60 percent), and New Mexico (66 percent).

The majority of builders in NAHB Housing Market Index reported shortages in some of the most critical jobs for housing production, where immigrants and Hispanics represent over half of the workforce. Many of the professions where the labor shortage is most acute are jobs that do not require advanced licensing or education. For example, **66 percent of builders reported a labor shortage of drywall installers, a profession relying on a 50 percent immigrant workforce.** Similarly, painters and roofers had

an immigrant share of upwards of 40 percent, where over 60 percent of builders reported having labor shortages.



DID YOU KNOW?

Homeowner Vacancy Rate (HVR) - The homeowner vacancy rate is the share of the homeowner housing inventory which is vacant for sale.

CONSTRUCTION OCCUPATION	IMMIGRANT SHARE OF THE WORKFORCE	HISPANIC SHARE OF THE WORKFORCE	% OF WORKERS WITHOUT A HIGH SCHOOL DIPLOMA	% OF BUILDERS REPORTING LABOR SHORTAGES
DRYWALL INSTALLERS	50.0%	62.3%	45%	66%
PAINTERS	47.3%	52.9%	36%	61%
ROOFERS	43.6%	51.6%	42%	61%
BRICK MASONS	39.6%	42.5%	35%	71%
CEMENT MASONS	34.0%	42.0%	33.7%	70%
CARPENTERS	32.7%	36.8%	27%	80%
PLUMBERS	18.0%	24.7%	16%	67%
ELECTRICIANS	15.5%	21.8%	8%	62%

SOURCE: NATIONAL ASSOCIATION OF HOME BUILDERS

RESTRICTIVE LAND USE & ZONING

Restrictive and exclusionary zoning practices have stifled new developments in much of the country. In an effort to combat density, much of America’s cities are disproportionately only zoned for single-family dwelling units.

In California, it is illegal to build anything other than a single family home (although accessory dwelling units are permitted) in more than 75 percent of the state’s neighborhoods.²⁸ This problem is not limited to California: cities like Seattle, Washington (81 percent), Charlotte, North Carolina (84 percent), and Arlington, Texas (89 percent) are zoned almost entirely for single family residences.²⁹

These restrictions have resulted in urban sprawl, longer commute times, and displacement of lower-income residents. Not only does restrictive zoning impact individual neighborhoods, but it has shown to be detrimental to the overall U.S. economy. Researchers at the University of Chicago’s Booth School of Business estimate that land constraints lowered aggregate U.S. growth by 36 percent from 1964 to 2009.³⁰

CREDIT CHARACTERISTICS

Through an analysis of homebuyers between 2012 and 2018, Freddie Mac identified the factors most influential to homeownership.

They listed being aged between 36-45, married, with higher incomes and FICO scores as the variables that most drove up homeownership.³¹

Hispanics are young, just as likely to be married as the general population, and have the highest labor force

participation rate among all demographics, all characteristics with a positive correlation with homeownership. **When controlling for other factors, the biggest drivers of the homeownership gap between Hispanics and non-Hispanic White families are debt-to-income ratios (DTI) and credit scores.**

CREDIT SCORES

In 2018, Hispanics had a median FICO score of 684, compared to 722 for the overall population and 742 for non-Hispanic Whites.³² While some of that discrepancy can be attributed to a knowledge gap and thin credit files, the lower credit scores can also be attributed to age. Older adults are more likely than younger adults to have higher credit scores.

As Hispanics age, credit scores have the potential to match those of non-Hispanic Whites, a factor that will impact Hispanic homeownership positively. Today, the overall Hispanic median credit scores more closely align with the credit scores of young millennials overall (678) and older millennials overall (688). This can be attributed to the fact that 62.9 percent of Hispanics are 37 or younger. Nevertheless, investing in resources to bridge the knowledge gap, particularly for young Latinos, is imperative.

DEBT-TO-INCOME RATIOS

Coupled with credit challenges, higher debt-to-income ratios are more likely among Hispanics than among the general population. Hispanics have a median household income of \$51,404 and are concentrated in high cost areas. Among Hispanic homebuyers in 2018,

the median debt-to-income ratio was 42 percent, compared to that of the general population at 38 percent. 41.2 percent of Hispanic homebuyers that year had a DTI above 43 percent, and over a third were above 45 percent. As the mortgage industry overly relies on debt-to-income ratios to qualify prospective homeowners, credit worthy Hispanics stand to be disproportionately vulnerable, particularly if the QM Patch expires.

DID YOU KNOW?

Exclusionary zoning is often a result of residential zoning plans whose requirements have the effect of excluding lower-income residents, such as minimum lot sizes, square footage requirements, parking restrictions, and permitted dwelling types.

Driving UP Homeownership

Aged Between 36-45

Married

Higher Incomes

Higher FICO Scores

Driving DOWN Homeownership

Living in a Higher Cost Market

Unemployment

Higher Student Loan Debt

Higher Delinquencies and Bankruptcies

SOURCE: FREDDIE MAC

SECTION 4: Opportunities to Accelerate Sustainable Homeownership

With a Latino purchasing power of \$1.7 trillion³³ and trends indicating Latinos are driving demand for homeownership, there is an undeniable market opportunity that has not yet been fully optimized.

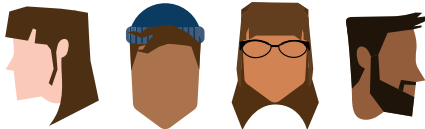
Below are three strategies that could be implemented today without changing any government policies, while maintaining today's level of access to affordable lending and existing housing inventory.

STRATEGY 1: CONVERT EXISTING "MORTGAGE READY" MILLENNIALS TO HOMEOWNERS

Why millennials? Considering that the National Association of Realtors (NAR) found that millennials made up the largest share of homebuyers at 37 percent, millennials are ripe for homeownership.³⁴ Today, one in four

Hispanics are a millennial, and, in 2018, 4.9 million were identified as being "Mortgage Ready."^e

IN 2018, THERE WERE
4.9 MILLION



"MORTGAGE READY" HISPANIC MILLENNIALS IN THE U.S.

SOURCE: FREDDIE MAC

TOP 20 MARKETS WITH THE MOST MORTGAGE READY HISPANIC MILLENNIALS (MRHM)^f

OPPORTUNITY AREA	COUNTY NAME	"MORTGAGE READY" HISPANIC MILLENNIALS	SHARE OF MRHM THAT CAN AFFORD (3% DOWN)	TOTAL # OF MRHM THAT CAN AFFORD MEDIAN PRICED HOME	ANNUAL HOUSING STOCK INDICATOR (2019) ^g
1	MCALLEN-EDINBURG-MISSION, TX	17,800	94%	16,700	6.6
2	MIAMI-FORT LAUDERDALE-WEST PALM BEACH, FL	270,800	18%	47,600	5.7
3	NEW YORK-NEWARK-JERSEY CITY, NY-NJ, PA	471,000	5%	21,000	4.8
4	SAN ANTONIO-NEW BRAUNFELS, TX	70,300	65%	45,400	4.2
5	RIVERSIDE-SAN BERNARDINO-ONTARIO, CA	188,100	8%	14,500	3.5
6	PHILADELPHIA-CAMDEN-WILMINGTON PA, NJ, DE, MD	39,700	54%	21,500	3.4
7	DALLAS-FORT WORTH-ARLINGTON, TX	143,500	48%	68,700	3.4
8	CHICAGO-NAPERVILLE-ELGIN, IL-IN-WI	185,200	34%	62,600	3.4
9	LAS VEGAS-HENDERSON-PARADISE, NV	49,200	25%	12,000	3.3
10	LOS ANGELES-LONG BEACH-ANAHEIM, CA	645,500	1%	7,600	3.3
11	EL PASO, TX	17,300	92%	15,800	3.1
12	OKLAHOMA CITY, OK	11,700	80%	9,400	3.1
13	ATLANTA-SANDY SPRINGS-ROSWELL, GA	53,600	38%	20,600	3.0
14	AUSTIN-ROUND ROCK, TX	49,900	22%	10,900	2.9
15	TUCSON, AZ	20,400	45%	9,200	2.8
16	DETROIT-WARREN-DEARBORN, MI	16,200	74%	12,000	2.7
17	ORLANDO-KISSIMMEE-SANFORD, FL	73,800	29%	21,500	2.6
18	BAKERSFIELD, CA	29,700	40%	11,900	2.6
19	TAMPA-ST. PETERSBURG-CLEARWATER, FL	41,000	44%	18,000	2.5
20	PHOENIX-MESA-SCOTTSDALE, AZ	85,400	20%	17,000	2.4
TOTAL				463,900	

^eFreddie Mac and NAHREP define "Mortgage Ready" as non-mortgage owners of ages 37 and younger in 2018, who have credit characteristics to qualify for a mortgage. Mortgage ready: FICO ≥ 620, DTI ≤ 25, No foreclosures in 84 months, No bankruptcies in 84 months, No severe delinquencies in 12 months.

^fThe MRHM Top 20 Markets list identifies the top twenty markets with the largest number of Hispanic millennials that had quarterly incomes greater than or equal to the median-priced single-family home in that market, assuming a 3% down payment, 30-year fixed mortgage, 4 percent interest rate and live in markets. The list is then sorted by the markets with the most available housing stock.

^gFreddie Mac calculation using housing stock data from Redfin.com for 2019. Housing Stock Indicator is equal to inventory divided by sales. According to industry standards, housing stock is adequate if Housing Stock Indicator exceeds 6.0.

DID YOU KNOW?

Between 2015 and 2018, the Hispanic population increased in non-traditional markets such as North Carolina (+34k), Washington (+42k), and Georgia (+34k).

Freddie Mac identified that in 2018 there were 4.9 million Hispanic millennials with the credit characteristics that could qualify for a mortgage. Looking at that number, had 10 percent of those 4.9 million “mortgage ready” millennials been converted to homeowners in 2019, the Hispanic homeownership rate would have reached 50.3 percent, an all-time high.

Freddie Mac and NAHREP identified the top twenty markets with the most Hispanic millennials who could both qualify for a mortgage and afford the median valued priced home, while living in a market with available housing stock.

STRATEGY 2: SHIFT STRATEGY TOWARDS NON-TRADITIONAL BUT GROWING LATINO MARKETS

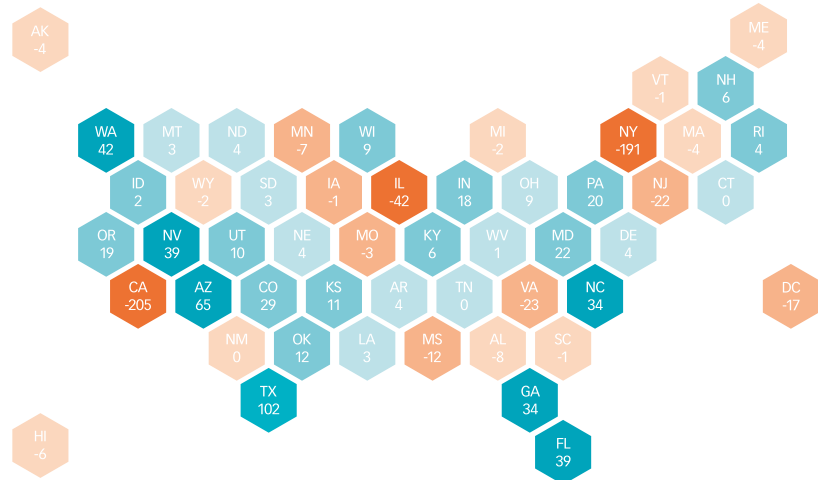
Hispanics have long been concentrated in California, Texas, New York, and Florida, with over 60 percent of Latinos living in these four states alone.³⁵ However, as the Latino population grows, employment opportunities change, and housing becomes increasingly unaffordable in many of those states. Latinos, as a result, are migrating.

From 2015 to 2018, Latino migration patterns underscore these trends as the Latino population show signs of growing in less traditional markets. California, the most populous Latino state, saw the greatest net outflow of Latinos at 205,000. This is most likely due to California being the state with one of the highest costs of living. **Texas on the other hand, benefited from the greatest inflow of Latinos, with a net gain of 102,000 people.**

Not so coincidentally, two Texas metropolitan areas (Houston and Dallas) were among the top five markets with the greatest number of Hispanic home purchasers in 2018.

Hispanic Net-Migration by State 2015-2018

(numbers in thousands)



SOURCE: FREDDIE MAC

Additionally, New York saw 191,000 net outflow of Latinos, while Illinois lost a net of 42,000 people. Virginia and New Jersey, two states with increasingly high costs of living, saw net outflows of 23,000 and 22,000 respectively. Besides Texas, the states that saw the greatest inflow of Latinos were Arizona (+65,000), Washington (+42,000), Nevada (+39,000), and Florida (+39,000).³⁶

STRATEGY 3: INVEST IN PEOPLE

Buying a home is often the largest financial transaction families engage in during their lifetime. It is also one of the most overwhelming and confusing processes, even for the most educated. When experience, language, and cultural barriers are added to that equation, the process is even more challenging. NAHREP estimates that the number of culturally competent Latino realtors and mortgage professionals will need to double in the coming years to meet the growing demand from Hispanic homebuyers.

Beyond language and cultural gaps, there is an experience gap for Hispanics in the industry. First-time homebuyers regularly rely on professionals in their network, including close friends or family, to guide them through the home buying process.

A look at NAHREP's network underscores this need. NAHREP Top 250 producing agents and mortgage originators are disproportionately located in the markets with the largest number of Hispanic homebuyers. Additionally, NAHREP members overwhelmingly

report that referrals and personal relationships are by the far the number one way they obtain new business.³⁷

CONCLUSION

Hispanics are by far the youngest and fastest-growing demographic all while having the highest labor force participation and household formation rates in the country. This phenomenon has been the driving force behind housing demand in America. For five consecutive years, Hispanics have increased their rate of homeownership and were the only demographic to do so. Since 2000, Hispanics have more than tripled their contribution to the housing share of GDP, a significant outpacing of the overall market. While there is certainly reason for optimism, sustained growth is not guaranteed. The data and trends within this report analyze the state of the market in 2019 where Latinos drove homeownership growth despite a tightening of credit, record low housing inventory, and polarizing immigration policies. This year presents a new set of economic challenges in the wake of a global pandemic that will undoubtedly disrupt the housing market, possibly for years to come. The Hispanic population helped pull the nation out of a devastating housing recession once in 2015 when it became the first ethnic demographic to show an increase in its post-recession homeownership rate and they are bound to play that role again. It is the youthfulness, work ethic and unwavering commitment toward homeownership that will propel the Latino community in lifting up a post-pandemic economic recovery.

2019 PURCHASE TRANSACTIONS

NAHREP TOP PRODUCER SURVEY RESULTS

Latino real estate agents predominantly serve Latino clients.



Over half of those surveyed say **AT LEAST 60%** of their clients are **LATINO**

MORE THAN 1/3 REPORT



ARE LATINO

Spanish language remains dominant in Latino purchase transactions.*

36%

REPORT THAT MORE THAN

HALF

OF THEIR TRANSACTIONS WERE CONDUCTED ENTIRELY IN

SPANISH



RELATIONSHIPS MATTER

STRATEGIES FOR FINDING LATINO CLIENTS IN 2019

- RANKED 1-5
1. REFERRAL FROM A PREVIOUS CLIENT/OTHER PERSON
 2. FAMILY OR PERSONAL RELATIONSHIPS
 3. ADVERTISING
 4. LEAD GENERATION
 5. COLD CALLING

56.4%

RANKED REFERRALS AS THE

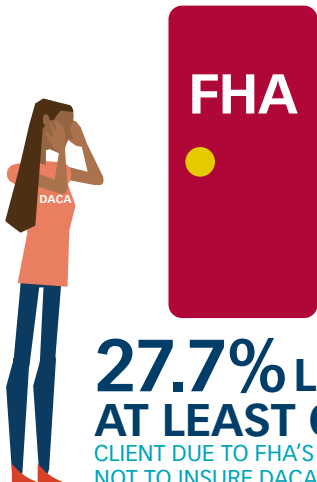
#1 ANSWER



COLD CALLING IS OUT.

61.4% RANKED COLD CALLING AS THE LEAST EFFECTIVE STRATEGY

Door is shut on DACA recipients



27.7% LOST AT LEAST ONE CLIENT DUE TO FHA'S DECISION NOT TO INSURE DACA LOANS

PEOPLE WITHOUT SOCIAL SECURITY NUMBERS ARE BUYING HOMES



49% HAD AT LEAST ONE ITIN LOAN LAST YEAR

Hispanics are not afraid of "fixer uppers"



44.6% SAID HISPANICS ARE MORE LIKELY TO PREFER A **FIXER UPPER** THAN NON-HISPANICS

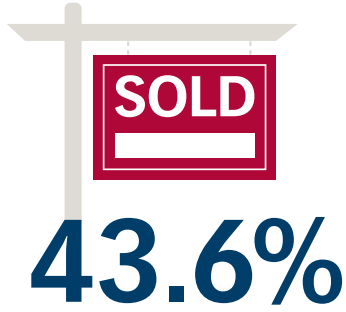
*Response from Puerto Rico removed from this calculation due to predominance of Spanish speakers in the region.

2019 PURCHASE TRANSACTIONS

NAHREP TOP PRODUCER SURVEY RESULTS

HISPANICS OVERCOME BARRIERS TO BUY HOMES

The biggest barriers to Hispanic homeownership in 2019



RANKED INVENTORY AS THE
#1 BARRIER

Inventory and credit are tight



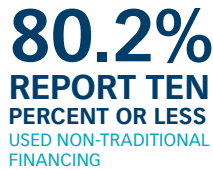
RANKED CREDIT AS EITHER THE
#1 OR #2 BARRIER



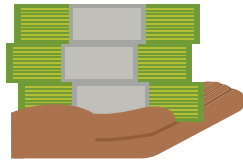
1. TOO FEW HOMES FOR SALE IN CLIENT'S PRICE RANGE
2. BORROWER(S) HAD POOR, LITTLE, OR NO CREDIT
3. LACK OF SUFFICIENT SAVINGS FOR DOWN PAYMENT
4. DIFFICULTY DOCUMENTING INCOME DUE TO BORROWER SELF-EMPLOYED STATUS
5. IMMIGRATION STATUS

WHILE IMMIGRATION STATUS WAS RANKED LOWEST, 22.8% RANKED IMMIGRATION STATUS AS THE **#1 BARRIER**

MOST LATINO BORROWERS USE TRADITIONAL FORMS OF FINANCING



DOWN PAYMENT ASSISTANCE PROGRAMS ARE NOT WIDELY USED



ALL CASH BUYERS ARE RARE



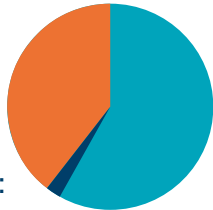
HOUSING MARKET OUTLOOK IS STRONG

When asked about their outlook for the housing market in their area...

3-MONTH OUTLOOK

THE SAME: 37%

WEAKER: 1%



STRONGER: 62%

12-MONTH OUTLOOK

THE SAME: 35%

WEAKER: 4%



STRONGER: 61%

METHODOLOGY

101
RESPONDENTS



SURVEY CONDUCTED
ONLINE



27
STATES



PUERTO RICO



5,673
PURCHASE
TRANSACTIONS IN 2019



\$1.2
BILLION
IN SALES
VOLUME IN 2019



NAHREP surveyed 101 top producing Latino real estate agents in 27 states and Puerto Rico with a combined 5,673 purchase transactions and total sales volume of 1.2 billion in 2019. Survey respondents answered questions based on their Latino purchase transactions that took place in 2019.

END NOTES

- ¹ U.S. Census Bureau. (2020, January 30). *Current Population Survey/Housing Vacancy Survey*.
- ² U.S. Census Bureau. (2019, June). *PEPALL6N - Annual Estimates of the Resident Population by Sex, Single Year of Age, Race, and Hispanic Origin for the United States: April 1, 2010 to July 1, 2018*.
- ³ Calculations made in partnership with Urban Institute using 2018 HMDA data and ACS data.
- ⁴ U.S. Census Bureau. (2019, June). *PEPALL6N Geography-United States Year-July 1, 2018 Hispanic Origin-Hispanic: Annual Estimates of the Resident Population by Sex, Single Year of Age, Race, and Hispanic Origin for the United States: April 1, 2010 to July 1, 2018*.
- ⁵ U.S. Census Bureau. (2020, January 30). *Current Population Survey/Housing Vacancy Survey*.
- ⁶ U.S. Bureau of Labor Statistics. (2020). *Labor Force Statistics from the Current Population Survey*. LNU01300009.
- ⁷ National Association of Home Builders. (2018, January 2). *Immigrant Workers in the Construction Labor Force*. Retrieved from <https://www.nahbclassic.org/generic.aspx?sectionID=734&genericContentID=260375>.
- ⁸ Calculation made in partnership with the National Association of Home Builders (NAHB) using data from National Income and Product Accounts (NIPA), Bureau of Economic Analysis (BEA), American Housing Survey (AHS), American Community Survey (ACS), U.S. Census Public Use Micro data (PUMS), and NAHB estimates. (2019, February).
- ⁹ U.S. Census Bureau. (2020, January 30). *Current Population Survey/Housing Vacancy Survey*.
- ¹⁰ Freddie Mac. (2020, February).
- ¹¹ Calculation made in partnership with the National Association of Home Builders (NAHB) using data from National Income and Product Accounts (NIPA), Bureau of Economic Analysis (BEA), American Housing Survey (AHS), American Community Survey (ACS), U.S. Census Public Use Micro data (PUMS), and NAHB estimates. (2019, February).
- ¹² U.S. Census Bureau. (2019, July). *PEPALL6N Geography-United States Year-July 1, 2018 Hispanic Origin-Hispanic: Annual Estimates of the Resident Population by Sex, Single Year of Age, Race, and Hispanic Origin for the United States: April 1, 2010 to July 1, 2018*.
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- ¹⁴ U.S. Census Bureau. (2019, July). *PEPALL6N Geography-United States Year-July 1, 2018 Hispanic Origin-Hispanic: Annual Estimates of the Resident Population by Sex, Single Year of Age, Race, and Hispanic Origin for the United States: April 1, 2010 to July 1, 2018*.
- ¹⁵ U.S. Census Bureau. (2019, July). *PEPCCOMP: Estimates of the Components of Resident Population Change by Race and Hispanic Origin for the United States: April 1, 2010 to July 1, 2018*.
- ¹⁶ U.S. Census Bureau. (2019, December). *2014-2018 American Community Survey 5-Year Estimates. B05003I: Sex by Nativity and Citizenship Status (Hispanic or Latino)*.
- ¹⁷ Migration Policy Institute. (2019). *Immigrant Population by Region and Country of Birth, 200 to 2018*. Available from <https://www.migrationpolicy.org/programs/data-hub/charts/immigrants-countries-birth-over-time>.
- ¹⁸ U.S. Census Bureau. (2020, January 30). *Current Population Survey/Housing Vacancy Survey*.
- ¹⁹ Joint Center for Housing Studies of Harvard University. (2019, March). *Tenure Projections of Homeowner and Renter Households for 2018-2038*. Available from <https://www.jchs.harvard.edu/research-areas/working-papers/tenure-projections-homeowner-and-renter-households-2018-2038-0>.
- ²⁰ U.S. Bureau of Labor Statistics. (2020). *Labor Force Statistics from the Current Population Survey*. LNS11000000 and LNS11000009.
- ²¹ U.S. Bureau of Labor Statistics. (2020). *Labor Force Statistics from the Current Population Survey*. LNU01000000 and LNU01000009.
- ²² U.S. Census Bureau (2019, December). S1903: Median Income in the Past 12 Months (in 2018 Inflation Adjusted Dollars).
- ²³ U.S. Census Bureau. (2019). S1501: Educational Attainment.
- ²⁴ National Center for Education Statistics. (2016). *National Postsecondary Student Aid Study (NPSAS) 2015 - 2016*. Available from <https://nces.ed.gov/surveys/npsas/about.asp>
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- ²⁶ U.S. Census Bureau. (2019). *Table 4. Homeowner Vacancy Rates by State*.
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- ²⁸ Turner Center. (2018, December). *Local Housing Policies Across California*. Retrieved from https://californialanduse.org/download/Turner_California_Residential_Land_Use_Survey_Report.pdf.
- ²⁹ American Economic Journal: Macroeconomics 2019, 11(2): 1-39. (2019, April). *Housing Constraints and Spatial Misallocation*. Retrieved from <https://faculty.chicagobooth.edu/chang-tai.hsieh/research/growth.pdf>.
- ³⁰ Brookings. (2017, May 4). *Exclusionary zoning is opportunity hoarding by upper middle class*. Retrieved from <https://www.brookings.edu/opinions/exclusionary-zoning-is-opportunity-hoarding-by-upper-middle-class/>.
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- ³³ Latino Donor Collaborative. (n.d.). *Fast Facts Latinos in America*. Retrieved from <http://latinodonorcollaborative.org/data/>.
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- ³⁵ U.S. Census Bureau. (2019, July). *PEPSR6H: Annual Estimates of the Resident Population by Sex, Race, and Hispanic Origin for the United States, States, and Counties: April 1, 2010 to July 1, 2018*.
- ³⁶ Freddie Mac. (2020, February).
- ³⁷ The National Association of Hispanic Real Estate Professionals. (2020, February). *2019 Purchase Transactions Survey*.

2020 NAHREP National POLICY POSITIONS

The National Association of Hispanic Real Estate Professionals' (NAHREP) 2020 Policy Positions revolve around one common purpose: to advance sustainable Hispanic homeownership. NAHREP wholeheartedly believes that homeownership is the best way Latino families build wealth in America. With over 40,000 members and 100 chapters across the nation, NAHREP represents not only real estate professionals championing Hispanic homeownership, but also the growing number of prospective Hispanic homeowners that require adequate housing stock, affordable lending products, and fair immigration policies to continue contributing to the U.S. economy through homeownership. The policy priorities within this report were formulated prior to the COVID-19 pandemic. Policy positions related to existing economic realities will be forthcoming.

NAHREP firmly believes that every individual who desires to become a homeowner and can sustain a mortgage should be granted access to a piece of the American Dream.



HOUSING INVENTORY



ACCESS TO CREDIT



IMMIGRATION



INCREASE PRODUCTION OF HOMES IN ORDER TO ADDRESS HOUSING SHORTAGES

BACKGROUND

According to Zillow, in December 2019 there were 7.5 percent fewer homes on the market than the prior year, making 2019 the lowest housing inventory ever recorded since the group began tracking inventory data. The inventory shortage problem is getting progressively worse. NAHREP real estate professionals, who work directly with prospective homebuyers at the point of sale see housing inventory shortages as the number one leading barrier to advancing sustainable Hispanic homeownership. In a recent poll of the top Latino real estate professionals, 43.6 percent indicated that “too few homes for sale in client’s price range” was the number one barrier to advancing sustainable Hispanic homeownership.

OVERALL STRATEGY

Champion both national and local policies that significantly increase the production of homes for sale.

FEDERAL STRATEGY

ADDRESS THE LABOR SHORTAGE

- Pass Comprehensive Immigration Reform (CIR), recognizing that the construction labor shortage is stifling economic growth in the housing industry. CIR would also include a visa category that allows employers to petition foreign workers to fill the labor shortage in the construction industry.

REVERSE EXCLUSIONARY ZONING AND EASE LAND USE RESTRICTIONS

- Tie federal transportation funds conditional on their success in incorporating inclusionary zoning policies and easing land-use restrictions that prohibit new residential construction.
- Require that transit-based development plans that are around employment hubs include the construction of multi-family condominium units or other high-density living housing construction.
- Grant tax breaks and density bonuses to developers who set aside affordable ownership housing for low- to moderate-income households.

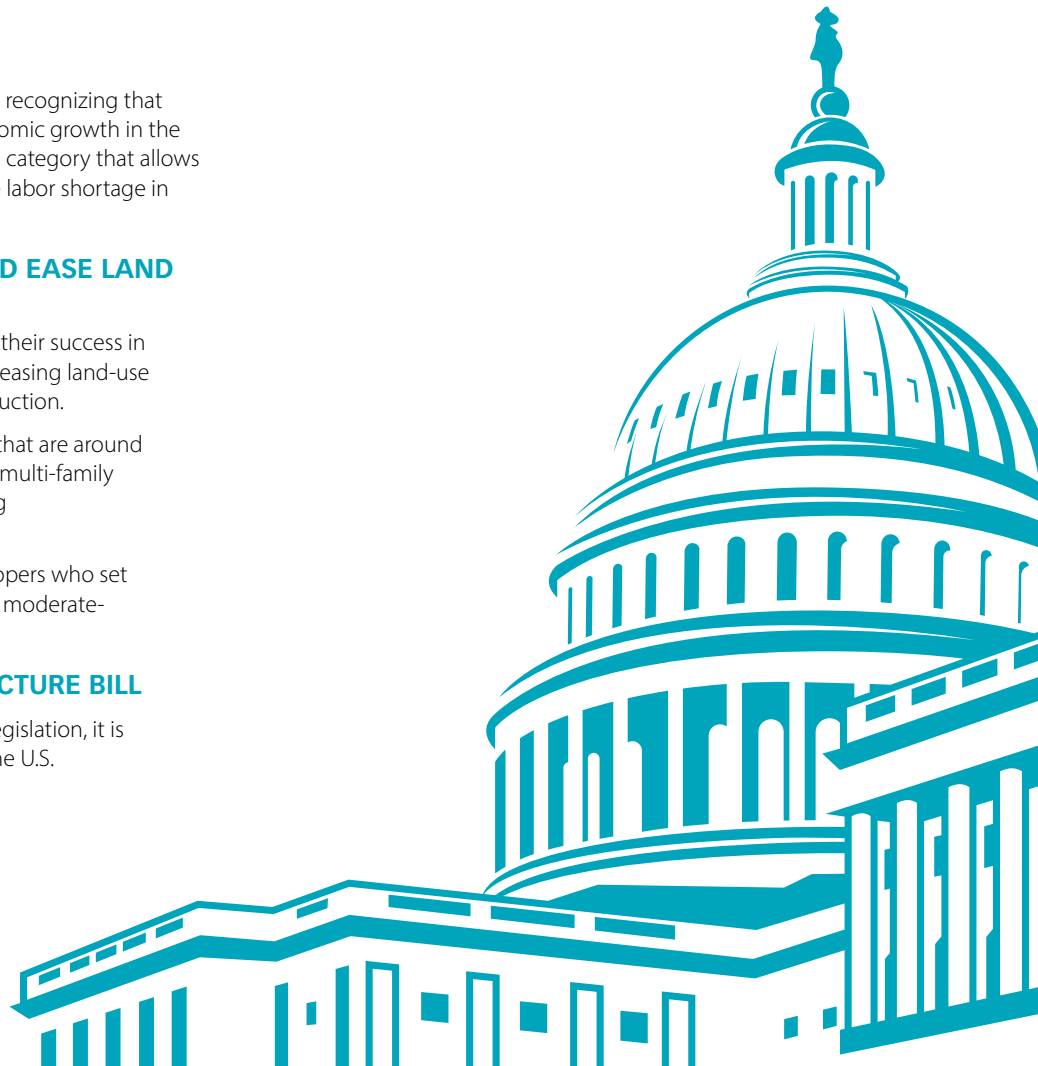
INCLUDE HOUSING IN AN INFRASTRUCTURE BILL

- As Congress begins to develop infrastructure legislation, it is imperative that building homeownership for the U.S. workforce be part of that legislation.

STATE AND LOCAL STRATEGY

CHAMPION STATEWIDE ZONING AND LAND-USE REFORM

- Incentivize home building near existing job centers and public transportation.
- End apartment/condo bans within one-quarter mile of job centers and existing transit stops.
- Allow homeowners to convert an existing single-family structure into a same-size duplex, triplex, or fourplex.
- Permit small lot subdivisions in order to encourage development of detached townhomes that don’t require being part of a homeowner’s association.
- Provide tax breaks for new home construction and avoid subjecting housing approvals to discretionary processes.



PROTECT AND EXPAND ACCESS TO CREDIT, PARTICULARLY FOR FIRST-TIME HOMEBUYERS

BACKGROUND

With Latinos accounting for 40.4 percent of all household formation growth over the past 10 years, it is evident that Latinos are driving housing demand in America. As Baby Boomers age out of our system, Latinos will play an even bigger role in sustaining the growth in the U.S. housing market. For the past five years, Hispanics have achieved consistent homeownership growth thanks in part to the unwavering commitment Hispanics have to homeownership. However, that growth has been tied to the availability of programs that support first-time homebuyers.

The median Hispanic home purchaser buys their home with a 3.5 percent down payment loan and has a median household income of \$68,000; a third of new Hispanic home purchasers have a debt-to-income (DTI) ratio of 45 percent or higher. It is imperative that any policy changes take into consideration that profile of Hispanic borrowers. A failure to do so has the potential to cut out of the market the very population that is sustaining the housing market today.

OVERALL STRATEGY

Focus advocacy efforts on 3 key regulatory changes coming from the following housing agencies.

CONSUMER FINANCIAL PROTECTION BUREAU (CFPB)

WHAT IS HAPPENING?

The CFPB is scheduled to release a rule on the definition of Qualified Mortgage (QM) in 2020 which will redefine borrower and lender requirements that must be met in order to have a loan deemed QM. In 2014, the rule required lenders to offer loans with more stable features to protect borrowers from mortgages they could not afford. This rule is getting a makeover.

WHY IT MATTERS?

Most lenders are unwilling to originate or purchase non-QM loans. Therefore, if the lines that define a QM loan run straight through the median characteristics of a Latino borrower, a large swath of borrowers would be cut out of the mortgage market. Defining QM based on a 43 percent debt-to-income (DTI) ratio disproportionately impacts Hispanics, and Appendix Q (an outdated regulation that explains the standards for determining debt and income) is the reason so many self-employed borrowers have trouble obtaining a loan.

URGE THE CFPB TO:

- Eliminate from the general QM category the debt-to-income (DTI) ratio requirement and the associated Appendix Q.
- Maintain the existing QM safe product restrictions that prohibit certain risky loan features (i.e. no terms over 30 years, no negative amortization, no interest-only payments, no balloon payments, documented and verified income, etc.).
- Enhance the existing Ability to Repay (ATR) regulatory language related to documentation and verification of income.
- Ensure that if the QM definition moves away from a DTI requirement to a pricing model, the QM loan designation be increased to 2 percentage points above the prime interest rate.

FEDERAL HOUSING FINANCE AGENCY (FHFA)

WHAT IS HAPPENING?

In 2020, FHFA will roll out its Enterprise Capital Rule. The number one goal for FHFA right now is to get out of conservatorship, and strategic adjustments are being made. Everything else comes second. This explains why the government-sponsored enterprises (GSEs), or Fannie Mae and Freddie Mac, seem to be moving away from what they deem to be "riskier" products (i.e. low down payment loans).

WHY IT MATTERS?

The 2020 FHFA Enterprise Capital Rule will determine the amount of capital that lenders must hold in order to finance loans. If capital requirements are increased, pricing will go up, and financial institutions will have fewer incentives to issue high loan-to-value (LTV) loans.

URGE FHFA TO:

- Continue to incentivize lending to low- to moderate-income and first-time homebuyers as FHFA considers or executes on the plan to remove Fannie Mae and Freddie Mac from conservatorship.
- Ensure the enterprises have a clear commitment to serve low- to moderate-wealth borrowers, fully fund programs that serve underserved communities such as the Housing Trust Fund and Capital Magnet Fund, and set clear goals and strategies for how to meet these commitments.
- Support the reduction or elimination of loan-level price adjustments (LLPAs) for loans that are covered by private mortgage insurance. LLPAs issue an excessive penalty to lower-income borrowers.
- 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.

THE OFFICE OF THE COMPTROLLER AND THE CURRENCY (OCC), FEDERAL DEPOSIT AND INSURANCE CORPORATION (FDIC), AND THE FEDERAL RESERVE BANK

COMMUNITY REINVESTMENT ACT (CRA)

WHAT IT DOES

The Community Reinvestment Act (CRA) is a federal law enacted in 1977 to encourage depository institutions to meet the credit needs of low- to moderate-income (LMI) neighborhoods. Currently, activities that qualify for CRA credit include investments such as issuing mortgages for low- to moderate-income borrowers and first-time homebuyers.

WHAT IS HAPPENING?

The Office of the Comptroller of the Currency (OCC), along with the Federal Deposit Insurance Corporation (FDIC), recently submitted a rule that would expand which activities count for CRA credit.

WHY IT MATTERS?

The existing CRA model has proven to spur significant increases in lending and investment in LMI communities. When census tracts lose CRA eligibility it leads to about a 10 percent or greater decrease in purchase mortgage lending by CRA-regulated lenders. The OCC and FDIC are proposing to no longer include mortgage lending in LMI neighborhoods on CRA exams.

URGE OCC, FDIC, AND FEDERAL RESERVE TO:

- Defend the core principles of CRA that help first-time homebuyers.
- Move away from issuing a single metric to determine CRA, particularly one that does not distinguish between homeownership, rentals, and commercial property. A reliance on a single ratio of CRA performance could allow banks to pick and choose which communities to serve and which products and services to offer in those communities.
- Encourage more lending for first-time homebuyers as opposed to large investments such as bridges or stadiums.

RESPOND TO ECONOMIC DEMAND: CHAMPION IMMIGRATION POLICY SOLUTIONS

BACKGROUND

Immigrants build America. According to the National Association of Home Builders in 2018, immigrants accounted for 24.3 percent of the overall construction labor force. Many of the construction professions where the labor shortage is most acute are comprised primarily of immigrants. For example, 66 percent of builders reported a labor shortage of drywall installers, a profession relying on a 50 percent immigrant workforce. We need more immigration to help fuel existing labor shortages, not less. The Center for Migration Studies reported that the number of undocumented immigrants has decreased by 1.2 million people between 2010 and 2018.¹ Contrary to public discourse, more Mexicans are returning to Mexico than coming into the U.S. Deportations from the interior of the U.S. have also climbed, reaching 85,958 in the most recent fiscal year.²

Additionally, DACA recipients today make significant contributions to the housing market and the overall economy. DREAMers own 59,000 homes and are directly responsible for \$613.8 million in annual mortgage payments.³ The uncertainty around DACA creates housing instability for U.S.-born family members and is an opportunity loss for expanding homeownership opportunities.

OVERALL STRATEGY

Focus on passing the following federal legislations.

PASS COMPREHENSIVE IMMIGRATION REFORM

Address the labor shortage by passing Comprehensive Immigration Reform that also incorporates strategies for providing the construction industry with the supply of labor it needs to keep up with housing demand.

DREAM ACT AND TEMPORARY PROTECTIVE STATUS

On June 4, 2019, the House of Representatives passed the American Dream and Promise Act in a bipartisan fashion. We urge the Senate to pass its companion Senate Bill 872.

HOMEOWNERSHIP FOR DREAMERS ACT

We urge FHA to reverse their position to stop insuring loans for DACA recipients. Ultimately, FHA actions should not get ahead of the U.S. Supreme Court's decision on DACA. Urge Senate to pass S.1929.

FAMILY REUNIFICATION ACT OF 2019

Support a chance for individuals to be petitioned for reunification by a U.S. citizen or green card-holding family member as long as they pay a fine, pass background checks, and show the necessary family relationship (i.e. spouse) as another strategy for filling critical jobs needed to spur our economy.

¹Center for Migration Studies. (2020). *Reverse Migration to Mexico Led to US Undocumented Population Decline: 2010 to 2018*. Retrieved from <https://journals.sagepub.com/doi/pdf/10.1177/2331502420906125>.

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 **nahrep**

The logo for nahrep features the word "nahrep" in a bold, dark blue, lowercase sans-serif font. To the left of the letter "n" is a graphic element consisting of three small circles: a red one at the top, a green one to the left, and a yellow one to the right.

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