

**2021 STATE OF  
HISPANIC**  
HOMEOWNERSHIP REPORT

## **NAHREP LEADERSHIP**

Gary Acosta, Co-Founder & CEO, NAHREP

Luis Padilla, 2022 President, NAHREP

Nuria Rivera, 2022 President-elect, NAHREP

## **AUTHORS & CONTRIBUTORS**

Noerena Limón, EVP, Public Policy & Industry Relations, NAHREP

Jaimie Smeraski, Senior Policy Analyst, NAHREP

Julie Aguilar, Senior Policy and Research Analyst, NAHREP

Dustin Robinson, Policy Programs Coordinator, NAHREP

Angel Aguilar, Public Policy Intern, NAHREP

Josue Andrade Rivera, Public Policy Intern, NAHREP

## **RESEARCH PARTNERS**

CoreLogic

Freddie Mac

National Association of Home Builders

Polygon Research

realtor.com®

Up for Growth

## **DESIGN & GRAPHICS**

Edgar Andres Zorrilla, Report Cover Artist

Lead Designer: Tyler McElmurry, Graphic Designer, NAHREP

Shelby Buska, Graphic Designer, NAHREP

Meghan Lucero, Senior Marketing Manager, NAHREP

## **THANK YOU**

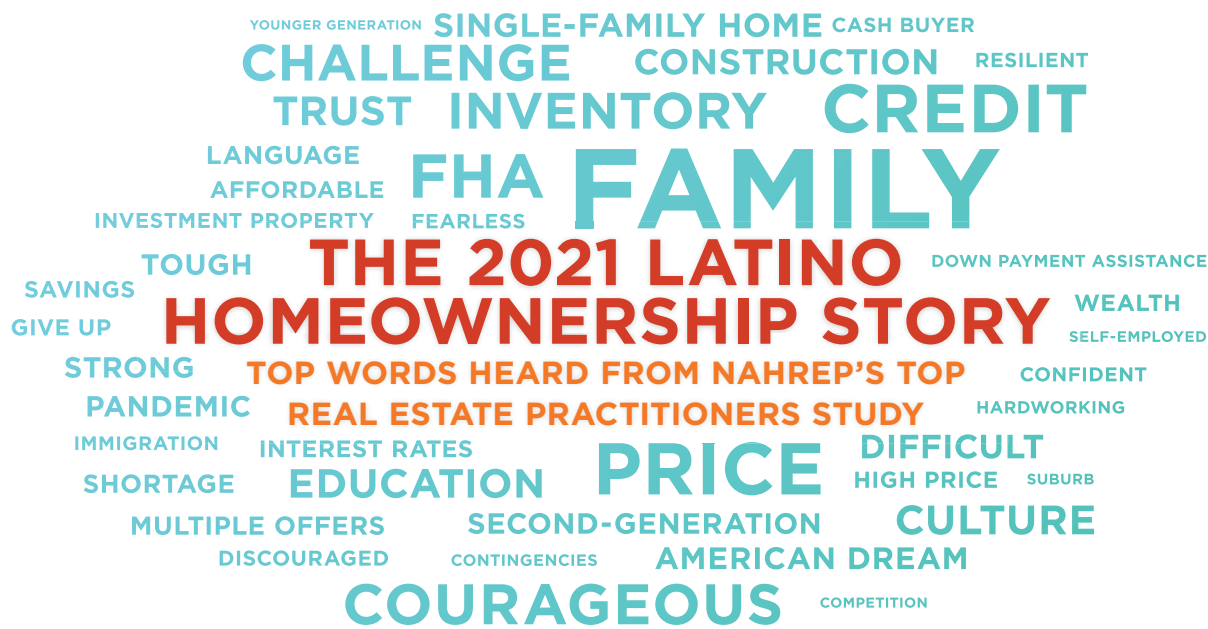
Our deepest gratitude to all who contributed  
to the production of this report.



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™.





## 2021 TOP REAL ESTATE PRACTITIONER STUDY AMBASSADORS

Nora Aguirre, Nora Aguirre Team with Century 21 Americana, Las Vegas, NV

Lizbeth Alarcon, RE/MAX Vivid Realty, Fairfield, CA

Daniel Barraza, My Home Group, Phoenix, AZ

Artemisa Boston, Realty Group, Inc., Coon Rapids/Greater Minneapolis, MN

Joe Castillo, RE/MAX Mi Casa, Chicago, IL

Christian Cobo, Better Homes and Gardens Real Estate Elite, Cranford/NYC Metro, NJ

Jemima Crosby, Coldwell Banker Realty, Kennewick, WA

Marjorie DeJesus, Coldwell Banker Realty, Wyomissing, PA

Elmer Diaz, Cowan Realty, Mechanicsville, VA

Mercedes Dockery, eXp Realty, LLC, Charlotte, NC

Arturo Flores, Success Realty Partners, Woodstock, IL

Sandra Flores, United Realty Group, Las Vegas, NV

Jeff Galindo, New Door Residential, Las Vegas, NV

Anthony Gibson, Austin Properties Group with Keller Williams Realty, Austin, TX

Oralia Herrera, Century 21 T.K. Realty Inc., Addison, IL

Didier Lopez, RE/MAX One Call Realty, Framingham/Greater Boston, MA

Ruben Luna, A.Z. & Associates Real Estate Group, Glendale/Greater Phoenix, AZ

Mario Mariscal, Excellence RE Real Estate, Whittier/Greater Los Angeles, CA

Gino Montalvo, Mirabal Montalvo & Associates, Corpus Christi, TX

Raul Pulido, RE/MAX Preferred Group, West Chester, OH

Hector Rubio, Rubio Real Estate and Property Management, LLC, Grand Island, NE

Teresa Santana, The Santana Group at Compass Florida, LLC, West Broward, FL

Diana Sifuentes, Berkshire Hathaway HomeServices A Action, Mesquite, TX

Neily Soto, Century 21 North East, Lawrence, MA

Marcus Valdez, Berkshire Hathaway HomeServices Rock Mountain Realtors®, Fort Collins, CO

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# NUESTRA CASITA

Poem By Sarah Serrano-Esquilín

*we journey out into lands  
searching for homes  
as rare as gemstones  
offering what we can  
emptying our pockets  
turned away by lack of supply*

*words that sound like magic spells  
cause a rumble beneath our feet  
earth cracking open  
a gap widening between us  
and a place to call our own*

*Yet  
US  
as a people  
pull sword from stone  
build foundation that leads to bridge of hope  
teaching and sharing these words we call magic spells  
so that these hurricanes turn rainbows  
illuminating our night sky  
so that we find our way home*

---

*This is what I've dreamed about since I was little  
Not wedding dresses or fancy cars  
A sanctuary  
To call my own  
A shower that turns into waterfalls at the turn of a knob  
Bringing me back to the glory that is  
El Yunque*

*A cleansing that washes away the stress  
Life can give  
Lungs expanding from the warmth of the steam*

*You call it spa  
I call it blessing*

*House creaks as it whispers  
Her history  
And the history of what came before her  
On this rich soil  
Acknowledging the land of whom it once belonged to  
So that I too can continue to bring honor to this space*

*She is thrilled to be filled with warmth once again  
Promises to shield us from day that is too much for us to bear  
Too much rain  
Too much cold  
Too much heat  
Too much pain*

*Casita tells me there will be days that are so difficult  
that I will  
Come to her feeling broken*

*So she will open up her doors  
Welcome us with open arms  
And we will turn that brokenness into magic in the kitchen*

*Smell of abuela's cooking dancing its way to our nostrils like  
her favorite bolero*

*The warmth of a bed that hugs like the embrace of a parent  
reminding you that  
Although today was almost unbearable  
Tomorrow will be a new opportunity to begin again*

*We are the dandelions that grow from concrete  
Made to think that we are nothing more than weeds  
We do more than survive  
WE  
Thrive  
We are healing  
Generations • • •*

# REPORT METHODOLOGY

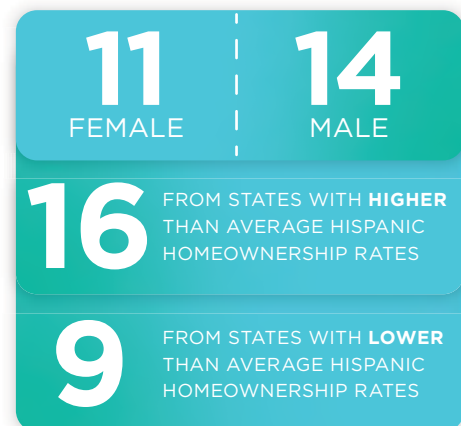
## 2021 TOP REAL ESTATE PRACTITIONER STUDY

In an effort to offer a human element to the data, NAHREP conducted its first-ever qualitative study, interviewing 25 top producing, “buyers-side” Latino<sup>a</sup> real estate practitioners who collectively helped 2,612 households become homeowners. This study seeks to better understand the nuances and trends of Latino homebuyers and the professionals helping them. This study also includes NAHREP’s annual 2021 Latino Buyers Survey.

## 2021 TOP LATINO REAL ESTATE PRACTITIONER INTERVIEWS

Interviews with 25 top Latino real estate practitioners were held from January 10 to February 11, 2022. Candidates were selected from the NAHREP 2021 Top 250 Latino Agents Award publication and were considered based on the number of transactions to home buying clients (as opposed to listing agents). The sample considers the participant’s gender, broker status, business ownership, and location in an effort to capture Latino home buying trends from a diverse set of housing markets and backgrounds.

## BREAKDOWN OF PRACTITIONERS INTERVIEWED:



## PRACTITIONER REGIONS:



COMBINED BUYER TRANSACTIONS IN 2021:

2,612

## 2021 LATINO BUYERS SURVEY

NAHREP conducted its annual Latino Buyers Survey between February 10 and February 28, 2022, to gauge Latino homebuying trends from top producing Latino real estate agents across the country. The survey was administered online and received 620 responses from agents in 39 states, including Puerto Rico. These agents answered survey questions based on their Latino buyer transactions in 2021.

## PUBLIC DATA SETS

Annually, the State of Hispanic Homeownership Report utilizes data from the U.S. Census Bureau’s American Community Survey (ACS) and Current Population Survey/Housing Vacancy Survey (CPS/HVS). Pandemic-related data collection challenges have resulted in statistical quality concerns across Census Bureau datasets as survey respondents had significantly different social, economic, and housing characteristics from prior years, resulting in nonresponse bias in the data. The Census Bureau advises caution in using 2020 data, particularly in comparison to previous years. Due to these challenges, NAHREP has chosen to omit impacted housing and demographic data collected in 2020 from its analysis.

Additional data sets utilized in this report include Home Mortgage Disclosure Act (HMDA), Decennial Census Redistricting Data, ACS Current Population Survey, 2021 Annual Social and Economic Supplement (CPS ASEC), and Bureau of Labor Statistics. Microdata analysis of the CPS/ASEC and HMDA data was conducted in partnership with Polygon Research. Additional data partners include CoreLogic, Freddie Mac, National Association of Home Builders, realtor.com®, and Up for Growth.

<sup>a</sup> For clarification, the terms “Hispanic” and “Latino” are used interchangeably throughout this document to refer to people of Mexican, Puerto Rican, Cuban, Central American, South American, Dominican, Spanish descent, and descent from other Spanish-speaking countries.

# BACKGROUND

The **2021 State of Hispanic Homeownership Report®** is in its twelfth 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 population is faring in terms of homeownership acquisition and to review the primary opportunities and barriers to future homeownership growth.

## HISPANIC HOMEOWNERSHIP: THE NUMBERS

YEAR	RATE OF HOMEOWNERSHIP (AS A 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*	—	—	—
<b>2021</b>	<b>48.4</b>	<b>8,805,000</b>	<b>+657,000*</b>

SOURCE: U.S. CENSUS BUREAU

TABLE A: Hispanic homeownership rate and total owner households from 2000 through 2021.

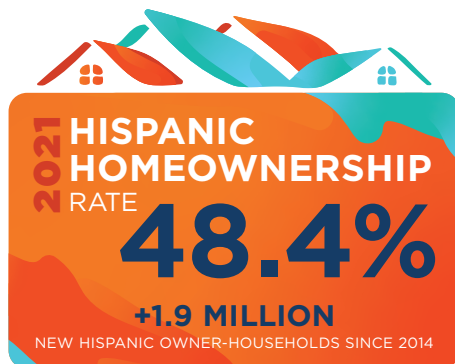
\*Data reported by the U.S. Census Bureau in 2020 was likely overestimated due to methodological changes in data collection during the peak of the pandemic, therefore NAHREP has opted to omit 2020 specific data from this calculation. The unit change in 2021 is reflective of the two-year increase between 2019 and 2021.



# EXECUTIVE SUMMARY

## STEADY HOMEOWNERSHIP RATE INCREASE

In 2021, the Hispanic homeownership rate increased to 48.4 percent, up from 47.5 in 2019, an increase consistent with the trendline over the last seven years. Latinos added a total of 657,000 owner households between 2019 and 2021. Since 2014, the first year of positive homeownership growth following the Great Recession, Latinos have added a net total of 1.9 million owner households.<sup>1</sup>



SOURCE: U.S. CENSUS BUREAU

## LATINOS ACCOUNTED FOR A LOWER SHARE OF GROWTH

In a sharp reversal of trends, the non-Hispanic White population accounted for over half (55.1 percent) of homeownership growth and 41.5 percent of household formation growth since 2017. While Latinos accounted for the lion's share of homeownership and household formation growth in the earlier part of the decade, Latinos accounted for just 20.6 percent of homeownership growth and 29.2 percent of household formation growth respectively during that same period.<sup>2</sup> Speculatively, the unexpected boom in non-Hispanic White household formations since 2017 (2.7 million) resulted primarily from Millennials who formed

"I'm glad that the homeownership rate increased, but it took an incredible amount of work and commitment from the professionals to get them to closing. It was not easy to get those offers accepted. Every single one of these new homeowners in the data had to go through a lot of hoops just to get to the finish line and get their keys."

**Nora Aguirre,**  
 Nora Aguirre Team with  
 Century 21 Americana,  
 Las Vegas, NV

households at a slower rate when compared to previous generations and who relied on generational wealth. These individuals were able to take advantage of record-low interest rates and enter the homeownership market. However, given demographic tailwinds in favor of Latinos, this trend is not predicted to continue.

## HOSTILE MARKET FOR FIRST-TIME HOMEBUYERS USING LOW DOWN PAYMENT PRODUCTS

While Latinos are twice as likely to use Federal Housing Administration (FHA) to finance their homes than their non-Hispanic White counterparts, 85 percent of survey participants in NAHREP's 2021 Top Real Estate Practitioners Study indicated that their FHA borrowers faced competitive disadvantages, 44 percent worked with their clients to switch them to conventional financing, and 17 percent reported that their FHA borrowers gave up on their home searches completely

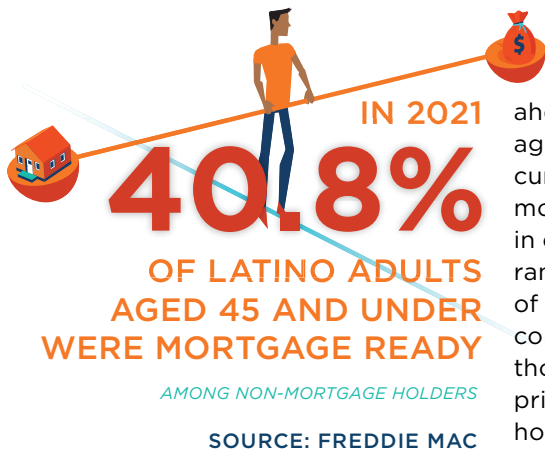
and continued renting. Accordingly, mortgage data indicates that Latinos experienced a 19.1 percent home purchase denial rate for conventional loans and were 81 percent more likely to be denied than their non-Latino counterparts.<sup>3</sup>

## DISPROPORTIONATELY IMPACTED BY LOW HOUSING INVENTORY

Latinos are concentrated in areas experiencing the most severe housing inventory and affordability challenges in the country. Arizona (28.6 percent) and Florida (25.6 percent) experienced the highest home price appreciation in 2021, pricing out many would-be first-time homebuyers.<sup>4</sup> These two states are home to 12.7 percent of the Latino population.<sup>5</sup> In the 10 most populous Latino markets, housing underproduction significantly worsened from 2012 to 2019, with Texas and Florida, two states that house more than a quarter (27.6 percent) of the Latino population exhibiting the steepest increases.<sup>6</sup> Additionally, like much of the country, Latino would-be homebuyers are losing a significant proportion of housing

"With the clients I was working with on the Hispanic side, it was challenging across the board because the entry price point was moving so quickly and demand was pushing the prices so much over the list price where it was all about who had more cash. On average, it probably took 6 to 10 offers to finally get to a closing."

**Anthony Gibson,** Austin  
 Properties Group with  
 Keller Williams Realty,  
 Austin, TX



stock to institutional investors. In Q3 of 2021, at least 23 percent of properties were purchased by investors in each of the top 20 most populous Latino markets. Among these, several markets experienced investors purchase shares as high as 38 to 39 percent.<sup>7</sup>

### LOWER-COST MARKETS OFFER GREATER OPPORTUNITIES FOR GROWTH

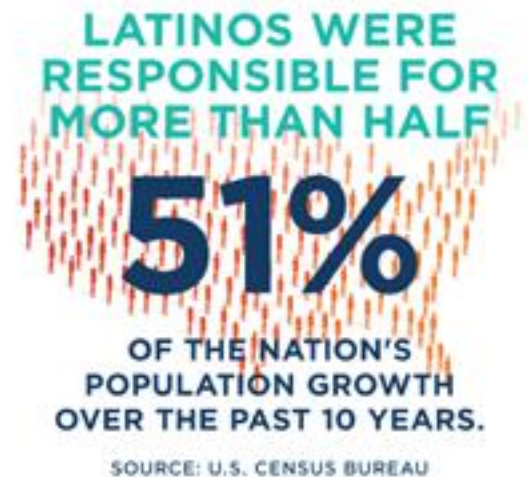
The San Bernardino-Riverside-Ontario metro area in California, locally known as the Inland Empire, produced the most new Latino homeowners between 2019 and 2021, adding a total of 88,051 new Latino owner households.<sup>8</sup> Looking

ahead, 40.8 percent of Latino adults aged 45 and younger who don't currently have a mortgage, are mortgage ready.<sup>9</sup> A list produced in conjunction with Freddie Mac ranked all metros by the number of mortgage-ready Latinos and compared the percentage of those who can afford the median-priced home to the amount of housing stock available. Findings showed the McAllen, El Paso, and Brownsville, Texas markets offer the greatest opportunities for Latino homeownership growth. Additional opportunity markets that topped the list were Las Cruces, NM in the Southwest, Memphis, TN in the South, and Cleveland, OH in the Midwest.<sup>10</sup>

### AS THE COUNTRY AGES, DEPENDENCY ON LATINOS GROWS

With a median age of 30, Latinos are 14 years younger than the non-Hispanic White population and continue to be in their prime homebuying years. Nearly 2 in 3 Latinos are aged 40 or younger.<sup>11</sup> Between 2010 and 2020, Latinos accounted for over half (51 percent) of the nation's population

growth<sup>12</sup> and were responsible for the overwhelming majority (80.8 percent) of labor force growth.<sup>13</sup> Projections show these trends will continue, with Latinos predicted to account for 78 percent of net new workers between 2020 and 2030.<sup>14</sup> Furthermore, predictions indicate that between 2020 and 2040 Latinos will account for 53.1 percent of household formations, while projections show the number of non-Hispanic White households will decline.<sup>15</sup>



## CONCLUSION

In 2021, the Hispanic homeownership rate continued its upward trajectory, consistent with the trendline of the last seven years. This positive growth comes despite a hostile 2021 real estate market, particularly for low-wealth, first-time homebuyers who rely on low down payment loan products. While the proportional share of new Latino homeowners decreased from its peak of 68.0 percent in 2015 to only 18.1 percent in 2021,<sup>16</sup> the pendulum shift occurred while housing inventory dipped to historic levels. Additionally, rising price points pushed homeownership out of reach for many first-time homebuyers, particularly in the heavily Latino-populated markets of California, Florida, and New York. Notably, many of the largest homeownership gains occurred in more affordable and less Latino-populated markets in the Midwest and the South.

The widening housing inventory shortage, compounding underproduction of housing, and the rise in institutional investors sweeping up single-family homes have exacerbated the affordability crisis. NAHREP's survey of real estate practitioners reaffirms these problems, indicating a strong seller bias in favor of institutional investors, conventional borrowers, and individuals able to make large down payments or all-cash purchases.

Latino youth, high workforce participation, and unwavering commitment to homeownership attainment reassure that future growth in the homebuyer market remains largely dependent on the Latino population. Congruently, the Urban Institute predicts that Latinos will account for 70 percent of homeownership growth over the next 20 years. However, NAHREP warns that this prediction is not guaranteed. Inventory challenges must be solved, and the U.S. housing and home lending industries must create an environment that is more conducive to first-time homebuyers, especially for communities of color. Failure to address the housing supply crisis could result in a steep decline in the overall homeownership rate and have a devastating impact on the nation's GDP and economic well-being.

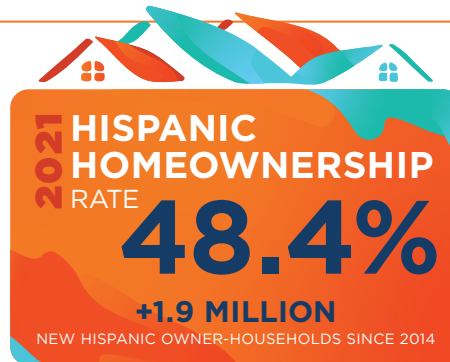
# SECTION 1: HISPANIC HOMEOWNERSHIP TRENDS

## STEADY HOMEOWNERSHIP RATE INCREASE

In 2021, the Latino homeownership rate reached 48.4 percent, up from 47.5 percent in 2019.<sup>17</sup> Hispanic homeownership has been on a steady upward trajectory since 2014, with an average increase of nearly one percentage point every two years. At this rate, Latinos could reach a 50 percent homeownership rate by 2025.

"I'm glad that the homeownership rate increased, but it took an incredible amount of work and commitment from the professionals to get them to closing. It was not easy to get those offers accepted. Every single one of these new homeowners in the data had to go through a lot of hoops just to get to the finish line and get their keys."

**Nora Aguirre,**  
Nora Aguirre Team with  
Century 21 Americana,  
Las Vegas, NV



SOURCE: U.S. CENSUS BUREAU

Between 2019 and 2021, Latinos added a total of 657,000 net new owner households to the U.S. economy, totaling 1.9 million since 2014 — the first year Latinos increased their homeownership rate following the Great Recession.<sup>18</sup> In 2021, Latinos reached the highest homeownership rate since 2009, an important milestone for Latino wealth creation given that today's homeowners hold materially safer and better-underwritten mortgage loans than they did ten years ago. The number of Latino owner households has doubled in the last 20 years, totaling 8.8 million in 2021.<sup>19</sup>

These homeownership increases occurred despite 2021 being one of the most hostile housing markets of recent times. This was particularly the case for lower-wealth first-time buyers, many of whom rely on low down payment loan products.

## LATINOS ACCOUNTED FOR A LOWER SHARE OF GROWTH

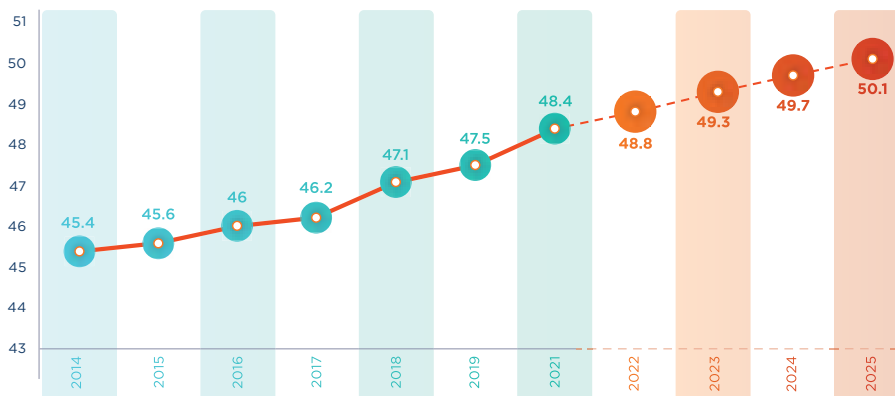
While Latinos accounted for the majority of homeownership growth between 2011 and 2017, the share of new homeowners attributed to Latinos decreased from its peak of 68.0 percent in 2015 to just 18.1 percent in 2021.<sup>20</sup> This pendulum shift occurred as the market saw historic dips in housing inventory, as well as corresponding historic home price appreciation. This environment priced out many would-be first-time homebuyers.

While Latino homeownership growth has remained steady over the last decade, the housing market overall has experienced historic growth, adding a record number of new owner households in recent years. Between 2019 and 2021, a net total of 3.6 million new owner households were added, 55.5 percent of which were attributed to the non-Hispanic White population.<sup>21</sup>

Following the Great Recession, Latinos were the first demographic to increase their homeownership rate, accounting for 78.5 percent of homeownership growth between 2011 and 2017.<sup>22</sup> During this period, the non-Hispanic White population exhibited a net loss of 897,000 owner households. Since then, between 2017 and 2021, the proportional share of new homeowners was driven by non-Hispanic White households, accounting for 55.1 percent of homeownership growth, while the Latino share dropped to 20.6 percent.<sup>23</sup>

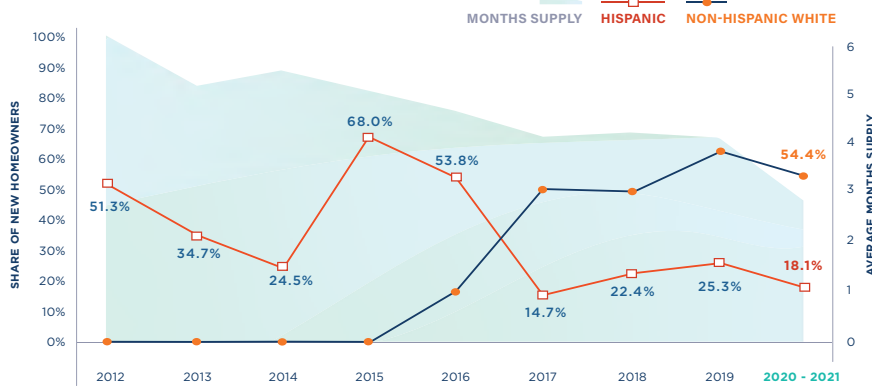
## HISPANIC HOMEOWNERSHIP RATE

LIKELY TO REACH 50 PERCENT BY 2025





## LATINO SHARE OF NEW HOMEOWNERS DECLINES AS HOUSING INVENTORY DIPS

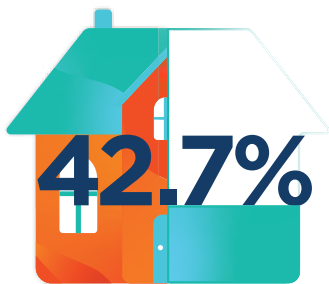


SOURCE: U.S. CENSUS BUREAU AND NATIONAL ASSOCIATION OF REALTORS®

## UNEXPECTED BOOM IN NON-HISPANIC WHITE HOUSEHOLD FORMATIONS

The non-Hispanic White population has formed a record 2.7 million new households since 2017, accounting for 41.5 percent of household formation growth during that period,<sup>24</sup> while Latinos accounted for 29.2 percent. This is in stark contrast to previous years when Latinos made up the largest share of household formation growth. Between 2011 and 2017, Latinos accounted for 42.7 percent of household formation growth, while non-Hispanic White households contributed only 6.8 percent.<sup>25</sup>

BETWEEN 2011 AND 2017,  
LATINOS ACCOUNTED FOR



OF HOUSEHOLD FORMATION GROWTH  
WHILE NON-HISPANIC WHITE HOUSEHOLDS  
CONTRIBUTED ONLY 6.8%.

SOURCE: U.S. CENSUS BUREAU

One possible explanation for the boom in non-Hispanic White household growth is the delay in Millennial (ages 26-41) household creation. At 70.7 million, Millennials

are the largest of all age cohorts and are only now reaching prime family-starting years. As such, more than half (55.5 percent) of Millennials are non-Hispanic White.<sup>26</sup> Most Millennials have now reached the median marriage age, 30.4 for men and 28.6 for women, a major catalyst for household creations.<sup>27</sup>

However, these trends are not likely to continue. Despite an unexpected boom in non-Hispanic White household formations, Latinos continue to create new households at increasing rates. Between 2019 and 2021, Latinos added a total of 1,025,000 new households, a 10.7 percent increase from the previous two-year period.<sup>28</sup> The relative youth of the Latino community, coupled with population growth, will inevitably lead to an increase in Latino households and ultimately new homeowners.

## NON-HISPANIC WHITE MARKETS EXPERIENCED THE FASTEST GROWTH RATES

Nationally, the fastest homeownership growth rates occurred in more affordable markets — relative to the rest of the country, which had disproportionately higher non-Hispanic White populations. When looking at the top 25 metropolitan statistical areas (MSAs) with the fastest overall homeownership growth rates over the last 3 years, 15 had a non-

Hispanic White population of over 70 percent. The Kingsport-Bristol, TN-VA, and Johnson City, TN metro areas, both in the top 10 with a combined 76,000 new owner households, each has a non-Hispanic White population of over 92 percent.<sup>29</sup>

“Latinos are increasingly learning about credit. I know it has been very common in our community to buy everything cash but among younger generations that are now in their 20s or even early 30s, I’m seeing a vast improvement in their understanding of how to build credit.”

**Arturo Flores,**  
Success Realty Partners,  
Woodstock, IL

## OVERWHELMING DEMAND COUPLED WITH HISTORIC LOW SUPPLY

As more Latinos have become increasingly ready to qualify for a mortgage, first-time homebuyers faced one of the toughest markets in history, particularly for those having to rely on low down payment products. Last year saw interest rates as low as 2.65 percent<sup>30</sup> and an average month supply of 2.3 months,<sup>31</sup> both breaking records and adding to historic price appreciation. Generational wealth disparities likely played a role, with median non-Hispanic White households having more than five times the wealth of median Latino households. Individuals who had access to family wealth were better equipped to compete in the 2021 market and take advantage of record-low interest rates.

## SECTION 2: FACTORS IMPACTING HISPANIC HOMEOWNERSHIP

### LATINOS AGING INTO PRIME HOMEBUYING YEARS

Latinos are the youngest of any ethnic or racial demographic. At a median age of 30, Latinos are squarely in their prime home-buying years. To underscore this point, in 2021 the median age for all first-time homebuyers was 33.<sup>32</sup> Nearly two-thirds of Latinos (64.3 percent) are aged 40 or younger.<sup>33</sup>

WITH A MEDIAN AGE OF

30

NEARLY 2 IN 3  
LATINOS ARE AGED  
40 OR YOUNGER.

SOURCE: U.S. CENSUS BUREAU

### ACCOUNT FOR A HIGHER SHARE OF YOUNGER COHORTS

Latinos account for an increasingly larger share of the U.S. population, particularly among younger generational cohorts. While Latinos make up 18.7 percent of the overall U.S. population, they make up 20.9 percent of Millennials, 24.6 percent of Gen Zers, and 25.8 percent of Gen Alpha.<sup>34</sup> In some states, these trends are even more pronounced. Latinos make up the majority of the under-18 population in both New Mexico (59.4 percent) and California (51.6 percent), and over 40 percent of the under-18 population in Texas (48.6 percent), Arizona (43.7 percent), and Nevada (40.6 percent), foreshadowing a Latino majority in those states in the coming years.<sup>35</sup>



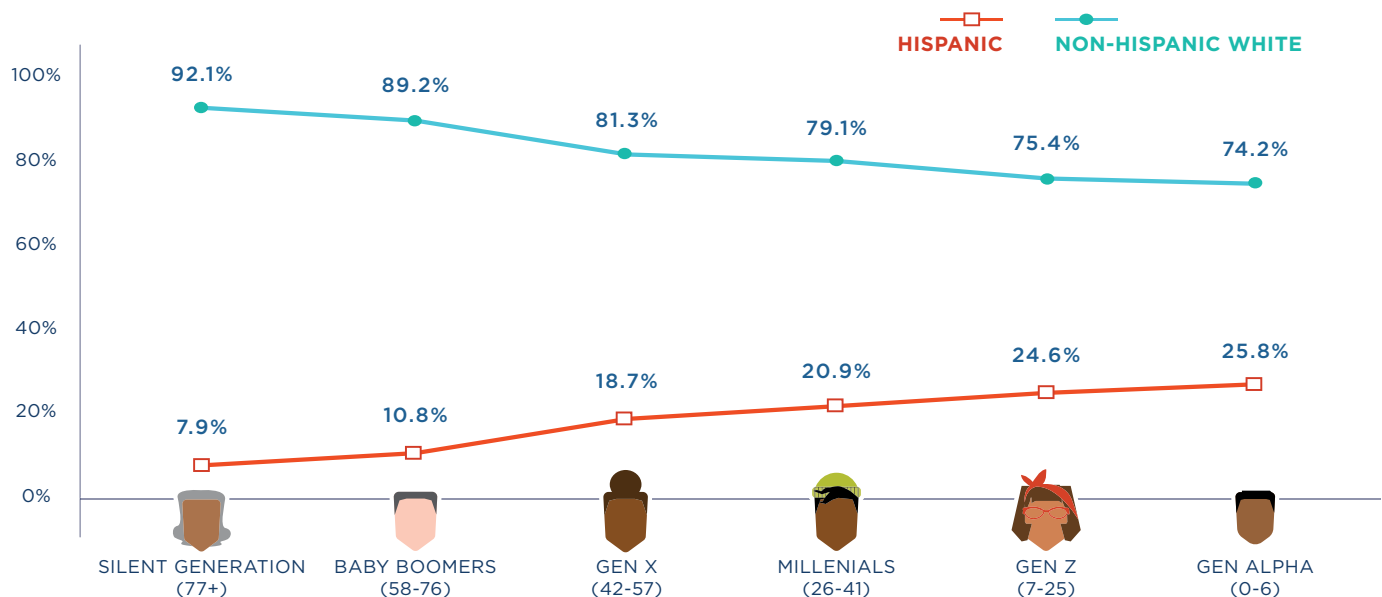
**62.1 MILLION**  
AND **18.7%**  
OF THE POPULATION

SOURCE: U.S. CENSUS BUREAU

### LATINOS BUY HOMES YOUNGER AND ARE MORE LIKELY TO BE FIRST-TIME HOMEBUYERS

Among new homeowners in 2021, Latinos were twice as likely to have purchased a home at a young age. In a survey conducted by realtor.com® in 2021, 34 percent of new Latino homeowners purchased a home between the ages of 18 and 24, as opposed to only 17 percent of the general population.<sup>36</sup> Additionally, 41 percent of survey participants in NAHREP's 2021 Real Estate Practitioners Study reported that at least half of their Latino buyer-side transactions were to first-time homebuyers last year. Similarly, a survey conducted by realtor.com® found that more than half of recent Latino homebuyers were first-time buyers.<sup>37</sup>

## SHARE OF U.S. POPULATION BY GENERATIONAL COHORT

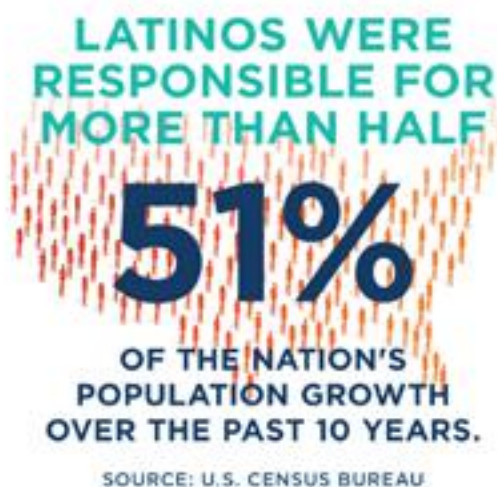


SOURCE: U.S. CENSUS BUREAU

## LATINO POPULATION GROWTH

As the nation's second-largest demographic, Latinos, comprise 18.7 percent of the U.S. population, totaling 62.1 million. Between 2010 and 2020, Latinos accounted for more than half (51 percent) of total U.S. population growth.<sup>38</sup>

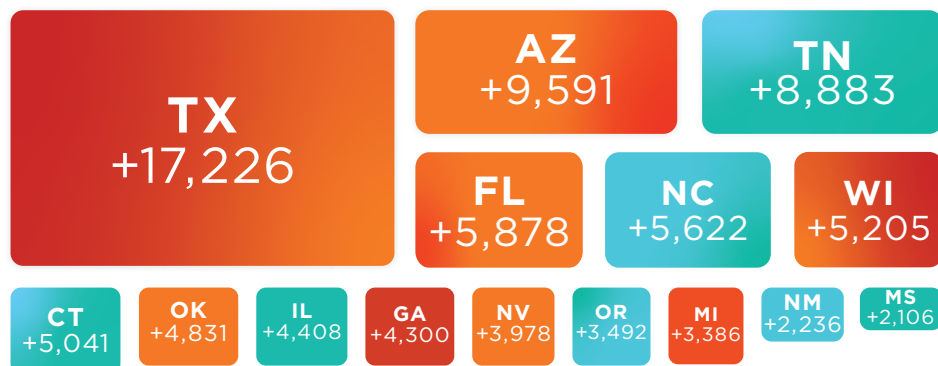
This growth is not regionally isolated. Latinos exhibited population growth in every state in the country by at least 6 percent over the past decade. Most states experienced a substantial increase in their Latino population, with the lowest increases exhibited in states with already high Latino populations, such as New Mexico and California.<sup>39</sup>



Putting the role Latinos play in driving population growth into context, in 2021, the US population grew by only 0.1 percent, the lowest population growth ever recorded.<sup>40</sup> The decline in net international migration, birth rates, and heightened mortality rates from the COVID-19 pandemic likely played a sizable role in overall low population growth.<sup>41</sup> However, despite pandemic-related losses, the Latino population continued to grow. While Latinos have lost more than 113,000 individuals to COVID-19 to date, making up 16.5 percent of all COVID-related deaths,<sup>42</sup> the Latino population still grew by 2.0 percent between 2019 and 2021.

## TEXAS, ARIZONA, AND

## WHERE ARE LATINOS MOVING TO IN 2021? NET HOUSEHOLD MIGRATION BY STATE



SOURCE: U.S. CENSUS BUREAU

### TENNESSEE EXPERIENCED THE GREATEST INFLUX OF LATINOS

Amid a housing supply and affordability crisis, Texas, Arizona, and Tennessee saw the greatest net influx of Latinos in 2021.

Historically, Latinos have been concentrated in some of today's most high-cost markets: Los Angeles, New York, and Miami, three cities with some of the most long-standing Latino enclaves and historic Latino neighborhoods. However, Latinos are migrating either toward sunshine or more affordable states. California, one of the most expensive housing markets in the country and most acute housing shortages, overwhelmingly saw the greatest decrease in Latino net migration in 2021, at a loss of 22,029 Latino households, followed by New York (-16,260) and Virginia (-11,532).<sup>43</sup>

Among those surveyed in NAHREP's 2021 Top Real Estate Practitioners Study, 29 percent indicated that most out-of-state buyers were coming from California, with a high number of those respondents stemming from Arizona, Nevada, and Texas.

However, it is important to note

that only 8.4 percent of households relocated between 2020 and 2021, the lowest share since Census annual migration data collection started in 1947.<sup>44</sup> While Latinos are more likely to move than other demographics, the move rate has been declining. Only 10.5 percent of Latinos moved in 2020, that figure dropping to 9.5 percent in 2021.<sup>45</sup>

"The biggest thing I saw was people coming from the West Coast. They were so amazed by the prices here. Like here, \$500,000 gets you about half an acre, 3,000 square foot house, 4-3 bedroom with a dining room and an office."

**Gino Montalvo**, Mirabal Montalvo & Associates, Corpus Christi, TX



## NATIVE AND FOREIGN-BORN LATINOS

Latinos are increasingly U.S.-born, with population growth primarily being fueled by U.S. births as opposed to immigration. As such, U.S.-born Latinos account for 62.8 percent (38.5 million) of the U.S. Latino population, 93 percent of Latinos under 18 being U.S. born. However, foreign-born workers continue to play a vital role in the U.S. economy, accounting for 37.2 percent (22.8 million) of the U.S. Latino population.<sup>46</sup>



**93%**  
OF LATINOS UNDER 18  
ARE **U.S. BORN**

SOURCE: U.S. CENSUS BUREAU

## HOUSEHOLD COMPOSITION

Historically, Latinos have been more likely to live in multigenerational households compared to other demographics. However, that might be changing. Today, only 14.9 percent of Latino children live in multigenerational households, among the lowest rates for children compared to other groups.<sup>47</sup> However, Latinos have larger household sizes when compared to those of non-Latinos, a factor that drives housing needs. In 2020, Latinos had an average household size of 3.24, while non-Latino populations averaged 2.42.<sup>48</sup>

Insights gained from NAHREP's 2021 Top Real Estate Practitioners Study found that those living in the highly appreciating markets of Las Vegas, NV, and Phoenix, AZ were the ones who reported the most pronounced increase in multigenerational living.

"My Latino clients are young and they are more prepared than in the past. The younger generations have already dealt with credit for school so they are more ready for a mortgage than ever before."

**Neily Soto,**  
Century 21 North East,  
Lawrence, MA

## INCOME

As of 2021, the median Latino household income was \$55,000, an 8.4 percent increase from 2019.<sup>49</sup> While income has been growing steadily, it has lagged home price appreciation. The minimum salary necessary to afford the median-priced home nationally is \$68,008.<sup>50</sup>

Large income gaps remain a barrier to competing in a tight housing market. Non-Hispanic White households have a median household income of \$74,900, 36.2 percent higher than that of Latino households.<sup>51</sup>

## EDUCATIONAL ATTAINMENT

7.9 million Latinos are college-educated. Between 2019 and 2021, Latinos earned an additional 930,000 college degrees, an increase of 13.5 percent.<sup>52</sup> However, only 17.1 percent of Latinos have a bachelor's degree or higher, nearly half that of the general population (33.3 percent) and among the lowest of any other demographic.<sup>53</sup>

Additionally, the pandemic may be slowing Latino college education gains, with Latino college enrollment falling by 2.8 percent in the Fall of 2021.<sup>54</sup> This is critical to the economic mobility of Latinos, as college attainment is correlated with higher household incomes. Latinos with a bachelor's degree or higher have a median household income of \$93,900, more than double that of Latino households holding a high school diploma or less (\$42,500).<sup>55</sup>

However, Latinos tend to be more debt-averse than non-Latinos. Only 14.3 percent of Latino households have student loan debt, compared to 20 percent of non-Hispanic White households and 30.2 percent of Black households.<sup>56</sup> As the student loan debt burden has slowed home purchases among younger populations, this could allow Latinos to purchase homes at a younger age.

## LABOR FORCE PARTICIPATION

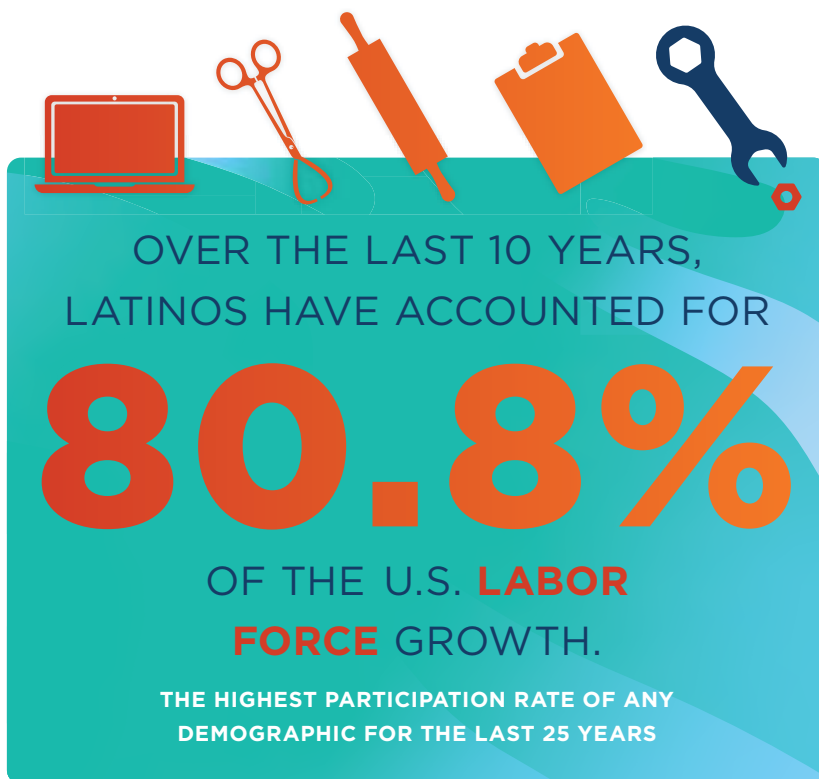
Latinos have a labor force participation rate of 65.5 percent, the highest of any demographic.<sup>57</sup> With the majority of Latinos in their prime working years, Latinos are sustaining the U.S. labor force. In fact, the majority (80.8 percent) of labor force growth over the past 10 years can be attributed to Latinos, with a net increase of more than 5 million potential new workers.<sup>58</sup> In

2021 alone, Latinos added a net total of 454,000 potential workers to the labor force.

This trend is almost guaranteed to continue as the U.S. Department of Labor predicts that the number of Latino workers is likely to reach 35.9 million by 2030, comprising 78 percent of net new workers between 2020 and 2030.<sup>59</sup> By 2030, it is estimated that one out of every five workers will be Latino.

“Many Latinos were able to save over the past two years. They used their stimulus checks along with extra money earned as essential workers or working extra hours during the pandemic. This helped.”

**Diana Sifuentes,**  
Berkshire Hathaway  
HomeServices A Action,  
Mesquite, TX



SOURCE: BUREAU OF LABOR STATISTICS

## LATINO SMALL BUSINESSES

Self-employed Latinos represent 15.5 percent of all self-employed individuals, about nine percentage points higher than that of non-Hispanic populations.<sup>60</sup> This increase in Latino entrepreneurs has been instrumental in wealth creation, with self-employed Latinos generating a median household wealth of \$174,920, five times greater than that of the remaining Latino population.<sup>61</sup>

However, on their road toward homeownership, self-employed individuals face steeper hurdles in obtaining home loans. In a recent NAHREP survey conducted in partnership with realtor.com®, 46 percent of Latino survey participants reported that owning a business makes it more challenging to qualify for a mortgage. 41 percent of those individuals similarly reported that they think irregular income requires more, or different documentation, while 34 percent of these business owners perceived a need to have higher credit scores and down payments to qualify for home loans.<sup>62</sup>

# A LOOK AT THE STATES

## TOP 5 STATES AND TERRITORIES...

### LATINO ECONOMIC INDICATORS

#### Highest rates of college-educated Latinos

1. DISTRICT OF COLUMBIA (32.3%)
2. MARYLAND (23.6%)
3. FLORIDA (20.6%)
4. CONNECTICUT (19.4%)
5. NEW JERSEY (19.0%)



#### Highest median household incomes for Latinos

1. ALASKA (\$80,000)
2. VIRGINIA (\$74,400)
3. ILLINOIS (\$70,000)
4. HAWAII (\$70,000)
5. DISTRICT OF COLUMBIA (\$66,000)



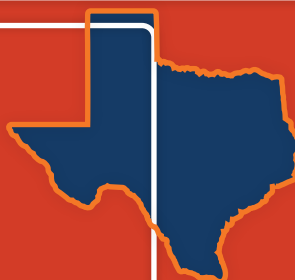
#### Fastest growing Latino household incomes

1. IDAHO (UP 38.1%)
2. IOWA (UP 36.4%)
3. SOUTH CAROLINA (UP 35.9%)
4. MASSACHUSETTS (UP 34.3%)
5. VIRGINIA (UP 31.4%)



#### Account for highest share of the labor force

1. TEXAS (37.6%)
2. CALIFORNIA (36.7%)
3. FLORIDA (30.3%)
4. NEW YORK (20.4%)
5. ARIZONA (19.3%)



#### Most Latinas in the labor force

1. CALIFORNIA (3 MILLION)
2. TEXAS (2.3 MILLION)
3. FLORIDA (1.5 MILLION)
4. NEW YORK (910,000)
5. ARIZONA (540,000)





LATINOS ARE A **MAJORITY** OF THE UNDER-18 POPULATION IN



NEW MEXICO  
(59.4%)



CALIFORNIA  
(51.6%)

AND MAKE UP OVER **40%** OF THE UNDER-18 POPULATION IN



TEXAS  
(48.6%)



ARIZONA  
(43.7%)



NEVADA  
(40.6%)

## THE STATE OF LATINO YOUTH

THE MEDIAN AGE FOR LATINOS IS 25 OR YOUNGER IN...

NORTH DAKOTA  
NEW HAMPSHIRE  
SOUTH DAKOTA  
WEST VIRGINIA  
HAWAII  
ALABAMA  
DELAWARE  
ALASKA  
WISCONSIN  
ARKANSAS  
INDIANA  
ILLINOIS  
MAINE  
STAT

SINCE 2010,

**THE LATINO  
POPULATION HAS  
INCREASED IN EVERY  
SINGLE STATE IN THE  
COUNTRY BY AT LEAST**

6%

## DRIVING POPULATION GROWTH

TOP 5 STATES AND TERRITORIES...

### Largest Latino population growth

(2010 - 2020)

1. TEXAS (+2 MILLION)
2. CALIFORNIA (+1.6 MILLION)
3. FLORIDA (+1.5 MILLION)
4. NEW YORK (+530,000)
5. NEW JERSEY (+450,000)

### Fastest Latino population growth

(2010 - 2020)

1. LOUISIANA (UP 67.5%)
2. TENNESSEE (UP 65.2%)
3. KENTUCKY (UP 56.5%)
4. MARYLAND (UP 55.1%)
5. SOUTH CAROLINA (UP 49.7%)

## FOREIGN-BORN OR U.S. BORN?

TOP 5 STATES AND TERRITORIES WITH THE LARGEST SHARE OF LATINOS WHO ARE...

### FOREIGN-BORN

1. FLORIDA (58.6%)
2. RHODE ISLAND (51.3%)
3. MASSACHUSETTS (49.3%)
4. SOUTH CAROLINA (48.0%)
5. DISTRICT OF COLUMBIA (47.8%)

### U.S. BORN

1. HAWAII (88.1%)
2. MONTANA (87.9%)
3. NEW MEXICO (79.4%)
4. ALASKA (77.3%)
5. MICHIGAN (75.8%)

## SECTION 3: BARRIERS AND OPPORTUNITIES TO HOMEOWNERSHIP

Latinos hold the promise of the U.S. housing market and the ability to expand the U.S. economy in their hands. The projection that Latinos will make up 70 percent of homeownership growth over the next 20 years underscores the undeniable opportunity that exists within the Latino community.<sup>63</sup> However, this is not guaranteed. Future Latino homeownership growth is being threatened by key barriers in the market today: limited supply of housing relative to demand and severe housing underproduction, further compounding the housing shortage every year.

### BARRIERS

#### HOUSING UNDERPRODUCTION

In the aftermath of the Great Recession, homebuilding experienced a significant decline

creating a shortage of housing that never caught up. Today, the U.S. is facing a national shortage of 3.8 million units relative to demand.<sup>64</sup> Over the last 20 years, the annual pace of construction has slowed compared to the three decades before it, resulting in at least 5.5 million fewer units being built.<sup>65</sup>

Housing underproduction is most severe in areas of high Latino concentration. In all of the most populous Latino markets, housing underproduction significantly worsened from 2012 to 2019, with the most dramatic increases seen in Texas and Florida, states that house more than a quarter (27.6 percent) of the Latino population. Additionally, in the Phoenix-Mesa-Chandler, AZ metro area, no underproduction was observed in 2012, yet currently, it falls in the top 20 percent of most housing-short markets.<sup>66</sup>

### HOME APPRECIATION AND AFFORDABILITY CHALLENGES

Rising price points pushed homeownership out of reach for many first-time buyers across the country, particularly in Latino-dense markets. In 2021, homes saw a historic 15 percent average price appreciation, and in November 2021, home price appreciation set a record for the highest 12-month growth since 1976.<sup>67</sup> Housing prices have increased in every single state across the country, but the states with the highest appreciation are those with high Latino populations. Arizona (28.6 percent) and Florida (25.6 percent), home to a combined 12.7 percent of the Latino population, for example, saw the highest increase.<sup>68</sup>

Affordability challenges for Latinos were most pronounced in metros with the largest discrepancy between median Latino household income and median-priced home.

In the greater New York metro, a market that requires a six-figure income (\$119,974) to afford to purchase a median-priced home, the median Latino household income is \$49,900.<sup>69</sup> Likewise, in Los Angeles, the household income required to afford a median-priced home is more than double (\$144,330) the median Latino household income of \$66,700.<sup>70</sup> Only 15.2 percent of Latino households in the Greater Los Angeles MSA have an income above \$150,000.<sup>71</sup>

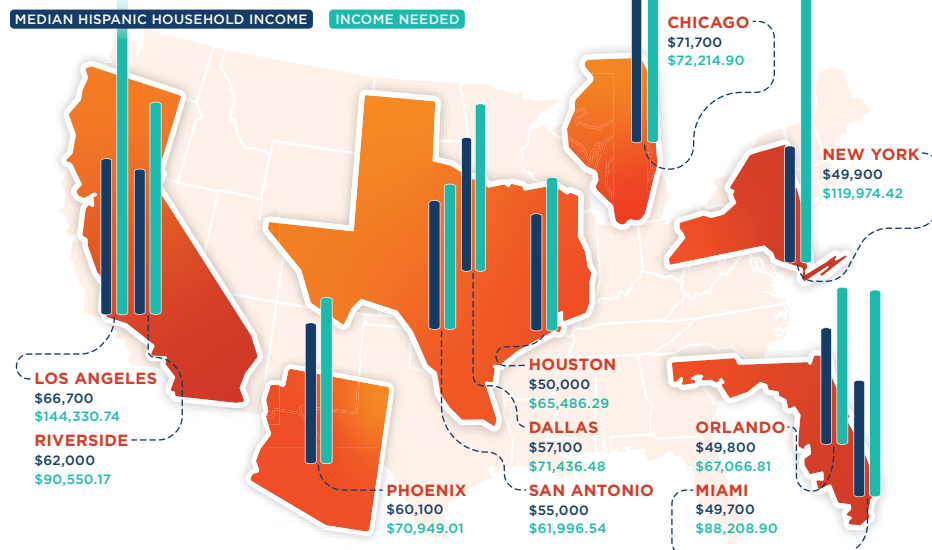
### PAYING OVER ASKING

In 2021, limited supply led to highly competitive markets, with the majority of homes going over the asking price in many markets. This complicates the home buying journey for many low-wealth first-time homebuyers. When paying over asking, or over the appraised value, the extra amount cannot be financed, requiring buyers to make up the difference in cash.

According to realtor.com®, 39 percent of recent Hispanic homebuyers surveyed paid over the

### HOUSING AFFORDABILITY

MEDIAN HISPANIC HOUSEHOLD INCOME AND THE INCOME NEEDED IN ORDER TO AFFORD THE MEDIAN-PRICED HOME IN EACH OF THE TOP 10 MOST POPULOUS LATINO MARKETS



SOURCE: U.S. CENSUS BUREAU AND HSH

## TOP 10 COUNTIES

WITH THE HIGHEST PERCENTAGE OF PROPERTIES  
THAT SOLD OVER LIST PRICE

	% OF PROPERTIES THAT SOLD OVER LIST PRICE	HISPANIC POPULATION
1 <b>SANTA CLARA COUNTY, CA</b>	<b>70.5%</b>	<b>487,000</b>
2 <b>SOLANO COUNTY, CA</b>	<b>68.4%</b>	<b>128,000</b>
3 <b>ESSEX COUNTY, MA</b>	<b>67.3%</b>	<b>183,000</b>
4 <b>SAN JOAQUIN COUNTY, CA</b>	<b>66.9%</b>	<b>326,000</b>
5 <b>SAN MATEO COUNTY, CA</b>	<b>65.7%</b>	<b>191,000</b>
6 <b>WAKE COUNTY, NC</b>	<b>65.6%</b>	<b>128,000</b>
7 <b>ESSEX COUNTY, NJ</b>	<b>65.3%</b>	<b>210,000</b>
8 <b>STANISLAUS COUNTY, CA</b>	<b>63.4%</b>	<b>266,000</b>
9 <b>MIDDLESEX COUNTY, MA</b>	<b>63.2%</b>	<b>143,000</b>
10 <b>SAN BERNARDINO COUNTY, CA</b>	<b>62.9%</b>	<b>1,171,000</b>

SOURCE: CORELOGIC

asking price, with only 25 percent paying under the asking price.<sup>72</sup> MLS sales records confirm these trends. In seven of the top 20 most populous Latino counties, more than 50 percent of the properties on the market in 2021 sold over the listing price. In Santa Clara County, CA, home to 487,000 Latinos, 70.5 percent of properties sold over asking.<sup>73</sup>

### BIDDING WARS

With homes receiving multiple offers, buyers are left with less negotiating power, and as a result, bigger risk. Increased competition for homes in 2021 led to bidding wars, where most homes for sale received too many offers, forcing many buyers to lose the various safeguards put in place to protect consumers, such as appraisal and inspection contingency protections. Buyers who offered the highest prices, had the largest down payments, and who were willing to waive many, if not all contingencies, prevailed.

According to a realtor.com® survey, of all recent Hispanic homebuyers, 67 percent submitted between one in four offers before successfully purchasing a home, while 69 percent took part in a bidding war — both observable values are higher than that of the general population.<sup>74</sup>

Three quarters (74 percent) of survey respondents from NAHREP's 2021 Top Real Estate Practitioners Study reported that the average home in their market received between 6 and 20 offers, with 12 percent reporting more than 20

"So we really and truly had a hard time. I just had to convince them to stay in, and not get discouraged, because we had to submit sometimes 20 offers-30 offers before ours got accepted."

**Oralia Herrera,**  
Century 21 T.K. Realty Inc.,  
Addison, IL

offers or more per property. When agents were asked how many offers they had seen on a single property, several indicated that they had seen over 100 offers on a single home. These large figures correspond primarily to specific states like California, Texas, and Georgia. The highest number of offers reported was 217 on a single home, according to a survey participant in Springfield, NJ.

### FIRST-TIME HOMEBUYERS UTILIZING LOW DOWN PAYMENT PRODUCTS

Bidding wars created a strong seller bias in favor of institutional investors, conventional borrowers, and individuals who were able to make large down payments or all-cash purchases. According to realtor.com®, more than one-quarter of first-time homebuyers searching for a home were unsuccessful, compared to only 15 percent of repeat buyers.<sup>75</sup> The share of first-time buyers in 2021 was 34 percent, a significant drop from 1981 when they made up 44 percent of the market.<sup>76</sup> This was particularly true for first-time buyers utilizing FHA financing or low down payment programs.

### FHA BORROWERS FACED THE STEEPEST CHALLENGES

Latinos are twice as likely to purchase a home through FHA financing than non-Hispanic White homebuyers.<sup>77</sup> Borrowers who only qualified for an FHA loan (i.e., lower credit scores, higher debt-to-income ratio, lower down payment) as opposed to a conventional loan, faced the steepest hurdles because FHA loans, on average, take longer. Additionally, there is the perception that FHA borrowers have lower credit characteristics and that appraisals are stricter. FHA borrowers disproportionately include people of color.

“We had to get approvals that only specified the loan amount they qualify for, omitting that they were FHA, or else the sellers wouldn't even look at my clients' offer.”

**Neily Soto,**  
Century 21 North East,  
Lawrence, MA

The majority (85 percent) of survey participants in NAHREP's 2021 Top Real Estate Practitioners Study said FHA buyers, in particular, faced a competitive disadvantage last year, compared to buyers who used conventional financing. Nearly half (44 percent) of survey respondents indicated they worked with their FHA borrowers to switch them over to a conventional loan, making them more competitive. But many were unsuccessful. 17 percent reported that their FHA buyers stopped their home search altogether because of difficulties getting their offers accepted.

## FACTORS IMPACTING HOUSING SUPPLY

America's housing shortage has become compounded, partly because the drivers of housing underproduction are multi-faceted. For one, institutional investors are buying single-family homes that otherwise would have gone to first-time homebuyers. Additionally, labor shortages, rising material costs, and limited building permits have only exacerbated the problem.

## INVESTORS PURCHASING SINGLE-FAMILY HOMES

An increase in institutional housing acquisitions has exacerbated the housing inventory shortage. In the third quarter of 2021, investors bought up a record number of properties, a total of 90,215 units worth \$63.6 billion, the vast majority of which were single-family homes (74.4 percent).<sup>78</sup> This trend is highly pronounced in counties with high Latino populations. At least 23 percent of properties were purchased by investors in Q3 of 2021 in each of the top 20 most populous Latino counties, with Dallas County, TX, Maricopa County, AZ, Tarrant County, TX, and Orange County, CA all topping the list with 38 percent or more going to investors that quarter.<sup>79</sup>

## LIMITED BUILDING PERMITS PER CAPITA

The National Association of Home Builders reports that limited building permits per capita have been a critical barrier to new construction. Among the top 10 Latino MSA's, Chicago had the lowest number of permits per capita in 2020 (159 permits per 100,000 residents), second only to the Los Angeles-Long Beach-Anaheim metro with 205 permits per capita.<sup>80</sup>

## IMMIGRATION AND THE CONSTRUCTION LABOR SHORTAGE

The reduction of immigration into the U.S. over the past few years has likely propelled the labor shortage, supply chain disruptions, and instigated price hikes. Construction labor shortages, in particular, limit builders' ability to produce housing at more affordable price points. The share of homebuilders reporting labor shortages hit a record 76 percent in October of 2021. This is significantly higher than the previous peak of 67 percent set in the 1990s.<sup>81</sup>

Foreign-born workers have historically fueled the construction industry, making up 25 percent of workers, the highest in any industry.<sup>82</sup> However, the number of foreign-born workers in construction has been decreasing, given lower immigration rates. Today, the construction industry has the second-highest unemployment rate (6.7 percent), with the number of male foreign-born workers falling by 2.4 percent between 2019 and 2021.<sup>83</sup>

Restrictive immigration policies that began in 2016 have aggravated these labor shortages. When compared to broader U.S. labor shortages, the total employed population fell by 5.2 million from 2019 to 2021.

According to the Migration Policy Institute, 28 percent of that drop was due to a decline in immigrant labor.<sup>84</sup> In other words, the fall in authorized immigration, including legal permanent residency and nonimmigrant visas, has noticeably shrunk the labor force.<sup>85</sup>

A REVERSAL OF 2016 RESTRICTIVE IMMIGRATION POLICIES WOULD HAVE MITIGATED

**28%**

OF THE LOSS OF **5.2 MILLION** EMPLOYED WORKERS BETWEEN 2019-2021.

SOURCE: MIGRATION POLICY INSTITUTE



## OPPORTUNITIES

### DESPITE CHALLENGES, THROUGH GRIT AND RESILIENCE, MANY LATINOS FOUND A WAY

Despite a set of extraordinary barriers in 2021, enough Latinos found a way to homeownership that the Hispanic homeownership rate saw an increase. According to a 2021 Redfin survey, more than half (52 percent) of recent Hispanic homebuyers have lived with family or friends rent-free to save for housing costs, a percentage that is higher than other demographics. Additionally, Hispanic homeowners are more likely to have made financial sacrifices to afford their first home. With 44 percent reporting working longer hours, 39 percent taking an extra job, and 38 percent driving an older car, all in an effort to save money.<sup>86</sup>

Another way that Latinos proved innovative and made ends meet over the past year was through

the gig economy. In 2021, Latinos joined the online gig workforce at higher rates when compared to other populations. The largest share of Latino gig workers (19 percent) worked in transporting food products for restaurants or store delivery apps. Completing household tasks and errands was the second most common gig work for Latinos (13 percent), followed by driving for a ride service app (10 percent) and delivering groceries or household products (9 percent).<sup>87</sup>

### HOME EQUITY APPRECIATION

While price point appreciation has priced many Latino first-time homebuyers out of the market, a rise in home equity has exponentially increased household wealth for existing homeowners. In the top 5 most populous Latino counties, home to 27.7 percent of the Latino population, the average home equity in 2021 was just over \$300,00.<sup>88</sup>

Los Angeles ranks highest in median home equity at \$627,757. However,

“Latinos are used to fighting for what they have, so I think that their spirit is there to push through all the obstacles they possibly can.”

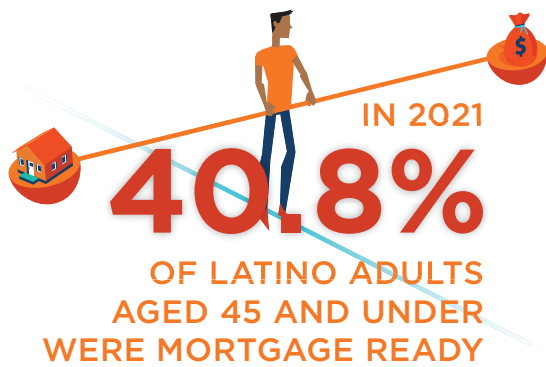
**Nora Aguirre,**  
Nora Aguirre Team with  
Century 21 Americana,  
Las Vegas, NV

most Latinos in that county have not benefited from the equity appreciation of recent years, as Los Angeles county's Hispanic homeownership rate is significantly lower than the national average at 38.3 percent.<sup>89</sup> Conversely, Maricopa County, AZ, one of the highest appreciating counties, has a median home equity of \$289,157 and a majority of Latino homeowners (52.1 percent), signaling a rise in Latino household wealth in that region.<sup>90</sup>

## IN THE TOP 5 MOST POPULOUS HISPANIC COUNTIES

	MEDIAN EQUITY	HISPANIC HOMEOWNERSHIP RATE
LOS ANGELES COUNTY, CA	\$627,757	38.3%
HARRIS COUNTY, TX	\$188,850	48.8%
MIAMI DADE COUNTY, FL	\$252,046	48.7%
COOK COUNTY, IL	\$158,093	50.6%
MARICOPA COUNTY, AZ	\$289,157	52.1%

SOURCE: CORELOGIC



AMONG NON-MORTGAGE HOLDERS

SOURCE: FREDDIE MAC

### LATINOS ARE CLOSING THE GAP IN MORTGAGE-READINESS

As of 2021, there are a total of 8.3 million Latinos aged 45 and under who are mortgage ready and 3.4 million who are near mortgage ready.<sup>b</sup> According to Freddie Mac, 32 percent of Latino adults aged 45 and under have the credit characteristics to qualify for a mortgage. That number rises to 40.8 percent when considering only Latino families who don't already have a mortgage.<sup>91</sup>

"Latinos are increasingly learning about credit. I know it has been very common in our community to buy everything cash but among younger generations that are now in their 20s or even early 30s, I'm seeing a vast improvement in their understanding of how to build credit."

**Arturo Flores,**  
 Success Realty Partners,  
 Woodstock, IL

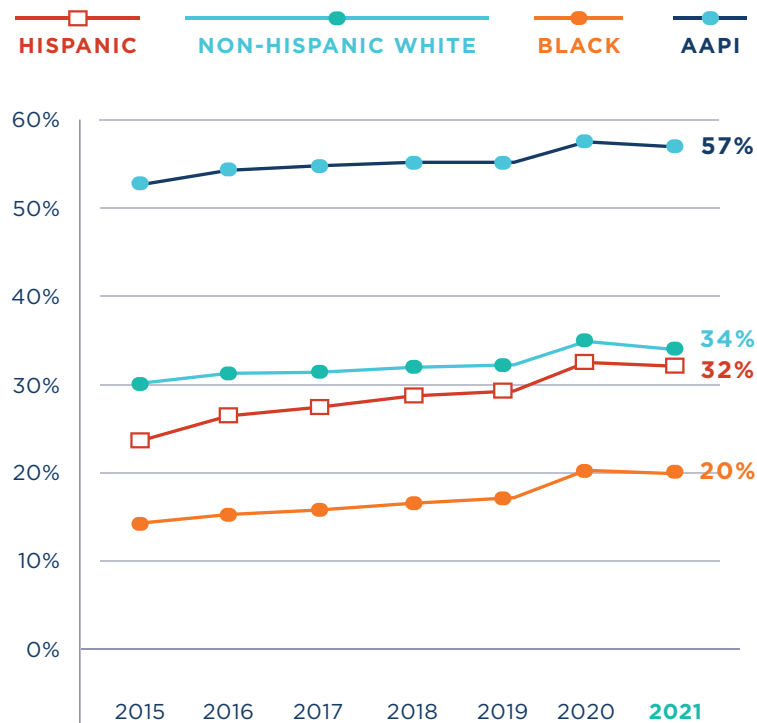
More Latinos are ready to become homeowners today than ever before, bolstering demand for homeownership. The number of Latinos who are mortgage ready today has more than doubled since 2015 and Latinos exhibit a higher percentage of near mortgage-ready individuals, more so than any other demographic. Additionally, the percentage of Latinos who are mortgage ready has nearly reached parity with that of non-Hispanic White households.

It is important to note that Freddie Mac counts a credit score at or above 661 as one of the key characteristics of mortgage readiness and Latinos have a median credit score of 669.<sup>92</sup>

"We had an influx of cash buyers coming from the West and the East. I've never seen that many cash buyers. The biggest help was showing Latino families stuff that was off-market, such as new construction, because it allowed them to escape the bidding wars."

**Gino Montalvo,** Mirabal  
 Montalvo & Associates,  
 Corpus Christi, TX

## MORTGAGE READY BY RACE & ETHNICITY



SOURCE: FREDDIE MAC

<sup>b</sup> Freddie Mac defines "Mortgage Ready" as a group of potential future borrowers ages 45 and younger, who exhibit the following characteristics to qualify for a mortgage: Credit score equal to or greater than 661, DTI equal to or less than 25 percent, no foreclosures or bankruptcies in the past 84 months, and no severe delinquencies in past 12 months. "Near mortgage ready" are those who have a credit score between 600-661, who have a DTI equal to or less than 25 percent, no foreclosures or bankruptcies in the past 84 months, and no severe delinquencies in past 12 months.

## TOP 25 OPPORTUNITY MARKETS FOR MORTGAGE READY LATINOS

Latino homeownership growth has been occurring rapidly in markets with an intersection of Latinos who are homeownership ready and markets with adequate supply and affordability. Freddie Mac and NAHREP have identified the top 25 markets with the most Latino adults aged 45 and under who are considered mortgage ready, ranked by share of those who can afford median-priced homes. With this ranking, McAllen-Edinburg-Mission Texas offers the highest opportunity market, followed by Detroit, MI, and El Paso, Texas.<sup>c</sup>

RANK	MARKET	"MORTGAGE READY" HISPANIC POPULATION	SHARE WHO CAN AFFORD MEDIAN PRICED HOME	ANNUAL HOUSING STOCK INDICATOR
1	MCALLEN-EDINBURG-MISSION, TX	71,000	84%	2.8
2	BROWNSVILLE-HARLINGEN, TX	34,000	83%	-
3	EL PASO, TX	69,000	79%	1.3
4	LAREDO, TX	22,000	75%	0.5
5	CLEVELAND-ELYRIA, OH	13,000	67%	1.2
6	DETROIT-WARREN-DEARBORN, MI	29,000	63%	1.1
7	OKLAHOMA CITY, OK	21,000	63%	1
8	CORPUS CHRISTI, TX	17,000	61%	-
9	TULSA, OK	13,000	59%	0.8
10	ST. LOUIS, MO-IL	12,000	59%	0.9
11	KILLEEN-TEMPLE, TX	11,000	58%	0.7
12	MEMPHIS, TN-MS-AR	11,000	56%	1.2
13	LAS CRUCES, NM	13,000	51%	-
14	GREENSBORO-HIGH POINT, NC	10,000	49%	1
15	NEW ORLEANS-METairie, LA	14,000	48%	1.3
16	CINCINNATI, OH-KY-IN	10,000	48%	1.4
17	KANSAS CITY, MO-KS	25,000	47%	0
18	YUMA, AZ	14,000	44%	-
19	INDIANAPOLIS-CARMEL-ANDERSON, IN	21,000	44%	0.6
20	MILWAUKEE-WAUKESHA-WEST ALLIS, WI	22,000	43%	1.4
21	SAN ANTONIO-NEW BRAUNFELS, TX	121,000	42%	1.2
22	OMAHA-COUNCIL BLUFFS, NE-IA	12,000	40%	0.5
23	HOUSTON-THE WOODLANDS-SUGAR LAND, TX	308,000	37%	1.3
24	VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA-NC	17,000	37%	1
25	ALBUQUERQUE, NM	39,000	36%	-

SOURCE: FREDDIE MAC

<sup>c</sup> The top 25 opportunity markets are ranked according to the largest share of previously defined mortgage ready Hispanic adults aged 45 and under who can afford the median priced home in each market. A house is considered affordable if a consumer's quarterly household income is greater than or equal to the annual mortgage payment on a median priced house (under the assumption of 3% down payment, 3.2% mortgage rate, 30-year contract).

"Last year, 30% of my clients who came to me needed to get ready before they were able to qualify for a mortgage. This is very different from years back. Before about 50% of my Latino clients had to be educated and trained before submitting offers. So, we definitely are progressing as a community."

ORALIA HERRERA, CENTURY 21 T.K. REALTY INC., ADDISON, IL

## YOUNG AND INCREASINGLY MORTGAGE-READY

In 2021, there were **8.3 million** mortgage-ready Latinos, double from 2015.

With a median age of 30, **1 in 3** Latinos is in their prime homebuying years.

"My Latino clients are young and they are more prepared than in the past. The younger generations have already dealt with credit for school so they are more ready for a mortgage than ever before."

NEILY SOTO, CENTURY 21 NORTH EAST, LAWRENCE, MA

"Latinos look for big yards and space. A lot of my Latino clients have their own business, like landscaping businesses, and they need a house where they can park two or three trucks."

SANDRA FLORES, UNITED REALTY GROUP, LAS VEGAS, NV

## MORE SPACE IS NEEDED

**31%** of Latinos want larger space since the pandemic, more than any other demographic.

## FUTURE OF HOMEOWNERSHIP

Over the next 20 years, **70%** of homeownership growth and **53.1%** of new household formations are predicted to come from Latinos.

"The biggest challenge of 2021 was how much FHA buyers were being discriminated against. A lot of sellers were very blunt about it: 'If its FHA, forget it.' FHA offers were being eliminated, even if it was a strong offer."

LIZBETH ALARCON, RE/MAX VIVID REALTY, FAIRFIELD, CA

## FHA NOT ACCEPTED

"The least number of contingencies is what's winning right now. We're saying no appraisal contingency and no repairs. Some sellers don't want to take people with down payment assistance or people who don't have enough skin in on the game. So those are especially hard to win."

MERCEDES DOCKERY, EXP REALTY, LLC, CHARLOTTE, NC

## BORROWERS REMOVING CONTINGENCIES TO STAY COMPETITIVE

LATINOS ARE MORE READY THAN EVER BUT THEY



## LOW INTEREST RATES

"The desire to be a homeowner was so great, and people were purchasing a home maybe a year or two before they would have because of very low interest rates, COVID, and being stuck at home."

JOE CASTILLO, RE/MAX MI CASA, CHICAGO, IL

In Jan 2021, interest rates reached **lowest ever recorded**.

## LOW INVENTORY

"We work with a lot of buyers and its sad seeing all of these Latinos be qualified to buy, and ready. Its very discouraging, not just for them, but for us. Going out there and showing houses, submitting offers here and there, and not getting the offers accepted is not just mentally draining on the buyers, it's also mentally draining on us, the agents."

ARTURO FLORES, SUCCESS REALTY PARTNERS, WOODSTOCK, IL

Inventory reached a record low of **2.3 months'** supply of housing in 2021, the lowest ever recorded

## BIDDING WARS

**69%** of Latino homebuyers in 2021 took part in a bidding war.

"It was tough having to coach and prepare clients for how tough and competitive the market was. When we go and submit offers, you're not competing against one, two buyers. Now you're competing against 50-60 different buyers that are submitting offers on one particular property."

MARIO MARISCAL, EXCELLENCE RE REAL ESTATE, WHITTIER, CA

## COMPETING AGAINST CASH BUYERS

"It's hard to compete with people who already have a bunch of cash. Multiple offers are hard for us as Latinos because we're not well prepared for negotiations. You have to put everything you have into your offer plus have a pristine credit or else there's no chance."

HECTOR RUBIO, EXP REALTY, LLC, GRAND ISLAND, NE

## HOME PRICE APPRECIATION

"With the clients I was working with on the Hispanic side, it was challenging to pass the board because the entry price was moving so quickly and demand was pushing the prices so much over the price where it was all about who had more cash. On average, it probably took 10 offers to finally get to a closing."

ANTHONY GIBSON, AUSTIN PROPERTIES GROUP WITH KELLER WILLIAMS REALTY, AUSTIN, TX

Home saw a historic **15%** price appreciation between November 2020 and November 2021, the highest 12-month growth since the index began in 1976.

"We had an influx of cash buyers coming from the West and the East. I've never seen that many cash buyers. The biggest help was showing Latino families stuff that was off-market, such as new construction, because it allowed them to escape the bidding wars."

GINO MONTALVO, MIRABAL MONTALVO & ASSOCIATES, CORPUS CHRISTI, TX

## SECTION 4: THE LATINO HOMEBUYER

### WHERE ARE LATINO HOMEOWNERS LOCATED?

California's Riverside and San Bernardino Counties, also known as "the Inland Empire," produced the most new Latino homeowners between 2019 and 2021, adding a total of 88,051 new Latino owner households.<sup>93</sup> The Inland Empire is relatively more affordable and has seen more new home construction activity than other California markets. Riverside-San Bernardino-Ontario, CA had the second-highest number of total building permits in CA in 2020 (15,232).<sup>94</sup> Additionally, the city of Riverside had a median sales price of \$515,500 in December 2021, 38.4 percent lower than its neighboring city, Los Angeles.<sup>95</sup>

"Last year, a lot of my buyers were moving to Riverside and San Bernardino, to buy a bigger home because out there, it's more affordable than what you can get here in LA. Even for first-time homebuyers, they live out here, they work out here and they're buying properties in San Bernardino County and commuting."

**Mario Mariscal,**  
Excellence RE Real Estate,  
Whittier, CA

### TOP 10 MARKETS THAT ADDED THE MOST HISPANIC OWNER-HOUSEHOLDS TO THE U.S. ECONOMY BETWEEN 2019-2021

MARKET	HISPANIC OWNER HOUSEHOLDS ADDED	MEDIAN SALES PRICE
1. RIVERSIDE-SAN BERNARDINO-ONTARIO, CA	+88,051	\$515,500
2. NEW YORK-NEWARK-JERSEY CITY, NY-NJ-PA	+72,751	\$520,333
3. ORLANDO-KISSIMEE-SANFORD, FL	+69,285	\$345,500
4. SAN ANTONIO-NEW BRAUNFELS, TX	+67,558	\$301,667
5. LOS ANGELES-LONG BEACH-ANAHEIM, CA	+55,358	\$837,167
6. PHOENIX-MESA-CHANDLER, AZ	+44,435	\$428,333
7. FRESNO, CA	+32,590	\$370,500
8. SAN JOSE-SUNNYVALE-SANTA CLARA, CA	+25,813	\$1,323,333
9. YUMA, AZ	+25,790	\$254,000
10. OKLAHOMA CITY, OK	+24,952	\$225,028

*\*Markets with fewer than 50,000 Hispanic residents were excluded from rankings.*

SOURCE: U.S. CENSUS BUREAU

### HOW ARE LATINOS FINANCING THEIR HOMES?

As of 2020, Latino homebuyers were twice as likely to obtain an FHA mortgage than their non-Hispanic White counterparts, at 31.1 percent compared to 13.2 percent respectively. While more than half (58.3 percent) of Latinos obtained a conventional loan, 75.0 percent of

non-Hispanic White mortgage consumers used conventional financing to purchase a home in 2020.<sup>96</sup> Housing supply limitations led to FHA borrowers experiencing a more difficult time getting offers accepted.

## DEPOSITORIES VS NON-DEPOSITORIES IN 2020

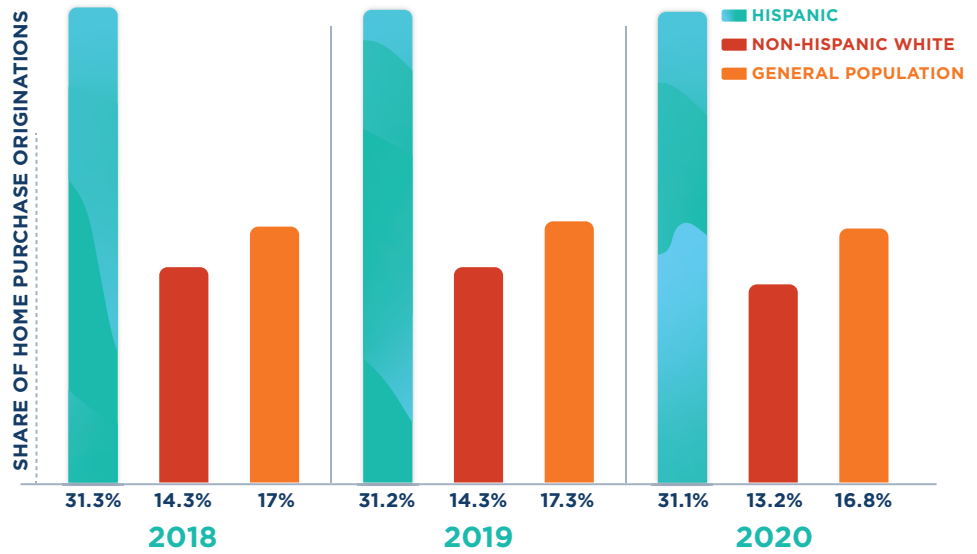
Independent non-depository mortgage companies make up a disproportionate majority (70.8 percent) of home purchase loans made to Latinos. As such, Latinos are more than 3 times as likely to get a home purchase loan from an independent lender versus a depository banking institution (19.1 percent).<sup>97</sup> Non-Hispanic White borrowers, on the other hand, are more likely to use banks. Latinos are 26.9 percent more likely to receive a mortgage through an independent non-depository institution than non-Hispanic White borrowers.

## MORTGAGE DENIAL RATES FOR LATINOS

In 2020 Latinos faced a national mortgage denial rate of 17.2 percent for home purchase applications. Latinos were 60 percent more likely to be denied home loans compared to non-Latinos. The states with the highest mortgage denial rate for Latinos were Mississippi (23.0 percent) and Louisiana (22.5 percent). Yet, other states including

## HISPANIC BORROWERS RELY ON FHA FINANCING

FHA SHARE OF HOME PURCHASE ORIGINATIONS BY ETHNICITY



West Virginia, Kentucky, Texas, New Mexico, and Alabama all had home purchase denial rates of over 20 percent for Latinos.<sup>98</sup>

This trend is even more stark when analyzing only conventional financing, the preferred financing option when sellers were deciding between multiple offers in 2021. Latinos had a home purchase denial

rate of 19.1 percent for conventional loans and were 81 percent more likely to be denied than their non-Latino counterparts. In the state of Texas, a state experiencing some of the largest Latino growth to both domestic migration and homeownership activity, the Latino denial rate for a conventional loan was 28 percent in 2020.<sup>99</sup>

## 2020 HOME PURCHASE ORIGINATIONS BY LENDER TYPE

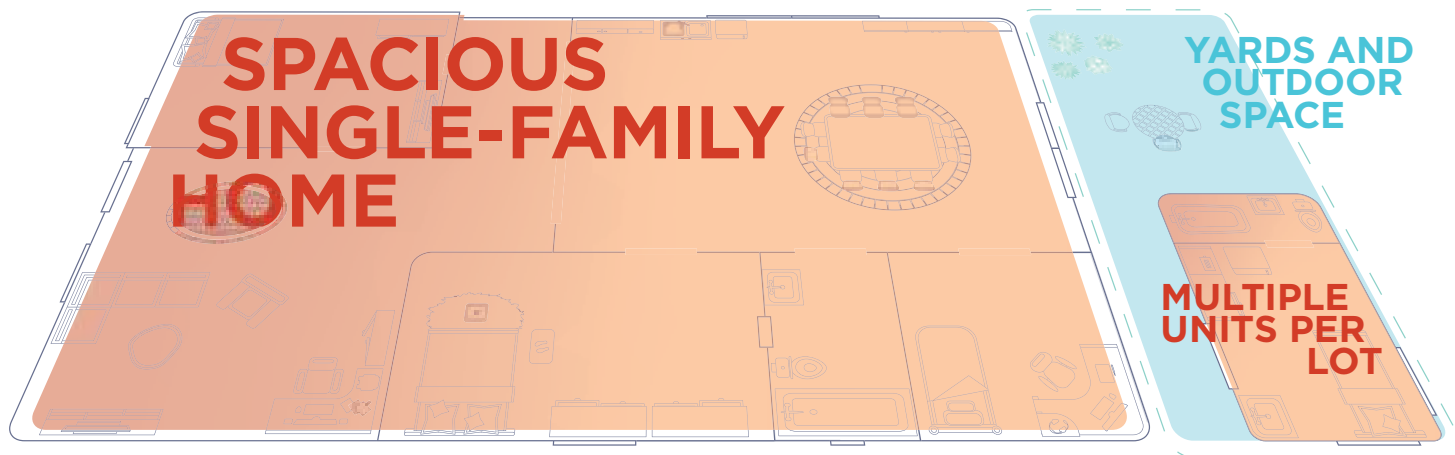
LENDER TYPE	HISPANIC	GENERAL POPULATION	NON-HISPANIC WHITE
INDEPENDENT	70.8%	58.7%	55.8%
BANK	19.1%	29.5%	31.9%
CREDIT UNION	5%	6.7%	7.4%
AFFILIATE	5.1%	5.1%	4.9%

SOURCE: HMDA DATA

WILLING TO MOVE  
FARTHER AWAY



## 2021 LATINO HOMEBUYING PREFERENCES



SOURCE: U.S. 2021 NAHREP TOP REAL ESTATE PRACTITIONERS SURVEY AND  
THE NATIONAL ASSOCIATION OF HOME BUILDERS

### LATINO HOME BUYING PREFERENCES

The following trends are derived from NAHREP's 2021 Top Real Estate Practitioners Study and the National Association of Home Builders' (NAHB) What Homebuyers Really Want, 2021 Edition.<sup>100</sup>

"We have seen many Latinos who used to live in the city look more in the suburbs. They are going outside, to the Charlotte outskirts because it's more affordable."

**Mercedes Dockery,**  
eXp Realty, LLC,  
Charlotte, NC

### SPACIOUS SINGLE-FAMILY HOMES

In the NAHB survey, Latinos overwhelmingly report seeking single-family homes with 3+ bedrooms and are more likely to sacrifice on location in exchange for a bigger house than any other demographic. While 39 percent of non-Hispanic White respondents reported willingness to accept a smaller home in exchange for a lower price point, only 25 percent of Latino buyers were willing to make that sacrifice. At 41 percent, Latinos were more willing to choose a house that was farther away from shopping and entertainment, while 33 percent were willing to endure a longer work commute, the highest of any demographic.

Even further, all but one of the interview participants in NAHREP's 2021 Real Estate Practitioners Study reported that Latinos preferred living in single-family homes. In fact, 21 of the 25

"Latinos like big yards. A lot of my Latino clients have their own business, like landscaping businesses, and they need to park two, three trucks."

**Sandra Flores,**  
United Realty Group,  
Las Vegas, NV

interviewees shared that Latinos, in general, do not prefer condos or townhomes, and some indicated that most Latinos would rather wait until they could find or afford a single-family home. Some mentioned that Latinos might be hesitant to purchase a condo or townhome due to HOA fees and regulations, as well as a lack of privacy.



## MOVING TOWARD SUBURBS

Since the pandemic, Latinos have been increasingly moving toward the suburbs. According to the NAHB survey, there has been a 6-percentage point jump in Latino demand for the suburbs over urban centers following the pandemic, at 52 percent compared to 46 percent. In contrast, the preference for the suburbs for non-Hispanic White individuals has not changed.

“Last year, I saw a lot of Hispanics looking for some sort of in-law suite outside, apart, or attached to the house, like a guest house almost.”

**Daniel Barraza,**  
My Home Group,  
Phoenix, AZ

## YARDS AND OUTDOOR SPACE

Latinos rank yards and lot sizes high on their list of preferences. In the NAHB survey, Latinos were least likely to compromise on a smaller lot (21 percent) compared to 34 percent of non-Hispanic White individuals and 37 percent of Asian respondents. This trend has been even more pronounced since the pandemic, with 38 percent of Hispanics reporting wanting a larger lot, more than any other demographic. NAHREP's 2021 Top Real Estate Practitioners Study shares this sentiment, with 17 of 25 interviewees noting that Latinos prefer a spacious, outdoor area.

## MULTIPLE UNITS PER LOT

Latinos like utility built into their homes. 10 of 25 interview participants from NAHREP's 2021 Top Practitioners Study indicated that their Latino buyers preferred a home with an in-law suite, extra living space, or business area. Additionally, interviewees from midwestern markets (West Chester, OH, Coon Rapids, MN, Grand Island, NE, Chicago, IL, and Woodstock, IL) all reported that Latino buyers preferred homes with finished basements.

Additionally, according to the NAHB survey, when Latinos search for a home, they are 35.9

“In this market, Latinos are buying whatever they can afford. Some families are settling for a condo because they can't afford a home.”

**Mario Mariscal,**  
Excellence RE Real Estate,  
Whittier, CA

“Latinos will typically look for that multi-unit home to get help with the mortgage payment, that's kind of their strategy to afford homes in this market.”

**Christian Cobo,**  
Better Homes and Gardens  
Real Estate Elite,  
Cranford, NJ

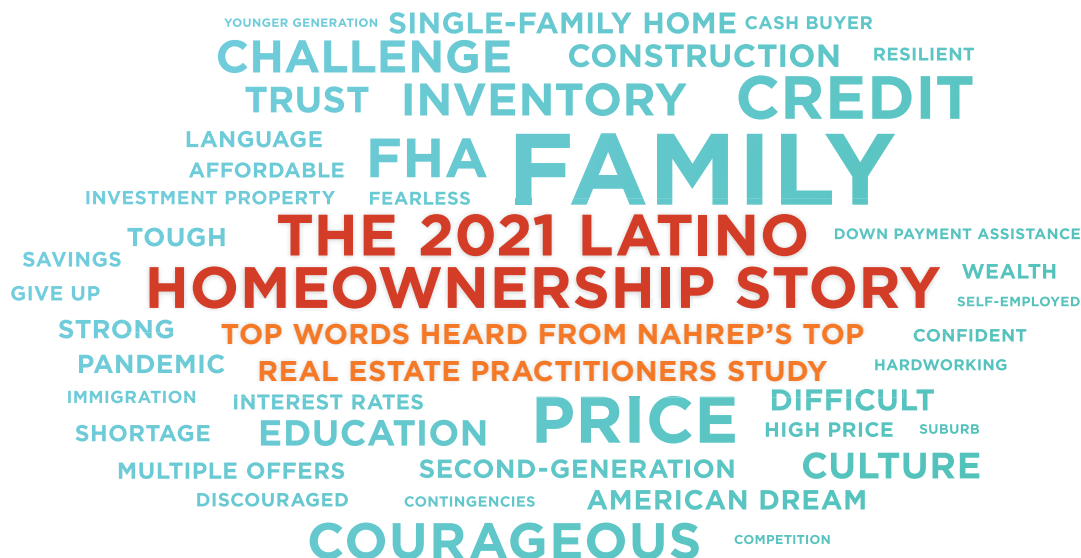
percent more likely to select a home designed to house multiple generations, 53 percent of Latinos compared to 39 percent of the general population, the highest of any demographic.

Latinos also look for lots with multiple units to accommodate family members or to live in one unit and rent out the others, easing affordability constraints. Five interview participants shared that Latinos preferred homes with more than one unit on the property (Cranford, NJ, Boston, MA, Addison, IL, Lawrence, MA, and West Chester, OH).

## FOR SOME, CONDOS ARE THE ONLY OPTION

Among those interviewed for NAHREP's 2021 Top Real Estate Practitioner study, representatives from Austin, TX, Chicago, IL, Phoenix, AZ, and Mesquite, TX mentioned that younger Latinos are indifferent to living in condos or a single-family home. Survey respondents showed that the majority of Latinos who preferred condos were based in California, Florida, and Texas. Condo and townhome construction are critical in affordability-constrained markets, as they continue to be key starter home options for today's first-time homebuyers.

## SECTION 5: INSIGHTS FROM THE TOP REAL ESTATE PRACTITIONERS STUDY



## 2021 CONSUMER TRENDS:

## KEY TAKEAWAYS

The following trends and insights were derived from the 25 top real estate practitioners who participated in NAHREP's Top Real Estate Practitioners Study Interviews. Collectively these individuals closed **2,612** transactions for buyers in 2021.

## LATINO NUANCES:

"Even though we say the younger generation doesn't listen to their family, in the end, they kind of do. The parents are always telling them to buy a house. I think that's why you get a lot of referrals from Latino clients."

**Nora Aguirre,**  
Nora Aguirre with Team  
Century 21 Americana,  
Las Vegas, NV

17 OF 25

## IDENTIFIED 2021 MARKET CHALLENGES AS CENTRAL TO THE 2021 LATINO HOMEOWNERSHIP STORY.

22 OF 25

SAID LATINOS ARE MORE READY FOR HOMEOWNERSHIP UPON MEETING COMPARED TO FIVE YEARS AGO, ONE OF THE REASONS BEING SOCIAL MEDIA EDUCATION.

13 OF 25

REPORTED THAT THEIR LATINO CLIENTS REQUIRE MORE HAND-HOLDING THAN OTHER DEMOGRAPHICS, PARTICULARLY IN EXPLAINING THE HOMEBUYING PROCESS.

13 OF 25

SAW AN INCREASE IN LATINOS PURCHASING INVESTMENT PROPERTIES.

24 OF 25

SHARED THAT LATINOS HAVE A STRONG PREFERENCE FOR SINGLE-FAMILY HOMES WITH 3+ BEDROOMS AND A YARD.

## INCREASING DIVERSITY IN REAL ESTATE INDUSTRY: KEY TAKEAWAYS

### HOW I GOT INTO THE BUSINESS:

"I bought my first house back in 2000. It was a very, very hard process for me since I had never bought a house before. The real estate agent who sold the house to me reached out to me and said, you might be able to help someone that is in the same position that you were in. Can you share with him what you learned, and help translate for me as well? So, I started translating and helping him and then that client led to another client, so I just went ahead and got my real estate license."

**Hector Rubio,**  
Rubio Real Estate and  
Property Management, LLC,  
Grand Island, NE

Increasing the number of Latino real estate professionals continues to be one of the most effective strategies in increasing the Latino homeownership rate. An individual in the real estate industry creates a multiplier effect among those around them (family, friends, and sphere of influence), accelerating homeownership acquisition in their respective communities.

While 14 of the individuals interviewed were Broker/Owners of their real estate office, the following are key business trends that were derived from interviews.

### 13 OF 25

AGENTS GOT INTO THE REAL ESTATE INDUSTRY AFTER GOING THROUGH THE REAL ESTATE PROCESS THEMSELVES.

### 9 OF 25

WENT INTO THE REAL ESTATE INDUSTRY TO IMPROVE THE EXPERIENCE FOR LATINOS AFTER HAVING HAD A BAD EXPERIENCE THEMSELVES.

### 7 OF 14

BUSINESS OWNERS SHARED THAT ONE OF THE BIGGEST CHALLENGES THEY FACE IS BUILDING A TEAM WHO SHARED COMPANY VALUES.

### 4 OF 14

BUSINESS OWNERS ATTRIBUTE THEIR BUSINESS OWNERSHIP TO SOMEONE GIVING THEM AN OPPORTUNITY AND PUSHING THEM TO TAKE ON A LEADERSHIP POSITION.

### 3 OF 14

BUSINESS OWNERS MENTIONED NOT HAVING A COACH OR MENTOR AS A CHALLENGE WHEN FIRST STARTING THEIR BUSINESS.

### TAKING INVENTORY INTO THEIR OWN HANDS:

"I actually purchased about 4 acres near my office because I couldn't find inventory for my clients. Latinos are not ready for condos and townhomes yet, in my opinion. With the four acres we have right now, we're going to be able to build 18 homes and create a big area with the yard space Latinos look for. However, through the process of developing, I learned how hard it is to get financing for the development. I need help."

**Diana Sifuentes,**  
Berkshire Hathaway  
HomeServices A Action,  
Mesquite, TX

# 2021 LATINO BUYERS SURVEY

## NAHREP TOP PRODUCER SURVEY RESULTS<sup>1</sup>

### LATINO REAL ESTATE AGENTS PREDOMINANTLY SERVE LATINO CLIENTS



**MORE THAN HALF**  
OF THEIR BUYER TRANSACTIONS  
IN 2021 WERE MADE TO LATINOS

### SPANISH-LANGUAGE PREVALENCE DROPPED BY 13% FROM 2020<sup>2</sup>

**35%** SAID AT  
**LEAST HALF OF**  
THEIR BUYER TRANSACTIONS  
WERE CONDUCTED ENTIRELY  
IN SPANISH



### PREVALENCE OF FIRST-TIME HOMEBUYERS DROPPED BY 14% FROM 2020

**41%**

SAID THAT MOST, IF NOT ALL,  
OF THEIR LATINO BUYERS IN 2021 WERE

**FIRST-TIME HOMEBUYERS**



### BUYING A HOME IS A FAMILY AFFAIR



**46%**

INDICATED THAT

**AT LEAST ONE QUARTER**

OF THEIR LATINO BUYERS HAD MORE THAN  
2 BORROWERS ON THE LOAN

### UTILIZATION OF DOWN PAYMENT ASSISTANCE PROGRAMS REMAINS LOW



**68%** INDICATED THAT  
**FEWER THAN 10%**  
OF THEIR LATINO HOMEBUYERS  
USED DPA IN 2021

### FOR THOSE BUYERS THAT COULD UTILIZE DOWN PAYMENT ASSISTANCE

LENDER PARTNERS WERE THE  
**MOST POPULAR**  
WAY OF FINDING OUT ABOUT  
PROGRAMS IN EACH MARKET



### FEW LATINOS ARE MOVING ACROSS STATE LINES

**77%**

INDICATED THAT  
**FEWER THAN 10%**  
OF THE LATINO BUYERS  
RELOCATED FROM A  
DIFFERENT STATE



### FOR LATINO FAMILIES THAT DID RELOCATE IN 2021,

**CALIFORNIA & NEW YORK**  
SAW THE HIGHEST OUTBOUND MIGRATION



<sup>1</sup> NAHREP surveyed 620 top producing Latino real estate agents in 39 states plus Puerto Rico. Survey respondents answered questions based on their Latino purchase/buyer transactions that took place in 2021. Survey was administered online between February 10-28, 2022.

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



## BIGGEST BARRIER TO HOMEOWNERSHIP

**54%** SAID  
“TOO FEW HOMES FOR  
SALE IN CLIENT’S  
PRICE RANGE”

WAS THE NUMBER ONE BARRIER TO  
LATINO HOMEOWNERSHIP



THE TOP RESPONSE FOR  
3 YEARS IN A ROW

## BUYING A HOME MORE DIFFICULT FOR THE SELF-EMPLOYED

**44%** SAID THAT  
FEWER THAN 10%  
OF THEIR LATINO BUYERS IN 2021  
WERE SELF-EMPLOYED



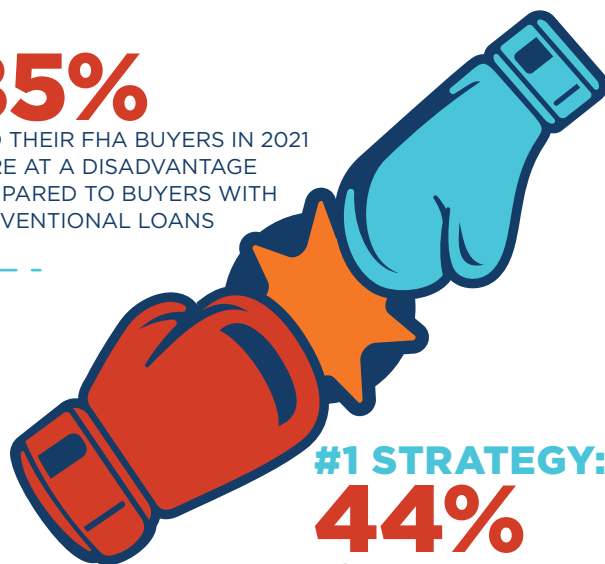
## LATINO FIRST-TIME BUYERS RELY ON FHA FINANCING



**26%** SAID  
AT LEAST HALF  
OF THEIR LATINO FIRST-TIME BUYERS  
IN 2021 HAD AN FHA LOAN

## TOUGH FOR FHA BUYERS TO COMPETE IN A TIGHT HOUSING MARKET

**85%**  
SAID THEIR FHA BUYERS IN 2021  
WERE AT A DISADVANTAGE  
COMPARED TO BUYERS WITH  
CONVENTIONAL LOANS



## LATINO REAL ESTATE AGENTS INVEST IN REAL ESTATE

**95%**  
SURVEYED OWN THEIR HOME AND  
**63% OWN AN  
INVESTMENT PROPERTY**



#1 STRATEGY:  
**44%**

WORKED WITH THEIR  
FHA CLIENTS TO CONVERT  
TO CONVENTIONAL

## LATINO INVESTMENT PROPERTY OWNERSHIP IS ON THE RISE

**68%** SAW AN  
INCREASE IN  
INVESTMENT  
PROPERTY

OWNERSHIP AMONG  
LATINO BUYERS IN 2021



## TIGHT HOUSING INVENTORY LEADS TO BIDDING WARS

**74%**  
SAID HOMES IN 2021 WERE  
RECEIVING AN AVERAGE OF  
**6 - 20 OFFERS**

WITH THE HIGHEST  
REPORTED BEING  
**217 OFFERS ON  
ONE SINGLE  
HOME**



# END NOTES

- <sup>1</sup> U.S. Census Bureau. (2022, February 2). Current Population Survey/Housing Vacancy Survey.
- <sup>2</sup> U.S. Census Bureau. (2022, February 2). Current Population Survey/Housing Vacancy Survey.
- <sup>3</sup> Calculations made using Home Mortgage Disclosure Act (HMDA) data for home purchases in 2020 in HMDA Vision®.
- <sup>4</sup> Boesel, M. (2022, January 4). CoreLogic. Annual U.S. Home Price Hits New Record in November. Retrieved from <https://www.corelogic.com/intelligence/buy-stories/annual-u-s-home-price-hits-new-record-in-november/>.
- <sup>5</sup> U.S. Census Bureau (2021, September 16). Decennial Census P.L. 94-171 Redistricting Data. P.L. 94-171.
- <sup>6</sup> Up for Growth. (2022) Housing Underproduction in the U.S. [Forthcoming Research].
- <sup>7</sup> CoreLogic. (2021, September). CoreLogic Home Equity Report for 2021Q2.
- <sup>8</sup> Calculations made using U.S. Census Bureau, Current Population Survey, 2021 Annual Social and Economic Supplement (CPS ASEC) in CensusVision®.
- <sup>9</sup> Freddie Mac calculations using anonymized credit bureau data. Based on monthly snapshots from September 2021.
- <sup>10</sup> Freddie Mac calculations based on data from Redfin.com for December 2021 to investigate housing stock, anonymized credit bureau data for September 2021, Freddie Mac Home Value Explorer data for 2021. More information on methodology can be found at [http://www.freddiemac.com/research/insight/20211021\\_future\\_borrowers.page?](http://www.freddiemac.com/research/insight/20211021_future_borrowers.page?).
- <sup>11</sup> Calculations made using U.S. Census Bureau, Current Population Survey, 2021 Annual Social and Economic Supplement (CPS ASEC) in CensusVision®.
- <sup>12</sup> U.S. Census Bureau (2021, September 16). Decennial Census P.L. 94-171 Redistricting Data. P.L. 94-171.
- <sup>13</sup> Bureau of Labor Statistics. (2021). Employment status of the civilian noninstitutional population by race, Hispanic or Latino ethnicity, sex, and age, seasonally adjusted. Retrieved from <https://www.bls.gov/web/empsit/cpseea04.htm>.
- <sup>14</sup> Dubina, K. (2021, September 15). U.S. Department of Labor. Hispanics in the Labor Force: 5 Facts. Retrieved from <https://blog.dol.gov/2021/09/15/hispanics-in-the-labor-force-5-facts>.
- <sup>15</sup> Goodman, L., and Zhu, J. (2021, January). Urban Institute. The Future of Headship and Homeownership. Retrieved from <https://www.urban.org/research/publication/future-headship-and-homeownership>.
- <sup>16</sup> U.S. Census Bureau. (2022, February 2). Current Population Survey/Housing Vacancy Survey.
- <sup>17</sup> U.S. Census Bureau. (2022, February 2). Current Population Survey/Housing Vacancy Survey.
- <sup>18</sup> U.S. Census Bureau. (2022, February 2). Current Population Survey/Housing Vacancy Survey.
- <sup>19</sup> U.S. Census Bureau. (2022, February 2). Current Population Survey/Housing Vacancy Survey.
- <sup>20</sup> U.S. Census Bureau. (2022, February 2). Current Population Survey/Housing Vacancy Survey.
- <sup>21</sup> U.S. Census Bureau. (2022, February 2). Current Population Survey/Housing Vacancy Survey.
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# 2022 NAHREP NATIONAL POLICY PRIORITIES

The National Association of Hispanic Real Estate Professionals (NAHREP) 2021 Policy Priorities are all intended to advance sustainable Hispanic homeownership. As the largest Latino business organization in the country, with a network of over **40,000 real estate professionals** and **100+ local chapters**, NAHREP represents not only the professionals at the point of sale driving up Hispanic homeownership rates, but also the growing number of prospective Hispanic homeowners that require an adequate supply of housing stock, affordable lending products, and sensible immigration policies that help stimulate our economy.

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. To that end, we are focused on three main priorities:



## HOUSING INVENTORY



## ACCESS TO CREDIT



## IMMIGRATION



# A LOOK AT NAHREP ADVOCACY IN 2021



## HOUSING INVENTORY

**Federal:** NAHREP worked with a coalition of housing stakeholders to secure the inclusion in the Build Back Better (BBB) legislative package of over 60 billion, to increase or improve the nation's housing supply. However, the package has thus far failed to become law.

**California:** The NAHREP California Delegation spent 3 years advocating for key housing supply bills in the California state legislature aimed at addressing California's worsening housing inventory crisis. In part as a result of this effort, in September of 2021, California signed into law a series of bills aimed to increase housing density in the state, most notably the California Housing Opportunity and More Efficiency ("HOME") Act, which allows building up to fourplexes in areas that previously would have allowed only one home.

**North Carolina:** In June 2021, the NAHREP Charlotte Chapter in North Carolina helped secure passage of the Charlotte 2040 Comprehensive Plan, one of the most aggressive city plans in the country seeking to close the housing gap. The plan will help provide higher density by improving zoning laws and access to essential goods within a short walk, bike, or transit ride. The NAHREP Charlotte Chapter was a pivotal supporter and leader in passing this initiative.



## ACCESS TO CREDIT

**Qualified Mortgage (QM) Rule:** The new General QM rule has now gone into effect, locking in a regime that will provide a more inclusive evaluation of borrowers than would have been permitted under the prior regime. NAHREP led advocacy efforts on this, securing a major win for advancing sustainable Hispanic homeownership.

**Preferred Stock Purchase Agreement:** In September of 2021, the U.S. Treasury and Federal Housing Finance Agency (FHFA) suspended changes made to the Preferred Stock Purchase Agreement earlier that year. This was a key policy priority for NAHREP last year as the changes limited the loans made to borrowers considered "higher-risk" and investment property owners. By suspending these changes, the agencies increased access to credit, a foundational pillar of our advocacy.

**Down Payment Assistance for First-Generation Homebuyers:** NAHREP and advocacy partners secured inclusion in the Build Back Better legislative package, a program that would provide down payment assistance and wealth-building mortgages for first-generation homebuyers. However, the package has thus far failed to become law.



## IMMIGRATION

**Legal residency provisions in BBB:** While NAHREP worked with partner advocates to secure inclusion in the Build Back Better legislative package a provision that would have granted legal residency status for 8 million immigrants with either DACA or Temporary Protected Status (TPS), and/or are essential workers. However, the Congressional Parliamentarian ruled against including this provision in a reconciliation bill.

# 1. BUILD MORE HOMES FOR HOMEOWNERSHIP: ADDRESS NATIONAL HOUSING INVENTORY AND AFFORDABILITY CRISIS

## BACKGROUND

No issue impacts access to homeownership for Latinos more than the low supply of housing available for sale. A decade-long shortfall in annual production of new housing has left the nation with somewhere between 2-4 million fewer units of housing than is needed. As a result, the nation has fewer homes for rent or purchase than at any time in four decades, a shortfall that has led to a dramatic rise in rent and home prices, particularly among entry-level homes.

Today, restrictive zoning, the rising cost of materials, and labor shortages all exacerbate the cost and difficulty of building homes, particularly at the “starter-home” price point. While the housing inventory shortage is now a widespread phenomenon throughout the United States, the most severe rates of housing underproduction are occurring in areas with the highest Latino concentrations.

## OVERALL STRATEGY

Champion national and local policies that stimulate the production of new homes by bringing down building costs, easing zoning restrictions, relieving barriers to building new homes, and including incentives for building owner-occupied units.

## FEDERAL STRATEGY

### 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. Create 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 THAT STIFLE HOUSING DEVELOPMENT

- Tie federal transportation funds to a city’s or municipality’s performance in devising a comprehensive housing production plan, easing restrictive zoning policies and land-use regulations that prohibit new residential construction.
- Require that transit-based development plans around employment hubs include the construction of multifamily condominium units, townhomes, or other high-density housing developments.
- Grant tax breaks and density bonuses to developers who set aside affordable ownership housing for low- to moderate-income households.

### ESTABLISH A WHITE HOUSE WORKING GROUP ON HOUSING PRODUCTION

- Currently, there is no single person within the Administration that is tasked with solving our housing inventory crisis. As housing supply is complex and multifaceted, ranging from trade policy to immigration, transportation, intergovernmental affairs, and more, it must be coordinated from within the White House. We urge the Biden Administration to create an internal working group led by a Senior White House official to come up with a comprehensive plan to execute a coordinated strategy aimed at solving the housing supply crisis.

### ADAPTIVE REUSE, REPURPOSING COMMERCIAL BUILDINGS FOR HOUSING PURPOSES

- Conduct a comprehensive assessment of commercial buildings, such as shopping malls, strip malls, or other buildings that are not being utilized to their full potential, particularly in areas with the most severe housing shortages. Use federal programs and tax incentives to incentivize adaptive reuse of these properties for housing purposes that include units for homeownership.

### BUILDING MATERIALS MUST BE PRIORITIZED IN TRADE NEGOTIATIONS

- The rising costs of building materials make building entry-level housing, cost-prohibitive for builders. Trade negotiations must prioritize the need to bring down the cost of lumber, steel, and other key construction materials.

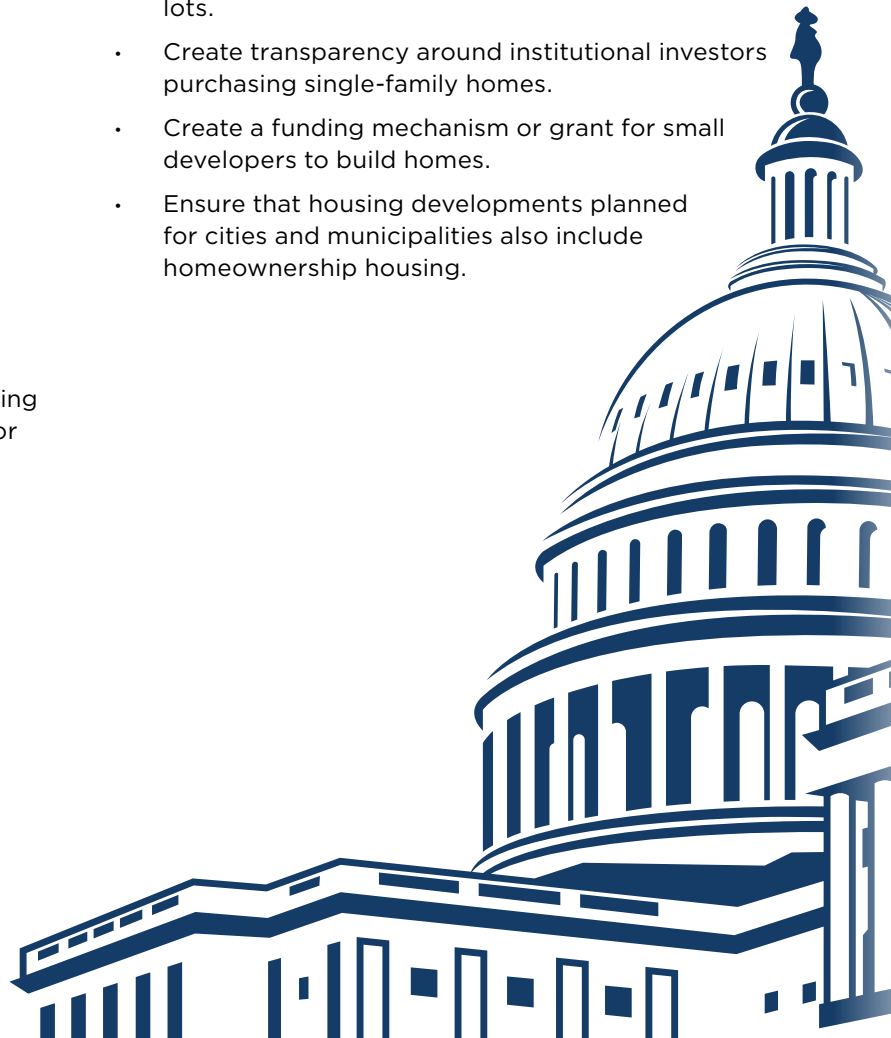
### PASS THE FOLLOWING FEDERAL BILLS THAT ADDRESS HOUSING INVENTORY:

- **Housing Supply and Affordability Act** to authorize a grant program for the development and implementation of housing supply and affordability plans.
- **The Neighborhood Homes Investment Act** to allow federal tax credits for neighborhood revitalization including new construction.
- **Yes in My Backyard (YIMBY) Act** to encourage localities to advance policies that eliminate exclusionary zoning and artificial barriers to housing production.
- **Better Planning and Land-Use for Accessible Neighborhoods (PLAN) Act** to include housing considerations in transportation planning.
- **Increase funding for HOME Investment Partnerships Program** that fund activities including building, buying, and/or rehabilitating housing for rent or homeownership.

### STATE AND LOCAL STRATEGY

#### CHAMPION STATEWIDE AND LOCAL STRATEGIES, SUCH AS:

- Zoning reform to allow for more density, including the building of condos and townhomes.
- Rezone commercially zoned properties or repurpose unused buildings for housing and mix-use.
- End apartment/condo bans within one-quarter mile of job centers and existing transit stops.
- Incentivize building housing near existing job centers and public transportation.
- Streamline and lower barriers for housing developments and permit approvals.
- Allow homeowners to convert an existing single-family structure into a duplex, triplex, or fourplex.
- Permit small lot subdivisions to encourage the 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.
- Legalize accessory dwelling units, finished basements, efficiencies, or in-law suites in existing lots.
- Create transparency around institutional investors purchasing single-family homes.
- Create a funding mechanism or grant for small developers to build homes.
- Ensure that housing developments planned for cities and municipalities also include homeownership housing.





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

### BACKGROUND

The middle class has relied on homeownership to build wealth through generations. Not surprisingly, owners have significantly more wealth than renters. As homeownership is the number one strategy Latinos use to build wealth, targeted strategies around bridging the homeownership gap are essential to bridging the ethnic and racial wealth gap.

As such, Latinos overwhelmingly purchase their first home utilizing low down payment lending products, such as those insured by the Federal Housing Administration (FHA). However, through the heightened housing shortage crisis, individuals seeking to purchase their first home are competing against cash offers, buyers offering large down payments, and institutional investors.

Nearly half (44 percent) of real estate agents/brokers who participated in NAHREP's 2021 Top Real Estate Practitioners Study reported that they worked to convert their FHA borrowers to conventional loans in order to give these buyers a better shot at competing in today's impacted housing market. However, Latinos are 81 percent more likely to be denied financing for a conventional loan than their non-Hispanic counterparts.<sup>1</sup> As Latinos are predicted to account for 70 percent of homeownership growth over the next 20 years, primarily because of age and growth in household formations, a lending environment must exist that is conducive to expanding access to homeownership. A failure to do so could result in a steep decline in the overall homeownership rate and have a devastating impact on the nation's GDP and economic well-being.

### THE STRATEGY

Work with the White House, Administration, and Congress to foster a lending environment that is conducive to first-generation, first-time homebuyers who do not rely on generational wealth, to fairly compete in today's market.

### DOWN PAYMENT ASSISTANCE FOR FIRST-GENERATION HOME BUYERS

- Pass the Down payment Toward Equity Act of 2021 to create a \$20,000 down payment assistance (DPA) program geared toward first-generation, first-time homebuyers.

### EQUITY ACCELERATOR PROGRAM FOR FIRST-GENERATION HOME BUYERS

- Pass the Low-income First Time Homebuyer (LIFT) Act of 2021 which would create a program through the Department of Housing and Urban Development (HUD) that would sponsor low fixed-rate 20-year mortgages to accelerate equity building.

### DEFEND THE PRINCIPLES OF THE COMMUNITY REINVESTMENT ACT (CRA)

- As federal regulators unveil new rules for implementation of the Community Reinvestment Act (CRA), we urge regulators to make CRA exams more rigorous, expand data collection and improve communication around merger reviews.

### REDUCE OR ELIMINATE LOAN-LEVEL PRICE ADJUSTERS

- Loan-Level Price Adjusters (LLPAs) create undue burdens on communities of color, particularly in a rising interest rate environment. For loans already covered by private mortgage insurance, LLPAs should be eliminated.

### AFFORDABLE HOUSING GOALS

- Work with the Federal Housing Finance Agency (FHFA) to ensure the Government Sponsored Enterprises (GSE) serve low- to moderate-wealth borrowers, that FHFA 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.

### FHA FLIPPING RULE

- Ease restrictions around the FHA flipping rule which prevents buyers from accessing an FHA loan to purchase a home that was previously sold within the past 90 days. Individuals that only qualify for FHA loans already have a difficult time accessing homeownership, this rule further restricts homes that are available to FHA borrowers, exacerbating housing inventory challenges.

<sup>1</sup> Calculations made using Home Mortgage Disclosure Act (HMDA) data for home purchases in 2020 in HMDA Vision®.

### 3. IMMIGRATION AS AN ECONOMIC POLICY ISSUE: SOLVE CONSTRUCTION LABOR SUPPLY THROUGH IMMIGRATION REFORM

#### BACKGROUND

Immigrants have historically been the bedrock of our economy. The recent decline in immigrant workers, and consequently, our labor force, has impacted the socio-economic wellbeing of our communities — and in particular, the housing market, a key driver in stimulating economic growth. Restrictive immigration policies have decreased authorized immigration in recent years and as a result, shrunk an already decreasing labor force.

Restoring the foreign-born workforce would address the construction labor supply shortage, a major cost driver to homebuilding. Immigrants represent 25.4 percent of the construction labor force, a higher share than in any other industry. 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.<sup>2</sup> The immigrant labor force supply is what keeps our workforce solvent. To ensure continued economic growth, we will need more immigration, not less.

#### THE STRATEGY

Work with the White House, Administration, and Congress to foster a lending environment that is conducive to first-generation, first-time homebuyers who do not rely on generational wealth, to fairly compete in today's market.

#### THE AMERICAN DREAM AND PROMISE ACT

- Urge the Senate to pass the American Dream and Promise Act which passed the House of Representatives on March 18, 2021. The American Dream and Promise Act would protect Dreamers and Temporary Protected Status (TPS) holders from deportation and provide a pathway to permanent residency. The Act would apply to 4.4 million foreign-born individuals.<sup>3</sup> Further, the legislation would generate 285,400 new jobs and a cumulative total of \$799 billion in GDP growth over 10 years.<sup>4</sup>

#### THE U.S. CITIZENSHIP ACT OF 2021

- Pass the U.S. Citizenship Act of 2021 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 not only boosts our labor force and addresses the construction labor shortage, but passing legislation that streamlines visa processing and a pathway to citizenship for undocumented workers also generates robust economic growth.

<sup>2</sup> Dubina, K., et al. (2021, October). Bureau of Labor Statistics, Monthly Labor Review. Projection overview and highlights, 2020 – 30. Retrieved from <https://www.bls.gov/emp/publications/projections-overview.htm>.

<sup>3</sup> Migration Policy Institute. (2021, March). American Dream and Promise Act of 2021: Who is Potentially Eligible? Retrieved from <https://www.migrationpolicy.org/content/american-dream-and-promise-act-2021-eligibility>

<sup>4</sup> Center for American Progress. (2021). Citizenship for Undocumented Immigrants Would Boost U.S. Economic Growth. Retrieved from [https://americanprogress.org/wp-content/uploads/2021/06/EconImmigration-scenario3.pdf?\\_ga=2.81390096.608353247.1646276494-2001502985.1642396184](https://americanprogress.org/wp-content/uploads/2021/06/EconImmigration-scenario3.pdf?_ga=2.81390096.608353247.1646276494-2001502985.1642396184).





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