



# El Sueño de su Casa:

## The Homeownership Potential of Mexican-Heritage Families

Jongho Lee, Ph.D

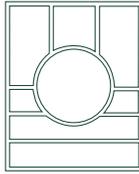
Louis Tornatzky, Ph.D.

Celina Torres, M.P.P.



The Tomás Rivera  
POLICY INSTITUTE





The Tomás Rivera  
POLICY INSTITUTE

Founded in 1985, the Tomás Rivera Policy Institute advances critical, insightful thinking on key issues affecting Latino communities through objective, policy-relevant research, and its implications, for the betterment of the nation.

The Tomás Rivera Policy Institute  
University of Southern California  
School of Policy, Planning and Development  
650 Childs Way, Lewis Hall, Suite 102  
Tel: 213/821-5615 • Fax: 213/821-1976

with offices at:  
Columbia University, NY, NY

©2004 The Tomás Rivera Policy Institute  
Unauthorized duplication of this report is a violation of copyright.  
May 2004

Copies of this document can be obtained by calling  
213/821-5615 or by downloading a PDF file at  
[www.trpi.org](http://www.trpi.org)

The Tomás Rivera Policy Institute asserts a neutral position regarding public policy issues. Interpretations and conclusions presented in TRPI publications are those of the authors and should not be attributed to the Institute, its trustees, officers or other staff members, or to the organizations which support its research.



# El Sueño de su Casa:

The Homeownership Potential  
of Mexican-Heritage Families

Jongho Lee, Ph.D

Louis Tornatzky, Ph.D.

Celina Torres, M.P.P.

2004



The Tomás Rivera  
POLICY INSTITUTE



The Tomás Rivera Policy Institute would like to thank and acknowledge Freddie Mac for both their generous support and substantive contributions to this study and the development of this report.



# TABLE OF CONTENTS

Foreword.....	i
Acknowledgements.....	ii
Executive Summary .....	iii
I. A PIECE OF THE AMERICAN DREAM .....	1
II. THE LATINO POPULATION.....	2
Latino Homeownership: Past, Present and Future .....	3
III. RESEARCH DESIGN.....	4
Mexican-Heritage Households are the Largest Latino Group.....	4
The Stages of Homeownership .....	5
IV. THE HOMEOWNERSHIP AMBITIONS OF MEXICAN-HERITAGE FAMILIES .....	7
Housing Preferences.....	9
V. DETERMINANTS OF THE PATH TO HOMEOWNERSHIP .....	11
Financial Factors .....	11
Demographic Factors.....	12
VI. THE UNTOLD STORY .....	14
The “Unbanked” .....	14
Information Barriers .....	16
Residency Status and Documentation .....	18
Discrimination .....	20
VII. CONCLUSION.....	21
VIII. POLICY IMPLICATIONS AND RECOMMENDATIONS.....	22
Appendices.....	24
References .....	27

# FOREWORD

The nation's housing shortage has hit hard many working families—of all races and ethnicities. Perhaps hardest hit, as a group, have been low-to-middle income Mexican Americans. From recent immigrants to later generations, the obstacles to owning a piece of the American Dream are often insurmountable. The Tomás Rivera Policy Institute, in this report, examines the factors that influence those who are successful in their quest for homeownership, and those who are not.

This study is the first in a planned series of reports based on an extensive survey of Latino households in three large metropolitan areas—Los Angeles, Houston, and Atlanta. It focuses exclusively on Mexican-heritage families and their experience in the housing market. We chose this group because they constitute the largest of the Latino national origin groups in the United States. We narrowed the study population even further, however, by surveying only those who have never owned a home in the U.S., and those who purchased one for the first time in the previous two years. This enabled us to provide what is, quite possibly, the most concrete picture ever drawn of the potential Latino homeowner and the obstacles that stand in the way of homeownership.

This report and those that follow will have important policy and financial implications, for it is only by identifying a problem that solutions become possible. The information included here will not only enable legislators, real estate professionals, community groups and business leaders to find new and innovative ways to reach this market, it will provide ideas that can be used to help all ethnic and immigrant families who are seeking their own piece of the American Dream.

Harry P. Pachon, Ph.D.  
President, TRPI  
Professor of Public Policy  
University of Southern California

# ACKNOWLEDGEMENTS

This report is made possible by the generous support of the Freddie Mac Corporation and the tireless efforts of many individuals. We first would like to thank Donald S. Bradley, Brian J. Surette, Richard K. Green, Jim Park, John Sepulveda, and Peter M. Zorn at Freddie Mac for their support and assistance.

Our thanks also go to members of the project advisory board for their comments and input. Many thanks particularly to Gary Acosta, CEO, National Association of Hispanic Real Estate Professionals; Oscar Gonzales, Chief Strategic Relations Officer, Houston Association of Realtors; Maria C. Mesa, Market President, San Gabriel/Pomona Valley, Bank of America; and the National Association of Latino Elected and Appointed Officials (NALEO).

We are grateful to Elvira Becerra who scheduled case study interviews and to Andrew Wainer at the Institute who conducted interviews with the case study participants. We also would like to thank TRPI President Harry Pachon for his guidance in project development; to Matt Barreto and Waldo Lopez for their research support; and to Gina Caro-Adams, Andrea Gutierrez and Lois Pilant Grossman for their assistance in the production of the report. Further, we would like to thank Interviewing Service of America (ISA) who ably completed the complex survey with a challenging timeline. As the authors of the report, we alone bear the responsibility for any remaining errors.

Finally, we sincerely thank the 1,400 participants in our telephone survey and the 60 individuals for their cooperation during our in-depth, face-to-face interviews. It is our hope that this report and the reports that follow will address the issues facing Latino homeownership and provide a road map that will help realize “el sueño” (the dream) of homeownership.

By  
Jongho Lee  
Louis Tornatzky  
Celina Torres

# EXECUTIVE SUMMARY

The Latino<sup>1</sup> population in the U.S. has grown dramatically in the last decade—the popular media has called it a demographic earthquake. In just 10 years, from 1990 to 2000, the Latino community grew by 58 percent, from 22 million to 35 million. By 2010, that number will rise again, to 44 million. Indeed, the Latino population has nearly quadrupled since 1970, owing largely to immigration and relatively high birth rates.

The phenomenal growth in the size of the Latino population coincides with the emergence of a substantial Latino middle class. Recent studies indicate that the number of Latino middle class households—defined as those with annual incomes over \$40,000—increased by 80 percent over a 20-year period.

Yet despite their growing population figures and increasing levels of income, Latinos have among the lowest homeownership rates in the country, and in fact lag substantially behind that of non-Hispanic whites and Asians. We sought to find out why—what are the barriers that prevent the Latino community from realizing its full economic potential?

Previous research has already established that Latinos are the youngest ethnic minority in the country; half of Latino household heads are under 40. By decade's end, they will enter their prime homebuying stage of life, which means homeownership rates should rise as the population ages. And because homeownership rates tend to climb with the amount of time immigrants have been in the U.S., the large cohorts of Latinos who emigrated during the 1980s and early 1990s are likely to join the ranks of American homeowners. Although

**Financial considerations and demographics are only part of the story. There are other dynamics that impede Latino progress toward homeownership.**

these are indicators of a dynamic Latino community, other realities of Latino life—low levels of income and education, and a steadily increasing immigrant population—have stymied economic development and contributed toward the inability of many Latinos to get a foothold in the housing market.

Our research sought to take a more detailed look at this group, in particular those of Mexican heritage since they account for 67 percent of all Latinos living in the United States. By focusing on a single country of ancestry and the one of predominance, we were able to more fully capture the dynamics of this largest of Latino groups.

We took into account what has already been established regarding factors that influence the decision to buy a home: Financial considerations play a primary role. Those with low levels of income say they struggle to save a down payment and question whether they will be able to qualify for a mortgage or manage the long-term debt that comes with

homeownership. Demographic factors—age of the buyer, marital status, whether there are children living at home, and for the foreign-born, the length of time they have lived in the U.S.—are also highly influential.

But financial considerations and demographics are only part of the story. There are other dynamics that impede Latino progress toward homeownership. One of the most important is that many Mexican immigrants do not have formal relationships with U.S. financial institutions. They are “unbanked.” They do not have bank accounts or credit cards, and therefore no way to establish a credit history. The reasons for this are myriad: A large number of immigrants believe they will only be here long enough to save money and return to Mexico, which would make a bank account superfluous. Some believe they have to be naturalized citizens or Legal Permanent Residents before they can open bank accounts or establish credit. Low wages and financial remittance to Mexico may reduce income to the point that the fees charged by financial institutions make checking or savings accounts an unnecessary extravagance. Because the majority of the study population is

---

<sup>1</sup> The terms “Latino” and “Hispanic” are used interchangeably in this report.

comprised of immigrants or children of immigrants, they may not have ready access to all of the institutions necessary to participate fully and equitably in the American housing market. They are less likely to have a sufficient understanding of how U.S. financial institutions function, and of the norms and practices of the housing and credit markets. The result is that many Mexican-heritage households live a kind of cash-only existence; both foreign-born and a smaller percentage of the native-born say they are paid in cash, use money orders to pay the bills, and cash checks at local supermarkets or fee-based check-cashing agencies. Our study confirmed that those who do not have a bank account are less likely than their banked counterparts to move forward in the homebuying process.

A second, significant barrier emerged in the form of information, or more accurately, the lack of it. For immigrants who speak little English, it is a daunting task to acquire information on and to understand the complexity of the homebuying process without help from others. The result is that prospective homebuyers are often uninformed or misinformed about how to get started, how to find a house, make offers and negotiate, and how to qualify for a mortgage or secure financing. A majority of the study's participants did not know whether banks and other lenders make mortgage loans to non-U.S. citizens. These findings indicate that a lack of information is a very real and important barrier.

The bright spot here, however, is that while the study participants say they have trouble finding someone they trust to advise them, they profess a high level of confidence in the formal gatekeepers—that is, real estate professionals as resources for information. This opens the door to industry professionals, who can implement education and outreach programs for the prospective Latino homebuyer. It should be noted, though, that these programs should be bilingual since fully 75 percent of both prospective homebuyers and recent homeowners say they prefer to communicate in Spanish.

Finally, the barrier that influences every other aspect of homebuying involves residency status and documentation. The study participants are confused about the legal requirements for opening a bank account, establishing credit, and getting a loan. Many believe they must be naturalized citizens or Legal Permanent Residents, or supply a social security number. They are unaware that a *Matricula Consular* (an identification card issued by the Mexican government) and/or an IRS-issued tax identification number may satisfy banking requirements. A large number of the study's participants say they do not know whether an undocumented immigrant can buy property in the United States or get a home loan. This creates a situation in which immigrant families rely on relatives or friends who are legally in the U.S. to act as proxy buyers. It also creates a community of consumers who believe their only option is to deal with marginal institutions or individuals who charge high fees or interest rates, and do not report to credit repositories, thereby preventing the customer from building a credit history.

Confusion about residency and documentation requirements exists in spite of the fact that the majority of the study's participants have lived continuously in the United States for more than a decade.

As the fastest growing ethnic group in the country, the Latino community is expected to be a key driver of household growth over the next decade. And because the Latino population is rising so much faster than the overall homebuying population, they will make up a disproportionately large share of the first-time homebuying market in the years to come. This kind of population growth and its attendant economic potential makes it imperative to begin dismantling the barriers to homeownership.

It is important to note that the Latino community, and in particular those of Mexican heritage, is not a "self-editing" population, i.e., they are not opting out of the housing market by choice. The majority have expressed a strong desire to buy a home, but have been unable to accomplish it for reasons that, with the exception of resolving residency status, are beyond their control. This leaves the job of addressing the barriers to homeownership with the business community, real estate and banking professionals, and community groups and local leaders. These formal gatekeepers can provide informational programs that educate the prospective buyer about the process of homebuying. Industry professionals also can take on the

role of trusted intermediary by becoming part of a network of support and encouragement. It appears as if some of the discomfort with the homebuying process is the result of inexperience. Outreach programs can take the fear out of the process and encourage prospective buyers to make that leap of faith and start down the path to homeownership.

The financial community should continue to develop innovative mortgage products and perhaps alternative underwriting standards. Federal, state and local governments should continue to enforce compliance with

laws that ensure equal access to the housing and lending market and that protect buyers from predatory lending practices. Finally, Latino community groups and local civic and business leaders should continue to play a proactive role in helping Latino immigrants fully incorporate into American society.

**The majority have expressed a strong desire to buy a home, but have been unable to accomplish it for reasons that, with the exception of resolving residency status, are largely beyond their control**

If the formal gatekeepers—real estate and financial professionals, as well as community groups and local leaders—step in with programs that address the barriers identified here, Latino homeownership rates could reach 53 percent by 2010, an increase of 2.2 million Latino homeowner households. It will also have an impact on other minority and immigrant groups. The barriers identified in this report—lack of information, lack of engagement with U.S. financial institutions, and unresolved residency status—potentially cut across all ethnic boundaries. Creative solutions that break down these barriers will go a long way toward helping other immigrant and minority groups successfully negotiate the path to homeownership.

# I. A PIECE OF THE AMERICAN DREAM

Buying a home is a significant milestone for any American. It is a marker of success, and the beginning of that reach for the American Dream. It enables families to plant roots in a neighborhood or a community in a way that renting does not (Rohe, McCarthy, and Van Zandt 2000).

“My wife was always the one who wanted to buy a house,” says Hector Flores<sup>2</sup>, a Houston homeowner. “She could not shake from her mind the idea of owning something for herself so that she could plant a little garden. She so much wanted to say ‘I will plant this garden and it will be mine because no one will run us out of here tomorrow.’”

Hector and his wife, Juanita, recently purchased a one-bedroom house with a small backyard. It is neither new nor spacious. It is special to them for one reason—they own it. In this, the Flores family is no different than any other American family. They want a place to raise children, and somewhere they can gather with family and friends. They want to invest their hard-earned dollars in something valuable. And like most people, they inherently value homeownership.

Hector Flores is successful in his quest for a home of his own, but many of his *compatriotas* are not. Although Latino homeownership rates have improved over the past few years, they are still among the lowest of any other ethnic group. At the end of 2002, the gap between non-Hispanic white and Latino homeownership rates was 27 percentage points (74.6 percent vs. 47.3 percent, see Exhibit 3).<sup>3</sup> The main reason, not surprisingly, is money, or the lack of it. Without sufficient income, Latino families cannot save a down payment or manage the other expenses of homeownership.

But this is not news. Previous research has already established that Latinos overall have lower incomes and lower levels of education than non-Hispanic whites and Asians.<sup>4</sup> What previous research has not done is to delve into the deeper and more subtle issues that influence Latino homebuying. This report takes a detailed look at these issues. We examine how immigration status affects the ability to purchase a home. We also examine how and where Latinos get information about the process of homebuying, and their relationships with U.S. financial institutions.

Our goal is to provide this information within the context of the burgeoning Latino community. The population figures of this group have risen dramatically in the last 10 years, from 22 million in 1990 to 35 million in 2000. The Census Department projects that by 2010, there will be nearly 44 million Latinos in the U.S.—one person in seven will be of Latino origin.

This means that the Latino community will be a key driver of household growth over the next decade. This kind of population growth and its economic potential make it imperative to identify the barriers to Latino homeownership and begin the process of breaking them down.

## A CLEAR PICTURE

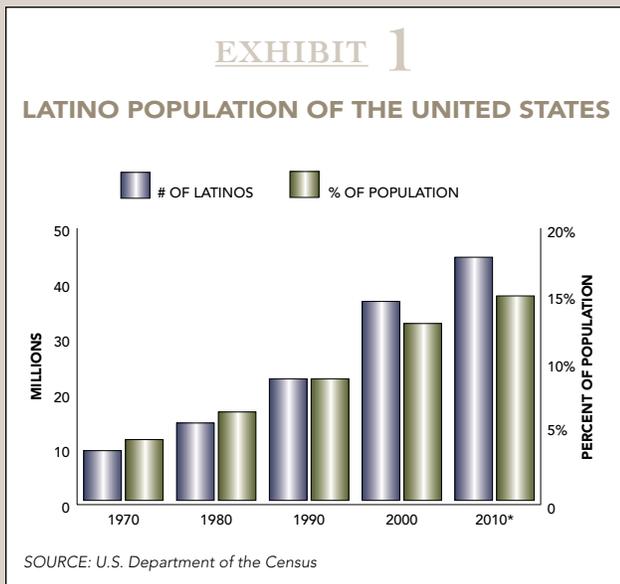
It is important to remember that statistics charting the typical markers of success—homeownership, education rates, rise in income levels—are often obscured by the overwhelming influx of new immigrants within the Latino community. This is especially true with homeownership and the fact that age and time in the U.S. have a direct effect on when a Latino renter becomes a homeowner. This means that while the overall rate of homeownership looks flat, buried in the statistics is evidence of significant material gains made by the older members of the community. This phenomenon also skews the view of rising income and education levels. The last 20 years have seen substantial progress by the native-born Latino. Unfortunately, these gains tend to be counterbalanced by increases in the number of poor, foreign-born Latino households. It is important to take this phenomenon into account if one wants to form an accurate picture of the Latino community.

<sup>2</sup> This is not a real name. We do not use the real names of our study participants in the report to protect their privacy.

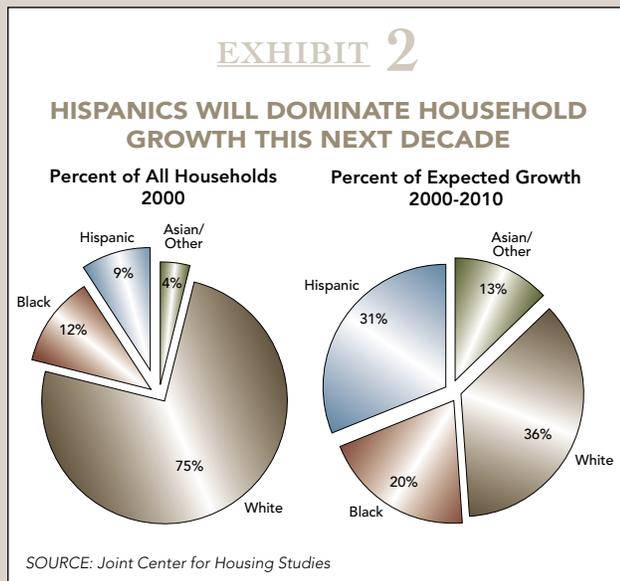
<sup>3</sup> March 2002 Current Population Survey, U.S. Census. Asians include Hawaiian and Pacific Islanders.

<sup>4</sup> According to Gabriel and Rosenthal (2004) who studied the gap between non-Hispanic whites and Hispanics, in their own estimation, 12 points of the 30 percentage point gap could be explained by differences in the socio-economic characteristics of the households. They concluded that credit barriers might explain another five percentage points of the gap, while other factors accounted for the rest.

# II. THE LATINO POPULATION



The Latino community will be a key driver of household growth over the next decade



The popular media has called the dramatic increase in the U.S. Latino population a demographic earthquake. In the last decade, the Latino community has increased 58 percent, from 22.4 million in 1990, to 35 million in 2000, representing 12 percent of the total population.<sup>5</sup> Indeed, the Latino population has nearly quadrupled since 1970 (Exhibit 1), owing largely to immigration and relatively high birth rates. The Census Department projects that by 2010, there will be nearly 44 million Latinos in the United States.<sup>6</sup>

The phenomenal growth of the Latino population coincides with the emergence of a substantial Latino middle class. According to a recent TRPI study (Bean et al 2001), the number of Latino middle class households—defined as those with annual incomes over \$40,000—increased by 80 percent over a 20-year period, from under 1.5 million in 1979 to 2.7 million in 1998.<sup>7</sup>

Research also shows that Latinos are the youngest ethnic or racial minority in the country. Half of Latino household heads are 40 years old or younger. By decade's end, the number of Latino household heads under age 45 is expected to drop from 61 percent to 55 percent. This means an increasing number of Latinos will enter their prime homebuying stage of life. And because Latinos are more likely to purchase a home as they grow older, homeownership rates should rise as the population ages. Additionally, homeownership rates tend to climb with the amount of time immigrants have been in the U.S. Thus, the large cohorts of Latinos who entered the U.S. during the 1980s and early 1990s are likely to join the ranks of U.S. homeowners.

<sup>5</sup> The figures quoted are from the 2000 U.S. Census. They are for the 50 states and D.C. and do not include the population of the Commonwealth of Puerto Rico.

<sup>6</sup> Census projections were released in January 2000, prior to the tabulations of the 2000 Decennial Census. Projections based on the 2000 Census are likely to show an even larger Latino population by 2010.

<sup>7</sup> According to U.S. Census 2000 figures, Latino households with incomes over \$40,000 grew to 3.9 million.

This indicates that the Latino community will be a driving force in household growth over the next decade. The Joint Center for Housing Studies estimates that by 2010 there will be 3.6 million more Latino households than there were in 2000, accounting for 31 percent of all household growth (Exhibit 2).

### LATINO HOMEOWNERSHIP: PAST, PRESENT, AND FUTURE

Increases in homeownership rates among all groups over the past two decades suggest that homeownership may have become more accessible, and that future rates may rise further (Exhibit 3). Research has shown that factors other than observable demographic and financial characteristics are responsible. Mortgage lenders, for example, have implemented a number of innovative ideas and information-based technologies that enable them to better assess risk and target products to specific populations. The Federal government enacted several measures that require lenders to ensure mortgage accessibility and fair treatment of ethnic minorities and low-income households. These changes, along with improved economic conditions and more stringent regulation of financial institutions to ensure compliance with Federal laws, may explain homeownership gains (Bostic and Surette 2001). They also may represent the breakdown of access barriers that previously limited homeownership.

Despite their growing population figures, Latinos still have lower homeownership rates than the typical U.S. household, and in fact lag substantially behind that of non-Hispanic whites and Asians (Exhibit 3). According to the 2002 Current Population Survey, an average of 68 percent of all U.S. households own their homes, compared to just 47 percent of Latino households.

By 2010 there will be 3.6 million more Latino households than there were in 2000, accounting for 31 percent of all household growth

### EXHIBIT 3

#### HOMEOWNERSHIP RATES BY RACE AND ETHNICITY, 1980-2002 PERCENT OF HEAD OF HOUSEHOLDS

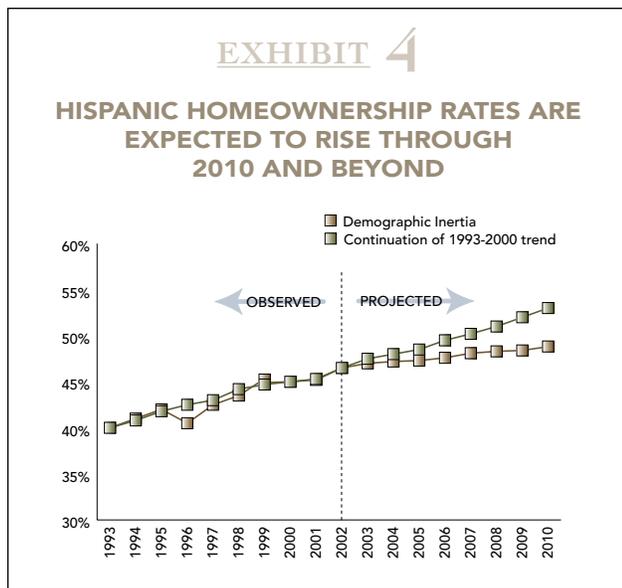
Year	ALL	WHITE	BLACK	ASIAN	HISPANIC
1980	64.4%	67.8%	44.4%	52.5%	43.4%
1990	64.2	68.2	43.4	52.2	42.2
2000	66.2	71.3	46.3	53.3	45.7
2002	68.0	71.8	48.2	52.6	47.3
2002*	67.9	74.6	49.0	52.8	47.3

Note: Hispanic heads can be of any race. All racial groups include Hispanic household heads, with the exception of 2002\*, where the four racial/ethnic groups are mutually exclusive.

Source: U.S. Department of the Census, 2002 Current Population Survey.

## CONGRESSIONAL ACTIONS

It has long been suspected that some groups—primarily ethnic minorities and lower-income households—have not had the same access to mortgage credit as others, possibly limiting their ability to become homeowners. In response to such concerns, Congress passed a series of acts, including the Home Mortgage Disclosure Act, the Community Reinvestment Act and other fair lending regulations to ensure that groups who previously had relatively low homeownership rates received access to mortgages more in line with the quality of their credit. The secondary mortgage market has also been subject to legislation aimed at improving access to mortgage credit for lower-income and minority households. Congress also authorized the Department of Housing and Urban Development to establish annual targets for affordable mortgage purchases for Fannie Mae and Freddie Mac, with the objective of increasing liquidity for lending to lower-income communities. (Bostic and Surette 2001)



**The growth of Latino homeowners would then account for 19 percent of the total increase in homeowners nationwide, despite accounting for only 9 percent of households in the U.S.**

accounting for only 9 percent of households in the U.S. We see a strong need to strengthen and expedite this positive trend.

Yet when one views this community with an eye toward the future, the picture changes. Exhibit 4 graphs homeownership rates through 2003 along with projected homeownership rates through the end of the decade, based on demographic projections. The lowest line assumes that homeownership rates by age remain at their 2002 levels, but allows the age distribution of the Latino population to evolve. In this scenario, Latino homeownership rates rise from 47 percent in 2002 to 48 percent in 2010. Although modest in percentage terms, this represents a dramatic increase of 1.5 million Latino homeowners—from 4.8 to 6.3 million households. The upper line in Exhibit 4 represents a projection of the Latino homeownership rate if the homeownership increases experienced over

the last decade continue through 2010.<sup>8</sup> In this more optimistic scenario, Latino homeownership rates rise to 53 percent by 2010, an increase of 2.2 million Latino homeowner households. The growth of Latino homeowners would then account for 19 percent of the total increase in homeowners nationwide, despite

<sup>8</sup> Latino homeownership rates are projected to increase through 2010 at the rate of increase observed during the 1993-2002 period.

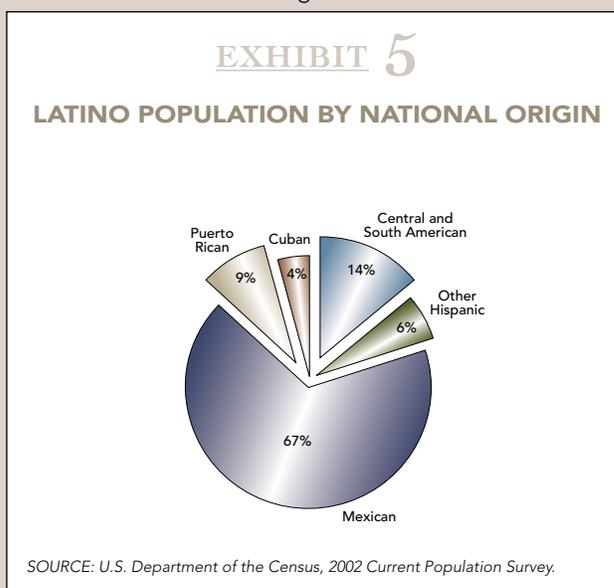
# III. RESEARCH DESIGN AND DATA

## MEXICAN-HERITAGE HOUSEHOLDS ARE THE LARGEST LATINO GROUP

Although Latinos share a common linguistic background and many cultural similarities, the Latino population is fairly diverse. It is made up of people from different countries and regions.<sup>9</sup> Among foreign- and native-born Latinos, Mexico is the most common country of ancestry or origin (Exhibit 5), accounting for 67 percent of all Latinos residing in the United States. Puerto Ricans and Cubans are, respectively, the second and third largest identifiable heritage groups.<sup>10</sup> Because they are the largest contributor to the immigrant population, this study focuses on Latinos of Mexican heritage. By focusing the analysis on a single country of ancestry and the one of predominance, we are able to more fully capture the dynamics of this largest of Latino groups.

Previous research has already established that Latinos of Mexican heritage are among the most disadvantaged within the Latino community (Bean et al 2001). Their level of education lags behind that of all other Latino groups. The proportion of Mexican Americans living in poverty also is greater than that of other Latino groups. It should not come as a surprise then that their homeownership rate trails that of most ethnic and national origin groups.

This should not be used as a reason to underestimate the potential for significant future gains in education and income among Mexican Americans. As we have already seen, a growing number are achieving middle class status with each passing generation. And because they are the largest contributor to the immigrant population and are relatively younger, Latinos of Mexican heritage constitute the largest untapped pool of first-time homebuyers among all Latino national origin groups.



## THE STUDY POPULATION

This study describes how Mexican-heritage households approach and navigate the home buying process. It is based on data collected by the Tomás Rivera Policy Institute during the spring of 2003 from (1) a telephone survey of 1,400 renters and recent first-time homebuyers of Mexican-heritage. Our study population was limited to three metropolitan areas — Los Angeles Consolidated Metropolitan Statistical Area (CMSA), Houston CMSA, and Atlanta Metropolitan Statistical Area (MSA), all of which have a substantial Latino population; and (2) detailed case studies of 60 new or prospective homebuyers identified through the telephone survey. The telephone survey yielded quantitative data that enabled us to create a profile of prospective and recent homebuyers, and to identify specific barriers to homeownership. The case studies produced context-rich qualitative information that corroborates the results of the quantitative data. This first report draws mainly on data from the telephone survey. Estimates based on the entire sample of 1,400 and the sample of 1,211 homebuyers (Dreamers, Planners, Doers, and Achievers) would give less than a three percent margin of error.

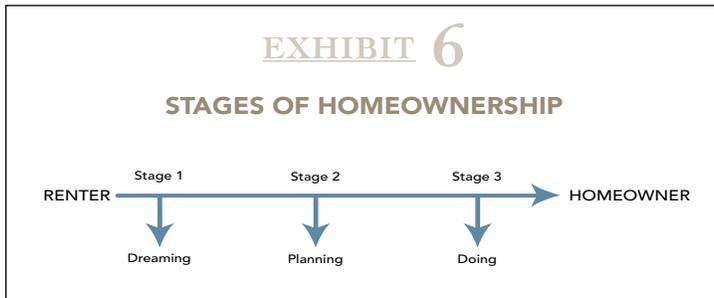
(See also Appendix B: Survey Methods and Appendix C: Population of Study Areas)

<sup>9</sup> Latino immigrants are by far the largest immigrant group residing in the United States. According to the 2000 Census, persons born in Mexico, Latin America, and the Caribbean constitute 51 percent of all immigrants. Persons born in Asia and Europe constitute, respectively, 28 percent and 16 percent of immigrants.

<sup>10</sup> This figure excludes the nearly four million residents of Puerto Rico.

## THE STAGES OF HOMEOWNERSHIP

We observed that the barriers faced by prospective Mexican-heritage homebuyers depend on their unique mix of demographic, economic, and attitudinal characteristics, as well as where they are in the homebuying process. For example, barriers related to residency status will not affect the native-born homebuyer. Likewise, those who are not yet qualified for or who have been denied a mortgage will face a greater number of barriers than are those who are pre-approved. It is thus important to identify the barriers that exist at each stage of the homebuying process.



We conceived a conceptual model that put prospective homebuyers in one of three stages: **Dreaming**, **Planning** and **Doing** (Exhibit 6).

Renters start down the path to homeownership by **dreaming** about owning a home but have no idea of when they will begin the process. At this stage,

their activities may largely be confined to seeking information about the process of homeownership by talking with relatives, friends, and co-workers, reading about homebuying, or searching the Internet. They may start to save a down payment but are likely to have only vague ideas of exactly what is required to actually buy a home.

Once prospective homebuyers make a relatively firm decision to buy a house, they move to the **planning** stage. They typically have a projected timeline in mind, and begin such activities as an intensified search for information on homebuying (e.g., reading newspaper ads), a fairly informal or unsystematic exploration of housing markets, and a concerted effort to save a down payment.

When prospective homebuyers begin to work with mortgage lenders or realtors, they enter into the **doing** stage. They search for the right home, make formal offers, negotiate price, and secure financing.

The transition from renting to owning does not, of course, always follow these stages. Some families may go from **dreaming** to **doing** overnight. Others might move backward in the process if they encounter barriers or become discouraged. Nonetheless, because some of the issues we investigated are dependent on the respondents' time-to-homeownership horizon, we divided our study population into five distinct groups:

**VISITORS** — Renters who do not wish to own a home in the United States.

**DREAMERS** — Renters who wish to own a home someday but consider it unlikely that they will buy a home within the next five years.

**PLANNERS** — Renters who plan to buy a home within the next five years but have not started to formally or intensively look for a home to buy.<sup>11</sup>

**DOERS** — Renters who have started to look for a home to buy or have contacted lenders or brokers for financing.

**ACHIEVERS** — First-time homeowners who bought within the past two years.

We distinguish families according to these stages in the discussion that follows.

<sup>11</sup> Although the five-year time-horizon we used to distinguish Dreamers and Planners is arbitrary, we believe it is a reasonable threshold.

# IV. THE HOMEOWNERSHIP AMBITIONS OF MEXICAN-HERITAGE FAMILIES

When it comes to the desire to own a home, families of Mexican heritage are no different than anyone else. They want something of their own. They want a safe place to raise their families, with room for children to play and space to entertain family and friends. They want good schools, a friendly neighborhood, low crime rates, and close proximity to work. They understand that a house payment may be only marginally more expensive than rent, yet is almost always a better investment.

For Mexican Americans in particular, homeownership is viewed as one of the only stable forms of wealth (Bradley 2001).

Not surprisingly, financial constraints are the most frequently cited reason for postponing the purchase of a home. Low levels of income make it difficult to save money for a down payment, as does the tendency to send money earned in the U.S. back to family members in Mexico. Job insecurity makes many families question their ability to manage the long-term debt that comes with homeownership.

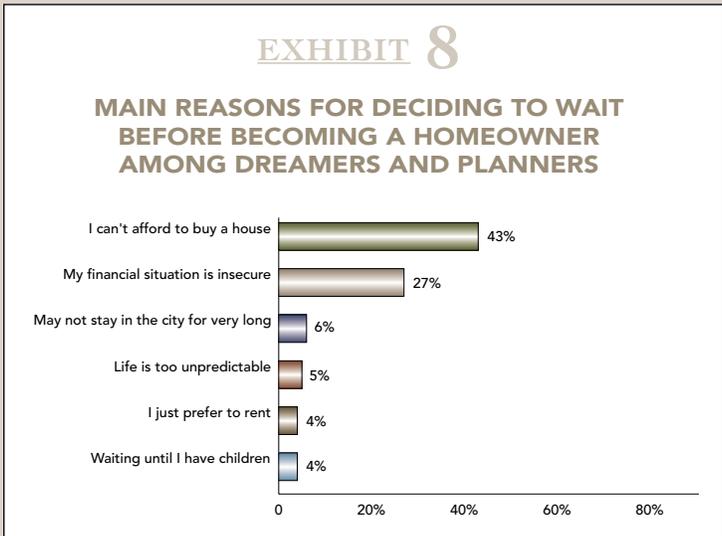
Financial concerns come into play in other areas as well. For example, many Mexican-heritage households have no formal relationship with U.S. financial institutions. This may be due to the fact that they are unfamiliar with the ways of American consumer finance. It also could be attributed to the belief of those who are undocumented that their status prevents them from opening bank accounts or establishing credit, and may therefore make it more difficult to achieve.

Yet despite these real and perceived barriers, on average 84 percent of the renters we spoke with in the three metropolitan areas express a deep desire to one day own a home (Exhibit 7). On average 44 percent are **Planners**, who say they plan to buy a home within the next five years. About one-third are **Dreamers**, in that they plan to buy a home, though not in the next five years. The smallest percentage (11 percent on average) are **Doers**—they are active in the homebuying process, having started to look for a home or contacting lenders about financing.

**EXHIBIT 7**

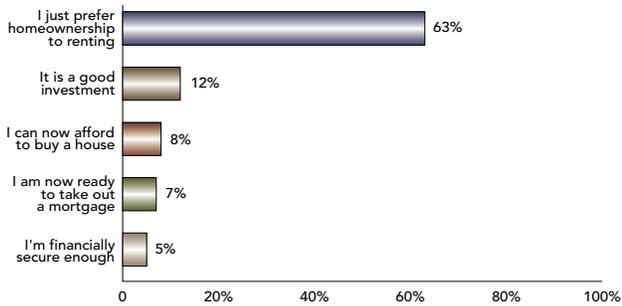
**SEGMENTS OF RENTERS IN THREE METROPOLITAN AREAS**

	LOS ANGELES	HOUSTON	ATLANTA	TOTAL
<b>VISITORS</b>				
Do Not Want to Become Homeowners in U.S.	15%	12%	21%	16%
<b>DREAMERS</b>				
More Than Five Years From Now	32%	32%	25%	29%
<b>PLANNERS</b>				
Within Five Years, Not Yet Active in Process	44%	43%	44%	44%
<b>DOERS</b>				
Actively Involved in Process	10%	13%	10%	11%
<b>TOTAL</b>	100%	100%	100%	100%



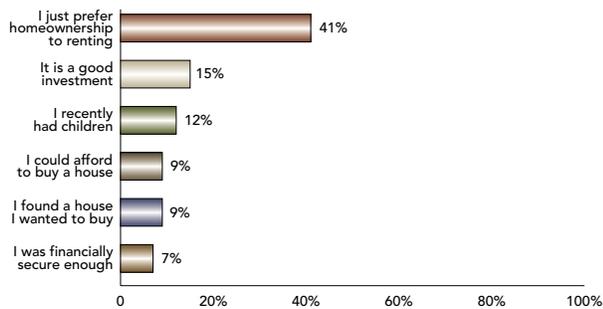
## EXHIBIT 9

### MAIN REASONS FOR THE DECISION TO BUY NOW AMONG DOERS



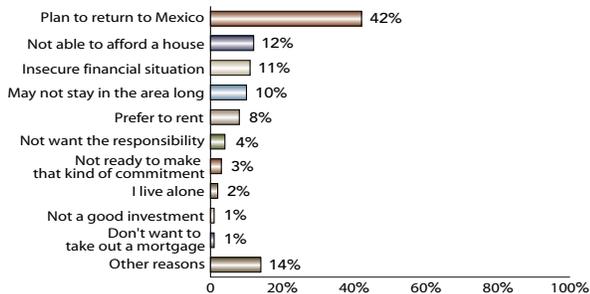
## EXHIBIT 10

### MAIN REASONS FOR THE DECISION TO BUY WHEN THEY DID AMONG ACHIEVERS



## EXHIBIT 11

### REASONS FOR NOT BEING INTERESTED IN BUYING A HOUSE AMONG VISITORS



NOTE: Percentages add up to more than 100% due to multiple responses.

## DREAMERS AND PLANNERS

About three-fourths of renters indicate that they would like to own a home one day but have not yet begun the process. Why did they decide to wait? A large number of respondents point to their financial condition as the main reason (Exhibit 8). Forty-three percent say they cannot afford to buy a house or have not saved enough for a down payment. Twenty-seven percent say their financial situation is not secure enough to buy a home. Six percent say they do not think they will stay in the city where they are currently residing. Others say they are waiting because “life is too unpredictable.”

## DOERS AND ACHIEVERS

**Doers** are actively engaged in the homebuying process, while **Achievers** purchased a home in the previous two years. When asked why they chose to seek homeownership, a plurality in both groups say they simply prefer owning to renting (Exhibits 9 and 10). Interestingly, financial security is not cited as the primary reason. In fact, only 8 percent of **Doers** say that being able to afford a home is the reason they seek homeownership. It appears as if the majority of **Doers**—many of whom have saved a down payment and understand what their monthly payments will be—have shifted their focus away from the constraints that impede homeownership and toward homeownership as an end in itself.

This is also true for **Achievers**; 41 percent say they prefer owning to renting. This group apparently overcame financial barriers at some point prior to engaging formally with real estate professionals, and then turned their attention to finding a suitable home. Fifteen percent say they consider buying a home a good investment, while 12 percent cite being married and having children as the most important consideration.

## VISITORS

About 16 percent of renters in the three metropolitan areas indicate that they do not want to buy a home in the United States. When asked why, 42 percent say they plan to return to Mexico (Exhibit 11). A significant minority point to their financial circumstances and difficulty affording a home. Ten percent say they do not expect to live in the area long enough for homeownership to be worthwhile. Eight percent say they simply prefer to rent.

## THE MYTH OF IMPERMANENCE

Mexican immigrants are much like the European immigrants who came to this country at the turn of the last century: They want jobs, money, and opportunity (Pachon and DeSipio 1994). Most believe their stay here will be temporary—they hope to either send a portion of their earnings home, or save it and ultimately return flush with American success and the wherewithal to live a better life than that which was previously available to them (Gonzalez-Gutierrez 1993).

Yet if the families in our case studies are any indication, they rarely go home. Mariana Garza, another long-term Atlanta resident who is still undocumented, said, “We have been renting the home because we always thought we would go back to Mexico. But we have been here a while and now we are thinking of buying a house here.”

Hector Flores, who recently bought his first home in Houston, added: “We sometimes are struggling because there isn’t enough work. It is a ‘on the go’ life. At times we are desperate. But one remembers just how difficult life in Mexico is and this is enough to keep us from running back. If I have to be poor there versus poor here, well, it is better to be poor here.”

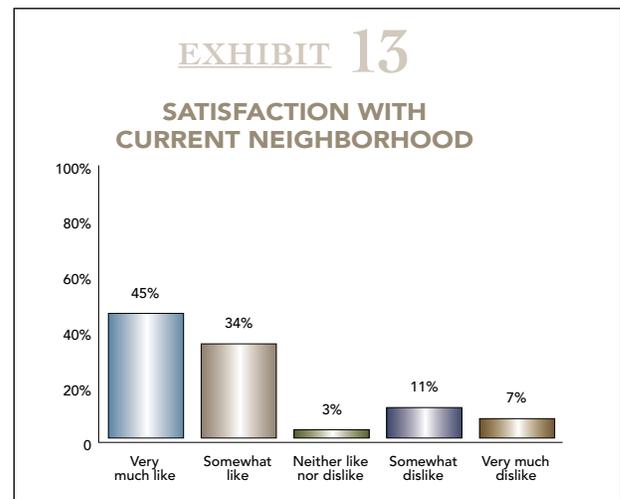
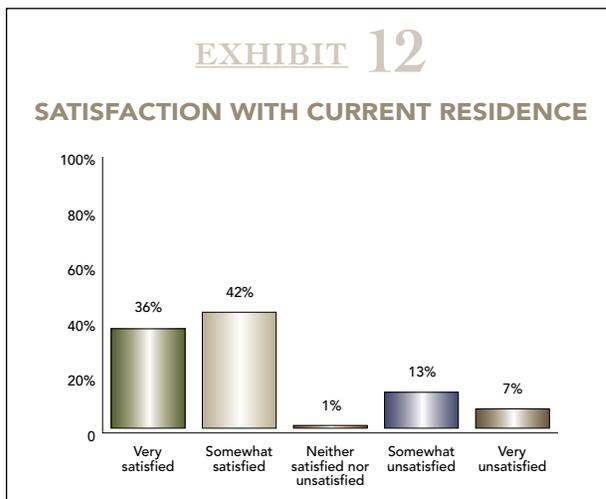
The idea of returning also has a significant impact on how Mexican-heritage workers manage their money. The belief in their own impermanence may make them hesitate to enter into formal relationships with American financial institutions. More important, however, is that they send, or “remit” a significant portion of their earnings to family members in Mexico. This phenomenon started back in the 1940s and 50s, now accounting for an estimated \$10-\$15 billion in remittances each year.

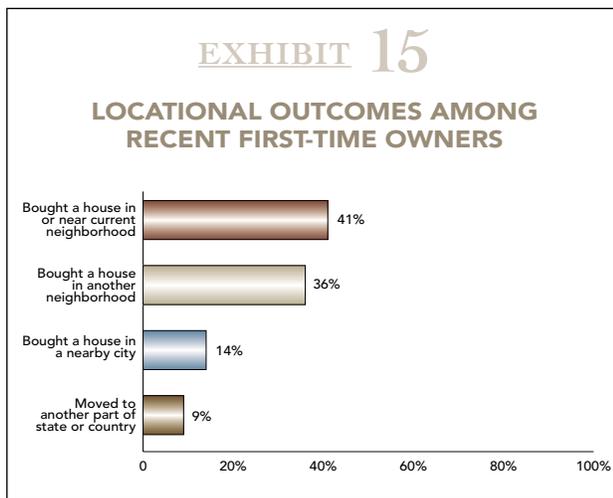
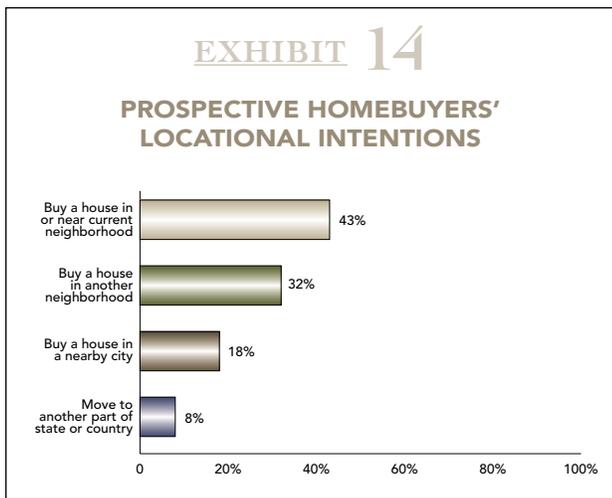
### VISITOR DEMOGRAPHICS

82% are foreign-born  
78% have household income of less than \$35,000  
6% have household income of more than \$50,000  
Average age: 41  
Average length of stay in U.S.: 11 years

## HOUSING PREFERENCES

The interplay between expectation and reality typically provides the push-pull that motivates renters to become homeowners. The reality of poorly maintained housing and the perception of neighborhood deficiencies provide the push to seek out better living conditions, while the availability of better housing in a neighborhood that can meet a prospective buyer’s expectations provide the pull. What are the housing expectations of our Mexican-heritage households and how do they compare with their present satisfaction or dissatisfaction with their current situation?



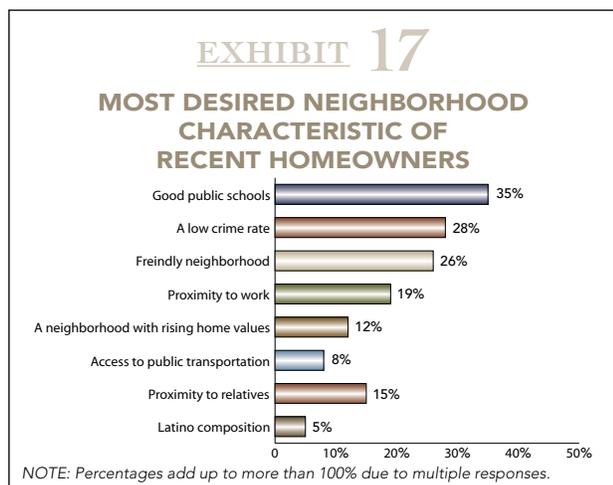
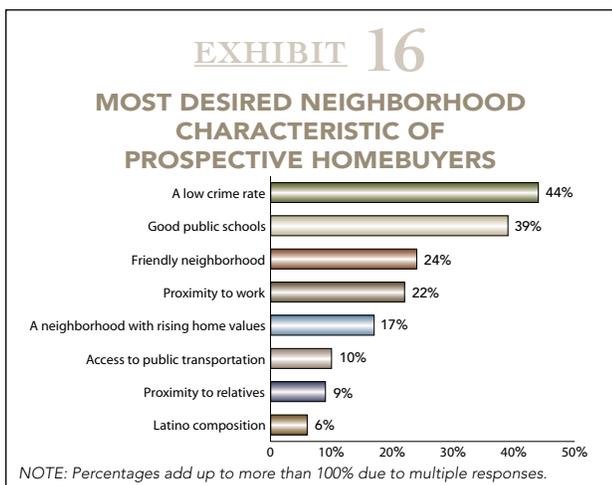


Most of the survey respondents indicate that if they are able to buy, they likely will stay in the same area. Case study interviews indicate that this population, which is typically low-wage earners, tend to live out of necessity in apartments that are not always well-maintained or that put restrictions on social and family gatherings. Yet the majority of respondents say these aspects are outweighed by the fact that their neighborhoods are appropriate to their lifestyle, i.e., close to public transportation, schools, work, hospitals and clinics, and family and friends. This implies that Mexican-heritage families seek homeownership not out of discontent with their current residence or neighborhood but because they inherently value homeownership.

A great majority (78 percent) say they are satisfied with their current residence, or for **Achievers**, their previous residence (Exhibit 12).<sup>12</sup> Seventy-nine percent also like their current—for **Achievers**, their previous—neighborhood (Exhibit 13).<sup>13</sup> It is not surprising then to see that 43 percent of prospective homebuyers intend to buy a home in or near their current neighborhood (Exhibit 14). This is supported by the fact that 41 percent of **Achievers** bought their first home in or near the neighborhood where they previously lived. (Exhibit 15).

Although the majority of prospective homebuyers say they would settle in their current communities, they do have certain requirements. For example, 44 percent say a low crime rate is an important neighborhood characteristic (Exhibit 16). Thirty-nine percent want good public schools. A friendly neighborhood, proximity to work, and a neighborhood with rising housing values are also considered important.

**Achievers** put good public schools and a low crime rate at the top of their list as well (Exhibit 17). A friendly neighborhood (26 percent) and proximity to work (19 percent) are next in order of importance.



<sup>12</sup> There is no statistically significant difference in levels of satisfaction with residence across the four segments of homebuyers of Mexican heritage.

<sup>13</sup> Again, there is no statistically significant difference on this across the four segments of homebuyers.

# V. DETERMINANTS OF THE PATH TO HOMEOWNERSHIP

## FINANCIAL FACTORS

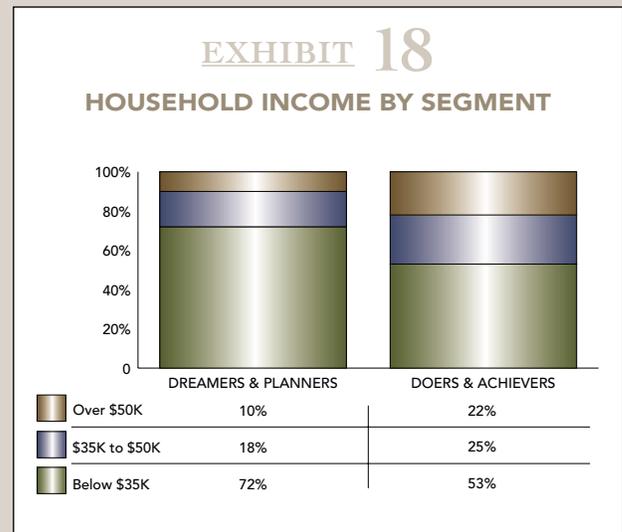
Understanding the barriers that affect the transition from renter to homeowner requires an in-depth analysis of a number of factors. Previous research has focused primarily on financial constraints and demographic factors (see Coulson 1999; Gyourko and Linneman 1996; Krivo 1995; Lopez 1986; Painter, Gabriel, and Myers 2001). Our study confirms that when it comes to Latino homeownership, income, marital status and children are important. Income is without a doubt at the top of that list (See Appendix C: The Transition to Homeownership).

Analysis reveals that those who are active in the homeownership market—**Doers** and **Achievers**—tend to have higher incomes than **Dreamers** and **Planners** (Exhibit 18).<sup>14</sup>

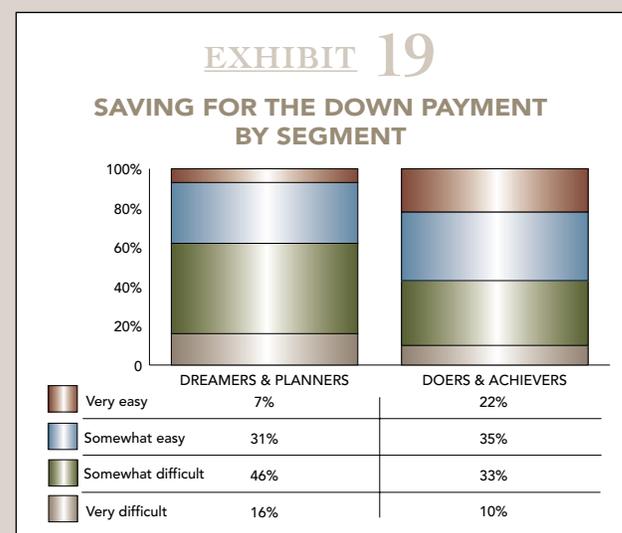
Seventy-two percent of **Dreamers** and **Planners** have incomes less than \$35,000, while only 53 percent of **Doers** and **Achievers** are in this low-income category.

This indicates that household income is an important factor in determining which stage the homebuyer is in.<sup>15</sup>

Income levels also affect the prospective homebuyer's ability to save a down payment and to afford those payments over the long term. A large number of homebuyers—in particular, 62 percent of **Dreamers** and **Planners**—report difficulty saving the down payment (Exhibit 19), as compared to 43 percent of **Doers** and **Achievers**. Further, 68 percent of **Dreamers**, **Planners**, and **Doers** say they do not have anyone other than themselves or their spouses (or domestic partners) who can contribute to the down payment or the monthly payments.



In several regions, housing prices have soared that middle- and moderate-income families are simply priced out of the market



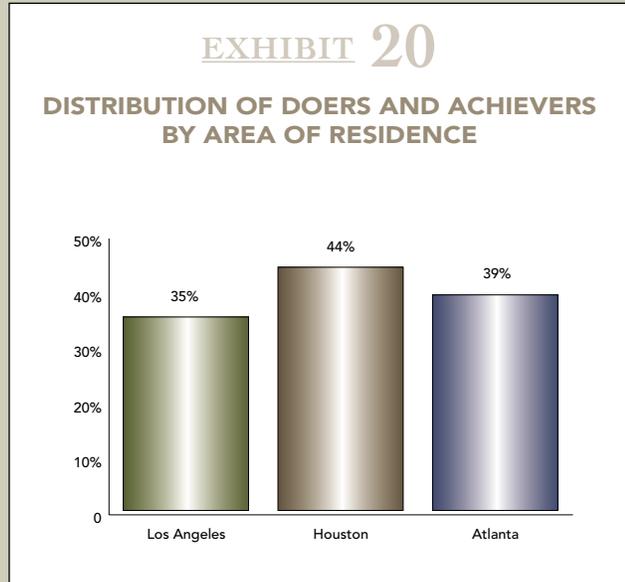
<sup>14</sup> Data reveal that Dreamers and Planners, and Doers and Achievers generally look similar in terms of their demographic and attitudinal characteristics, while there are notable differences between Dreamers and Planners on the one hand and Doers and Achievers on the other. For the sake of simplicity and for ease of presentation, we consolidated them to two groups—those who are inactive and those active in the homeownership market. That said, however, we will address the differences, though small, between Dreamers and Planners, and between Doers and Achievers in subsequent reports.

<sup>15</sup> We use the term “homebuyer” to represent Dreamers, Planners, Doers, and Achievers, while excluding Visitors who report having no interest in buying a home in the United States.

## THE HOUSING MARKET

An additional factor in the decision to buy combines income levels with area of the country and that area's local housing market. Many parts of the nation (e.g., Southern California) have experienced housing crises, which are typically seen as the collision of surging demand and restricted supply of housing, resulting in rapidly increasing prices. In several regions, housing prices have soared so high that middle- and moderate-income families are simply priced out of the market. For example, the California Association of Realtors (2003) reported that a median-priced house was no longer within the reach of more than three-quarters of California families in November of 2003.

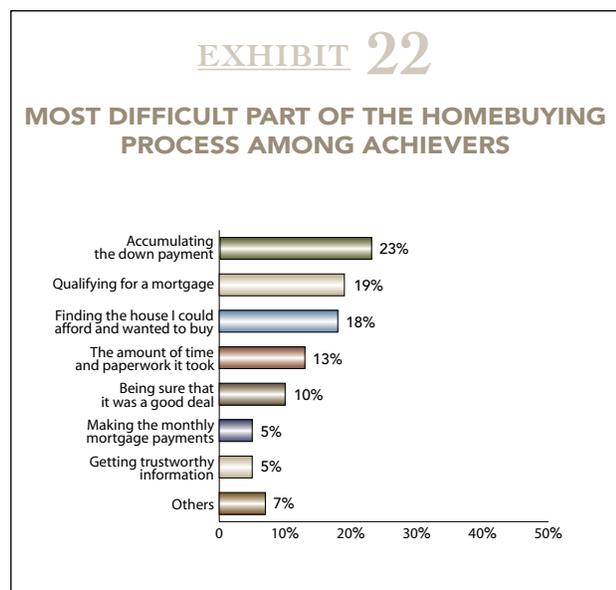
This means that to purchase a “starter” home with a 5 percent down payment and a 30-year fixed-rate mortgage at 6 percent interest would require an annual income of \$34,448 in Atlanta, \$28,433 in Houston, and \$77,644 in Los Angeles. Exhibit 20 partly reflects the impact of this: In Los Angeles, Doers and Achievers account for 35 percent of homebuyers of Mexican origin compared to 44 percent in Houston and 39 percent in Atlanta. This suggests that the housing affordability crisis has had a greater impact on prospective homebuyers in Los Angeles than those in Houston or Atlanta. It also indicates that there may be structural-level barriers to the transition to homeownership—in particular, a limited supply of affordably priced single-family housing (Lopez 1986).



Financial concerns also influence how the survey respondents perceive other aspects of the homebuying process. When given six parts of the homebuying process (other than accumulating the down payment) and then asked to choose the one they think will be most difficult, a plurality of **Dreamers, Planners** and **Doers** considered qualifying for a mortgage as the most difficult (Exhibit 21). **Achievers**, who bought their homes within the past two years, had similar feelings. Twenty-three percent of **Achievers** say the most difficult part of the process was accumulating the down payment, while 19 percent say qualifying for a mortgage was the hardest (Exhibit 22).

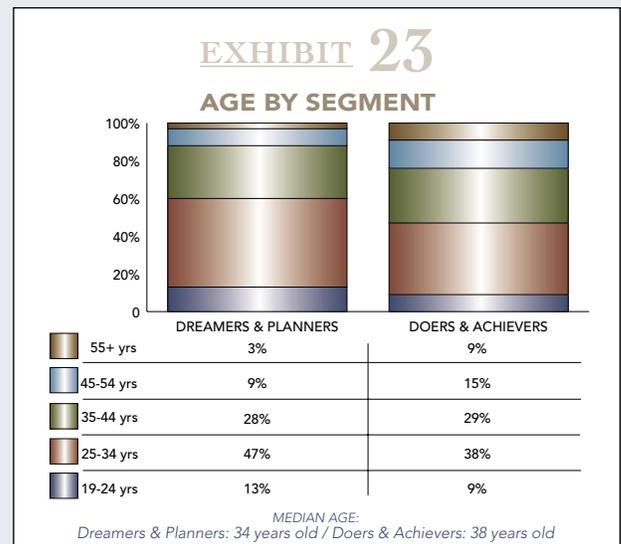
**EXHIBIT 21**  
**EXPECTATIONS ABOUT THE MOST DIFFICULT PART OF THE HOME BUYING PROCESS**

	DREAMERS	PLANNERS	DOERS
Qualifying for a mortgage	36%	34%	26%
Finding the house I can afford	19%	18%	23%
Being sure that it's a good deal	15%	18%	18%
Getting information	15%	12%	9%
Finding the House I Want to Buy	9%	12%	18%
Others	6%	6%	6%
Total	100%	100%	100%

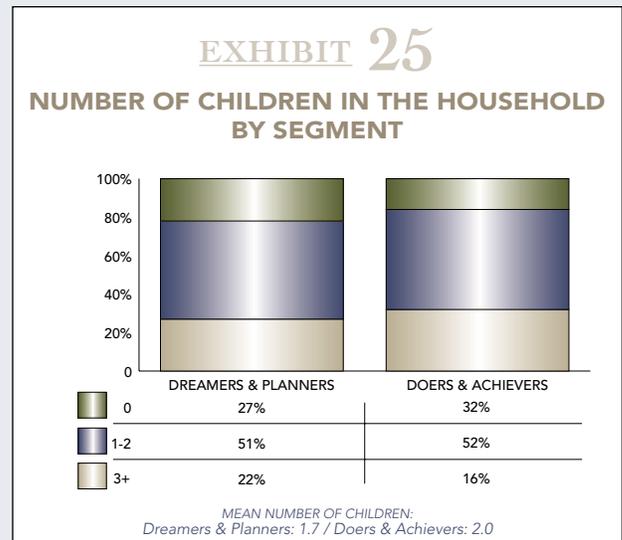
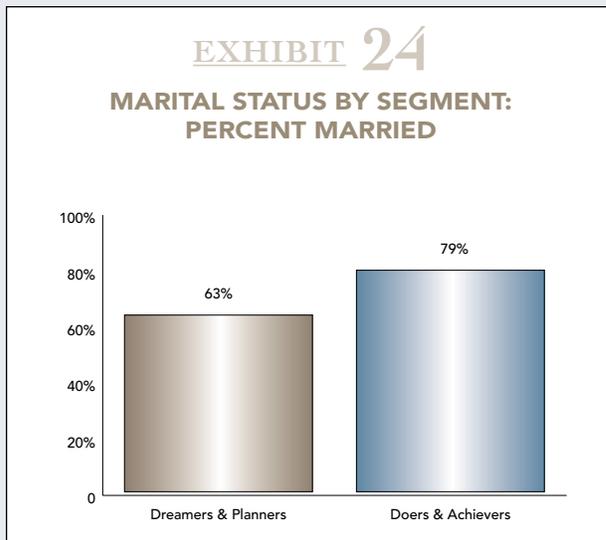


## DEMOGRAPHIC FACTORS

Demographics—age, marital status, number of children, area of residence, and, for the foreign-born, length of stay in the United States—are second only to financial considerations when it comes to deciding when to buy a home. For example, as homebuyers of Mexican heritage get older, they tend to progress farther in the homebuying process. The mean age for **Doers** and **Achievers** is 38 years old—four years older than the mean age for **Dreamers** and **Planners** (Exhibit 23). This factor alone will influence the future housing market. It is expected that by the decade’s end, Latino homeownership rates will see an increase due to the aging of the population and the group’s entry into the prime homebuying stage of life.



Those who are married and have children also are more likely to become homeowners. Respondents in the telephone survey as well as the case study interviews indicate that one of the primary reasons for wanting to buy a home is marriage, the arrival of children, and the need for additional space to raise a family. Exhibit 24 shows that 79 percent of **Doers** and **Achievers** are married, compared to 63 percent of **Dreamers** and **Planners**. Exhibit 25 shows that the average number of children in the household among **Dreamers** and **Planners** is 1.7, while the number among **Doers** and **Achievers** is 2.



# VI. THE UNTOLD STORY

Financial and demographic factors are certainly important determinants of homeownership. As the focus of previous research, they help to explain what impels Latino households into the housing market and why their homeownership rates lag behind that of other ethnicities. Most prior studies have focused primarily on the borrower and the level of access to and treatment by the real estate and lending community. While this is important information, it is only part of the story. Until now, very few studies have collected the kind of detailed information that would allow an examination of the more subtle yet often overlooked dynamics that influence the homebuying tendencies of this group. This section looks at these and related factors in detail, such as how these prospective homebuyers view and approach American financial institutions; how they get information about the homebuying process and whom they trust to advise them; and how immigration issues—status, identification, and documentation—affect or are perceived to affect homebuying ability.

Our analysis reveals that this group of potential homeowners faces difficulties in all of these areas. They have difficulty finding information about the homebuying process, and struggle to find someone they trust to advise them. They are unfamiliar with or have no relationship with the financial community. Those who are undocumented often believe their status prevents them from opening a bank account or purchasing a home.

Any one of these barriers can discourage or even stop the prospective homebuyer from making the transition from renter to homeowner. Removing or addressing these barriers through outreach and educational efforts will go a long way toward helping this community realize its economic potential.

## THE “UNBANKED”

Mexican immigrants are not typically drawn to the U.S. by the lure of permanent residence. Most of them arrive with the desire for work and better wages, hoping that they will soon earn enough to improve the living conditions and economic circumstances of their families back home. This belief in one’s temporary status can have several results, not the least of which is a reluctance to enter into formal relationships with American financial institutions. Other reasons come into play as well: Some believe they have to be naturalized citizens or Legal Permanent Residents before they can open bank accounts or establish credit. Another possibility is that low wages and financial remittance to Mexico may reduce their income to the point that the fees charged by financial institutions make checking or savings accounts an unnecessary extravagance. Finally, because the majority of the study population is comprised of immigrants or children of immigrants, they may not have ready access to all of the institutions necessary to participate fully and equitably in the American housing market. They are less likely to have a sufficient understanding of how U.S. financial institutions function, and of the norms and practices of the housing and credit markets—practices that are very different than those in their home country.

## MEXICAN MIGRATION

The going and coming of the Mexican migration tends to leave a larger and larger number of permanent U.S. residents. Although intending to stay temporarily, some portion end up in marriages to U.S. citizens or otherwise integrate into the U.S. and choose to stay. Some choose to stay because of economic security, with the intention of returning to Mexico upon retirement. Others stay because they are never able to accumulate enough money to go home. Many return to Mexico but find that they miss the U.S. They find that their expectations have changed and they are unhappy in Mexico and return on a permanent basis to the U.S. In sum, the static picture that is painted by looking at cross-sectional population figures gives one a distorted view of the Mexican immigration stream. It is not a stream of people coming into this country and the problems of integrating them. Rather, it is a stream of temporary workers looking to provide families at home with a better standard of living or to accumulate sufficient capital to go back home and start successful businesses. This stream, however, has ebbs and flows, a coming and going pattern that tends to leave larger and larger numbers in the U.S. (Bradley 2000)

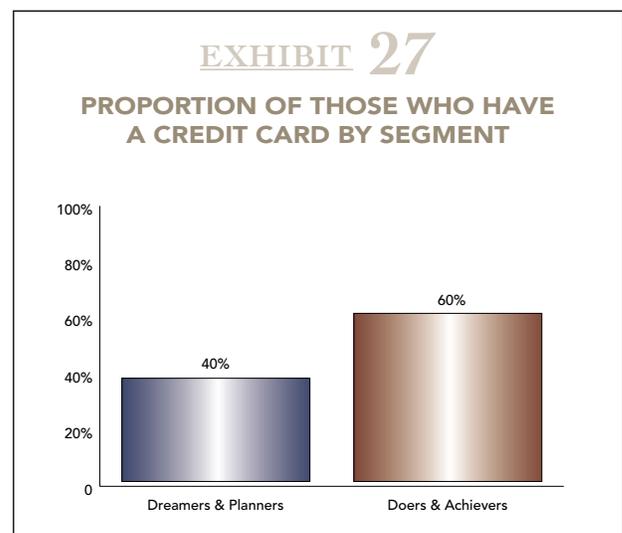
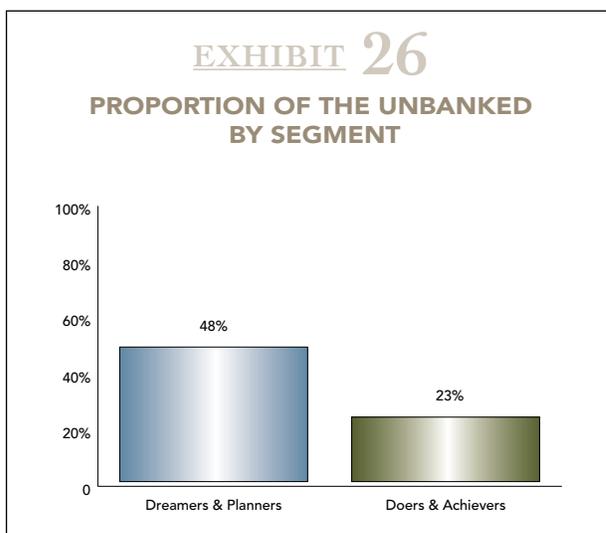
The result is that many households are “unbanked,” living a kind of cash-only existence. A large number of case study participants reported that they are paid in cash, use money orders to pay the bills, and cash checks at local supermarkets or fee-based check-cashing agencies. Clearly, this has a negative effect on a prospective homebuyer’s ability to establish a credit history.

Miriam Mendoza, a Houston resident, says, “They have checked my credit but I don’t have any credit. It’s at zero because we have bought everything with cash. In Mexico, our experience is that to have good credit you have to buy everything in cash. Here it is the opposite—you have to start a credit line to get good credit.”

Our study confirmed that those who do not have a bank account are less likely than their banked counterparts to move forward in the homebuying process. The numbers are significant: Forty-eight percent of **Dreamers** and **Planners** do not have a bank account; 23 percent of **Doers** and **Achievers** say they did not have a bank account prior to beginning the homebuying process (Exhibit 26). Similarly, a significant portion of prospective homebuyers report that they do not have a credit card. Only 40 percent of **Dreamers** and **Planners** have a credit card compared to 60 percent of **Doers** and **Achievers** (Exhibit 27). That a large number of Mexican-heritage households do not have a formal relationship with U.S. financial institutions is troubling, since it makes it very difficult for them to establish the credit history necessary to secure real estate financing.

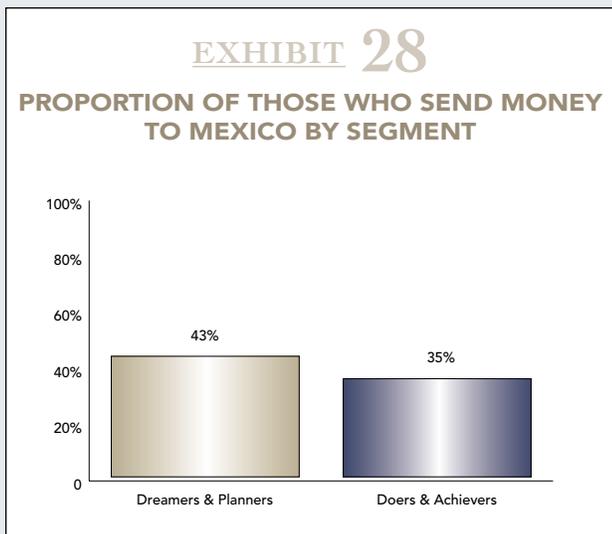
## MORTGAGE LENDING IN MEXICO

Studies have shown that only about 10 percent of homes are financed through one of Mexico’s government institutions or lending programs. Only the wealthier classes have had access to private mortgage financing and that access has frequently been on unfavorable terms (high down payment and high interest rates). Additionally, government lending programs rely primarily on public funds, and as such are often politically controlled or used as a part of the political patronage system. Otherwise, real estate sales are largely seller-financed and unrecorded to avoid taxes. High inflation, high levels of unemployment, unstable currency, and a low individual savings rate have therefore limited the evolution of a formal real estate and mortgage lending system, despite repeated government attempts. The majority of Mexican homeowners instead use an informal or “self-help” system wherein families use savings or funds from extended family to buy land and self-construct minimal living quarters. The gradual addition of space and amenities happens only as personal finances permit; savings are either invested in home improvements or in other tangible items, like land, jewelry, or livestock (Bradley 2000).



A significant minority of homebuyers of Mexican heritage also have financial obligations to relatives and friends in Mexico, which may make it harder to save money to purchase a house. About 40 percent indicate that they regularly send money to family members, friends, church, or other organizations

(Exhibit 28).<sup>16</sup> A smaller number of **Achievers** also send money to Mexico, thereby pointing to the possibility that financial obligations to relatives and friends in Mexico is in part responsible for low rates of homeownership among this group. Having a credit card or financial obligations to relatives in Mexico, however, appears to have little direct impact on the transition to homeownership. The effect might have been overshadowed by



other determinants of homeownership. The fact that significant numbers of Mexican-Americans (native or foreign-born) can continue to regularly send portions of their incomes to family members in Mexico, while at the same time buy a home in the U.S., attests to the financial discipline and extraordinary ownership motivation of this group.

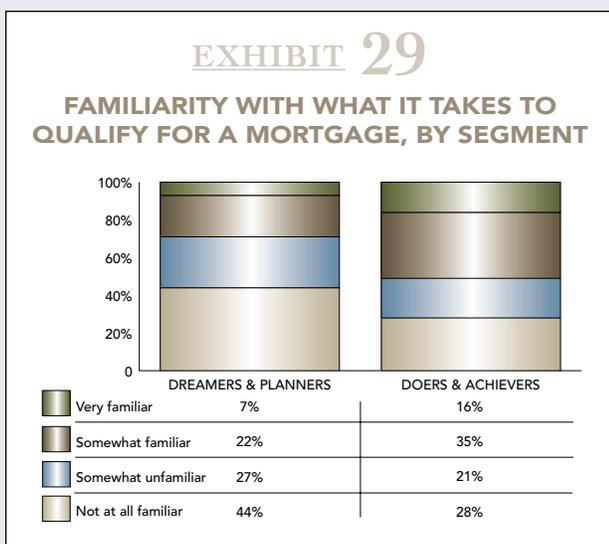
### INFORMATION BARRIERS

For immigrants who speak little English, it is a daunting task to acquire information on and to understand the complexity of the homebuying process without help from others. Although it is especially difficult for recent migrants who are not yet integrated into established community networks, it may also present

problems for the native-born. The result is that prospective homebuyers are often uninformed or misinformed of the various aspects of the homebuying process, such as:

- How to get started
- How to get a mortgage (e.g., uninformed or misinformed of eligibility)
- How to find a real estate agent or broker
- How to find a house
- How to make offers and negotiate

Prospective homebuyers of Mexican heritage profess a considerable lack of familiarity with perhaps the most vital part of the homebuying process—what it takes to qualify for a mortgage. Exhibit 29 reveals 71 percent of **Dreamers** and **Planners** say they are either somewhat unfamiliar or not at all familiar with what it would take to qualify for a mortgage. Although this may be a consequence of not yet having attempted to negotiate the



homebuying process, it is interesting to note that 49 percent of **Doers** and **Achievers** were unfamiliar with the mortgage application process, as well.

Unfamiliarity with mortgage qualification appears to go hand in hand with misinformation about mortgage lending and residency status. A majority of prospective homebuyers did not know whether banks and other lenders make mortgage loans to non-U.S. citizens. Fifty-five percent of **Dreamers** and **Planners** are unsure of the effect of their residency status (Exhibit 30). Fifty-one percent of **Doers** and **Achievers** say they are (or were) similarly uninformed. These findings indicate that a lack of information is a very real and important barrier.<sup>17</sup>

<sup>16</sup> On average, a homebuyer of Mexican origin reports having sent about \$5,000 last year.

<sup>17</sup> There is the possibility that these patterns are a consequence of Dreamers and Planners not yet having attempted to negotiate the homebuying process. The difference between the two groups may be due to their different experience, in that those who have gone through the homebuying process feel more comfortable with certain elements of it than those who have not.

## BUT IS IT A GOOD DEAL?

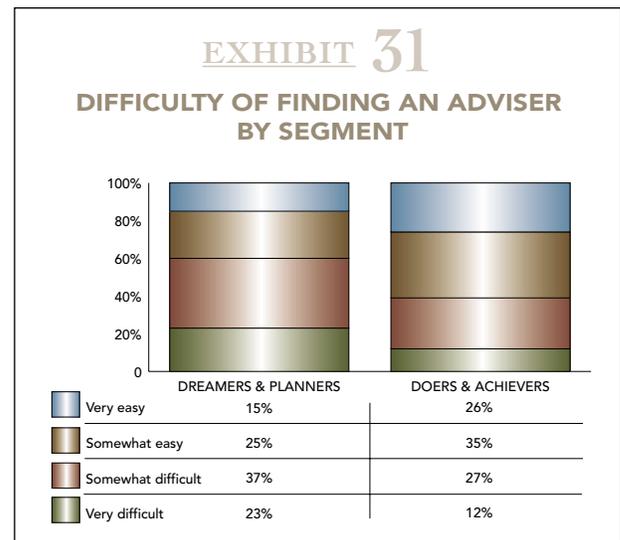
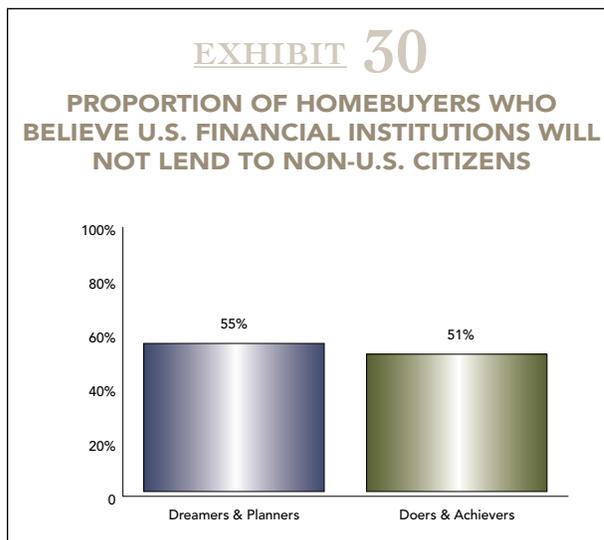
A significant minority of prospective homebuyers cited “being sure it’s a good deal” and “getting trustworthy information” as the most difficult parts of the homebuying process. The case study interviews suggest that the frequency of such responses stem from limited information about the homebuying process, and serious concerns about fraud and deception.

“As Mexicans, we often don’t know our rights here. And because of this, people take advantage of us,” said Maria Vargas, a full-time homemaker in Atlanta.

The experience of a Houston man, interviewed for our case studies, is perhaps one of the most egregious examples of either an astonishing lack of information about the homebuying process, or of outright fraud. Miguel Garcia recounts how he attempted to purchase his house through a “rent-to-own” agreement with the owner. Although he tried to refinance it, the owner refused to cooperate. The respondent has since found out that he is one in a long line of “owners.” According to Mr. Garcia, the landlord “sold” the house to newly arrived immigrants, asking for a down payment of \$3,000 to \$4,000 or whatever was affordable. The landlord then began regularly raising the amount of the house payment until it became financially unmanageable for the tenant. “He’ll keep raising and raising (the payment) until one loses control and decides that it’s better to leave,” said Mr. Garcia. “All the owners before me decided to leave. People would come, give five or six payments, and then leave. The seller would just keep the down payments.”

Such a high level of anxiety was shared by a number of the case study participants. Many were foreign-born and said they did not understand the American financial system or the homebuying process. Language barriers also may have worked against them. By isolating themselves within the safety and familiarity of the Spanish-speaking community, they may not feel the need to learn English. This can put them at a severe disadvantage in the primarily English-speaking world of finance and real estate, and leave them vulnerable to fraud or predatory lending practices.

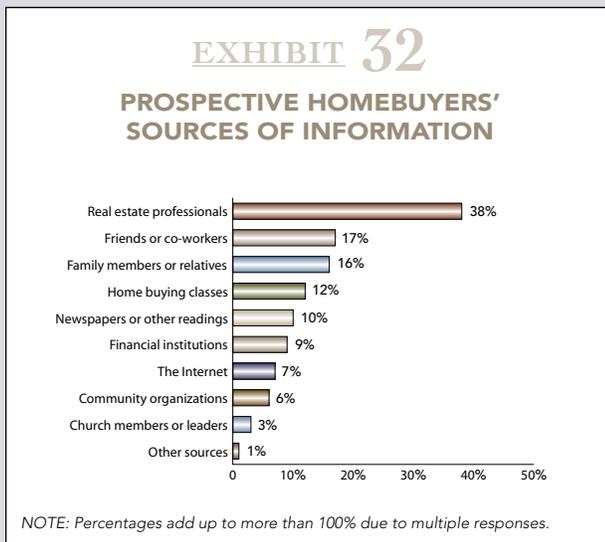
To underscore the need for better information and the challenges to acquiring it, 60 percent of **Dreamers** and **Planners** say it is difficult to find someone they trust to advise them (Exhibit 31). A smaller proportion (39 percent) of **Doers** and **Achievers** also report that it is very or somewhat difficult to find an adviser they can trust. Coupled with the study’s other findings about the lack of information, this suggests that difficulty finding a trusted adviser is yet another significant obstacle to homeownership.



All of the survey respondents were asked what they considered to be the most useful sources of information about homebuying. Exhibits 32 and 33 show that real estate professionals are the top pick. This implies that homebuyers of Mexican origin place a high level of confidence in the formal gatekeepers. The next most useful sources of information are friends, co-workers, and family members or relatives. Also cited

in our interviews are television and newspaper advertisements. Homebuying seminars or classes and financial institutions, such as banks, are not among the most popular sources of information.

Further, three-quarters of both prospective homebuyers and recent homeowners express a preference to communicate in their own language. Of **Dreamers** and **Planners**, 51 percent say they are not very comfortable or not at all comfortable expressing themselves in English, as compared to 40 percent of **Doers** and **Achievers** (Exhibit 34). This indicates that Mexican-heritage homebuyers prefer to communicate in their native language and may prefer working with a Latino or bilingual real estate or banking professional.

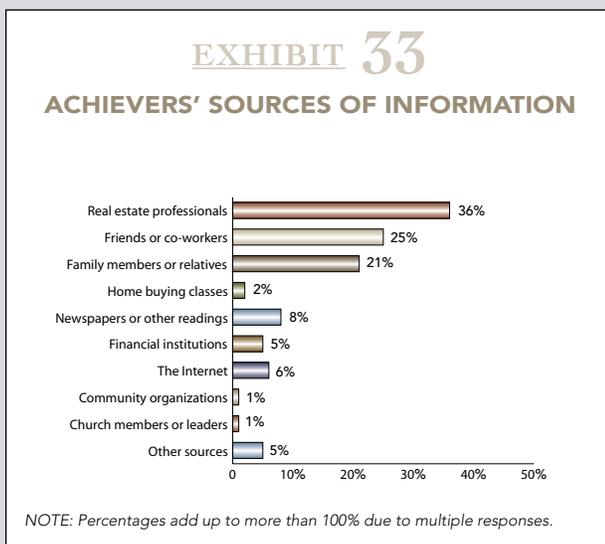


## RESIDENCY STATUS AND DOCUMENTATION

Lack of information, or a certain level of misinformation, is a consistent theme among the barriers to homeownership for the Mexican-heritage household. It shows up again in the area of residency status and documentation. Analysis reveals that respondents are confused about the legal requirements for opening a bank account, establishing credit, and securing financing. Many believe they must be naturalized citizens or Legal Permanent Residents, or supply a social security number before they can open a bank account. They

are unaware that a *Matricula Consular*<sup>18</sup> and/or an IRS-issued tax identification number may satisfy banking requirements. This confusion about residency and documentation requirements exists in spite of the fact that the majority of the study's respondents have lived continuously in the United States for more than a decade.

Analysis reveals that although 72 percent of **Dreamers** and **Planners** and 64 percent of **Doers** and **Achievers** (Exhibit 35) are foreign born, 49 percent and 66 percent respectively have lived in the U.S. more than 10 years (Exhibit 36). This suggests that time in the U.S., as well as the aging of the population, have a direct effect on the path to homeownership.

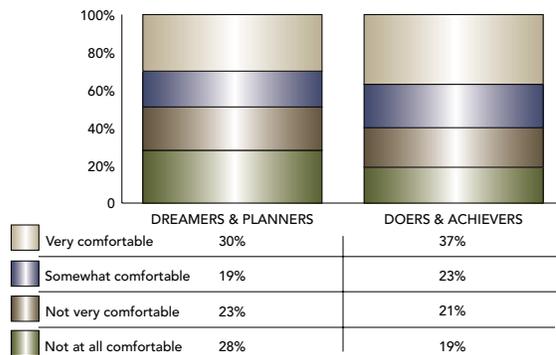


Additional analysis suggests that those who are citizens or Legal Permanent Residents are more likely to make the transition to homeownership (Exhibit 37). Seventy-four percent of **Doers** and **Achievers** are either U.S. citizens or Legal Permanent Residents as compared to 58 percent of **Dreamers** and **Planners**. (Forty-two percent of **Dreamers** and **Planners** say they are neither U.S. citizens nor legal permanent residents but "something else.")

<sup>18</sup> The U.S. Treasury Department decided in September 2003 that banks can continue to accept the *Matricula Consular*. *The Los Angeles Times* reported on September 19, 2003 that Mexican consulates have issued about 1.5 million matriculas.

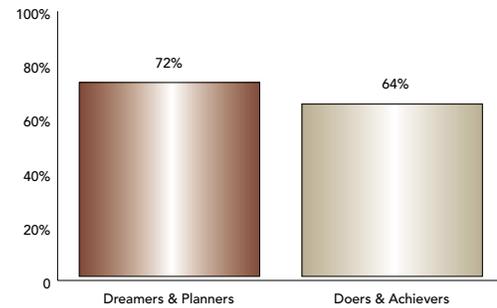
## EXHIBIT 34

### LEVELS OF COMFORT IN SPEAKING ENGLISH BY SEGMENT



## EXHIBIT 35

### PROPORTION OF FOREIGN-BORN BY SEGMENT



## MATRICULA CONSULAR AND IRS-ISSUED TAX ID NUMBERS

### Matricula Consular

The *Matricula Consular* was originally created to identify and track Mexican nationals when they were outside of Mexico, and for their use as a form of identification upon re-entering the country. It is still issued by the Mexican government. To obtain one, a Mexican native must provide an original birth certificate, photo identification from Mexico, such as a voter's card or a Mexican driver's license, and documents that validate an address, such as a utility bill. The cost is about \$25 to \$30 and the card is good for five years.

Not all states recognize the cards as official identification documents, nor are U.S. banks required to accept them. The U.S. Patriot Act of 2001 states that U.S. financial institutions must have a social security number or government-issued identification to open an account. They are then allowed to specify whether they will accept the *Matricula Consular* with or without an IRS-issued individual taxpayer identification number. The cards have opened the door to banking the unbanked in the Latino community and have enabled financial institutions to profit from fees connected to remittance, a multi-billion dollar market that continues to increase annually.

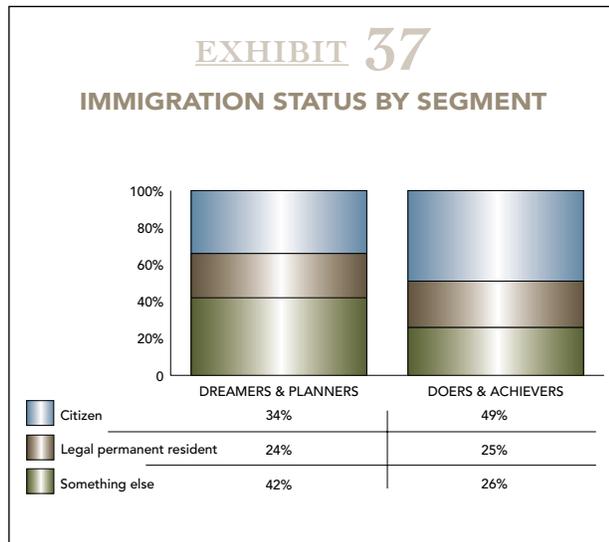
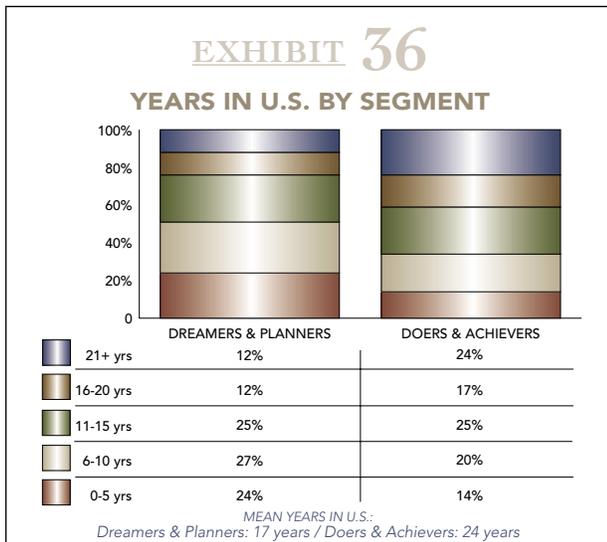
### Taxpayer ID Number

An Individual Taxpayer Identification Number (ITIN) is a tax processing number issued by the Internal Revenue Service. They are issued to individuals, regardless of immigration status, who require a U.S. taxpayer identification number but do not have or are not eligible for a Social Security Number. The ITIN is used for federal tax reporting only, and is not intended to serve any other purpose. It does not authorize work in the U.S., affect immigration status, or provide eligibility for Social Security benefits.

The IRS began issuing tax ID numbers in 1996 to simplify the process of collecting taxes from undocumented workers. Before then, the IRS assigned temporary numbers to each year's tax return. In some cases, the agency assigned a new number every year to the taxpayer who filed a tax return. The result was a confusing array of numbers that identified the tax returns but not the taxpayer.

The IRS now issues ITINs to foreign nationals and others who have federal tax reporting or filing requirements but do not qualify for social security numbers. The ITINs are not valid for identification outside the tax system since the IRS does not validate the identity of the applicant or the authenticity of any identity documents. Even so, the ITINs have gradually become accepted as a form of identification in opening a bank account.

SOURCES:  
 BankersOnline, <http://www.bankersonline.com/articles/bhv12n10/bhv12n10a1.html>  
 Center for Immigration Studies, <http://www.cis.org/articles/2003/back303.html>  
 Internal Revenue Service, <http://www.irs.gov/individuals/article/0,,id=96287,00.html>



This suggests that residency status is one of the most influential barriers to homeownership. When asked why they are still renting, a majority of the case study participants indicate that it is, in part, because they do not have proper documents.<sup>19</sup>

Maria Ruiz, a mother of six living in Los Angeles, says, “First of all, it is because I don’t have documentation. And I don’t have money for a down payment.” Josefina Rodriguez, a part-time babysitter in Atlanta, says “There isn’t a bigger obstacle than the lack of a social security number.” Jesus Marin, who works as a landscaper in Atlanta, adds, “People come to this country with a dream—a dream to do something, a dream to buy a house. But in my case I have encountered lots of barriers. I don’t have good papers. Not being a legal can take away your drive at times. I don’t think I can buy a house now.” Luis Martinez, who lives in Houston with his wife and two children, says his family is “hoping for an amnesty.”

Admittedly, it is difficult, although not impossible, for undocumented immigrants to buy a home. According to several case study participants in the Atlanta area, at least one lender offers mortgage loans to immigrants who have either a tax identification number and/or the *Matricula Consular*. Real estate brokers in the area also seek out business with those who have not yet legalized their immigration status. “They say we needed two years working in our current job. They say we needed a tax ID and they asked for a \$5,000 down payment. We also pay a high interest rate of 16 percent,” say Javier Ruiz.

A large number of the study’s respondents say they are unaware of the fact that while it is illegal for the undocumented to get a federally-insured loan, it is not illegal to buy property in the United States. This kind of confusion creates a situation in which undocumented immigrants rely on family members, relatives or friends who are legally present in the United States to act as proxy buyers. It also creates a community of consumers who may believe their only option is to deal with marginal institutions or individuals who charge high fees or interest rates and do not report to credit repositories.

## DISCRIMINATION

A relatively small number of homebuyers believe they have been discriminated against during their most recent venture into the housing market. Our analysis reveals that 10 percent of **Dreamers**, 9 percent of **Planners** and 6 percent of **Achievers** believe their Mexican heritage worked against them. **Doers** indicate a greater incidence of discrimination—16 percent say they have been discriminated against in the housing market.<sup>20</sup> Although our analysis does not show that discrimination has a negative effect on progression in the housing market, it is too early to conclude that it is not a barrier. In fact, several case study participants mentioned their concerns about racism and indicate a high level of anxiety because of it.

<sup>19</sup> Immigration status is not proffered by many survey respondents as the main reason for being inactive in the homeownership market. However, case study participants who previously took part in the telephone survey apparently felt more comfortable talking about certain subjects when they were interviewed face-to-face by our bilingual interviewers.

<sup>20</sup> This should not be taken as evidence indicating that Doers are most likely to be discriminated against in the housing market, since the sample of Doers yields about 10 percentage points of margin of error.

## VII. CONCLUSION

*“We are always talking about what kind of house we want. ... We really want to see ourselves in a house with a yard for the kids. ... We don’t have a yard here and we cannot just let [the kids] go outside and play out on the street. It is very uncomfortable. ... I don’t like that we don’t have a yard for the kids to play in and that it is not ours.”*

Adrian Macias, June 2003, Los Angeles

Adrian Macias lives in a cramped yet neat rented apartment with his wife and two children, ages 1 and 4. He was born and raised in Southern California, as were his parents; his grandparents emigrated from Mexico. Mr. Macias and his family are ordinary Americans. When it comes to the desire to own a home, neither his Mexican heritage nor his membership in the Latino community distinguishes him from any other ethnic group in this poly-ethnic nation. The desire to own a place of his own is as strong within Mr. Macias as it is in the millions of people like him.

Why, then, has someone like Mr. Macias been unable to negotiate the path to homeownership? Why are Latino homeownership rates the lowest in the country? To shed light on these questions, we examined the demographic and socio-economic characteristics of people like Mr. Macias, and attempted to identify the obstacles they face.

Our study revealed that the majority of our study population want to become homeowners—they want their own piece of the American dream where they can raise families, gather with friends and relatives, and set roots in a community. Previous research has already established that the primary barrier to realizing this dream is money. Low- to moderate-income levels often prevent Latino families from saving enough money for the down payment and closing costs. Our research took this into account, but attempted to look beyond what is already known about homebuying to identify the barriers that prevent Mexican-heritage families from becoming homeowners.

One of the most important, and the most consistent theme throughout our report, is the lack of information about the homebuying process and its financial, procedural and logistical requirements. A large number of prospective homebuyers—especially immigrants—are either uninformed or confused about homebuying and mortgage qualification, nor do they know where to turn for help.

Many are also confused about residency requirements and how their residency status affects their ability to open bank accounts, establish credit, or secure financing. The result is that a large segment of Mexican-heritage households have no formal relationship with American financial institutions, and therefore no way to establish credit.

This lack of information and the barriers it creates deters many families from becoming homeowners. The goal of our report is to identify these barriers and to present them not as insurmountable obstacles but as problems that can be solved. Solutions that focus on helping Latino families become homeowners will have a significant impact not only on the future of the U.S. housing market, but on whether prospective Latino homebuyers will finally own their piece of the American Dream.

# VIII. POLICY IMPLICATIONS & RECOMMENDATIONS

The Census Bureau projects that by 2010, the Latino community will rise to nearly 44 million—that is, one person in seven will be of Latino origin. This means the Latino community will be a key driver of household growth throughout the decade. And because the Latino population is rising so much faster than the overall homebuying population, they will make up a disproportionately large share of the first-time homebuying market in the years to come. This kind of population growth and its attendant economic potential makes it imperative to begin dismantling the barriers to homeownership.

It is important to note that the Latino community, and in particular those of Mexican heritage, is not a “self-editing” population, that is, they are not opting out of the housing market by choice. The majority have expressed a strong desire to buy a home, but have been unable to accomplish it for reasons that, with the exception of resolving residency status, are beyond their control. This leaves the job of addressing the barriers to homeownership with the business community, real estate and banking professionals, and community groups and local leaders.

We recommend the following actions to foster the homeownership potential of the Latino community:

## **INFORMATIONAL HOMEBUYING PROGRAMS**

Information programs that educate and inform Mexican-heritage families about the intricacies of the homebuying process can have a significant impact. We found that prospective homebuyers either have no information, or even worse, misinformation.

## **OUTREACH BY INDUSTRY PROFESSIONALS**

The survey respondents reported worrying about certain aspects of the homebuying process—they worry about being taken advantage of, and about being able to obtain trustworthy information and advice. This opens the door to industry professionals in two ways: They can provide informational programs that educate the prospective buyer about the process of homebuying, and they can take on the role of trusted intermediary by becoming part of a network of support and encouragement.

It appears as if some of the discomfort with the homebuying process may be the result of inexperience. Outreach programs that take the fear out of the process and encourage prospective buyers to make that leap of faith and start down the path to homeownership will find a ready audience here.

## **BI-LINGUAL INFORMATION**

When developing these programs, it will be important to remember that the majority of the respondents are more comfortable communicating in Spanish. This is supported by the Urban Institute, which found that about 60 percent of legal immigrants who are currently eligible to naturalize are “limited English proficient.” About 40 percent say they speak English “not well” or “not at all.” The solution here may be to translate informational documents and brochures into Spanish, and employ bilingual staff to better serve this community.

## **FINANCIAL LITERACY PROGRAMS**

A critical issue facing potential Latino immigrant homebuyers is the lack of interaction with formal financial institutions. Many of the survey respondents had neither a checking account, a credit card, nor a car loan. This may be due to concerns about residency status, the fact that much of this population is unfamiliar with the American financial system, or more simply, a lack of income. For these potential borrowers, getting a prime mortgage is almost impossible due to their limited credit histories and the fact that they cannot document sources of down payment funds. This suggests two courses of action, neither of which reduces the need for the other: Latinos must learn to become better integrated into the formal financial system; and banks and lending institutions need to develop broader methods of education and outreach and, in particular, begin offering financial literacy programs.

## **INNOVATIVE MORTGAGE PRODUCTS**

The financial community should continue to offer innovative mortgage products and perhaps begin developing alternative underwriting standards. Federal, state and local governments should continue to enforce compliance with laws that ensure equal access to the housing and lending market and that protect buyers from predatory lending practices.

## **ALTERNATIVE HOUSING SOLUTIONS**

Builders might do well to focus on providing more multi-family housing units, since these are often more affordable and therefore may be more accessible for lower income families.

## **INTEGRATION AND RESOLVING RESIDENCY STATUS**

Latino community groups and local civic and business leaders should continue to ensure that Latino immigrants are fully incorporated into American society. In particular, community groups and leaders should be more proactive in helping immigrants on a temporary U.S. Visa or undocumented immigrants resolve their residency status. This barrier, which is often a source of confusion and fear, affects almost every other part of the homebuying process. While the work of resolving residency status can only be accomplished by the individual, community groups and local leaders could find ways to better inform Latinos about the eligibility requirements for and the benefits of documentation.

The homeownership potential of the Latino community is striking. If the formal gatekeepers—real estate and financial professionals, as well as community groups and local leaders—step in with programs that address the barriers identified here, Latino homeownership rates could reach 53 percent by 2010, an increase of 2.2 million Latino homeowner households. While this will be an important economic milestone for the Latino community, it could have a significant impact on other minority and immigrant groups. The barriers identified in this report—lack of information, reluctance to engage with U.S. financial institutions, and unresolved residency status—cut across all national origin groups. Creative solutions that break down these barriers could go a long way toward helping other immigrant and minority groups successfully negotiate the path to homeownership.

## APPENDIX A: SURVEY METHODS

All five counties in the Los Angeles Consolidated Metropolitan Statistical Area (CMSA) are included in the study. Los Angeles represents the largest Mexican-heritage population in the United States and is the second largest in the world (exceeded by only Mexico City in Mexico).<sup>21</sup> It includes the largest Mexican American barrio (East Los Angeles) and is home to one in five of the nation's Latinos of Mexican origin. This group also constitutes 30 percent of the total residents and 75 percent of Latino residents in the Los Angeles CMSA.

Houston CMSA has a large Mexican American barrio and is one of the most prominent gateway cities to immigrants from Mexico. It represents a metropolitan area with a large number of both recent immigrant and native-born Mexican-heritage households and a less costly housing market. In Houston CMSA, three counties are excluded from the study because of a limited Latino population. Included in the study are the five counties that contain 99 percent of the Mexican population.

The Atlanta Metropolitan Statistical Area (MSA) has witnessed major growth rates in Latino arrivals in recent years, and now has a small but growing Latino and Mexican population. As an emerging port of entry for new immigrants, it is an example of a homeownership market in a location that is only recently trying to accommodate the new immigrant. Only four of the 20 counties in the Atlanta MSA were selected for study. Seventy-eight percent of Latinos of Mexican origin residing in Atlanta MSA live in the four selected counties.

These study sites are selected to represent instances of an actual Latino housing market. That is: (1) the communities are representative of others elsewhere in the country or their region; (2) the resident Latino population is dynamic and growing; and (3) there is accessibility in terms of affordability and housing stocks.

The Los Angeles housing market is one of the most costly in the U.S. and consequently one of the most difficult for first-time homebuyers. It is currently experiencing major shortfalls in the availability of affordable housing, while in Houston and Atlanta there is an affordable, though limited, stock of entry-level properties.

---

<sup>21</sup> Mexico City has over 8.6 million residents, yet over 18 million people are residing in the city and its surrounding urban areas - a CMSA equivalent. The second largest city in Mexico is Guadalajara with over 1.6 million residents. There are about 3.7 million people living in the city of Guadalajara and its neighboring urban areas. In contrast, there are nearly 5 million residents of Mexican heritage living in the Los Angeles CMSA.

## APPENDIX B: POPULATION OF STUDY AREAS

	<b>Total Residents</b>	<b>Non-Latino Residents</b>	<b>Latino Residents</b>	<b>Residents of Mexican Heritage</b>	<b>Percent of Population</b>
<b>LOS ANGELES CMSA</b>					
Los Angeles County	9,519,338	5,277,125	4,242,213	3,041,974	32.0%
Orange County	2,846,289	1,970,710	875,579	712,496	25.0%
San Bernardino County	1,709,434	1,040,047	669,387	532,186	31.1%
Riverside County	1,545,387	985,812	559,575	463,465	30.0%
Ventura County	753,197	501,463	251,734	211,925	28.1%
<i>Total</i>	16,373,645	9,775,157	6,598,488	4,962,046	30.3%
<b>HOUSTON CMSA</b>					
Harris County	3,400,578	2,280,827	1,119,751	814,693	24.0%
Fort Bend County	354,452	279,581	74,871	51,447	14.5%
Brazoria County	241,767	186,704	55,063	42,422	17.5%
Galveston County	250,158	205,219	44,939	34,670	13.9%
Montgomery County	293,768	256,618	37,150	27,845	9.5%
<i>Total</i>	4,540,723	3,208,949	1,331,774	971,077	21.4%
<b>ATLANTA MSA</b>					
Gwinnett County	588,448	524,311	64,137	36,016	6.1%
Fulton County	816,006	767,950	48,056	32,476	4.0%
DeKalb County	665,865	613,323	52,542	30,741	4.6%
Cobb County	607,751	560,787	46,964	29,833	4.9%
<i>Total</i>	2,678,070	2,466,371	211,699	129,066	4.8%

Samples for the telephone survey were drawn from directory-listed households with Spanish surnames within the selected counties. The sample is weighted to match data from the March 2002 Current Population Survey with regard to nativity (native-born vs. foreign-born) among renters of Mexican heritage residing in the three metropolitan areas. The survey contained about 100 question items on homeownership expectations, experience, and knowledge of the respondents, among others. The telephone survey was conducted in the language of respondent's choice—either English or Spanish—over a three-week period, from May 6-29, 2003. Interviews were conducted with adults of Mexican origin who made the decision to buy or rent the residence (or who make important financial decisions in the household).

## APPENDIX C:

# THE TRANSITION TO HOMEOWNERSHIP

For the sake of simplicity, we thought of **Dreamers** and **Planners** to be comparatively inactive, and **Doers** and **Achievers** active in the homeownership market.<sup>22</sup> We then performed a multivariate analysis of the survey data using logistic regression with the binary measure of being inactive and active in the homeownership market as the dependent variable in order to ascertain what factors are directly responsible for the transition to from renter to homeowner.

Drawing in part on previous research, four groups of factors are considered to account for the path to homeownership—demographic, financial, information, and residency factors (see Coulson 1999; Gyourko and Linneman 1996; Krivo 1995; Lopez 1986; Painter, Gabriel, and Myers 2001). We regard these as the key barriers.

- **Demographic:** age, marital status, number of children in the household, area of residence, and education.
- **Financial:** household income, job security, financial conditions, and difficulty in saving for the down payment.
- **Information:** familiarity with how to qualify for a mortgage, difficulty in finding an advisor, and information on home buying
- **Residency:** nativity, length of stay in the U.S., immigration status, English proficiency, formal relationship with U.S. financial institutions, homeownership in Mexico, remittance to Mexico, and discrimination in the housing market.

Results from the logistic regression analysis show that 10 factors are primarily responsible for the transition in the homeownership market.<sup>23</sup>

#### **Demographics:**

- Age
- Marital status
- Number of children in the household
- Area of residence

#### **Financial:**

- Household income
- Difficulty in saving for the down payment

#### **Information:**

- Familiarity with how to qualify for a mortgage
- Difficulty in finding an advisor

#### **Residency:**

- Immigration status
- Formal relationship with U.S. financial institutions

---

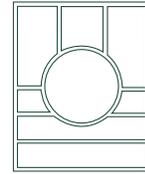
<sup>22</sup> Data reveal that Dreamers and Planners, and Doers and Achievers, generally look similar in terms of their demographic and attitudinal characteristics, while there are notable differences between Dreamers and Planners on the one hand and Doers and Achievers on the other. This in part justifies consolidating them to two groups—those who are inactive and active in the homeownership market. That said, however, we will address differences, though small, between Dreamers and Planners, and between Doers and Achievers in the subsequent reports.

<sup>23</sup> Those 10 factors are found to have a statistically significant impact on the transition from being inactive to being active in the homeownership market ( $< .05$ , two-tailed). It should be noted that other barriers to homeownership—English proficiency, remittance to Mexico, housing discrimination, or current or future homeownership in Mexico—that were found to be significant in other studies failed to find support from our data. This does not mean they did not play a role in determining the transition to homeownership, but that our evidence suggests such a role is indirect or secondary. We did not find evidence showing that this is a function of multicollinearity among various cultural factors included in the model.

# BIBLIOGRAPHY

- Bean, Frank D., Stephen J. Trejo, Randy Capps, and Michael Tyler. 2001. *The Latino Middle Class: Myth, Reality and Potential*. Claremont, CA: The Tomás Rivera Policy Institute.
- Betancur, John J. 1996. "The Settlement Experiences of Latinos in Chicago: Segregation, Speculation, and the Ecology Model." *Social Forces* 74:1299-1324.
- Bostic, Raphael and Brian Surette. 2001. "Have the Doors Opened Wider? Trends in Homeownership Rates by Race and Income." *Journal of Real Estate Finance and Economics* 23:411-434.
- Bradley, Donald. 2000. "Serving the Mexican-heritage Household: Are Their Lessons From the Mexican Housing Market" Presented at AREUEA and CREUES International Real Estate Conference, Cancun, Mexico
- Brown, William H. Brown, Jr. 1972. "Access to Housing: The Role of the Real Estate Industry," *Economic Geography* 48: 66-78.
- California Association of Realtors. 2001. "2000 California Existing Single-Family Housing Market Annual Historical Data Summary." Real Estate Research Report.
- Colomiris, Charles W., Charles M. Kahn, Stanley D. Longhofer. 1994. "Housing-Finance Intervention and Private Incentives: Helping Minorities and the Poor," *Journal of Money, Credit and Banking* 26: 634-647
- Coulson, N. Edward. 1999. "Why Are Hispanic- and Asian-American Homeownership Rates So Low? Immigration and Other Factors." *Journal of Urban Economics* 45:209-27.
- Freddie Mac. 2002. "Catch the Dream: Working Together to Expand Minority Homeownership."
- Gabriel, Stuart and Stuart S. Rosenthal. 2004. "Homeownership, Race and the American Dream" Working Paper. Los Angeles, CA: Lusk Center for Real Estate, University of Southern California.
- Gonzalez-Gutierrez, Carlos. 1993. "The Mexican Diaspora in California." In *The California-Mexico Connection*. 12:223-224. Stanford, CA: Stanford University Press.
- Gyourko, Joseph and Peter Linneman. 1996. "Analysis of the Changing Influences on Traditional Households' Ownership Patterns." *Journal of Urban Economics* 39:318-41.
- Hirad, Abdighani and Peter Zorn. 2002. "Prepurchase Homeownership Counseling: A Little Knowledge Is a Good Thing." In *Low Income Homeownership: Examining the Unexamined Goal* N.P. Retsinas & E.S. Belsky (Eds.) (pp. 146-174). Washington, D.C: The Brookings Institution.
- Joint Center for Housing Studies of Harvard University. 2001. *The State of the Nation's Housing*. Cambridge, MA.
- Kotkin, Joel, Thomas Tseng, and Erika Ozuna. 2002. "Rewarding Ambition: Latinos, Housing, and the Future of California." Los Angeles, CA. Davenport Institute for Public Policy, Pepperdine University.
- Krivo, Lauren J. 1995. "Immigrant Characteristics and Hispanic-Anglo Housing Inequality." *Demography* 32: 599-615.
- Lopez, Manuel Mariano. 1986. "Su casa no es mi casa: Hispanic Housing Conditions in Contemporary America, 1949-1980." In *Race, Ethnicity, and Minority Housing in the United States*, ed. Jamshid A. Momeni. New York: Greenwood Press.
- Lopez-Aqueres, Waldo, Joelle Skaga, Tadeusz Kugler. 2002. "Housing the Latino Population in the 21st Century: The Challenge Ahead," The Tomás Rivera Policy Institute.
- Massey, Douglas S. and Eric Fong. 1990. "Segregation and Neighborhood Quality: Blacks, Hispanics, and Asians in the San Francisco Metropolitan Area," *Social Forces* 69: 15-32.
- Munnell, Alicia H., Geoffrey M.B. Tootell, Lynn E. Browne, and James McEneaney. 1996. "Mortgage Lending in Boston: Interpreting HMDA Data." *American Economic Review* 86:1.
- Mutchler, Jan E. and Lauren J. Krivo. 1989. "Availability and Affordability: Household Adaptation to a Housing Squeeze," *Social Forces* 68:241-261.
- Pachon, Harry and Louis DeSipio. 1994. "Immigrants and Naturalized Citizens: Developing the National Latino Immigrant Survey." In *New Americans By Choice: Political Perspectives of Latino Immigrants*. Westview Press.
- Painter, Gary, Stuart Gabriel, and Dowell Myers. 2000. "Race, Immigrant Status, and Housing Tenure Choice." *Journal of Urban Economics* 49:150-67.
- Palm, Risa. 1985. "Ethnic Segmentation of Real Estate Agent Practice in the Urban Housing Market," *Annals of the Association of American Geographers* 75:58-68.
- Rohe, William H., George McCarthy, and Shannon Van Zandt. 2000. "The Social Benefits and Costs of Homeownership: A Critical Assessment of the Research" Working Paper No. 00-01. Research Institute for Housing America, May 2000.
- Rosenbaum, Emily. 1994. "The Constraints on Minority Housing Choices, New York City 1978-1987." *Social Forces* 72: 725-747.





The Tomás Rivera  
POLICY INSTITUTE

BOARD OF TRUSTEES, 2003/2004

*President*  
**Harry P. Pachon, Ph.D.**

*Chair*  
**Patricia Diaz Dennis**  
Senior Vice President  
General Counsel & Secretary  
SBC West

**Leticia Aguilar**  
President  
Bank of America Los Angeles

**Colleen Anderson**  
President  
Southern California  
Community Bank  
Executive Vice President  
Business Banking Group  
Wells Fargo Bank

**Tomás A. Arciniega**  
President  
California State University  
Bakersfield

**Lloyd Armstrong Jr.**  
Provost and  
Senior Vice President  
Academic Affairs  
University of  
Southern California

**Dennis V. Arriola**  
Vice President  
Communications and  
Investor Relations  
Sempra Energy

**Rudy Beserra**  
Vice President  
Latin Affairs  
The Coca-Cola Company

**Colleen Brown**  
Senior Vice President  
Belo

**Louis Caldera**  
President  
University of New Mexico

**Adelfa B. Callejo**  
Partner  
Callejo & Callejo

**Christine Castro**  
Senior Vice President  
Chief Communications Officer  
Yahoo! Inc.

**Jed Connelly**  
Senior Vice President  
Sales and Marketing  
Nissan North America

**Alfredo G. de los Santos Jr.**  
Research Professor  
Hispanic Research Center  
Arizona State University

**Linda Griego**  
Managing General Partner  
Engine Co. No. 28

**Lee K. Harrington**  
President and CEO  
L.A. Economic Development  
Corporation

**Richard C. Hartnack**  
Vice Chairman  
Union Bank of California

**José Ignacio Lozano**  
Publisher and CEO  
La Opinión

**John D. Maguire**  
President Emeritus  
& Senior Fellow  
Institute for Democratic Renewal  
School of Politics  
and Economics  
Claremont Graduate University

**Stephen C. Meier**  
Chairman and CEO  
Pfaffinger Foundation

**Steve Moya**  
Senior Vice President  
Chief Marketing Officer  
Humana Health Care

**Mark L. Mullinix**  
Executive Vice President-  
National Cash Product Manager  
Federal Reserve Bank  
of San Francisco  
Los Angeles Branch

**Jesus Rangel**  
Vice President  
Sales Development and  
Community Relations  
Anheuser-Busch, Inc.

**Piedad F. Robertson**  
Superintendent/President  
Santa Monica College

**Don Spetner**  
Senior Vice President  
Global Marketing  
& Communications  
Korn/Ferry International

**Raul R. Tapia**  
Managing Director  
C2Group, LLC

**James S. Taylor**  
Managing Director  
Cima Strategies, Inc.

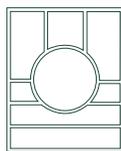
**Terence H. Thorn**  
**Solómon D. Trujillo**  
Chairman, President & CEO  
Orange

**Miles J. Turpin**  
**Walter Ulloa**  
Chairman and CEO  
Entravision Communications  
Corporation

**Steadman Upham**  
President  
Claremont Graduate University

**Alfred A. Valenzuela**  
Major General  
United States Army

**Gilbert R. Vasquez**  
Executive Partner  
Vasquez & Company, LLP



The Tomás Rivera  
POLICY INSTITUTE