



2017 NAHREP POLICY POSITIONS

OVERVIEW

With more than 26,000 members and 50 chapters, the National Association of Hispanic Real Estate Professionals® (NAHREP®) is one of the nation's largest Hispanic business organizations. Annually it reevaluates its position on a number of key policy issues which have a direct impact on the association's ability to accomplish its mission. The 2016 call to action focused on improving access to credit. While access to affordable mortgage credit remains a priority, in 2017 the association's focus transitions to a three pronged approach on the most critical issues affecting sustainable Hispanic homeownership growth.

NAHREP is intent on ensuring a government focus that preserves access to homeownership for first-time buyers, encourages small business growth and does so without disrupting the country's economic ecosystem.

NAHREP POLICY PRIORITIES

DUMP THE WALL

President Donald Trump launched his campaign with a commitment to end undocumented immigration by building a wall between the U.S. and Mexico and deporting the 11.3 million undocumented people who currently reside in the U.S. It is fair to assume that **a porous border creates security risks, suppresses wages, and undermines the efforts of our law enforcement community.** However, net undocumented migration from Mexico has been zero in recent years and, as of 2014, more than two-thirds of the undocumented were admitted through legal channels and simply overstayed their visas. The Cato Institute deemed the border wall an impractical, expensive, and ineffective solution, suggesting that spending \$21.6 billion on a border wall that will take a minimum of 3.5 years to build is not a reasonable answer.

PRESERVE HOMEOWNERSHIP

For First-time Homebuyers

An annual Fannie Mae survey of consumer trends consistently illustrates that Hispanic enthusiasm for homeownership out-indexes that of every other ethnic group. Hispanics are expected to account for 52 percent of new homeowners from 2010 – 2030. In 2016, the overall U.S. homeownership rate reached a 51-year low while Hispanic homeownership continued a two-year increase and represented 74.9 percent of the net homeownership gains that year. As Hispanics are just entering their prime home buying years, policies that advance opportunities for hard-working families to realize their dreams of homeownership are especially critical to ensure additional homeownership gains by Hispanics.

SUPPORT SMALL BUSINESS SUCCESS

Hispanics are entrepreneurs. Like many immigrant populations before them, the most plausible path to prosperity for many Hispanics is to start a business. Small businesses are also expected to add more private sector jobs than any other segment. However, the cost and risk of starting a small business are higher than ever before—especially for micro-businesses with two or fewer employees. The large majority of Hispanic-owned businesses are micro-businesses that are not impacted by the typical issues affecting larger businesses, such as the rising cost of paying for their employee's healthcare. Rather, these small businesses are disproportionately impacted by high taxes and a complicated tax code.

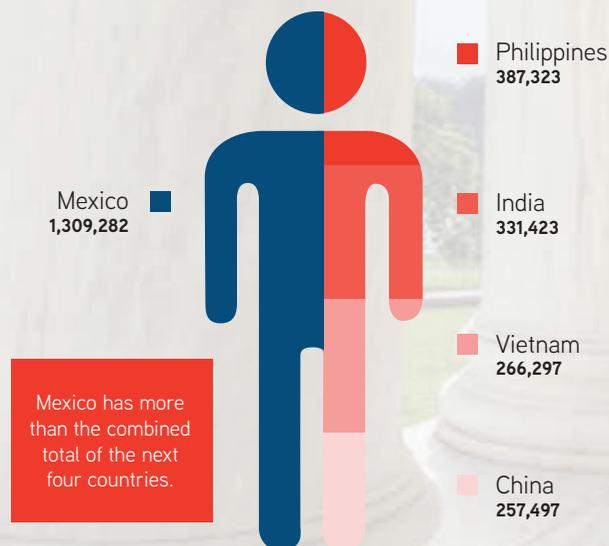
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From 2005 - 2014, deportations rose by 163 percent. While Hispanics represent two-thirds of the country's undocumented population, they represent 96 percent of the people deported during that timeframe. Although approximately 40 percent of undocumented individuals are women, **85 percent of deportees are working men and are almost exclusively Hispanic.** It is clear that Hispanics are disproportionately targeted for deportation. Given that Hispanics, including the undocumented, participate in the labor force at higher rates than any other segment of the U.S. population, deporting them in mass numbers will have a destabilizing effect on the U.S. economy. In addition, studies have shown a detrimental synergy between deportation of Hispanics and an increased number of home foreclosures, further suggesting that an enforcement approach to the country's immigration quandary will affect not only Hispanics, but the country's overall economy.

U.S. VISA APPLICATIONS

Top 5 Countries as of November 2016



Origin: U.S. Department of State

Hispanics care about more than just immigration. However, focusing so much of our government's time, attention and resources on this divisive approach, which includes an expensive wall and mass deportations, elevates the issue's importance for most Hispanics making it a burning platform requiring immediate engagement and attention.

Pass Comprehensive Immigration Reform:

With majorities in both the House and the Senate, the current Administration is well positioned **to fix our broken immigration system once and for all.** NAHREP urges the federal government to focus its efforts on comprehensive immigration reform strategies which would constitute a more effective use of \$21.6 billion than a border wall.

Policy Recommendations

- **Immigrant and Non-Immigrant Visas:** Immigrant visa issuance is capped at 7 percent from any one country for family-sponsored and employment-based visas, irrespective of demand or length of the wait list. **As of November 2016, Mexico topped the list with 1,309,282 applicants on the wait list, more than the combined total of the next four countries (Philippines, India, Vietnam, and China).** This means that for an immigrant from Mexico, where the demand to immigrate to the U.S. through the current system is greatest, the wait can be up to 20 years. Relying heavily on immigrant contributions while simultaneously expecting them to wait for decades to immigrate legally is an unreasonable expectation. In addition, given that most undocumented immigrants are currently in the U.S. by virtue of an overstayed non-immigrant visa obtained through legitimate means, creating a mechanism to consistently address this problem would also tackle the primary source of undocumented immigration to the U.S.
- **Deportation Relief:** Approximately 1.5 million individuals have been granted temporary deportation relief under the Deferred Action for Childhood Arrivals (DACA) or Temporary Protected Status programs. These programs require renewal by participants since their relief from deportation is temporary. Additional provisions first proposed for expansion by the Obama Administration were not implemented. Those provisions would have protected an additional 3.9 million individuals, primarily parents of U.S. citizens or legal residents, from deportation. NAHREP urges the federal government to preserve current deportation relief provided under the previous administration and to consider additional relief for undocumented individuals.
- **Path to Citizenship:** A majority of the undocumented have lived and worked in the U.S. for more than 10 years. They continue to make contributions to the economy by participating in the labor force, purchasing goods and services, and becoming homeowners. Defining a path to permanent status as citizens would increase their tax contributions and bring them out of a shadow economy, benefitting the country overall.

PRESERVE HOMEOWNERSHIP OPPORTUNITIES FOR HISPANICS AND OTHER FIRST-TIME HOMEBUYERS

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Policy Recommendations

- **Improving credit access for first-time homebuyers.** While Hispanics have experienced steady income gains, wealth accumulation continues to lag. This circumstance directly affects homeownership prospects for families who can afford the monthly mortgage payments but may not have the down payment required to purchase a home. Affordable lending products with low down payment requirements and private mortgage insurance that are guaranteed by Fannie Mae and Freddie Mac or fully insured by the Federal Housing Administration (FHA) program are the best sources of mortgage financing. FHA's flexibility in lending to borrowers on the credit margins continues to make it critical to Hispanics and other first-time homebuyers. **Preserving and protecting FHA programs are vital to the overall housing economy.** NAHREP

urges the federal government to implement the FHA mortgage insurance premium reduction (MIP) proposed in January 2017 making homeownership more affordable for Hispanics and other first-time home buyers.

- **Increase the availability of affordable homes by reducing barriers to new home construction.** The home construction business was devastated during the great recession and while household formations grew by almost 5 million households from 2008 – 2014, the construction of new homes was almost non-existent. Lack of construction caused a **massive shortage of affordable homes for purchase.** The cost of over-regulation, excessive capital reserves, and leverage restrictions imposed on homebuilders and exorbitant construction fees have made building affordable homes cost prohibitive. The net results of this inventory shortage have been an increase in home prices and a decrease in affordability.
- **Improve tax policies that encourage homeownership.** The Mortgage Interest Deduction (MID) and the Mortgage Insurance Deduction have provided billions of dollars in tax savings to homeowners for decades. Policies like the MID have helped to make the U.S. a nation of stakeholders; however, many homeowners do not itemize their deductions and are unable to take advantage of this valuable program. The federal government should consider enhancements to the MID such as a **first-time homebuyer tax credit** that provides more tax benefits to low- to moderate-income homebuyers.

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Policy Recommendations

- **Reducing the regulatory burden.** Small businesses have more regulation to deal with than ever before. For example, **rules regarding independent contractors have recently become overwhelming** for small businesses. The Department of Labor has made it more difficult for employers to classify people who

are integral to their business as independent contractors. The cost and complexities associated with managing employees versus independent contractors are prohibitive for many small businesses. In general, reducing the regulatory burden for small businesses would assist Hispanic entrepreneurs and get more people working.

- **Reducing taxes and simplifying the federal tax code.** According to a survey of small business owners, nearly 60 percent said that administrative burdens were the biggest challenge to their businesses posed by federal taxes. Reducing taxes for small businesses and simplifying the tax code would have a positive effect. In addition, providing tax credits for micro-businesses with employees would help offset Social Security and Medicare taxes that are the most burdensome for many micro-business owners.