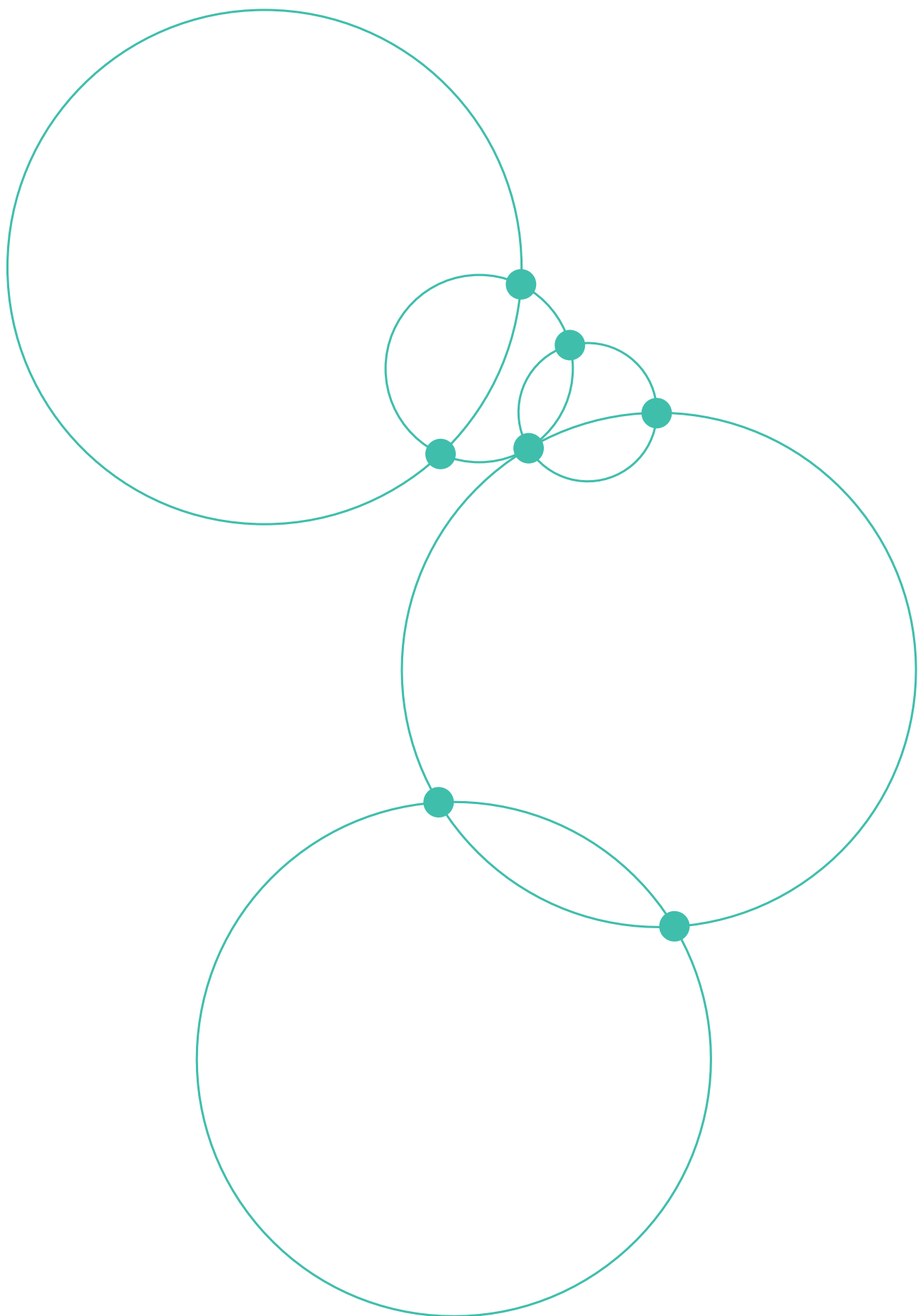




HISPANIC
WEALTH
PROJECT

2020 STATE OF HISPANIC HOMEOWNERSHIP REPORT



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Thank You

Our deepest gratitude to all who contributed
to the production of this report.



The National Association of Hispanic Real Estate Professionals® (NAHREP®) is a non-profit trade association founded in 1999. The association has a network of 40,000 real estate professionals 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® and the Hispanic Wealth Project™.

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BACKGROUND

The **2020 State of Hispanic Homeownership Report®** is in its eleventh year of publication, a product of both the National Association of Hispanic Real Estate Professionals® (NAHREP®) and the Hispanic Wealth Project™. 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. Latino^a population is fairing 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 PERCENTAGE)	NUMBER OF HISPANIC OWNER HOUSEHOLDS (UNITS)	ANNUAL CHANGE IN THE NUMBER OF OWNER HOUSEHOLDS (UNIT CHANGE)
2000	46.3	4,242,000	
2001	47.3	4,497,000	+256,000
2002	47.0	4,912,000	+414,000
2003	46.7	5,172,000	+261,000
2004	48.1	5,448,000	+275,000
2005	49.5	5,852,000	+404,000
2006	49.7	6,095,000	+243,000
2007	49.7	6,303,000	+208,000
2008	49.1	6,319,000	+15,000
2009	48.4	6,253,000	-65,000
2010	47.5	6,199,000	-54,000
2011	46.9	6,334,000	+135,000
2012	46.1	6,692,000	+358,000
2013	46.1	6,794,000	+101,000
2014	45.4	6,866,000	+73,000
2015	45.6	7,119,000	+253,000
2016	46.0	7,339,000	+220,000
2017	46.2	7,515,000	+176,000
2018	47.1	7,877,000	+362,000
2019	47.5	8,156,000	+277,000
2020	48 - 49*	~8,880,000	~+725,000

SOURCE: U.S. CENSUS BUREAU

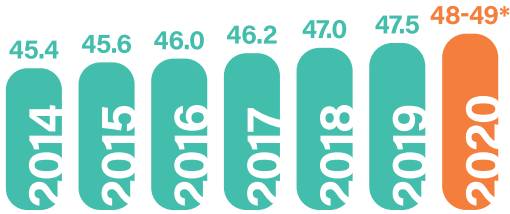
TABLE A: HISPANIC HOMEOWNERSHIP RATE AND TOTAL OWNER HOUSEHOLDS FROM 2000 THROUGH 2020

^aFor 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, and Spanish descent, as well as descent from other Spanish-speaking countries.

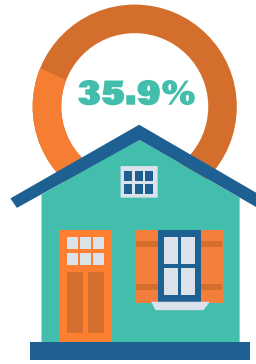
*NAHREP estimate range based on Census homeownership trajectory over the past 10 years, internal real estate professional survey and HMDA data.

~Data reported by the U.S. Census Bureau in 2020 was likely overestimated due to methodological changes in data collection during the peak of the pandemic.

HISPANIC HOMEOWNERSHIP RATE INCREASE



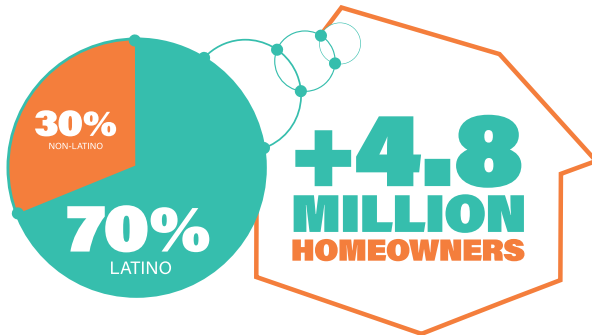
SOURCE: U.S. CENSUS BUREAU



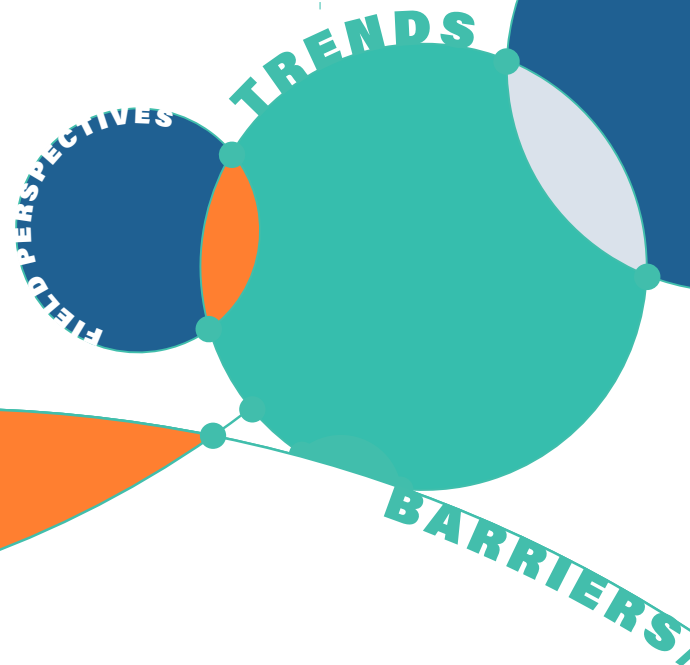
**+ 4.7 million
new households**
Between 2010-2020,
Hispanics accounted for **35.9%**
of household formation growth

SOURCE: U.S. CENSUS BUREAU

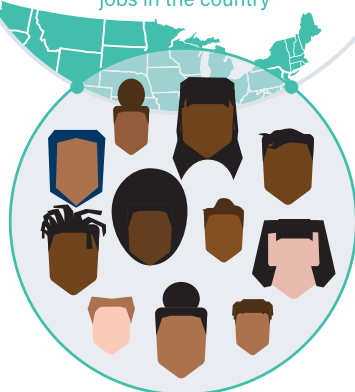
BETWEEN 2020-2040, **70% OF NEW HOMEOWNERS
WILL BE LATINO.**



SOURCE: URBAN INSTITUTE

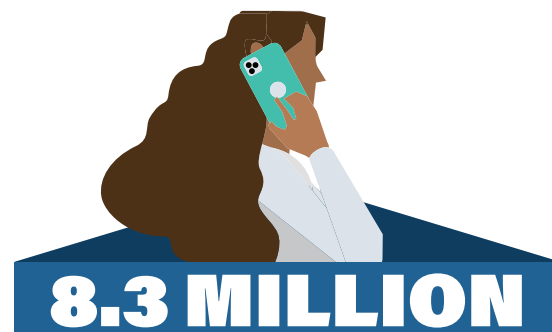


Undocumented workers contribute
\$1 TRILLION
to the country's GDP and support almost
\$20 MILLION
jobs in the country



SOURCE: UCLA NORTH AMERICAN
INTEGRATION AND DEVELOPMENT CENTER
& U.S. CENSUS BUREAU

In 2019, there were



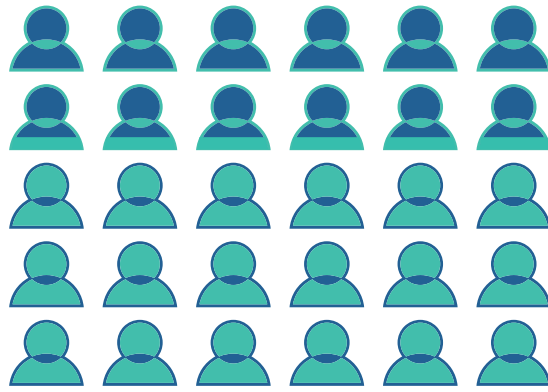
"mortgage ready" Latinos
aged 45 and under

SOURCE: FREDDIE MAC

THE HISPANIC HOMEBUYER

FORGING THE FUTURE

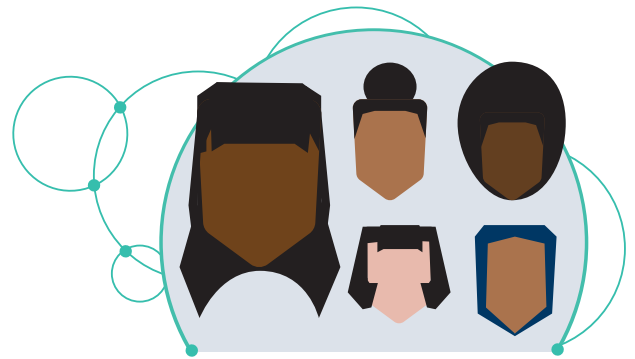
OPPORTUNITIES



HISPANICS ARE EXPECTED TO ACCOUNT FOR

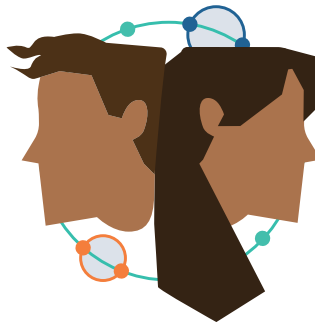
64.8% of the
LABOR FORCE GROWTH
BETWEEN **2020 - 2029**,
ADDING 7 MILLION WORKERS.

SOURCE: U.S. DEPARTMENT OF LABOR



IN APRIL 2020,
1 IN 5 LATINA WORKERS
WERE UNEMPLOYED.

SOURCE: BUREAU OF LABOR STATISTICS



60.6 MILLION
AND **18.5% OF**
THE POPULATION

SOURCE: U.S. CENSUS BUREAU

EXECUTIVE SUMMARY

SUSTAINED HOMEOWNERSHIP GROWTH DESPITE PANDEMIC

Despite job losses from the COVID-19 pandemic, record low housing inventory, and a restrictive credit environment, Latinos increased their homeownership rate for the sixth consecutive year. Record-low interest rates and an overwhelming desire to purchase a home during the pandemic resulted in historic levels of demand for homeownership. Latinos are the only demographic in the U.S. to increase their rate of homeownership for each of the past six years.

LATINOS COMING INTO THE “AGE OF HOMEOWNERSHIP”

The number of Latinos aging into prime home buying years remains the biggest catalyst for homeownership growth. With a median age of 29.8, Latinos are almost 14 years younger than the non-Hispanic White population. In 2020, nearly half (43.6 percent) of Latino homebuyers were under the age of 34, compared to 37.3 percent of the general population. Today, nearly one in three Latinos is currently in the prime home buying years of 25-44.¹

LATINOS ARE FORGING THE FUTURE OF HOUSING MARKET

In the ten years leading up to the pandemic, Latinos accounted for over 50 percent of homeownership growth in the U.S.² This trend is expected to accelerate for the next 20 years. According to projections made by Urban Institute, all future homeownership growth will come from non-White households, with Latinos accounting for 70 percent of homeownership growth over the next 20 years.³



WITH A MEDIAN AGE OF

29.8

NEARLY 1 IN 3 LATINOS IS IN THEIR PRIME HOMEBUYING YEARS (25 - 44).

SOURCE: U.S. CENSUS BUREAU

HOMEOWNERSHIP RATES VARY BY STATE AND COUNTRY OF ORIGIN

While Latinos have made headway in homeownership gains over the past decade, growth has not been equal across the country or Latino subgroups. Latino homeowners, like the Latino electorate, are not monolithic. Latinos in the U.S. stem from over 20 Latin American countries, with different races, socioeconomic, and migration backgrounds. While the 2019 Hispanic homeownership rate was 47.5, the Afro-Latino homeownership rate was 41.8 percent.⁴ And, Latinos of Guatemalan, Dominican, and Honduran descent had a homeownership rate below 32 percent.⁵ Over half of U.S. states and territories have a homeownership rate above the national average, with Wyoming and South Carolina experiencing the greatest growth in Hispanic homeowners. New York, Massachusetts, and Connecticut, states with high cost markets, have the lowest Hispanic homeownership rates.⁶

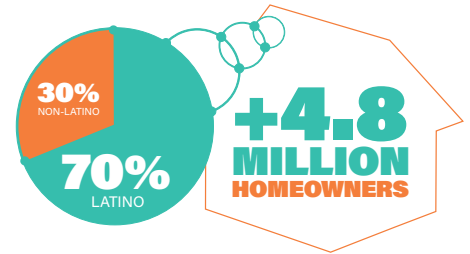
LATINOS HAVE LESS STUDENT DEBT

In 2019, 17.6 percent of Latinos 25 and older held at least a bachelor's degree, among the lowest rate of college attainment in the country. At the same time, Latino households owe the least amount in student loans, a median of \$17,600 owed vs. \$30,000 for African Americans and \$23,000 for non-Hispanic Whites, offering a partial explanation for why some Latinos can purchase a home at a younger age.⁷

COVID-19 TAKES A TOLL ON LATINO WORKERS

The disproportionate impact Latinos experienced from the COVID-19 pandemic is bound to have lasting effects on the Latino community. Over the past decade, Latinos have nearly single-handedly fueled the U.S. labor force, accounting for 90.8 percent of its overall growth.⁸ However, due to Latino over-representation in the service industry, the annual 2020 Latino unemployment rate was 10.4 percent, the highest annual average since 2011. Latinas had the highest unemployment rate in 2020 of any group and have yet to fully recover.⁹ This is coupled with Latinas having the largest

BETWEEN 2020-2040, 70% OF NEW HOMEOWNERS WILL BE LATINO.



SOURCE: URBAN INSTITUTE

pay discrepancy in the country, 55 cents for every dollar paid to non-Hispanic White males.¹⁰

RECORD LOW HOUSING INVENTORY

The lack of affordable housing inventory remains the number one barrier to advancing sustainable Hispanic homeownership. When looking at the top ten markets where Latinos purchased the most homes in 2019, housing inventory dropped an average of 50.6 percent in suburban neighborhoods and 26.6 percent in urban neighborhoods.¹¹ Homeowner vacancy rates in 2020 dropped for the seventh consecutive year to 1.0 percent, the lowest rate ever recorded by the U.S. Census.¹²

QUALIFYING FOR A MORTGAGE BECAME MORE DIFFICULT

Latinos have a median credit score of 668¹³, a median debt-to-income ratio of 41 percent¹⁴, and purchase homes with a median down payment of 3.5 percent¹⁵, all borrower profiles that make them particularly vulnerable to underwriting changes. According to the Mortgage Bankers Association (MBA), credit availability in 2020 was the most restrictive credit access environment in six years.¹⁶

OPPORTUNITIES FOR GROWTH

There are 8.3 million Latinos under the age of 45 with the credit characteristics to potentially qualify for a mortgage. These “Mortgage Ready” Latinos create substantial opportunity for additional homeownership growth over the next few years. While Latinos tend to be concentrated in high-cost areas, the growth is taking place in non-traditional markets as Latinos are willing to relocate to areas rich with housing and employment opportunities. In 2019, the top two fastest growth markets for Latino homebuyers were Durham/Chapel Hill, North Carolina, and Boise, Idaho, both with a year-over-year growth rate of more than 40 percent.¹⁷

CONCLUSION

In 2020, a once-in-a-century pandemic devastated families, crushed the U.S. economy, and caused record unemployment and business closures. Latinos, in particular, were harshly impacted by the effects of the pandemic, from both a health and economic standpoint. However, supported by historically low interest rates, and robust consumer demand, the real estate market had a surprisingly strong year. The youth of the

Latino community also helped overcome many of the pandemic-induced economic setbacks, driving household growth and increasing the Latino homeownership rate for the sixth consecutive year; the only demographic with six straight years of growth.

While a large gap in homeownership rates continues to exist between Latinos and the general population, the gap is getting smaller. In the ten years leading up to the pandemic, Latinos accounted for more

than 50 percent of the net homeownership growth in the U.S. Looking forward there are substantial headwinds such as access to credit and record low housing inventory, that can slow homeownership growth for Latinos and the overall population. While the pandemic has taught us that the future is not guaranteed, it has also illustrated that how the housing market fares so goes the U.S. economy, and no demographic is playing a more central role in America's housing economy than Latino-Americans.

THE CASE FOR HOMEOWNERSHIP

LATINOS WILL DETERMINE NATIONAL HOMEOWNERSHIP RATE FOR DECADES TO COME

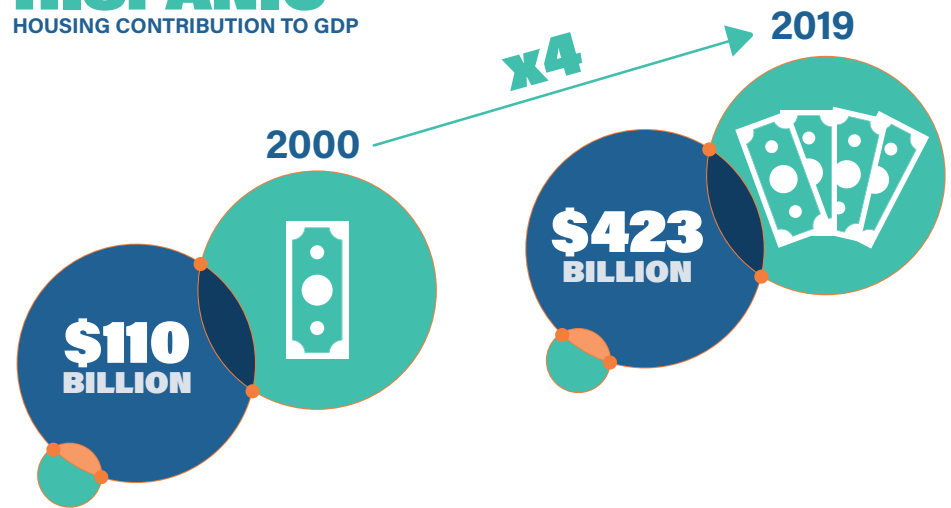
The pandemic reinforced the value of "home" as a place for refuge and healing, put a premium on physical space, and shined a light on the added value of the economic and structural stability homeownership can bring. Homeownership, while a marker for other socioeconomic factors, often leads to higher rates of civic participation, better health outcomes, and higher educational attainment for children.¹⁸

Homeownership is the single most powerful strategy for closing the racial and ethnic wealth gap. To underscore this point, Latino homeowners in 2019 had a net worth of 40 times that of Latino renters.¹⁹ The surge in Latino homeownership over the past six years has been consequential in making strides toward closing the wealth gap. Between 2016 and 2019, there were 818,000 Hispanic net new owner households, the highest three-year gain since before the Great Recession.²⁰ During that same period, Latinos increased their median household wealth by 65 percent, the biggest increase in household wealth of any demographic.²¹

The homeownership gains Latinos made over the past few years highlight the weight of homeownership in the process of wealth creation for Latino households. Home equity accounts for more than half (57.6 percent) of Latino household wealth, and Latino homeowners have a median net worth of \$164,800, compared to \$36,050 for Latino families overall.²²

Looking at homeownership more broadly, history suggests that housing activity has helped bolster economic growth following

HISPANIC HOUSING CONTRIBUTION TO GDP



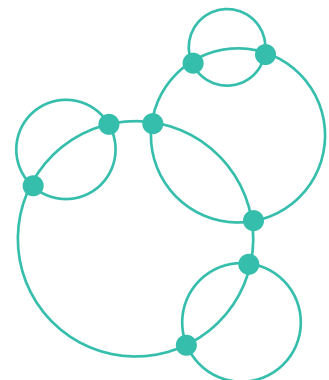
SOURCE: NATIONAL ASSOCIATION OF HOME BUILDERS

past recessions.²³ The role Latinos play in the housing market is critical to understanding the extent to which Latinos will forge the nation's economic future.

The National Association of Homebuilders (NAHB) estimates that housing makes up 16.3 percent of the U.S. GDP. In 2019, Latinos injected \$423 billion in the GDP through the housing market alone, almost four times what it was in 2000. Since 2000, Latinos have accounted for 17.3 percent of net housing contributions to GDP growth.²⁴

High homeownership rates are a public good worth fighting for. **While the outlook for Latino homeownership trends is positive, the future is not guaranteed.** What is assured is that the weight of the Latino demographic on the housing industry will only increase, and Latinos are set to determine the United States' overall homeownership rate for decades to come. A concerted public and private sector commitment to provide

housing opportunities as a critical element of infrastructure, as well as a lending environment conducive to Latino homeownership, will be an investment in the long-term economic success of the nation.



SECTION 1: Hispanic Homeownership Trends

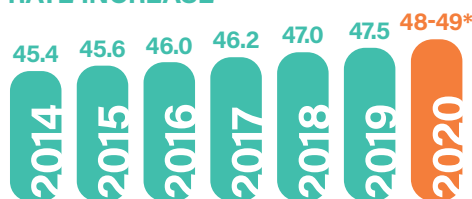
ONLY DEMOGRAPHIC WITH 6 CONSECUTIVE YEARS OF HOMEOWNERSHIP GROWTH

For the sixth consecutive year, Latinos increased their homeownership rate despite debilitating losses from the COVID-19 pandemic, record low housing inventory, and a restrictive credit environment. While the U.S. Census Bureau reports a Hispanic homeownership rate of 50.1 percent in 2020, consensus exists among economists that the 2020 homeownership data is overestimated as a result of pandemic data collection challenges.²⁵

Instead, NAHREP estimates that the 2020 Hispanic homeownership rate falls within the range of 48 to 49 percent,^b up from 47.5 percent in 2019. NAHREP's homeownership rate assessment is based on Census year over year trends, an internal NAHREP survey, and 2020 Home Mortgage Disclosure Act (HMDA) data. With that said, **Latinos were the only demographic in the U.S. to increase their rate of homeownership for each of the past six years.**

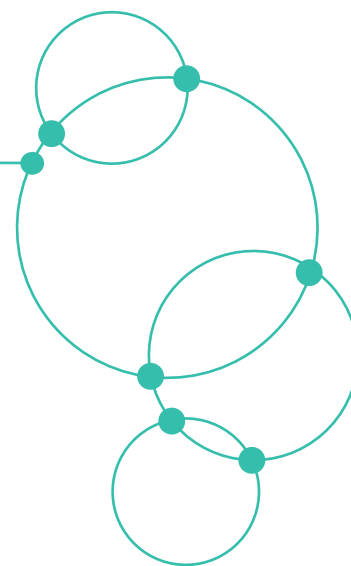
According to Home Mortgage Disclosure Act (HMDA) data, over 600,000 Latinos purchased a home with a mortgage in 2020, an increase of 13.0 percent from the year prior.²⁶ Communities of color, while disproportionately impacted by the pandemic, saw greater increases than the general population between 2019 and 2020, 12.2 percent increase for Black homebuyers vs 8 percent increase for the general population.

HISPANIC HOMEOWNERSHIP RATE INCREASE



SOURCE: U.S. CENSUS BUREAU

Despite higher infection rates among Latinos, 53 percent of Latinos were considered essential workers²⁷ and 28.9 percent of Latinos were able to work from home.²⁸ Those who were fortunate enough to not lose their job as a result of the pandemic were more likely to be able to purchase a home. **In fact, according to a realtor.com® survey, 50 percent of Latino 2020 homebuyers reported that COVID-19 might have accelerated their home purchasing plans, compared to 41 percent of the general population.**²⁹



BUYER PREFERENCES 2020

50%

Of Hispanic survey respondents reported **wanting to buy a home sooner due to COVID-19** than they were previously planning on, compared to 41% for the general population.

52%

Of Hispanic consumers were **willing to commute farther** to work due to COVID, the highest out of any demographic.

SOURCE: realtor.com®

53%

Of Hispanics would prefer to buy a **home designed for a multi-generational household**, compared to only 35% among non-Hispanic White buyers.

31%

Of Hispanics said they wanted a **larger home** as a result of COVID, compared to 25% of African-Americans, 23% of Asian-Americans and 19% of non-Hispanic White buyers.

SOURCE: NATIONAL ASSOCIATION OF HOMEBUILDERS

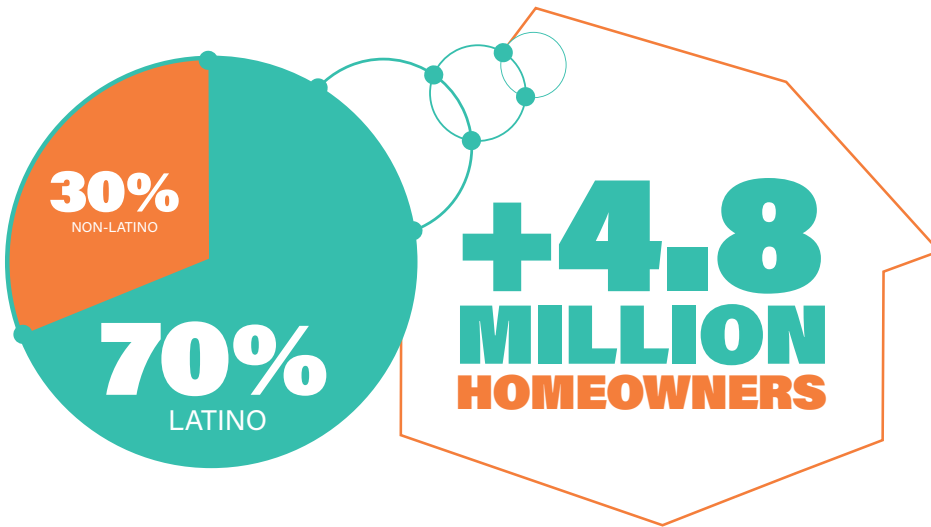
RECORD LOW INTEREST RATES AND A NEED FOR HOME DURING THE PANDEMIC

The 2020 Latino homeownership gains were driven primarily by historic low interest rates coupled with increased urgency to own a home during a time when "home" was the safest place to be. COVID-19 ignited a determination to provide a physical space for a household to serve as shelter, office space, school, and daycare, as well as a place to house vulnerable family members.

Freddie Mac reports that the interest rate on a 30-year fixed mortgage went below 3.0 percent in July of 2020 for the first time since it began its Primary Mortgage Market Survey in the early 1970s, and it hit a record low of 2.8 percent at the end of October.³⁰ As a result, more homes were sold in 2020 than in the past 13 years, marking it as the best year in real estate sales since before the Great Recession. A total of 5.6 million homes were sold in 2020, a 5.6 percent increase from 2019.³¹

^b2020 Census homeownership rate data was compromised as changes in methodology, a significant lower number of responses resulted in homeownership rates across all demographics were unusually higher as renters were less likely to answer the survey than homeowners. The range predicted by NAHREP is consistent with the trend line of the past decade, and within the range predicted by Urban Institute.

BETWEEN 2020-2040, 70% OF NEW HOMEOWNERS WILL BE LATINO.



"My office mostly works with first time Latino homebuyers and the 2020 volume was unprecedented. There was a sense of urgency I hadn't seen before - particularly with the low interest rates and Latinos wanting their own space due to their experience during quarantine."

- Joe Castillo, Designated Managing Broker/Owner of RE/MAX Mi Casa, Chicago, IL

SOURCE: URBAN INSTITUTE

LATINOS WILL BE THE MAJORITY OF NEW HOMEOWNERS FOR AT LEAST THE NEXT 20 YEARS

In the ten years leading up to the pandemic, Latinos accounted for over 50 percent of homeownership growth.³² According to Urban Institute, this trend is predicted to accelerate for at least the next 20 years.

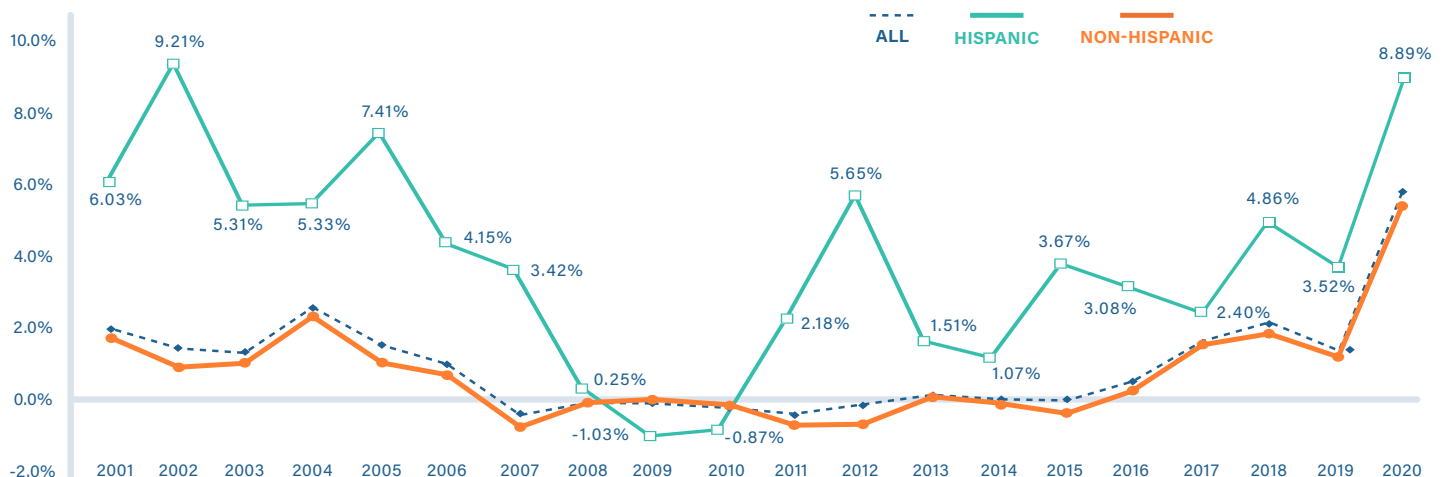
At the same time, the national homeownership rate for the country is predicted to decline in 2040 from 65 percent to 62 percent, while the Latino homeownership rate will increase to 51.3 percent.³³

Over the next 20 years, 70 percent of new homeowners will be Latino, adding an additional 4.8 million net new homeowners.

Furthermore, all of the future homeownership gains are projected to come from non-White households. By 2040, non-Hispanic White homeowners are predicted to decrease by 1.8 million.³⁴ The Latino demographic is the only group expected to see an increase in homeownership rate over the next decade, carrying the weight of the future of the housing market.

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

PERCENT CHANGES IN THE GROWTH OF OWNER HOUSEHOLDS IN THE U.S. FROM 2000-2020



SOURCE: U.S. CENSUS BUREAU

2019 HISPANIC HOMEOWNERSHIP & ECONOMIC INDICATORS BY STATE

STATE	HISPANIC HOMEOWNERSHIP RATE	PERCENT HISPANIC POPULATION	HISPANIC UNEMPLOYMENT RATE	HISPANIC MEDIAN HOUSEHOLD INCOME
Alabama	50.50	4.5	1.8	\$42,113
Alaska	56.98	7.2	4.3	\$68,246
Arizona	55.42	31.7	5.5	\$53,061
Arkansas	55.52	7.7	2.3	\$45,874
California	44.01	39.4	4.8	\$63,633
Colorado	50.80	21.8	3.4	\$59,002
Connecticut	33.69	16.9	5.5	\$49,238
DC	39.42	11.3	4.2	\$99,799
Delaware	49.32	9.6	2.1	\$54,087
Florida	51.97	26.4	3.1	\$52,497
Georgia	51.29	9.8	2.7	\$52,661
Hawaii	37.42	10.7	5.1	\$73,388
Idaho	58.95	12.8	3.8	\$52,827
Illinois	54.61	17.5	3.6	\$60,252
Indiana	54.60	7.2	4.5	\$48,310
Iowa	52.73	6.3	4.0	\$48,346
Kansas	54.13	12.2	3.2	\$50,216
Kentucky	39.86	3.8	5.1	\$49,434
Louisiana	44.79	5.4	5.4	\$42,933
Maine	55.01	1.7	***	\$60,941
Maryland	52.53	10.6	4.1	\$74,631
Massachusetts	28.36	12.4	4.3	\$51,175
Michigan	56.39	5.3	3.9	\$49,761
Minnesota	49.47	5.6	5.0	\$57,591
Mississippi	55.48	3.0	3.8	\$37,372
Missouri	51.03	4.3	***	\$50,839
Montana	43.82	3.8	***	\$46,458
Nebraska	52.68	11.3	5.1	\$51,006
Nevada	47.46	29.2	3.8	\$54,922
New Hampshire	39.30	4.0	***	\$62,535
New Jersey	38.76	20.9	3.8	\$61,624
New Mexico	66.71	49.3	5.4	\$45,049
New York	26.32	19.3	4.9	\$53,350
North Carolina	47.24	9.8	5.5	\$46,933
North Dakota	22.93	4.0	***	\$51,960
Ohio	44.87	4.0	6.5	\$45,076
Oklahoma	48.82	11.1	4.1	\$45,956
Oregon	45.91	13.4	4.4	\$60,597
Pennsylvania	42.80	7.8	5.8	\$44,260
Puerto Rico	68.71	98.2	8.2*	\$20,417
Rhode Island	34.88	16.3	6.1	\$44,939
South Carolina	50.14	5.8	3.1	\$48,311
South Dakota	45.61	3.7	***	\$44,895
Tennessee	40.61	5.7	4.0	\$46,126
Texas	57.70	39.7	4.0	\$52,010
Utah	52.84	14.4	2.8	\$61,506
Vermont	38.55	2.0	***	\$37,394
Virginia	49.61	9.7	3.6	\$69,220
Washington	45.39	13	5.7	\$59,350
West Virginia	71.30	1.5	***	\$55,307
Wisconsin	40.75	7.1	5.6	\$47,217
Wyoming	60.05	10.1	2.9	\$60,988

SOURCE: U.S. CENSUS BUREAU,
BUREAU OF LABOR STATISTICS

*** Note: 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.

* Note: The BLS does not publish data associated with demographic characteristics of Puerto Rico. Given the Hispanic population of PR is 98.2%, 8.2% as the overall unemployment average in 2019 is a close approximation of the Hispanic unemployment rate.

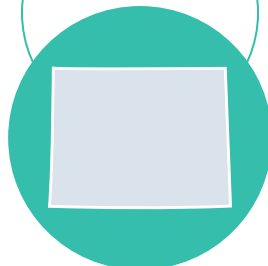
HISPANIC HOMEOWNERSHIP: A LOOK AT THE STATES

STATES AND TERRITORIES WITH THE HIGHEST HISPANIC HOMEOWNERSHIP RATE INCREASE 2009-2019

1. WYOMING

- 2. South Carolina +25.3%
- 3. Washington D.C. +33.2%
- 4. Georgia +20.1%
- 5. Oregon +20.1%

+21.7%



STATES AND TERRITORIES WITH THE LARGEST HISPANIC HOMEOWNERSHIP RATE DECREASE 2009-2019

1. WISCONSIN

- 2. Louisiana -9.5%
- 3. Florida -6%
- 4. Puerto Rico -4%
- 5. Maryland -5.1%

-10.5%

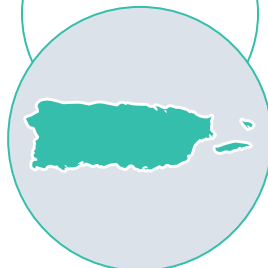


STATES AND TERRITORIES WITH THE HIGHEST HISPANIC HOMEOWNERSHIP RATES 2019

1. PUERTO RICO

- 2. New Mexico 66.7%
- 3. Wyoming 60.1%
- 4. Idaho 59.0%
- 5. Texas 57.7%

68.7%



STATES WITH THE LOWEST HISPANIC HOMEOWNERSHIP RATES 2019

1. NEW YORK

- 2. Massachusetts 28.4%
- 3. Connecticut 33.7%
- 4. Rhode Island 34.9%
- 6. Hawaii 37.4%

26.3%



STATES WHERE LATINOS HAVE ACCOUNTED FOR THE MOST HOMEOWNERSHIP GROWTH 2009-2019

1. NEW YORK

- 2. Kansas 152 %
- 3. Pennsylvania 135.8%
- 4. New Mexico 95.6%
- 5. Oklahoma 95.5%

251%



STATES THAT HAVE ADDED THE MOST LATINO HOMEOWNERS 2009-2019

1. TEXAS

- 2. California +250,407
- 3. Florida +232,973
- 4. Arizona +81,869
- 5. New York +76,473

+421,352

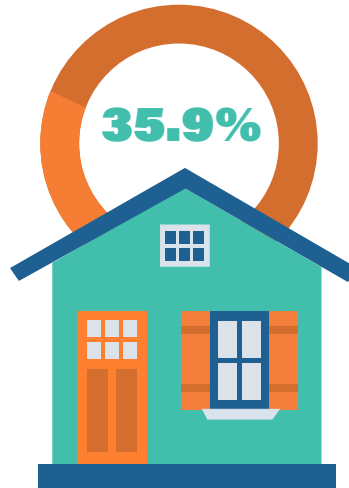


*ALL STATES WITH LESS THAN 5% LATINO POPULATION OMITTED FROM RANKINGS

SECTION 2: Factors Impacting Hispanic Homeownership

LATINOS DRIVE DEMAND FOR HOMEOWNERSHIP

Latinos continue to outpace growth in household formations, a key indicator for the role Latinos play in driving housing demand. Over the past year, Hispanics added 543,000 households, an increase of 17.8 percent from the year prior.³⁵ Over the past decade, Latinos have accounted for 35.9 percent of the overall growth in household formations and have added 4.7 million new households, significantly outpacing the rate of household formation growth compared to the overall U.S. population.³⁶



+ 4.7 million new households
Between 2010-2020, Hispanics accounted for **35.9%** of household formation growth

SOURCE: U.S. CENSUS BUREAU

LATINOS WILL ACCOUNT FOR MORE THAN HALF OF FUTURE HOUSEHOLD FORMATIONS

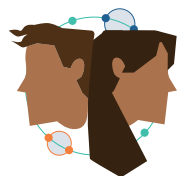
Between now and 2040, Urban Institute projects that 16.1 million new households will be formed, all of which will come from communities of color. Of those, 8.6 million will be Latino, 4.8 million will be Asian (or other), and 3.3 million will be Black. By 2040, there will be 600,000 fewer non-Hispanic White households.³⁷ If these projections come to bear, Latinos will make up more than half of new household formations (53.1 percent) over the next 20 years. The Latino share of new households will be the most pronounced between 2030 and 2040, when Latinos will account for 58.7 percent of household formations, while the non-Hispanic White population will exhibit a decline of 14.07 percent.³⁸

population growth. Over the last decade (2009-2019), Latinos accounted for 52.3 percent of the U.S. population growth. Since 2010, the Latino population has grown by 19 percent, adding a total of 9.8 million people.⁴¹

While more than half of Latinos (54.1 percent) live in either California, Texas, or Florida, the Latino population is growing rapidly across the country. Since 2010, the following states have surpassed one million Latinos: Georgia, New Mexico, North

Carolina, and Pennsylvania. In a total of 19 states, Latinos were responsible for at least 50 percent of the population growth between 2018 and 2019.⁴²

Over the next 40 years, Latinos will be the primary contributors to U.S. population growth. Between now and 2060, Latinos will account for 68 percent of the U.S. population growth, while the non-Hispanic White population is projected to shrink by 19 million.⁴³



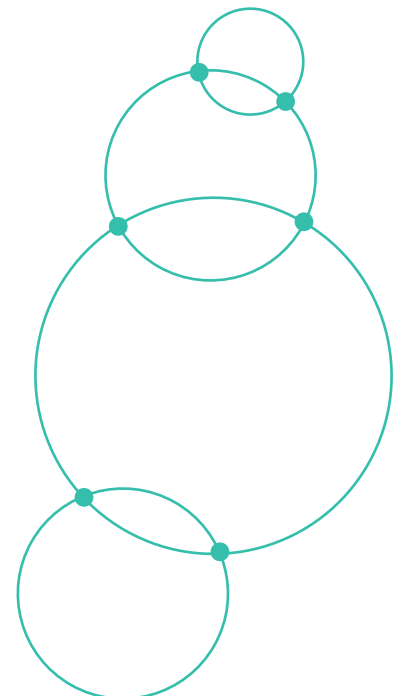
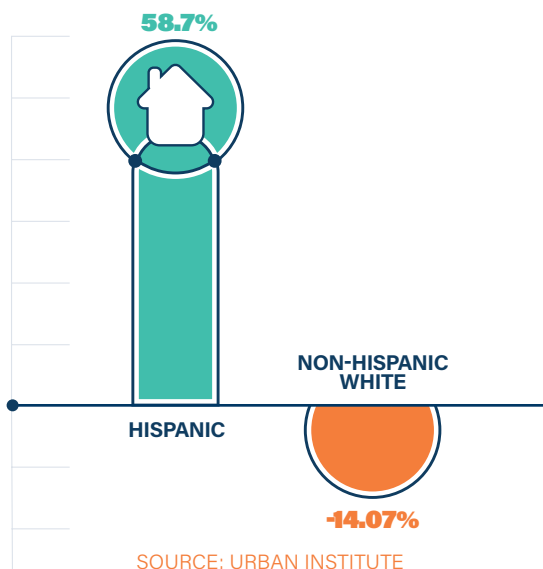
60.6 MILLION
AND **18.5%** OF
THE POPULATION
SOURCE: U.S. CENSUS BUREAU

LATINO POPULATION GROWTH

Latinos are the second fastest-growing population in the U.S. With a total population of 60.6 million, Latinos account for 18.6 percent of the total U.S. population.³⁹ If the U.S. Latino population were its own country, it would be equivalent to the population size of Italy.⁴⁰

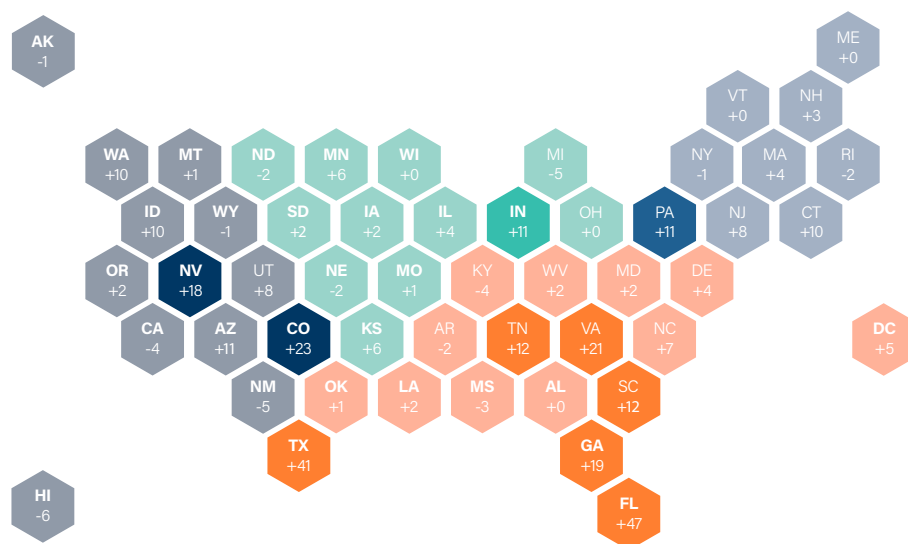
Between 2018 and 2019, the Latino population grew by 932,368 people, and was responsible for 60 percent of U.S.

OVER THE NEXT TWO DECADES, HISPANICS WILL MAKE UP THE MAJORITY OF NEW HOUSEHOLD FORMATIONS 2030 - 2040



HISPANIC NET-MIGRATION BY STATE 2015-2019

(numbers in thousands)



SOURCE: U.S. CENSUS BUREAU

factors driving homeownership growth, as nearly one in three Latinos are currently in the prime home buying years of 25-44.

Nationally, there has been a sharp decline in the population under 25. This trend has been partially mitigated by Latinos. While the non-Hispanic White cohort under 25 has declined by 4.7 million since 2010, Latinos have added 2.3 million during that same period. Asian/Pacific Islanders are the only other demographic to have increased their under 25 population over the past ten years.⁴⁷

LATINOS MIGRATING TOWARD EMPLOYMENT AND HOUSING HUBS

Latino migration patterns in the U.S. could be reflective of Latinos migrating away from costly housing markets and toward new employment hubs. By total numbers, the states of Texas, Florida, and Colorado saw the greatest net increases in Latinos between 2015 and 2019. On the other hand, Hawaii, Michigan, California, and Mississippi saw the greatest decrease in net-migration.⁴⁴

LATINOS AGING INTO PRIME HOMEBUYING YEARS

Latinos are the youngest of any demographic. With a median age of 29.8, Latinos are almost 14 years younger than their non-Hispanic White counterparts (43.7) and almost 9 years younger than the general population (38.4).⁴⁵ As of 2019, Hispanics account for one in every four millennials, and over 30 percent of all individuals below 17.⁴⁶ The relative youth of the Latino demographic is one of the key



WITH A MEDIAN AGE OF

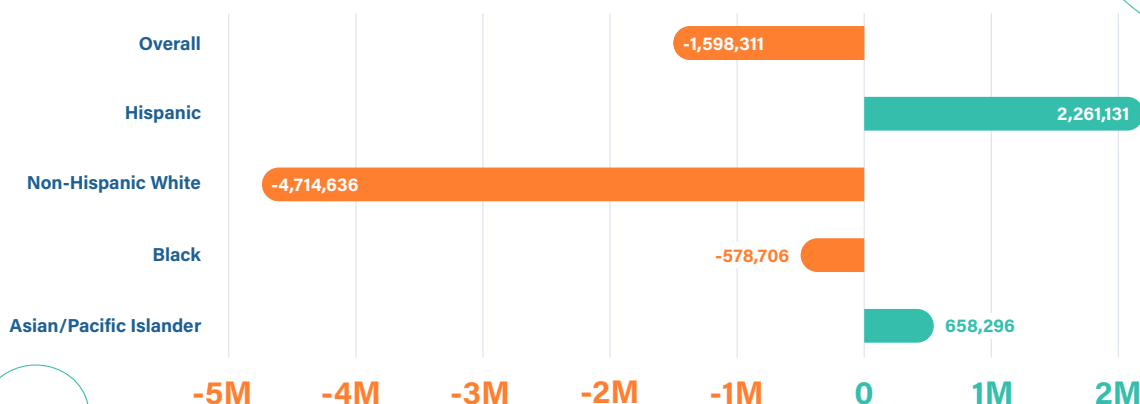
29.8

NEARLY 1 IN 3 LATINOS IS IN THEIR PRIME HOMEBUYING YEARS (25 - 44).

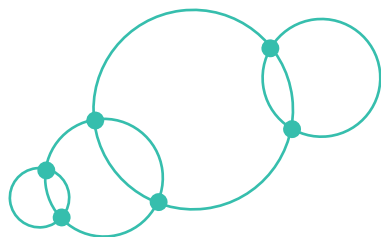
SOURCE: U.S. CENSUS BUREAU

CHANGE IN U.S. POPULATION UNDER 25

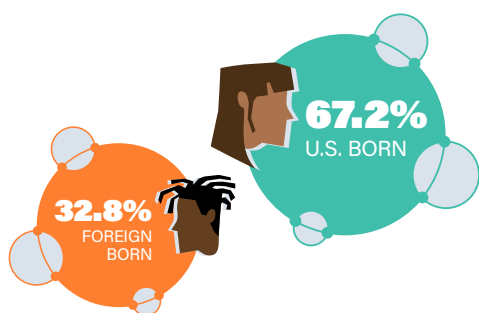
(2010 - 2019)



SOURCE: U.S. CENSUS BUREAU



94.3% OF LATINOS UNDER 18 ARE U.S. BORN



BREAKDOWN OF U.S. AND FOREIGN-BORN LATINOS

SOURCE: U.S. CENSUS BUREAU

MORE ARE U.S.-BORN

U.S. Hispanic population growth continues to be driven predominantly by U.S.-born Latinos as opposed to immigration. As of 2019, 67.2 percent of the U.S. Hispanic population was U.S.-born, an increase of 3.5 percent from 2014.⁴⁸ Those who are foreign-born tend to be older, with an average age of 44.5⁴⁹. Today, 94.3 percent of the Hispanic population under 18 is U.S.-born.⁵⁰

Between 2010 and 2019, immigration from Latin America only accounted for 25 percent of immigration into the U.S., compared to 70 percent from Asian countries. Between 2018 and 2019, the largest percentage of new immigrants stemming from Latin America came from Guatemala, Honduras, and Venezuela.⁵¹

FAMILIA AND A PROPENSITY TOWARD MULTIGENERATIONAL HOUSEHOLDS

At 7 percent of Latinos households, Latinos are three and a half times more likely to live in a multigenerational household than non-Latinos, and four times as likely to live in multigenerational households than the non-Hispanic White population. Latinos account for 28.8 percent of all households with three or more generations living within it.⁵²

ECONOMIC INDICATORS AND THE COVID-19 PANDEMIC

PANDEMIC THREATENS LATINO HOUSEHOLD INCOME GROWTH

In 2019, the median Hispanic household income was \$55,658, an increase of 8.3 percent from 2018.⁵³ Latino income growth, however, has been contingent upon what region of the country Latinos live in. The top three states and territories with the greatest Latino income growth between 2009 and 2019, were Washington, D.C. (+ 113 percent), Maine (+ 83 percent), and Oregon (+ 69 percent). Conversely, the states with the largest declines during that time were Vermont (- 32 percent) and Mississippi (- 3 percent).⁵⁴

The income gap between the non-Hispanic and Latino population remains large, with non-Hispanic White households having a median household income of \$71,644, 29 percent higher than that of Latino households. While Latinos have been increasing their incomes at a faster rate than other populations, pandemic-induced losses are likely to stymie this growth. Due to the pandemic, 54 percent of Hispanic households reported income losses in 2020, 12 percentage points above the national average.⁵⁵ This poses a threat to existing Latino homeowners. Preventing a wave of foreclosures will be critical to maintaining the Hispanic homeownership rate over the next few years.

Additionally, Latinas currently have the largest pay discrepancy in the nation, 55 cents for every dollar paid to non-Hispanic White males.⁵⁶

FEWER COLLEGE GRADUATES, YET LOWER STUDENT DEBT

In 2019, an additional 353,993 Latinos earned a bachelor's degree or higher, an increase of 6.1 percent from the year prior. Nearly 1.5 million Latinos have earned a four-year degree or higher since 2015. While Latino educational attainment is trending upward, Latinos still have the lowest levels of higher educational attainment. In 2019, 17.6 percent of Latinos 25 and older held at least a bachelor's degree, compared to 22.5 percent of the Black population and 36.9 percent of the non-Hispanic White population.⁵⁷

While Latinos are less likely to have a four-year degree, they are also the least likely to have student loan debt, creating a double-edged sword. Compared to other demographics, Latinos owe the least in education installment loans, a median of \$17,600, compared to \$30,000 for Black students and \$23,000 for non-Hispanic White students.⁵⁸ Latino students are also more likely to live at home while in college.⁵⁹ The lower levels of student debt could partially explain why many Latinos may be able to purchase a home at a younger age.

COVID-19 DISRUPTS THE LATINO LABOR FORCE

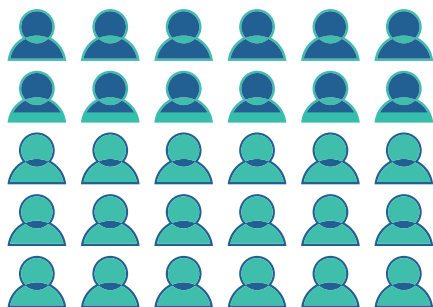
In 2020, the Latino labor force was hit with a COVID-19 trifecta: disproportionately represented in sectors that experienced the greatest number of layoffs, exposed to COVID-19 at higher rates with an overrepresentation in essential work, and significantly less likely to be able to work from home than any other demographic.⁶⁰



IN 2020, THE HISPANIC LABOR FORCE PARTICIPATION RATE
DECLINED TO 65.6%,
THE LOWEST RATE RECORDED SINCE 1986.

SOURCE: BUREAU OF LABOR STATISTICS

Labor force Participation: Latinos account for a sizable 18.0 percent of the U.S. workforce, eight million of whom are employed in service sector positions.⁶¹ In 2020, the Latino labor force participation rate dropped to 65.6 percent, the lowest rate recorded for Latinos since 1986. However, Latinos still had the highest labor force participation rate in the country. In fact, over the past decade, Latinos have nearly single-handedly fueled the U.S. labor force, accounting for 90.8 percent of its overall growth.⁶²



HISPANICS ARE EXPECTED TO ACCOUNT FOR

64.8% of the
LABOR FORCE GROWTH
BETWEEN 2020 - 2029,
ADDING 7 MILLION WORKERS.

SOURCE: U.S. DEPARTMENT OF LABOR

Unemployment: The annual unemployment rate for Latinos in 2020 was 10.4 percent, the highest annual average since 2011. Latinas were the most impacted. In 2020, the unemployment rate for Latinas went from six percent in March, to 20.1 percent in April, the highest unemployment rate of any adult demographic, male or female. While Latinas have for the most part regained employment, the Latina unemployment rate as of February 2021 was 8.5, 3.6 points higher than it was in February 2020, one of the largest disparities among all demographics.⁶³ This is coupled with Latinas having the largest pay discrepancy in the country, 55 cents for every dollar paid to non-Hispanic White males.

DESPITE SETBACKS, LATINOS WILL FUEL U.S. LABOR SUPPLY

Latinos have historically held the highest labor force participation rate in the country and have driven labor force participation growth. This trend is expected to continue, with Latinos projected to account for 64.8 percent of labor force growth over the next ten years. By 2029, the Latino workforce is projected to increase by 16.6 percent,

accounting for 21 percent of the total U.S. workforce. Conversely, the non-Hispanic White demographic is expected to decrease by 2.3 percent.⁶⁴

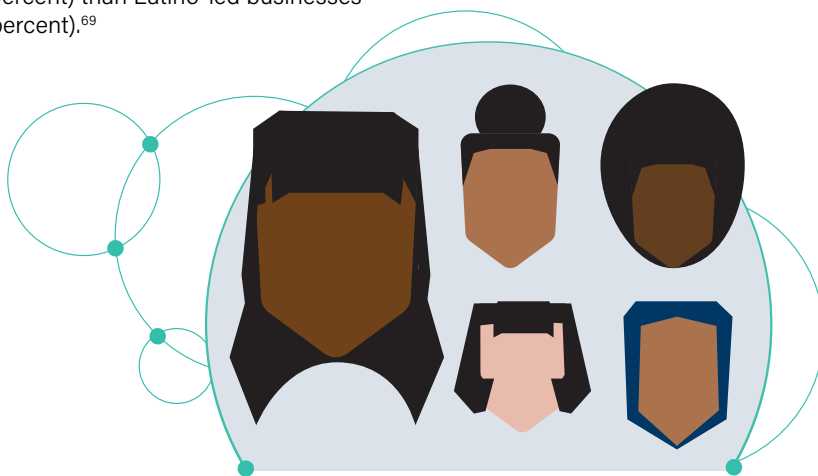
LATINO SMALL BUSINESSES IN TROUBLE DURING THE PANDEMIC

Latinos have driven entrepreneurial growth for the past decade, with nearly four million Latino-owned businesses in the U.S. The number of Latino-owned employer businesses has grown by 14 percent between 2012 and 2017, over twice the national average of six percent.⁶⁵ However, Latino businesses tend to remain small, and 92 percent don't have any employees. Almost half (42.8 percent) of all Hispanic-owned, non-employer firms are owned by Latinas.⁶⁶

However, COVID-19 has been harsh on Latino businesses. Revenues declined 32 percent between February and April of 2020, compared to 22 percent for the general population.⁶⁸ Adapting to a work-from-home environment was more challenging for Latino businesses. For Latino-owned, scaled businesses, or those earning more than \$1 million in annual revenue, only 28 percent had a majority of employees that could work from home, compared to 44 percent among White-owned businesses.⁶⁸ Latina-owned businesses were hit especially hard. Latina-led companies were almost twice as likely (30 percent) to have closed down than Latino-led businesses (16 percent), and more likely to have to lay off employees (17 percent) than Latino-led businesses (12 percent).⁶⁹

"I saw many in our Latino community who were independent contractors, mostly restaurant workers or landscaping and snow removal workers, continue working without compensation, mostly because they were afraid of losing their job. They didn't apply for unemployment benefits because they thought they didn't qualify as independent contractors. Many of our most vulnerable in the Latino community did not understand the benefits available to them through the stimulus packages."

- Oralia Herrera, Broker/Owner Century 21 TK Realty Inc, Addison, IL



IN APRIL 2020,
1 IN 5 LATINA WORKERS
WERE UNEMPLOYED.

SOURCE: BUREAU OF LABOR STATISTICS

2020 HISPANIC HOMEOWNERSHIP JOURNEY

1

Record Low Interest Rates:

2.8% in October 2020, lowest ever.

2

Quarantine Influenced Demand:

50% of Hispanics wanted to buy a home sooner due to COVID-19 than previously planned.

3

Entering Age of Homeownership:

With a median age of 29.8, nearly 1 in 3 Latinos are in their prime homebuying years (25 - 44).

4

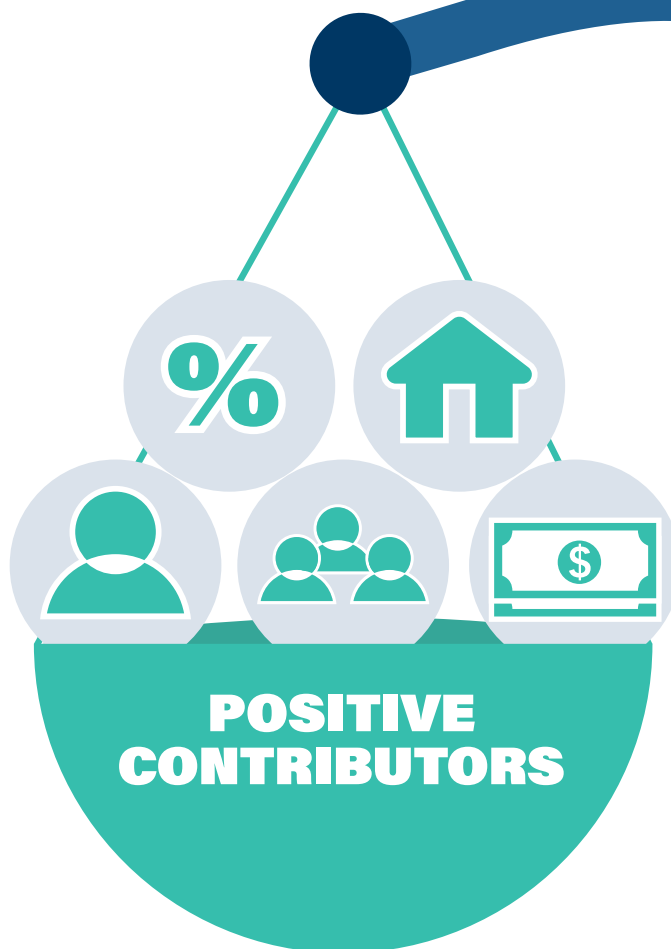
Faster Rates of Household

Formations: Between 2009-2019, Latinos accounted for over 40% of household formation growth.

5

Stimulus Support for Existing

Homeowners: Forbearance support and foreclosure moratorium prevented homeownership rate attrition.



DESPITE ADVERSITY: HISPANICS CONTINUED TO INCREASE THEIR HOMEOWNERSHIP RATE



1

Tight Mortgage Credit:

Credit availability in 2020 was the most restrictive credit access environment in six years.

2

Record Low Housing Inventory:

Homeowner vacancy rates in 2020 dropped for the seventh consecutive year to 1.0%, the lowest rate ever recorded by the U.S. Census Bureau.

3

Record Unemployment Rates:

The annual unemployment rate for Latinos in 2020 was 10.4%, the highest annual average since 2011.

4

Highest COVID Infection Rates:

In the summer of 2020, Latinos had an infection rate at 3X that of the non-Hispanic White population and were 6X more likely to die from COVID-19 among those under the age of 55.

5

Least Likely to Work from Home:

Only 28.9% of Latinos are able to work from home, compared to 48.7% of non-Hispanic White workers.

SECTION 3: The Latino Homebuyer Profile

LATINO YOUTH DRIVES HOMEOWNERSHIP

Young homebuyers are driving Latino homeownership gains. In 2020, the median age for all first-time buyers was 33.⁷⁰ Nearly half (43.6 percent) of Latino homebuyers were under the age of 34, and 71.8 percent were under the age of 44.⁷¹ In comparison, only 62.8 percent of the general population of homebuyers and 62.2 percent of non-Hispanic White buyers were under the age of 44.⁷² Over the last three years, more than 700,000 Latinos under the age of 34 have obtained a home purchase loan.⁷³

LATINOS ARE MOSTLY FIRST-TIME HOMEBUYERS

Given the youth of the Latino community, first-time homebuyers drive Latino homeownership gains. In 2019, 56 percent of Latino homeowners indicated that they were living in the first home they ever owned, compared to 38.9 percent of non-Hispanic homeowners.⁷⁴

LATINO HOMEOWNERS ARE INCREASINGLY U.S. CITIZENS

As of 2019, 80 percent of Latino homeowners were U.S. citizens, an increase from 76.2 percent in 2011.⁷⁵ This is on par with the 80.2 percent overall Latino citizenship rate.⁷⁶

LATINO HOMEBUYERS HAVE HIGHER INCOMES

Latino home purchasers have a 33 percent higher median household income than the general population of Latinos. In 2020, Latino homebuyers had a median household income of \$74,000.⁷⁷ The median household income for Latinos overall in 2019 was \$55,658.⁷⁸ Additionally, 69.7 percent of Latino homebuyers have an annual household income below \$100,000.

2020 HISPANIC HOMEBUYERS AGE BREAKDOWN

AGE	HISPANIC	GENERAL POPULATION
65+	3.4%	7.7%
55-64	8.2%	11.5%
45-54	16.6%	16.7%
35-44	28.2%	25.5%
34 AND BELOW	43.6%	37.3%

SOURCE: 2020 HMDA DATA

WHERE ARE LATINO HOMEOWNERS LOCATED?

The Houston, Woodlands, Sugar Land market once again led all metros in producing the most new Latino owner households in both 2018 and 2019, adding 29,725 new Latino homeowners between 2017 and 2019.⁷⁹ Non-traditional Latino markets are leading the way in producing the greatest growth rate in homeownership, including two markets in North Carolina, and the rapidly growing city of Boise, Idaho.⁸⁰ The median property value of homes purchased by Latinos with a mortgage in 2020 was \$265,000, and the median property value of a primary residence for all Latino homeowners in 2019 was \$217,000.⁸¹

It is important to note that the high cost Santa Cruz, Watsonville metro area saw the number of Latino households in the City of Santa Cruz decrease between 2018 and 2019, with the growth coming from the lower cost city of Watsonville.⁸²



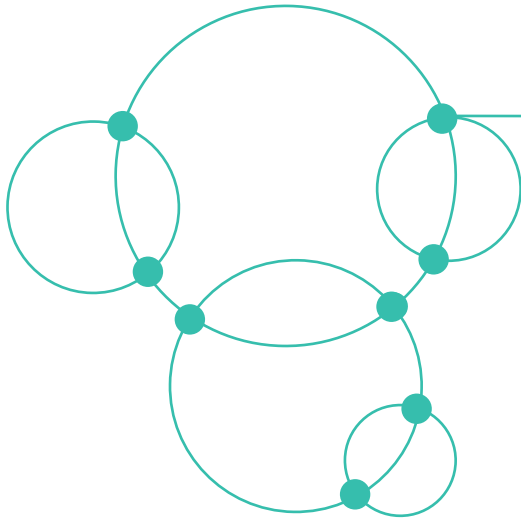
MARKETS THAT ADDED THE MOST LATINO OWNER HOUSEHOLDS TO THE U.S. ECONOMY BETWEEN 2018-2019

MARKET	HISPANIC OWNER HOUSEHOLDS ADDED	MEDIAN PROPERTY VALUE
1. HOUSTON- THE WOODLANDS- SUGAR LAND, TX	(+16,044)	\$219,100
2. DALLAS-FORT WORTH- ARLINGTON, TX	(+10,834)	\$253,900
3. ORLANDO- KISSIMMEE- SANFORD, FL	(+9,188)	\$255,500
4. SEATTLE-TACOMA- BELLEVUE, WA	(+8,540)	\$503,000
5. FRESNO, CA	(+6,975)	\$288,300

MARKETS THAT EXHIBITED THE FASTEST GROWTH RATE OF HISPANIC HOMEOWNERS

MARKET	HISPANIC HOMEOWNERSHIP GROWTH RATE	MEDIAN PROPERTY VALUE
1. DURHAM-CHAPEL HILL, NC	49.2%	\$251,900
2. BOISE CITY, ID	40.6%	\$293,700
3. ATLANTIC CITY- HAMMONTON, NJ	39.9%	\$214,900
4. FAYETTEVILLE, NC	36.0%	\$144,800
5. SANTA CRUZ- WATSONVILLE, CA	35.0%	\$839,500

SOURCE: U.S. CENSUS BUREAU



HISPANIC HOMEOWNERSHIP RATES BY COUNTRY OF ORIGIN

Latinos are a complex and diverse group of people, stemming from over 20 Latin American countries with different races, socioeconomic, and migration backgrounds. The gains Latinos have made in homeownership have not been consistent across all Latino subgroups. In 2019, while the Hispanic homeownership rate was 47.5, the homeownership rate for Afro-Latinos was 41.8 percent.⁸³

Bolivians have the highest homeownership rate in the U.S., but they are also among the smallest populations of Latinos.⁸⁴ Those of Mexican, Puerto Rican, Cuban, Salvadorian, and Dominican descent account for 82.4 percent of U.S. Latinos.⁸⁵ The socioeconomic levels of people who originated from Argentina and Chile (Argentina having the highest rate of Latinos of European descent than any other Latin American country),⁸⁶ offer a different reality from the extreme levels of poverty experienced by individuals who fled Guatemala⁸⁷ or Honduras.⁸⁸

Additionally, where these subgroups are concentrated also influence homeownership rates. For example, Latinos of Dominican and Puerto Rican descent have high concentrations in New York City, where Latinos have some of the lowest homeownership rates in the country due to its high cost market. These migration stories are critical to understanding the following homeownership rates.

HISPANIC HOMEOWNERSHIP RATES BY COUNTRY OF ORIGIN 2019

SUBGROUP	NATIONAL HOMEOWNERSHIP RATE FOR SUBGROUP	% OF U.S. LATINO POPULATION	STATE WITH HIGHEST CONCENTRATIONS OF SUBGROUP
BOLIVIAN	64.1%	0.2%	VIRGINIA
ARGENTINIAN	57.2%	0.5%	FLORIDA
CHILEAN	55.3%	0.3%	CALIFORNIA
PERUVIAN	53.9%	1.1%	FLORIDA
CUBAN	53.6%	3.9%	FLORIDA
PANAMANIAN	52.0%	0.3%	FLORIDA
MEXICAN	51.2%	61.5%	CALIFORNIA
URUGUAYAN	51.1%	0.1%	FLORIDA
COSTA RICAN	51.1%	0.3%	CALIFORNIA
COLOMBIAN	49.3%	2.1%	FLORIDA
OVERALL LATINO HOMEOWNERSHIP RATE 47.5%			
NICARAGUAN	47.2%	0.7%	FLORIDA
ECUADORIAN	45.1%	1.2%	NEW YORK
SALVADORIAN	44.4%	3.9%	CALIFORNIA
PUERTO RICAN (IN MAINLAND U.S.)	40.2%	9.7%	FLORIDA
PARAGUAYAN	39.2%	0.01%	NEW YORK
VENEZUELAN	37.3%	0.9%	FLORIDA
GUATEMALAN	31.7%	2.7%	CALIFORNIA
DOMINICAN	27.4%	3.5%	NEW YORK
HONDURAN	27.3%	1.8%	TEXAS

SOURCE: U.S. CENSUS BUREAU

HOW ARE LATINOS FINANCING THEIR HOMES?

Latinos continue to rely heavily on low down payment financing options to afford homeownership. Latinos also tend to have higher debt-to-income ratios and lower credit scores, and they rely heavily on financing designed to serve first-time homebuyers and low wealth borrowers.⁸⁹

According to the Mortgage Bankers Association's Mortgage Credit Availability Index, the credit availability index fell by more than 60 points between January and September of 2020, creating the most restrictive credit access environment in six years.⁹⁰ The contraction of credit that occurred in 2020 was driven primarily by liquidity constraints in the mortgage market, as a large number of households went into forbearance, and lenders feared having to service delinquent loans while remaining uncertain as to how long foreclosure moratoriums would last.⁹¹ Additionally, the volume of loan applications was so large that lenders prioritized prime borrowers.⁹²

NEARLY ONE IN THREE LATINOS RELY ON FHA FINANCING

Latinos are more than twice as likely to use FHA loans to finance their mortgage compared to their non-Hispanic White counterparts.⁹³ In 2020, Latinos only made up 10.7 percent of all conventional loans. While FHA financing allows for lower down payment options, these loans can be more expensive. On top of requiring private mortgage insurance, Latinos paid an average of 90.1 percent more in closing costs for an FHA loan versus those of conventional loans in 2020.

Furthermore, Latinos paid more closing costs on average for both Conventional (\$599 more) and FHA (\$1,410 more) loans than their non-Hispanic White counterparts paid.⁹⁴

TIGHTENING OF CREDIT BOX MORE LIKELY TO IMPACT LATINOS

Lower credit scores, higher debt-to-income ratios, and a higher propensity to purchase homes with lower down payments than the general population make Latinos particularly vulnerable to changes in underwriting and loan level price adjustments (LLPAs), which directly impact the rate and fees individuals pay for a mortgage. LLPAs issue an undue burden on communities of color, particularly in a rising interest rate environment.⁹⁵

RELY ON LOW DOWN PAYMENT PRODUCTS

The median down payment for Latinos was 3.5 percent, compared to ten percent for the general population.⁹⁶ More than half (63.5 percent) of Latino homebuyers purchased a home with a combined loan-to-value ratio (CLTV) of 90 percent or more in 2020, compared to 46.6 percent of the general population and 43.5 percent of the non-Hispanic White population.⁹⁷

HIGHER DEBT-TO-INCOME RATIOS

The number one reason Latino borrowers were denied loans in 2020 was a too high debt-to-income ratio. When comparing those denied for a mortgage last year, Latinos were 16.8 percent more likely than non-Hispanic White borrowers to have been turned away due to having too high of a DTI ratio. In 2019, Latino borrowers had a median DTI of 41 percent (down from 42 percent in 2018), compared to 36 percent for non-Hispanic White borrowers.⁹⁸ Additionally, 34.1 percent of Latinos have a debt-to-income ratio of 44 or above, compared to 23.7 percent of the general population.⁹⁹

DID YOU KNOW?

Loan Level Price Adjustments (LLPAs) are additional fees tacked on to conventional mortgages based on borrower's "risk" characteristics, such as credit scores, debt-to-income, loan-to-value, etc.



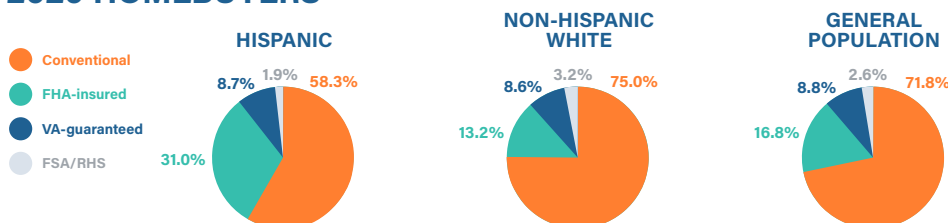
LOWER CREDIT SCORES

Latino homebuyers tend to have lower credit scores on average than the general population. In 2019, Latino borrowers purchased a home with a median FICO score of 714, compared to 752 for the non-Hispanic White population and 746 for the general population.¹⁰⁰ According to Freddie Mac, as of January 2021, Latinos overall had a median Vantage Score of 668, compared to 728 for the non-Hispanic White population and 706 for the general population.¹⁰¹

"I saw more Latinos in 2020 raising their hand, wanting to become homeowners than ever before in my career, while also seeing more Latinos get denied for mortgages. This was due to the severe credit overlays in the mortgage industry. Even though the Latino community increased their homeownership rate in 2020, the number could have been significantly higher given how high Latino demand was."

—Nora Aguirre, Century 21 Americana, Las Vegas, Nevada

LOAN CHANNEL BY RACE & ETHNICITY 2020 HOMEBUYERS



SOURCE: 2020 HMDA DATA

SECTION 4: Barriers and Opportunities to Homeownership

BARRIERS

OBSTACLE #1: A LACK OF HOUSING INVENTORY AND AFFORDABILITY

The lack of affordable housing inventory remains the number one barrier to advancing sustainable Hispanic homeownership. In 2020, housing inventory challenges have been exacerbated, including in markets that have traditionally been considered growth opportunities.

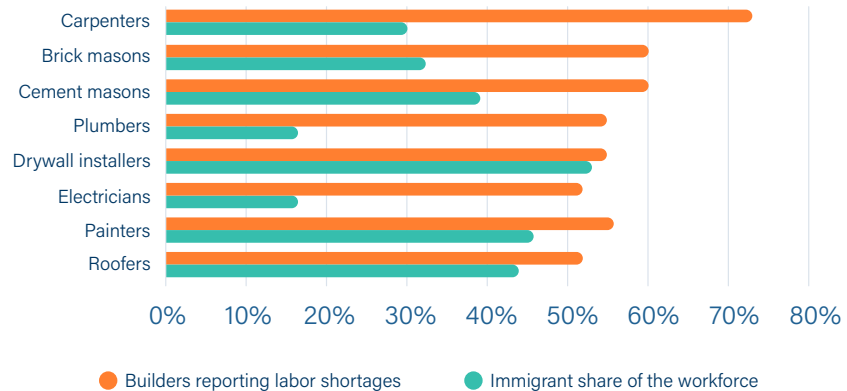
Homeowner vacancy rates in 2020 dropped for the seventh consecutive year to 1.0 percent, the lowest rate ever recorded by the U.S. Census Bureau.¹⁰² Lower vacancy rates are a reflection of a tight housing market that has little turnover, with fewer homebuyers upgrading their properties and more first-time homebuyers joining in the home search. The state of Utah had the lowest homeowner vacancy rate in 2020 at 0.4 percent, down by more than half since 2019.¹⁰³

According to realtor.com®, national inventory is down 39.6 percent, with an average of fewer than one million active listings nationwide in 2020.¹⁰⁴ The dramatic decline in inventory is particularly acute in areas where Latinos are most concentrated. When looking at the top ten metropolitan statistical areas (MSAs) where Latinos are purchasing the most homes, housing inventory dropped an average of 50.6 percent in suburban neighborhoods and 26.6 percent in urban neighborhoods. The number of new listings and time spent on the market declined considerably as well.¹⁰⁵

Prioritizing the production of rental properties is often pitted against the building of owner-occupied units. While the country is facing housing inventory challenges across the board, rental vacancies are disappearing at a much slower rate than owner-occupied housing. The rental vacancy rate in 2020 was 6.3 percent, down 40 percent since 2010. In comparison, the homeowner vacancy rate dropped by 61 percent in that same period.¹⁰⁶

LABOR SUPPLY SHORTAGES

IN OCCUPATIONS WITH HIGH RATES OF IMMIGRANT LABOR



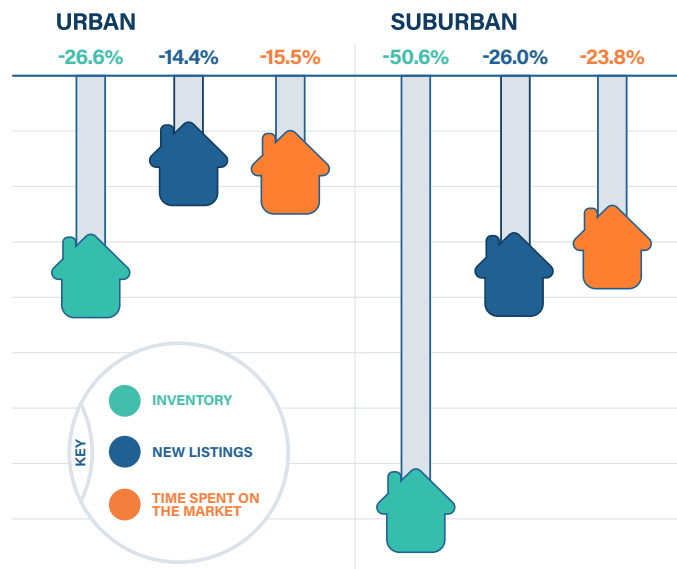
SOURCE: NATIONAL ASSOCIATION OF HOME BUILDERS

CONSTRUCTION LABOR SHORTAGES

The shrinking labor force has caused shortages in many industries, particularly those that are most critical to housing production. Within the construction industry, labor shortages in lower-skilled jobs have become particularly acute. According to the National Association of Home Builders (NAHB), immigrants make up a disproportionate share of the construction labor force, accounting for

24.0 percent in 2019, compared to 16.5 percent of the non-construction market.¹⁰⁷ At the same time, the majority of builders in NAHB's Housing Market Index continue to report drastic labor shortages in jobs that have a significant amount of immigrant labor. Additionally, undocumented workers play an outsized role in the housing industry, as one in ten construction workers are undocumented, double the rate of workers overall.¹⁰⁸

TOP 10 MSAs FOR HISPANIC HOMEBUYERS SEE A DROP IN HOUSING INVENTORY BETWEEN 2019 AND 2020



SOURCE: realtor.com®

RIISING HOME PRICES AND AFFORDABILITY

Despite record low interest rates, home prices reached an all-time high in 2020, rising at an average of 7.2 percent from the year prior. Lower-priced homes saw a 7.6 percent increase, compared to a 5 percent increase for homes that had sales prices at 125 percent or more of the area median sales price.¹⁰⁹

As lower-cost homes are seeing their value increase faster than higher-priced homes, lower-income families are experiencing greater price increases relative to higher-income communities.¹¹⁰

In the top ten most populous Latino metros in the nation, San Diego and Los Angeles are the two most unaffordable metros for Latinos. This is calculated by taking into account Latino median household income and the salary needed to be able to afford a median-priced home in those areas.¹¹¹

OBSTACLE #2: ACCESS TO CREDIT MORE DIFFICULT FOR THE SELF-EMPLOYED

People of color have higher rates of self-employment and participation in the gig economy. Of note, while the number of businesses in the U.S. grew by just one percent in the years following the financial crisis, the number of Latino-owned businesses grew by 34 percent.¹¹² Additionally, Latinos are more likely to participate in the gig economy, with 31 percent of Latinos reporting nontraditional earnings.¹¹³ However, the Consumer Financial Protection Bureau's (CFPB) Ability to Repay and Qualified Mortgage Rule's reliance on Appendix Q to determine income for self-employed borrowers makes extending credit to many Latino small businesses overly burdensome.¹¹⁴

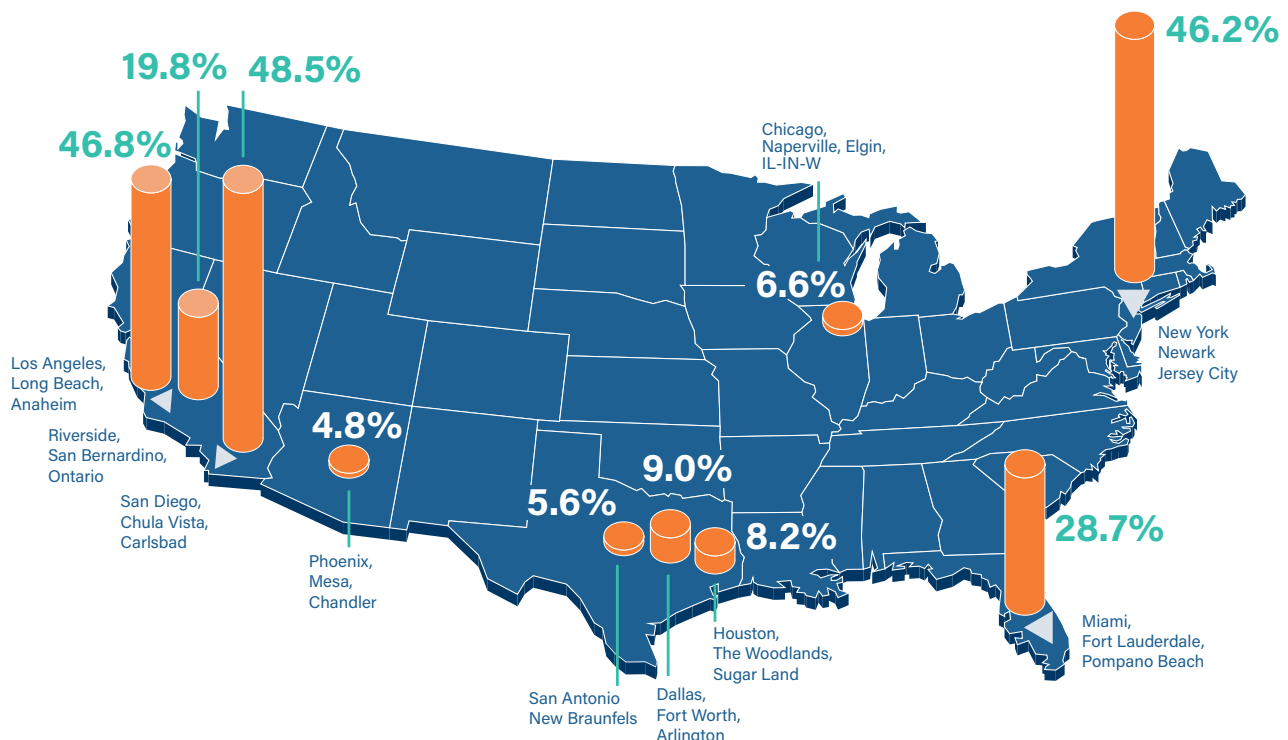
OBSTACLE #3: LACK OF DIVERSITY IN THE MORTGAGE AND REAL ESTATE INDUSTRY

Human capital has long been the most important investment a company can make when looking to capture Latino market share. That means hiring Latinos at all levels, from decision makers in the C-Suites to those interacting with consumers at the point of sale. In order to convert existing mortgage ready Latinos into homeowners, an understanding of the nuances of Latinos will be critical, and it's not something easily learned in books. Today, the real estate industry lags behind in the recruitment, training, and promotion of Latino professionals, particularly in the mortgage industry. And it is not just ethnicity that matters. The industry needs to look toward recruiting younger professionals, a population who is already naturally more diverse, in order to effectively capture the next generation of homeowners.

HOUSING AFFORDABILITY

LATINOS WOULD HAVE TO INCREASE MEDIAN INCOME BY THIS MUCH TO AFFORD MEDIAN PRICED HOME.

(10 MOST POPULOUS LATINO MARKETS)



SOURCE: U.S. CENSUS BUREAU

OPPORTUNITIES

OPPORTUNITY #1: MILLIONS OF MORTGAGE READY LATINOS

Today there are 8.3 million mortgage ready Latinos, or Latinos under 45 that have the credit characteristics to potentially qualify for a mortgage but aren't currently mortgage holders.^c Of all Latinos under age 45 who don't already have a mortgage, 34 percent were categorized as "Mortgage Ready".¹¹⁵ At the same time, 40 percent of Latinos who do not own a home plan to buy within the next five years.¹¹⁶ To reach these individuals, companies need to hire Latinos, advertise in-culture, and create products based on Latino nuances.

OPPORTUNITY #2: REFORMING LAND USE AND ZONING POLICIES TO ALLEVIATE LOW HOUSING INVENTORY

While many Latinos may be mortgage ready, the housing inventory crisis has created an opportunity cost in the market. There is simply not enough housing stock to meet demand. In an effort to solve the housing crisis, a need for "missing middle housing" has become increasingly urgent. Missing middle housing is defined as "a range of multi-unit or clustered housing types—compatible in scale with detached single-family homes—that help meet the growing demand for walkable urban living."¹¹⁷ In other words, middle housing complexes provide more density than single-family units, but they are not quite as large as multi-family apartment complexes, with 2 to 8 unit structures around 2 stories in height.¹¹⁸ In the vast

DID YOU KNOW?

Missing middle housing are developments with between 2 - 8 units per structure, around 2 stories high and with one parking space allocated per unit.

In 2019, there were



SOURCE: FREDDIE MAC

majority of the country, middle housing is illegal. In fact, a 2019 New York Times analysis found that upwards of 75 percent of residential neighborhoods in the country are zoned for single-family housing only.¹¹⁹

OPPORTUNITY #3: IMMIGRATION REFORM CAN IMPROVE HOUSING SUPPLY AND ECONOMIC GROWTH

While the U.S. labor force is aging, the U.S. workforce is being sustained by Latinos and foreign-born workers. 78 percent of the foreign-born population is of working age, between the ages of 18 and 64, compared to only 59 percent of the native-born population.¹²⁰ This means that foreign-born workers are 32 percent more likely to be of working age than native-born workers.

The aging labor force has led to a decline in the U.S. labor force participation rates since the year 2000. The United States Bureau of Labor Statistics projects that the national labor force participation rate will continue to decline to 61.2 percent by 2028.¹²¹

THE ECONOMIC CASE FOR IMMIGRATION REFORM

Undocumented workers contribute \$1 trillion to the country's GDP, generate \$190 billion in government revenue, and support nearly 20 million jobs. Granting a pathway to citizenship for undocumented workers would create an additional \$1.5 trillion in GDP and \$367 billion in tax revenues over ten years.¹²² Expanding immigration also can help support the long-term solvency of Social Security. For every 100,000 additional immigrants added to the workforce, the long-range actuarial balance^d of Social Security improves by .08 percent of taxable payroll.¹²³

Front-line workers are disproportionately composed of foreign-born workers. At a total of six million, the foreign-born make up 19 percent of frontline workers and 17 percent of the total workforce.¹²⁴ The proportion is even higher for the undocumented, with as much as 82 percent of undocumented workers serving in essential roles.¹²⁵



SOURCE: UCLA NORTH AMERICAN
INTEGRATION AND DEVELOPMENT CENTER
& U.S. CENSUS BUREAU

^cFreddie Mac and NAHREP define "Mortgage Ready" as non-mortgage owners of ages 45 and younger in 2021, who have credit characteristics to potentially qualify for a mortgage. Mortgage ready: Vantage ≥ 661 , DTI ≤ 25 , no foreclosures in 84 months, no bankruptcies in 84 months, no severe delinquencies in 12 months.

^dActuarial balance is defined as the difference between future Social Security obligations and the current income rate of the Social Security Trust Fund.

SECTION 5: Insights from Top Real Estate Professionals

"Helping the Gonzalez family purchase their condo during COVID-19 is a highlight. This family of seven lived in a rental on the father's single-income with the stay-at-home mother taking care of 5 children. The serious lack of inventory in one of California's most competitively priced areas and an over-heating housing market required us to move fast. We were able to help them buy a condo in a price range they could afford."

"All the good things in life, bad things, struggles, successes and everything in between are brought back into the Latino Home and discussed, buried or dissected. The home is the center of the world for this community and they will always fight to claim their right to it."

"although the COVID-19 Pandemic has had a big impact on many aspects of our lives, I see younger applicants who want to become homeowners or help their parents to obtain a home, especially those with DACA status that are now contributing to their household income."

In order to fully capture the moment of Latinos coming into the "age of homeownership," the real estate industry must commit to investing in the Latino market. That means hiring Latinos to both top leadership positions and across the organizational structure. Today the number of Latinos in the real estate sales market is growing. In 2020, over 150,000 real estate brokers and sales agents (14.5 percent) in the U.S. identified as Hispanic, up 36 percent from 2019.¹²⁶ It will be critical for the mortgage market to follow suit in order to support the growing demand from Latino homebuyers.

The following mortgage companies have reached the most Hispanic consumers, both in terms of highest production and rate of loans extended to Latino consumers in relation to their overall portfolio.

MOST ORIGINATIONS MADE TO LATINOS

1. UNITED WHOLESALE MORTGAGE, LLC
2. CALIBER HOME LOANS
3. FAIRWAY INDEPENDENT MORTGAGE CORPORATION
4. LOANDEPOT.COM, LLC
5. WELLS FARGO BANK
6. QUICKEN LOANS, LLC
7. DHI MORTGAGE COMPANY, LTD.
8. CROSSCOUNTRY MORTGAGE, LLC
9. GUILD MORTGAGE COMPANY
10. GUARANTEED RATE, INC.

HIGHEST RATE OF LATINO ORIGINATIONS

1. BANCO POPULAR
2. FIRSTBANK OF PUERTO RICO
3. TEXAS BANK FINANCIAL
4. FIRST EQUITY MORTGAGE BANKERS, INC.
5. FIRST NATIONAL BANK OF AMERICA
6. TOWN SQUARE MORTGAGE & INVESTMENTS
7. ALTERRA HOME LOANS
8. GOLDEN EMPIRE MORTGAGE, INC.
9. GUILD MORTGAGE COMPANY
10. OCMBC, INC.

SOURCE: 2020 HMDA DATA

WE ASKED REPRESENTATIVES FROM 6 OF THE COMPANIES

LISTED TO SHARE SOME PERSPECTIVES
ON SERVING THE LATINO DEMOGRAPHIC.

HERE IS WHAT THEY HAD TO SAY:

5 OUT OF 6

OFFER INDIVIDUAL
TAXPAYER IDENTIFICATION
NUMBER (ITIN LOANS).

5 OUT OF 6

HAVE SPECIAL LOAN
PRODUCTS SPECIFICALLY
RELEVANT TO LATINOS.

5 OUT OF 6

HIRE LATINO LOAN
PROCESSORS AND
UNDERWRITERS.

6 OUT OF 6

CREATE MARKETING
MATERIALS IN SPANISH.

5 OUT OF 6

HAVE LATINOS IN TOP
LEADERSHIP POSITIONS
(SVP OR HIGHER).

6 OUT OF 6

HAVE PHYSICAL OFFICES IN
LATINO NEIGHBORHOODS.

PRODUCTS MATTER

On average, Latinos tend to have lower down payments and are concentrated in higher cost markets than the general population. Latino families are also more likely to live in multigenerational households and manage their finances differently than the general population. Having loan products that meet the particular needs of Latino households is critical.

Most companies surveyed have products designed to meet these needs, making it easier for real estate agents who work with Latino borrowers to work with these lenders. Some of these products offer more flexibility with income limits and less restrictive down payments, and they utilize down payment assistance and grant

programs for borrowers when needed. While many Latino borrowers are no different from the general population, having these options is a selling point for many real estate agents who work with a wide variety of buyers. Allowing borrowers to qualify using Individual Taxpayer Identification Numbers (ITIN) and non-traditional credit documentation is also a game changer for the millions of mixed-status Latino families.

COMPANIES WITH LATINOS IN MANAGEMENT, OPERATIONS, AND SALES HAVE HIGHER LATINO MARKET SHARE

Buying a home is often the largest and most overwhelming financial transaction families engage in during their lifetime. Adding in experience, language, and cultural barriers makes the process even more challenging. The top producers surveyed noted that having Spanish speaking underwriters and processors allowed the clients to ask questions throughout the process and understand nuances that would be lost otherwise.

"My team's processor, for example, is a Latina with 20+ years processing experience, who "grew up" in our industry with her dad being a Latino Realtor in the Inland Empire. She understands the dynamics of multigenerational households, as well as families joining together to purchase their first home (two households under one roof). She also has an understanding of cash deposits that derive from stashing "cash at home" and from undocumented employment to bring in extra cash. I don't have to try to "sell" her or my underwriters on why my first time homebuyer older Latino couple made the decision to save \$20,000 in cash at home over the last 8 years due to a mistrust of the banking system from past experiences from their homeland—they just "get it". "

It proves invaluable for underwriters and processors to have a deep understanding of Latino culture and its role in the home buying and qualification process. Often Latino families will be multigenerational, with two households sharing one home. Understanding the flow of how Latinos manage their finances can be helpful during underwriting situations that might seem confusing otherwise.

At the executive level, having a leadership team that understands these nuances ensures that the entire company is up to date on best practices and that serving the Latino market remains a priority.

SPANISH LANGUAGE MARKETING REMAINS AN IMPORTANT TOOL

Not only do top producing companies offer marketing in Spanish for the consumer, but many of them also offer Spanish language presentations geared toward real estate agents. Top companies utilize a multitude of platforms, including Spanish language radio marketing, knowing that Latinos are the most likely demographic to listen to the radio.¹²⁷ What might be most important is the pride these companies take both in their materials and in ensuring that the guidance offered in English is also offered in Spanish.

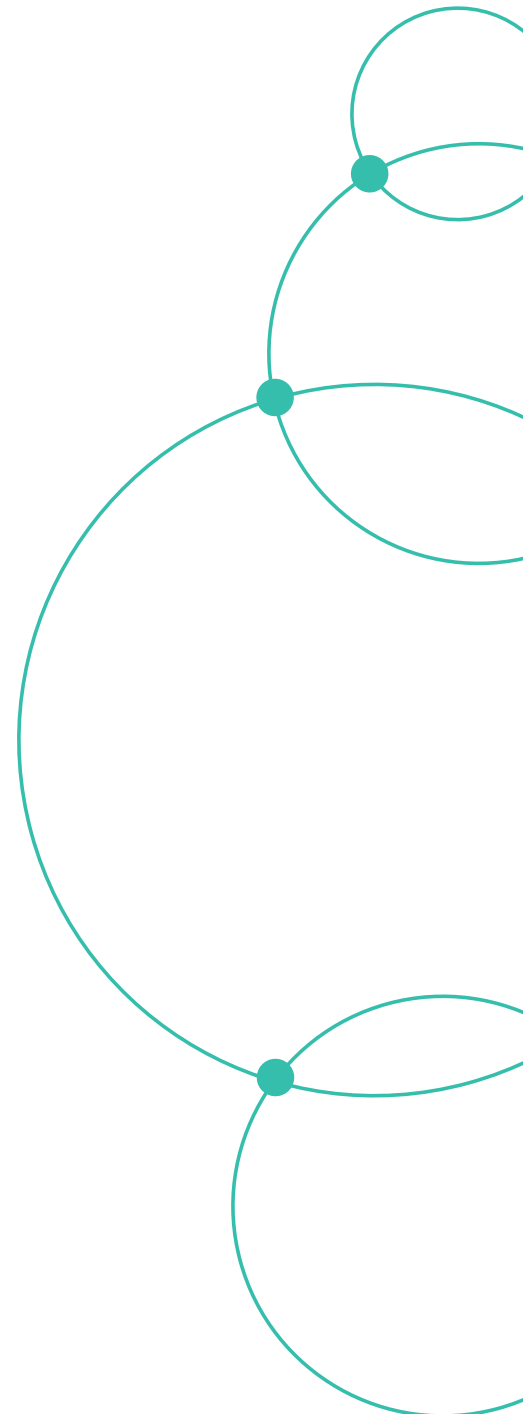
While most mortgage disclosure documents are not offered in-language for Spanish speakers, top producing companies either ensure that their staff is fully bilingual or that translators are on staff, ready to translate documents and answer questions when needed.

"I use a unique software to create a cost of waiting analysis or a rent vs own analysis to share with clients. These tools can help educate our potential homebuyers. In my opinion, not enough lenders are utilizing technology to its potential. We have had a tremendous amount of success using these tools. These tools can also be translated into Spanish so consumers can easily understand what their down payment, monthly payments, and cash to close options are."

PHYSICAL PRESENCE IN LATINO NEIGHBORHOODS MAKES A DIFFERENCE

Real estate industry is all about who you know. First-time homebuyers often rely on their network, including close friends or family, to guide them through the home buying process. Simply having physical office locations in predominantly Latino neighborhoods will make it easier to hire and serve more Latinos. It's that simple.

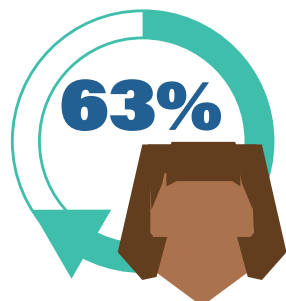
These top producing companies underscore the importance of being present in communities around the country where Latinos live, whether that means having a large office space, satellite branches, or even partnering with existing real estate offices.



2020 LATINO BUYERS SURVEY

NAHREP TOP PRODUCER SURVEY RESULTS¹

LATINO REAL ESTATE AGENTS PREDOMINANTLY SERVE LATINO CLIENTS



OF RESPONDENTS SAID
MORE THAN HALF
OF THEIR BUYER TRANSACTIONS IN
2020 WERE MADE TO LATINOS

SPANISH LANGUAGE REMAINS DOMINANT IN LATINO PURCHASE TRANSACTIONS²

40%

OF RESPONDENTS SAID AT
LEAST HALF OF
THEIR BUYER TRANSACTIONS
WERE CONDUCTED ENTIRELY
IN SPANISH



A PREVALENCE OF FIRST-TIME HOME BUYERS

NEARLY HALF

47.6%

OF RESPONDENTS WHO SOLD
TO LATINOS IN 2020 SAID THAT
ALMOST ALL OR MOST OF THEIR
LATINO CLIENTS WERE

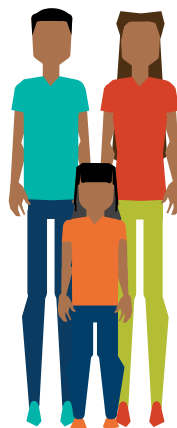
**FIRST-TIME
HOMEBUYERS**



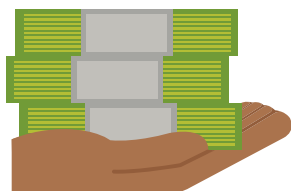
BUYING A HOME IS A FAMILY AFFAIR

43.7%

OF RESPONDENTS INDICATED THAT
AT LEAST ONE QUARTER
OF THEIR LATINO HOMEBUYERS HAD
MORE THAN 2 BORROWERS ON THE LOAN



UTILIZATION OF DOWN PAYMENT ASSISTANCE PROGRAMS REMAINS LOW



63%

OF RESPONDENTS INDICATED THAT
LESS THAN 10%
OF THEIR LATINO HOMEBUYERS
USED DPA IN 2020

STATES WITH THE HIGHEST INBOUND LATINO MIGRATION

TEXAS, FLORIDA AND CONNECTICUT



¹NAHREP surveyed 743 top producing Latino real estate agents in 41 states, plus Washington D.C. and Puerto Rico with a combined 19,955 purchase transactions in 2020. Survey respondents answered questions based on their Latino purchase/buyer transactions that took place in 2020. Survey was administered online between March 3-20, 2021.

²Responses from Puerto Rico removed from this calculation due to predominance of Spanish speakers in the region.

2020 LATINO BUYERS SURVEY

NAHREP TOP PRODUCER SURVEY RESULTS¹

BIGGEST BARRIERS TO HOMEOWNERSHIP UNCHANGED FOR THE SECOND YEAR IN A ROW

- 
1. TOO FEW HOMES FOR SALE IN CLIENT'S PRICE RANGE
 2. LACK OF SUFFICIENT SAVINGS FOR DOWN PAYMENT
 3. CREDIT ISSUES

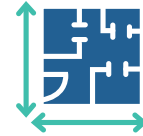


RANKING LATINO HOME PREFERENCES

1. PRICE



2. SIZE OF HOME



3. PROXIMITY TO EMPLOYMENT



LATINO REAL ESTATE AGENTS ARE LIKELY TO
OWN TO AN INVESTMENT PROPERTY

ALMOST HALF
OF RESPONDENTS OWN
AN INVESTMENT PROPERTY



40.1%

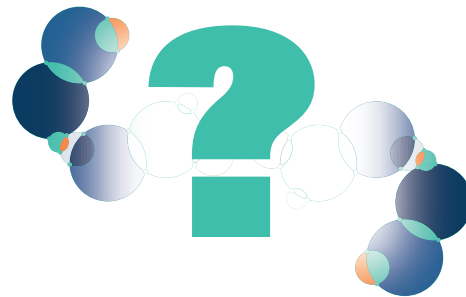
OF LANDLORD RESPONDENTS
FEEL UNCONFIDENT ABOUT HOW
TO APPLY TO THE EMERGENCY
RENTAL ASSISTANCE PROGRAM

LATINO REAL ESTATE AGENTS ARE UNSURE
ABOUT COVID-19 RECOVERY TIMING

WHEN ASKED WHEN THINGS WOULD RETURN TO NORMAL,

63.8%

OF RESPONDENTS ANSWERED UNSURE OR IN AT LEAST A
YEAR (FEB 2022), THE LATEST TIMING OPTION GIVEN



METHODOLOGY

743
RESPONDENTS



SURVEY CONDUCTED
ONLINE



41
STATES



PUERTO RICO



WASHINGTON D.C.



19,955
PURCHASE
TRANSACTIONS IN 2020



END NOTES

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¹¹ Calculation made in partnership with realtor.com® using derived annual listings and sales figures.

¹² U.S. Census Bureau. (2021, February 2). *Quarterly Residential Vacancies and Homeownership. Release Number: CB21-15*. Retrieved from <https://www.census.gov/housing/hvs/files/currenthvspress.pdf>.

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¹⁵ Calculations made in partnership with Urban Institute using 2018 HMDA data and ACS data.

¹⁶ Mortgage Bankers Association. (2021, March 9). *Mortgage Credit Availability Index*. Available from <https://www.mba.org/news-research-and-resources/research-and-economics/single-family-research/mortgage-credit-availability-index>.

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²⁶ NAHREP calculations using Home Mortgage Disclosure Act (HMDA) data for home purchases between 2019 and 2020 in HMDA Vision®.

²⁷ Dubay, L., Aarons, J., Brown, S., and Kenney, G.M. (2020, December). Urban Institute. *"How Risk of Exposure to the Coronavirus at Work Varies by Race and Ethnicity and How to Protect the Health and Well-Being of Workers and Their Families."* Retrieved from <https://www.urban.org/research/publication/how-risk-exposure-coronavirus-work-varies-race-and-ethnicity-and-how-protect-health-and-well-being-workers-and-their-families>.

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³¹ National Association of Realtors. (2021, March 22). *Existing Home Sales*. Available from <https://www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales>.

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³⁴ Goodman, L., and Zhu, J. (2021, January). Urban Institute. *"The Future of Headship and Homeownership."* Retrieved from https://www.urban.org/sites/default/files/publication/103501/the-future-of-headship-and-homeownership_0.pdf.

³⁵ U.S. Census Bureau. (2021, February 2). *Current Population Survey/Housing Vacancy Survey*.

³⁶ U.S. Census Bureau. (2021, February 2). *Current Population Survey/Housing Vacancy Survey*.

- ³⁷ Goodman, L., and Zhu, J. (2021, January). Urban Institute. "The Future of Headship and Homeownership." Retrieved from https://www.urban.org/sites/default/files/publication/103501/the-future-of-headship-and-homeownership_0.pdf.
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2021 NAHREP NATIONAL POLICY PRIORITIES

The National Association of Hispanic Real Estate Professionals' (NAHREP) 2021 policy priorities revolve around a common purpose: to advance sustainable Hispanic homeownership as a means to build wealth. As the largest Latino business organization in the country, with a network of over **40,000 members** and **100+ chapters**, NAHREP represents not only the real estate professionals at the point of sale driving up Hispanic homeownership rates, but also the growing number of prospective Hispanic homeowners who require adequate housing stock, affordable lending products, and fair immigration policies to continue to contribute to the U.S. economy through homeownership.

NAHREP firmly believes 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



PANDEMIC RECOVERY



A LOOK AT NAHREP ADVOCACY IN 2020



HOUSING INVENTORY

While some states and localities began introducing legislation to address zoning reform, no sweeping legislation to address housing inventory, zoning reform or housing production was passed in 2020.



ACCESS TO CREDIT

NAHREP welcomed the CFPB's release of the final Qualified Mortgage (QM) rule in 2020 that moved away from only utilizing debt-to-income ratios to determine QM, in favor of a pricing model while doing away with Appendix Q (the part of the regulation that made it difficult for the self-employed to get loans). Unfortunately, that final rule is now being reconsidered.

Additionally, 2020 was a tough year for credit access as lenders issued additional credit requirements on top of existing underwriting standards.



IMMIGRATION

Not only did the U.S. fail to pass any immigration legislation or initiatives during 2020, but in response to the pandemic nearly all new immigrant visas were halted.

However, the Federal Housing Administration (FHA) announced in early January 2021 that DACA recipients would once again be eligible for FHA loans.



COVID RELIEF

NAHREP advocacy for COVID-19 relief took center stage in 2020 with some key wins:

- Paycheck Protection Program (PPP) inclusive of self-employed and non-W2 workers
- Emergency Rental Assistance to help struggling renters and landlords
- Forbearance options for existing homeowners
- Real estate deemed essential through shutdowns

1. CHAMPION HOUSING PRODUCTION- ADDRESS THE NATIONAL HOUSING INVENTORY CRISIS

BACKGROUND

The number one barrier to advancing sustainable Hispanic homeownership continues to be the lack of affordable homes for sale, with housing inventory reaching new lows in 2020. Homeowner vacancy rates dropped for the 7th consecutive year to a new record low, and the median listing prices are up by 7.2 percent nationally. Steep pricing and competition among multiple buyers are making homeownership out of reach for many would-be Latino first-time homeowners. Today, there are nearly 8.3 million Latinos who are not homeowners with the credit characteristics to qualify for a mortgage, but the lack of affordable housing inventory remains an overwhelming hurdle.

OVERALL STRATEGY

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

FEDERAL STRATEGY

HOUSING IS INFRASTRUCTURE

- Pass The American Jobs Plan and ensure that housing is included as a critical component of any national infrastructure package.

TACKLE THE NATION'S CONSTRUCTION LABOR SHORTAGE

- Pass Comprehensive Immigration Reform (CIR) with the recognition that the current labor shortage in the U.S. is stifling business growth, particularly in the housing industry. Urge for CIR to include a temporary visa category that allows employers to petition foreign workers to fill the labor shortage in the construction industry, and provide these workers with a path toward legalization.

REFORM LAND USE AND ZONING LAWS TO SPUR WORKFORCE HOUSING

- Tie federal transportation funds to how well cities incorporate inclusionary zoning policies, and ease land-use regulations that prohibit new residential construction.
- Require that transit-based development plans 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.

PASS THE FOLLOWING FEDERAL BILLS THAT ADDRESS HOUSING INVENTORY:

- **Housing Supply and Affordability Act** to authorize a grant program for the development and implementation of housing supply and affordability plans.
- **The Neighborhood Investment Act** to allow federal tax credits for the purpose of neighborhood revitalization, and allow existing homeowners to stay in their homes.
- **Yes in My Backyard (YIMBY) Act** to encourage localities to advance policies that eliminate exclusionary zoning and artificial barriers to housing production.
- **Build More Housing Near Transit Act** to encourage coordination between transit agencies and local governments to align transportation investment with land use and zoning policy, enabling more housing in transit-served areas.

STATE AND LOCAL STRATEGY

CHAMPION STATEWIDE ZONING AND LAND-USE REFORM

- Incentivize building housing 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 do not require being part of a homeowners' association.
- Provide tax breaks for new home construction and avoid subjecting housing approvals to discretionary processes.
- Rezone commercially zoned properties for housing and mix use.
- Lower the barriers for cities and municipalities to pass zoning reform and permit land use.
- Repurpose unused buildings for housing.

2. FOSTER A LENDING ENVIRONMENT CONDUCTIVE TO THE GROWING SHARE OF LATINO HOMEBUYERS

BACKGROUND

Over the next 20 years, 70 percent of all new homeowners will be Latino, carrying the weight of U.S. homeownership growth. In order to accommodate the future generation of Latino buyers, we must prioritize a lending environment that meets the needs of Latinos. Latinos have a median household income of \$55,658, purchase a home with a median down payment of 3.5 percent, and tend to have higher debt-to-income ratios than the general population. It is imperative that lending policies and programs take into consideration the profile of the Hispanic borrower in order to best serve the largest subset of the future housing market.

THE STRATEGY

Tackle federal policies that make lending more difficult and more expensive for Latino borrowers, and support policies that help first-time homebuyers qualify for a loan.

THE CFPB'S QUALIFIED MORTGAGE (QM) DEFINITION MUST EXPAND ACCESS TO CREDIT

- Last year, NAHREP joined a broad coalition of lenders, trade associations, and consumer and civil rights groups to present an alternative to the current determination of Qualified Mortgage. NAHREP urged the CFPB to move away from using debt-to-income ratio as the sole determinant of QM and instead to use a pricing limit (interest rates). The CFPB incorporated most of our proposal into its final rule last year. However, the CFPB is re-opening discussion on the rule, putting the policy at risk. NAHREP urges the adoption of the 2020 final rule, as we consider it to be a critical strategy toward achieving 50 percent Hispanic homeownership by 2024.

REVERSE THE CHANGES MADE TO THE PREFERRED STOCK PURCHASE AGREEMENTS

- The changes made in January 2021 to the Preferred Stock Purchase Agreements, which restrict both the volume of "high risk" loans Fannie and Freddie can purchase, as well as the volume of second homes and investor properties, will disproportionately impact Latino families. As Latinos are more likely to be in the "high risk loans" category than the general population, and are 25 percent more likely to own an investment property than non-Hispanic Whites, these changes are set to reduce the Latino community's ability to build wealth through investment property ownership.

DOWN PAYMENT ASSISTANCE FOR FIRST GENERATION HOMEBUYERS

- Pass the Downpayment Toward Equity Act of 2021 to create a \$20,000 down payment assistance (DPA) program geared toward first-generation, first-time homebuyers whose income is within 120 percent of the Area Median Income (AMI) or 180 percent in high cost markets, as defined by the Federal Housing Administration.

DEFEND THE PRINCIPLES OF THE COMMUNITY REINVESTMENT ACT (CRA)

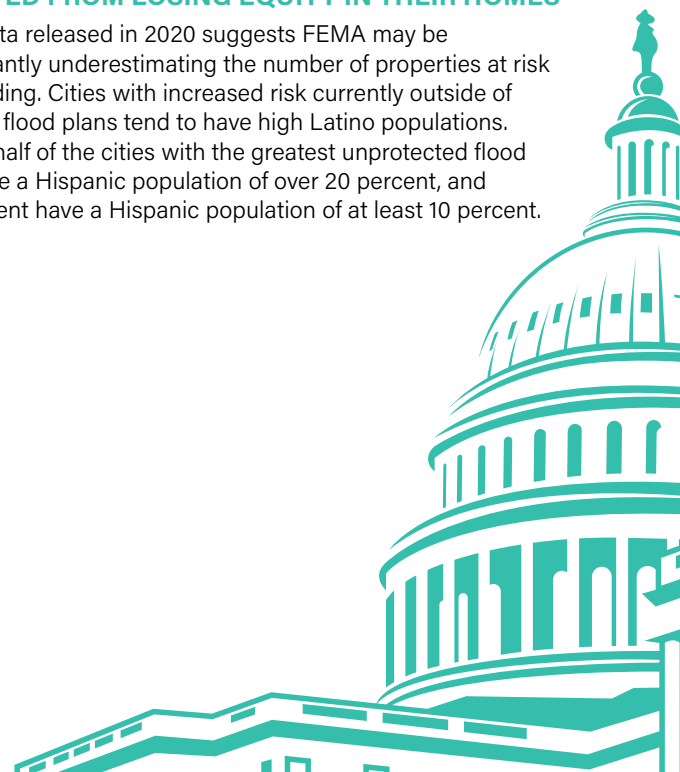
- Urge the Office of the Comptroller (OCC) and the Federal Deposit Insurance Corp (FDIC) to move away from issuing a single metric to determine CRA, particularly one that does not distinguish between homeownership, rentals, and commercial property. A reliance on a single ratio of CRA performance could disincentive lending to low- to moderate-income families and first-time homebuyers.

REDUCE OR ELIMINATE LOAN LEVEL PRICE ADJUSTMENTS

- Reduce or eliminate Loan Level Price Adjustments for loans that are covered by private mortgage insurance. LLPAs issue an undue burden on communities of color in a rising interest rate environment.

UPDATE FEMA 100-YEAR FLOOD PLAN MAPS TO ENSURE THAT LATINOS IN FLOOD-RISK AREAS ARE PROTECTED FROM LOSING EQUITY IN THEIR HOMES

- New data released in 2020 suggests FEMA may be significantly underestimating the number of properties at risk for flooding. Cities with increased risk currently outside of FEMA's flood plans tend to have high Latino populations. Nearly half of the cities with the greatest unprotected flood risk have a Hispanic population of over 20 percent, and 73 percent have a Hispanic population of at least 10 percent.



3. SECURE U.S. ECONOMIC GROWTH BY PASSING COMPREHENSIVE IMMIGRATION REFORM

BACKGROUND

Immigrants are at the core of America's economic engine, making up a significant portion of our labor force and contributing billions of dollars to the American economy every year. During the COVID-19 pandemic, millions of immigrants served as essential workers, keeping our nation's infrastructure operational, ensuring the continuous flow of our food supply, and fighting the Coronavirus head-on as front-line medical workers.

In the housing industry, immigrants play a critical role, making up 24 percent of the construction labor force. The professions where the labor shortage is most acute are comprised primarily of immigrants. The U.S. Bureau of Labor Statistics projects the national labor force participation rate will continue to decline over the next decade as the U.S. labor force ages. The immigrant labor force supply is what keeps our workforce solvent. In order to ensure continued economic growth, we will need more immigration, not less.

THE STRATEGY

Focus on passing the following federal legislation that provide a path to citizenship for undocumented workers, Temporary Protected Status (TPS) holders and Deferred Action for Childhood Arrivals (DACA).

PASS U.S. CITIZENSHIP ACT OF 2021

- Pass U.S. Citizenship Act of 2021 in order to provide temporary legal status and a path to citizenship for the 11 million undocumented workers currently living in the U.S., and provide DREAMers, TPS holders, and immigrant farmworkers permanent residency. Passing this legislation would not only address the construction labor shortage, but would also benefit all workers by increasing productivity, creating new jobs, raising workers' wages, and reducing the deficit.

PASS AMERICAN DREAM AND PROMISE ACT

- On March 18th, 2021, the House of Representatives passed the American Dream and Promise Act in a bipartisan fashion. We urge the Senate to pass its companion bill. Passing this legislation would immediately protect the more than 300,000 essential workers that are either DACA recipients or TPS holders who have ensured the health and function of our country throughout the pandemic.

4. ENSURE EQUITABLE RECOVERY FROM PANDEMIC. FROM SURVIVING TO THRIVING

BACKGROUND

Latinos have been disproportionately hit by the pandemic. Latinos were more than twice as likely as their non-Hispanic White counterparts to be laid off from their jobs and less likely to be able to work from home. Latinos were three times more likely to contract COVID-19, and six more likely to die from COVID among those under the age of 55. At the same time, Latinos were less likely to have health insurance and more likely to be employed in industry sectors considered essential.

As Latinos are projected to account for the majority of homeownership and labor force growth over the next two decades, the future of the American economy will be intricately tied to the economic success of Latino families. It is therefore essential that Latinos receive the support needed to go from surviving to thriving.

THE STRATEGY

Ensure that Latinos receive the support necessary to get back on their feet quickly so that they can continue contributing to the nation's economic revitalization.

ACTIVELY PARTICIPATE IN DISCUSSIONS AND ACTIONS TO ENSURE THE FOLLOWING:

- Protect existing homeowners by ensuring a smooth transition out of forbearance in order to prevent an avalanche of foreclosures.
- Ensure equitable distribution of the Emergency Rental Assistance Program in order to protect both small landlords and renters.
- Continue to support Latino small businesses and self-employed borrowers to prevent any further business closures.



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