



2018 POLICY POSITIONS

1. IMMIGRATION REFORM

THE ISSUE:

DREAMers and Comprehensive Immigration Reform

Earlier this year, U.S. Attorney General Jeff Sessions announced the end of a program known as “Deferred Action for Childhood Arrivals” —or “DACA” — which provided renewable, two-year work permits for undocumented immigrants who have lived in the country since they were children. As stewards of the economic interests of the Hispanic community in America, we were disappointed to hear of the sunset of the executive action that supported DACA, and we urge Congress to take up the mantle of preserving this important engine of economic growth and opportunity.

NAHREP joins over 100 of the most recognized companies in America as part of the Coalition for the American Dream to urge Congress to act immediately to pass a permanent, bipartisan, legislative solution to enable DREAMers who are currently living, working, and contributing to our communities to continue doing so. The imminent termination of the DACA program has created an impending crisis for workforces and Hispanic homeowners across the country. Studies by economists at the CATO Institute determined that, without legislation, our economy could lose \$215 billion in GDP.

“The average DACA recipient is 22 years old, employed, and a student. 17 percent of them are on track to complete an advanced degree. The college attrition rate of DACA recipients is miniscule compared to domestic students, an indication of the exceptional caliber of the DACA students and their degree of motivation....”

When it comes to homeownership, the math is even more evident in that clear status allows more DREAMers to invest in their future and contribute to stabilizing communities: “Immigrants who are not citizens hold a homeownership rate of 39.3 percent, according to the latest data from the U.S. Census Bureau in its 2013 Current Population Survey. However, once these immigrants become citizens, that number nearly doubles to a homeownership rate of 69.7 percent.” If the statistics hold for DREAMers, then more than half of the roughly 800,000 persons impacted would be successfully seeking homeownership, which has well-documented benefits to stabilizing communities and improving outcomes for everyone. One recent study noted that of the 91.4 percent of DREAMers who are actively employed, they experience wage growth from \$19,000 median annual earnings to \$32,000 median annual earnings once they had obtained status. Given there are up to 1.8 million total persons who could be eligible for status as DREAMers, similar levels of participation in the labor force would be a welcome economic infusion to the U.S. economy.

The overwhelming majority of the American public of all political backgrounds agrees that we should protect DREAMers from deportation. An acceptable solution will protect DREAMers without sacrificing their families, some of which may include undocumented individuals. It is time for Congress to protect the thousands of deserving young people from deportation. This support not only benefits their lives, but also the nation’s GDP, housing market, and community stabilization efforts.

THE SOLUTION:

- NAHREP demands a bipartisan, immediate DREAMer “fix”.
- NAHREP urges the federal government to focus its efforts on comprehensive, equitable immigration reform strategies which forego the unreasonable expenditures associated with a physical border wall structure and which provide the protections of legal status or citizenship for the other 11 million undocumented individuals currently residing in the U.S.

THE ISSUE:

Restoration of the Central American Minors (CAM) program:

The CAM refugee program created during the Obama Administration in response to the growing gang violence and political turmoil threatening the lives of millions of families in El Salvador, Guatemala, and Honduras has been effectively eliminated by this Administration. Under the program, legal workers from those three countries would be able to bring their children (under the age of 21) and spouses to the United States under refugee status. As of today, the U.S. is no longer accepting applications for refugee status, and it is unclear what the 3,000 or so applicants in the pipeline will face during their interviews. NAHREP stands with its immigrant family – friends, customers, relatives, or neighbors – and insists that this program be re-instated for the foreseeable future. We are asking Congress to reauthorize this program and urge the Administration to do the right thing to support the ability of these hard-working families to live safely in this country and the opportunity to seek out the American dream.

THE SOLUTION:

NAHREP urges the federal government to restore all asylum and refugee programs, particularly those that protect vulnerable Hispanics living and working in the United States.

THE ISSUE:

Reauthorize Temporary Protected Status program:

Under the TPS program, 300,000 individuals from 10 countries, 85 percent of whom are from El Salvador, Honduras and Nicaragua, have received legal status to remain in the U.S. because the Secretary of the Department of Homeland Security has deemed conditions in their birth country to be unsuitable to accommodate their return. TPS status for immigrants from Central America and other countries are set to expire over the course of the next 18 months, with Honduran TPS protections expiring July 5, 2018.

TPS recipients are actively contributing to the U.S. economy, with 94 percent of men and 81 percent of women actively employed. Their TPS allows them to access to obtain work permits, driver licenses, and other protections afforded through legal status. Of those working, 23 percent of men are employed within the construction industry which is already suffering a shortage of skilled labor.

THE SOLUTION:

NAHREP urges the federal government to extend TPS protections to those currently covered under the program’s protections, preserving their ability to continue to actively contribute to the U.S. economy.

2. PROTECT THE WEALTH-BUILDING OPPORTUNITIES OF HOMEOWNERSHIP

BACKGROUND

As both chambers of Congress are considering reforms to the housing finance system, there is no time like the present to take stock of what is and is not working for aspiring Hispanic homeowners under the current system of rules, regulations, guidelines, and laws. For the first time in several years, Hispanic homeownership gains were a smaller percentage of the overall country's gains. A number of public policy factors are responsible, and addressing them in turn should help to change the course.

THE ISSUE:

Preserve the 30-Year, Fixed Rate Mortgage

The current prevalence and wide availability of the thirty-year, fixed rate, and fully pre-payable mortgage is bedrock for the Hispanic homeowner. The fact that this mortgage product is available from lenders of all sizes and shapes, and at roughly the same terms (e.g., interest rates and fees) regardless of geographic location, is a modern marvel, and one that must be preserved.

THE SOLUTION:

NAHREP strongly supports the structures in the current market place that permit the availability of the 30-year, fixed rate mortgage for all creditworthy borrowers in all geographic areas at roughly the same cost.

THE ISSUE:

Improve Access to Credit

NAHREP supports up-to-date, transparent, public, and widely accessible methods of credit scoring to qualify individuals for homeownership. The current credit scoring model used in the industry was created in the 1990s and does not take into account positive credit attributes, such as paying a cell phone bill on time, NAHREP believes there is a great deal of room for improvement. First, while there are more factors than credit score alone that qualify a consumer for homeownership, knowing the score is a key signifier to the consumer as to their homeownership readiness. It is for this reason that NAHREP supports a publicly available credit score source for consumers to access at any time to understand what their credit score would be if a lender were to evaluate their creditworthiness for a mortgage. Second, NAHREP urges the industry to adopt credit scoring methodologies that track the way consumers use credit, incur debts, and pay expenses today. Updated models reflect the current spending and income habits of this unique generation of earners and should be adopted at every stage of the mortgage process. A recent study noted that about 30 million more consumers could be scored using updated models, increasing homeownership opportunities to as many as 7.6 million consumers.

In addition to credit scoring changes, availability of low-down payment mortgages is critical to improving credit access for first-time home buyers. Hispanics, in particular, cite down payment as a barrier to homeownership and the prevalence of conventional or FHA options is an important element to increasing homeownership opportunities for credit-worthy borrowers.

THE SOLUTION:

- NAHREP supports the adoption of transparent, public, alternative credit scoring models to be used to credit qualify individuals for homeownership.
- NAHREP urges Fannie Mae, Freddie Mac and FHA to preserve affordable, low-down payment mortgage products as the best source of mortgage financing for Hispanics and other first-time homebuyers.

THE ISSUE:

Shortage of Affordable Housing Inventory

Even after accomplishing the goals of finding a budget that makes sense and determining qualifications, aspiring homeowners or existing homeowners shopping are finding fewer and fewer homes for sale in affordable price ranges. The housing industry describes this as "tight inventory." So, while it is true that now is a great time to sell your home because you very likely could get your full asking price, finding a new place to move into or finding your first home is becoming increasingly difficult because of the inventory shortage.

A combination of factors, from the macro-economic (rising interest rates) to federal banking regulations (expense in obtaining construction loans), and even local, city council decisions (lack of transit-based development and local building codes), led to the current inventory crisis. As a national organization working every day to improve opportunities for Hispanic homeownership, NAHREP is committed to tackling difficult problems. In 2018, NAHREP is laser-focused on public policy initiatives that reduce the costs associated with constructing new homes that are priced for sale at \$300,000 or less.

First, NAHREP supports the work of the banking regulators to clarify the definitions of "high volatility commercial real estate." Though a complicated banking concept, however this clarification means that when a homebuilder goes to a bank to obtain a loan to purchase raw land to build single-family homes, s/he will face lower borrowing costs. Further refinements have been introduced in legislation proposed by both the House and the Senate that NAHREP broadly supports for the same reasons. Second, NAHREP is launching an initiative to identify restrictive building codes and land use policies in Florida, Illinois, New York, and Arizona that make it difficult to build homes in counties that have the highest population of Hispanic homeownership demands. By targeting these states that have a critical mass of Hispanics with unmet homeownership needs, this specific focus will reduce the burden in these communities and serve as a model for similar towns and cities across the country. Third, in any and every discussion about federal infrastructure spending, NAHREP supports transit-based development projects. In a nutshell, NAHREP believes that bringing public transportation or improved road and supply access to the places that Hispanic families want to live is a critical element in meeting the unmet homeownership desires of the community.

THE SOLUTION:

- NAHREP supports federal banking regulators' efforts and Congressional legislation that reduces borrowing costs for homebuilders who are constructing single-family homes that are affordable for the average Hispanic homeowner.
- NAHREP will study and name the restrictive building and land use rules that are inhibiting homeownership in leading Hispanic – dense communities where unmet demand is at its highest.
- NAHREP urges federal policy makers to focus on infrastructure expenditures that improve commute times for homes in affordable markets.

3. TAX REFORM: SMALL BUSINESS IMPACTS AND HOMEOWNERSHIP IMPACTS

THE ISSUE:

Tax Reform Fixes

While there are elements of the tax effort that fall short of expectations, there are a few gains which positively affect the balance sheets of NAHREP members and homeowners. With the changes in the way homeownership (mortgage interest, state and local property taxes) is handled in the bill, there are fewer incentives for homeownership over renting. Some in our industry are very concerned about this impact. NAHREP's approach is more pragmatic, understanding that Hispanic families do not pursue homeownership for the tax benefits; however, we know that every dollar matters in a tight family budget. The cap on state and local taxes (both income and property) of \$10,000 will disproportionately impact some of the most desirable areas to live, where taxes are also high (and presumably where the schools and public infrastructure are also highly rated) or states with higher taxes, like New York, California, New Jersey, Maryland, and a few others. This disproportionate treatment for the upwardly mobile is unfair and bad public policy.

As Congress considers impacts on Hispanic homeowners and important changes to the tax bill, we emphasize these important fixes in 2018:

THE SOLUTION:

- **THEFT AND DISASTER DEDUCTIONS:** Losses, loosely defined to include fire, storms, shipwreck, and theft, are not covered by insurance used to be deductible. Now, only losses not covered by insurance from presidentially declared disasters that exceed 10% of income can be deducted. We think that the deduction should be restored to its original coverage for any loss from theft or natural disaster, regardless of the presidential declaration.
- **BASE EROSION ANTI-EVASION TAX:** This tax penalty, which was intended to punish companies that moved operations off-shore, includes Puerto Rico as an "off-shore" territory, and makes it subject to tax. Repeal of this element as it applies to Puerto Rico is important.
- **STATE AND LOCAL TAX DEDUCTIONS:** While the debate on state and local tax deductions is largely over now that the Tax Cuts and Jobs Act has passed, NAHREP advocates for a better compromise than that which was struck and ended up in law in order to reduce burdens on Hispanics in states and localities with higher taxes.

4. DISASTER RELIEF: PUERTO RICO, FLORIDA, TEXAS, AND CALIFORNIA

THE ISSUE:

Improved Access to Disaster Relief Resources

The Hispanic communities in Puerto Rico, Florida, Texas, and California were disproportionately impacted by the recent hurricanes and wildfires. As friends, family, and customers recover in those areas, NAHREP is working to make sure resources are available for their recovery and to help fund projects that will mitigate damages from natural disasters. Recently, legislation passed that included NAHREP-supported text that maximizes the amount of assistance that individuals may avail themselves from the Small Business Administration individual loans, the Department of Housing, and Urban Development's Community Development Block Grant funds for individuals, and from the Federal Emergency Management Agency. While this progress is encouraging, more can and should be done.

THE SOLUTION:

- NAHREP supports a robust federal support for storm and wildfire mitigation efforts.
- NAHREP urges the federal government to provide more resources to restore the basic infrastructure of Puerto Rico.
- NAHREP urges Housing and Urban development to implement solutions outlined in its white paper on relief efforts specific to Puerto Rico. Recommendations and supporting data outline five elements in an appropriate course of action:
 1. Provide delinquent homeowners the opportunity to halt foreclosure proceedings thereby avoiding mortgage foreclosure losses and their impact on U.S. tax payers
 2. Modify the 203K loan minimum requirements for Puerto Rican homeowners
 3. Create moratoriums on large scale land deals during the crisis
 4. Create an adequate real estate property tax structure
 5. Develop incentives to create hurricane and energy efficient housing



FWP

**HISPANIC
WEALTH
PROJECT**



HWP

**HISPANIC
WEALTH
PROJECT**

591 Camino de la Reina, Ste. 720
San Diego, CA 92108
619-719-4480