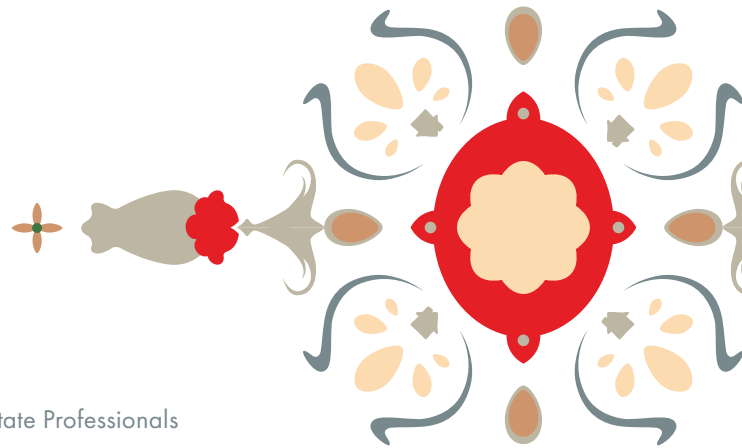


# 2019 NAHREP National Policy Positions



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

## Policy Goals



Increase the supply of affordable homes for sale



Expand access to affordable home loan financing



Champion equitable and fair immigration policy solutions

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

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

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

### Key Areas of Focus:

#### Federal Strategy:

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

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

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

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

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

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

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

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

#### State and Local Policy:

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

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

## 2 - EXPAND ACCESS TO AFFORDABLE HOME LOAN FINANCING

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

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

### Key Areas of Focus:

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

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

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

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

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

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

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

## 3 - CHAMPION EQUITABLE AND FAIR IMMIGRATION POLICY SOLUTIONS

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

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

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

### Key Areas of Focus:

#### 1. Redistribute Appropriations from ICE to economic boosting agencies such as FHA

- NAHREP supports a reduction of appropriations to the U.S. Immigration and Customs Enforcement (ICE). President Trump's FY2020 budget proposes to allocate \$8.8 billion to ICE, which would amount to the richest budget in the agency's history.<sup>6</sup> NAHREP urges an end to indiscriminate deportation policies and demands that Congress exercise its constitutional obligation to conduct meaningful oversight of the Department of Homeland Security (DHS) enforcement operations.

#### 2. DREAM Act and Temporary Protective Status

- Support the passage of H.R. 6: The Dream and Promise Act, the version of the Dream Act in the 116th Congress. The legislation would offer a path to citizenship for dreamers and immigrants with temporary protected status.

#### 3. DACA Homeowners

- Ensure equitable treatment of DACA recipients in the financial sector. Protect DACA recipients' abilities to secure government sponsored mortgages in order to continue to contribute to the U.S. economy through homeownership.

#### 4. Pass Comprehensive Immigration Reform

- The Border Security, Economic Opportunity, and Immigration Modernization Act of 2013 should serve as the blueprint for comprehensive immigration reform. Legislation should include criteria to earn a path to citizenship in a realistic timeframe.

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

<sup>2</sup>Martin, J. et al. (2018, November 7). Births: Final Data for 2017. Retrieved from: [https://www.cdc.gov/nchs/data/nvsr/nvsr67/nvsr67\\_08-508.pdf](https://www.cdc.gov/nchs/data/nvsr/nvsr67/nvsr67_08-508.pdf)

<sup>3</sup>Schink, W. & Hayes-Bautista, D. (2017, June). Quantifying The Impact of American Hispanic Economic Growth. Retrieved from: <http://latinodonorcollaborative.org/latino-gdp-report/>

<sup>4</sup>Bureau of Labor Statistics. (2018, May 17). Foreign-Born Workers: Labor Force Characteristics 2017. Retrieved from: <https://www.bls.gov/news.release/pdf/forbrn.pdf>

<sup>5</sup>Warren, R. & Kerwin, D. (2017) Mass Deportations Would Impoverish US Families and Create Immense Social Costs. Retrieved from: <https://journals.sagepub.com/doi/pdf/10.1177/233150241700500101>

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



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