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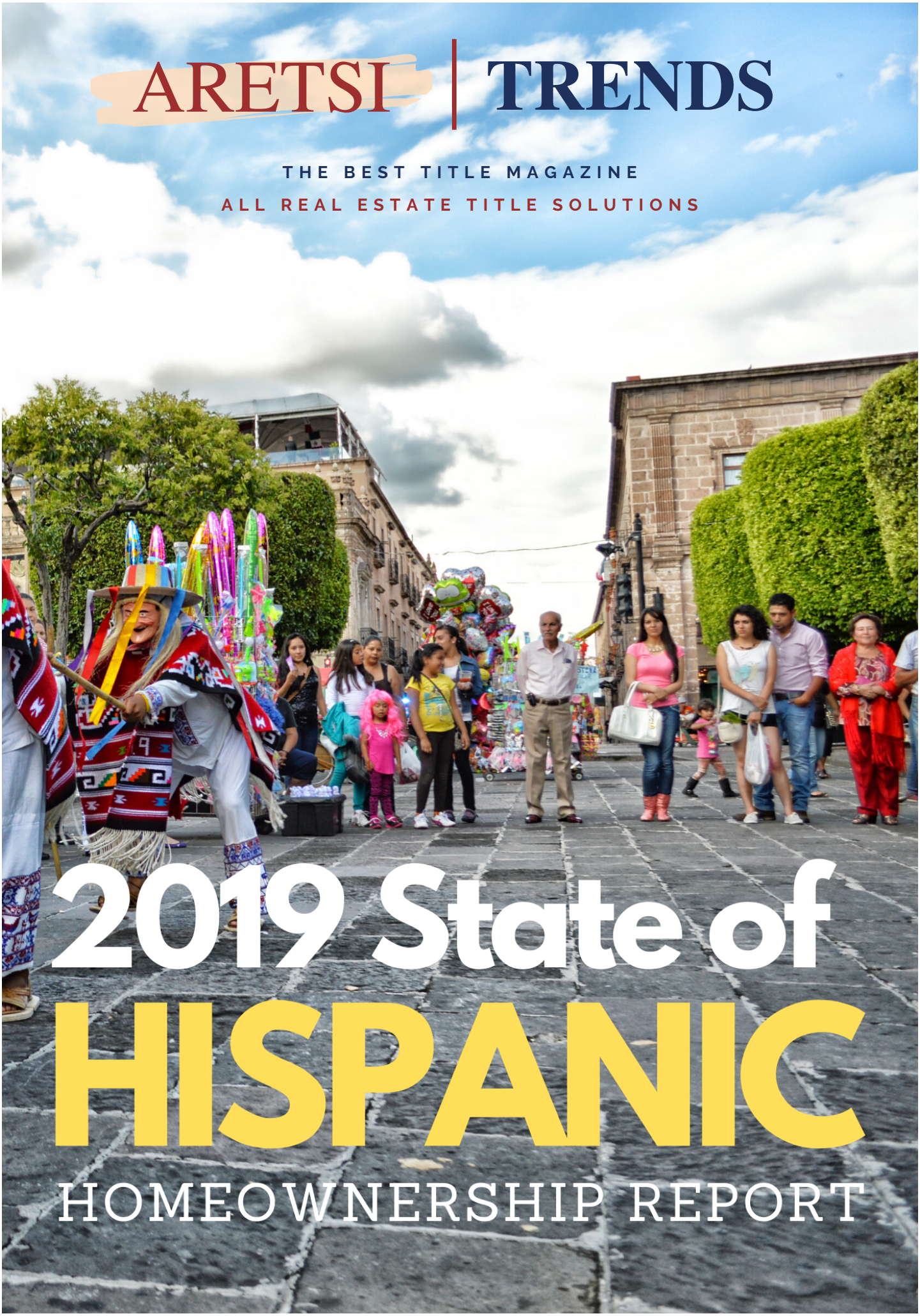

2019 State of HISPANIC HOMEOWNERSHIP REPORT

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2019 STATE OF HISPANIC HOMEOWNERSHIP REPORT

In this magazine, you will see an extract from the report presented by ***The National Association of Hispanic Real Estate Professionals (NAHREP)****, about the Hispanic Homeownership in the United States In which important data are presented on the habits, and needs in this segment of special importance for the Real Estate Industry in the United States.*

BACKGROUND

The 2019 State of Hispanic Homeownership Report® is a publication of ***The National Association of Hispanic Real Estate Professionals® (NAHREP®)*** *and is in its tenth year of production. The report coalesces data and research across a broad cross-section within and outside of the housing industry. It serves to evaluate how the U.S. Hispanic population is faring in terms of homeownership acquisition and to review the primary opportunities and barriers to future homeownership growth.*

Over the past decade, Hispanics have accounted for 51.6 percent of the overall U.S. homeownership growth, adding 1.9 million new homeowners during that period.

From 2009-2019, Hispanics accounted for 40.4 percent of the overall growth in household formations, having added over 4.3 million new households.5 Household formations are one of the key indicators for measuring homeownership demand.

SECTION 1: Hispanic Homeownership

In 2019, Latinos added a net increase of 277,000 owner households to the U.S. economy, with a total of nearly 8.2 million new homeowners nationwide. As a result, the Hispanic homeownership rate increased to 47.5 percent. Despite exceptional housing inventory challenges, Hispanics were the only demographic to increase their rate of homeownership for the last five consecutive years, the longest period of consistent growth for Hispanics since 2000.

Over the past decade, Hispanics have accounted for 51.6 percent of the overall U.S. net homeownership growth. *While the non-Hispanic White homeownership rate continues to surpass that of Hispanics and other demographics, it is diverse populations that are driving most of the growth in homeownership. To this point, non-Hispanic White homeowners contributed to only 1.5 percent of the overall U.S. net homeownership growth over the past ten years.*

The Hispanic homeownership rate appears to be on a sustainable upward trajectory, and signs show that the gap between Hispanic and non-Hispanic White homeownership is shrinking. 2019 marked the lowest gap in homeownership rates since the pre-crisis peak in 2007.

HISPANIC HOMEOWNERSHIP BY AGE

Hispanic homeownership rates increase with age. ***Between the ages of 66 and 70, Hispanics have the highest homeownership rate at 65.9 percent****, and Hispanics over 70 have a homeownership rate of 64.6 percent. As the vast majority of Hispanics today are young, homeownership rates are likely to rise congruently with Hispanics aging. Surprisingly, Hispanics actually surpass both the general population and the non-Hispanic White population in their homeownership rates for young adults between the ages of 18 and 21, suggesting that young Hispanics have a strong aspiration for homeownership, driving them to purchase homes at an earlier age.*

HISPANIC SHARE OF THE HOUSING GDP

The National Association of Home Builders (NAHB) estimates housing contributed approximately 16.3 percent of the overall U.S. GDP in 2018.b Of the housing GDP share, Hispanics are responsible for 11.1 percent, almost double what it was in 2000. ***In 2018, Hispanics injected $371 billion into the economy through the housing market alone, tripling their contributions since 2000.*** *The growth in Hispanic housing contribution to GDP has significantly outpaced that of the overall market which doubled during that same time period. Since 2000, Hispanics have accounted for 12.3 percent of net housing GDP growth.*

WHO ARE THE 2018 HISPANIC HOMEBUYERS?

In 2018, 464,076 Hispanics purchased a home. Using data from the Home Mortgage Disclosures Act (HMDA) and 2018 American Community Survey, the following trends emerge among recent Hispanic homebuyers.

LATINO HOMEBUYERS ARE YOUNGER

While the median age of the Hispanic home purchaser in 2018 was 40, the median age for home purchasers overall was 44 years old. ***40.3 percent of Hispanic buyers were under the age of 34, and 69.2 percent were 44 or younger.***

2018 HISPANIC HOMEBUYERS AGE BREAKDOWN

AGE	HISPANIC	GENERAL POPULATION
65+	3.6%	7.3%
55-64	8.8%	12.2%
45-54	18.3%	18.1%
35-44	28.9%	26.0%
34 AND BELOW	40.3%	36.3%

SOURCE: 2018 HMDA DATA

MOSTLY U.S. BORN

An increasing share of Hispanic homebuyers is U.S.-born. In 2018, 60.0 percent of Hispanic homebuyers were born in the U.S., an increase of 9.4 percent from 2013. Considering that 94.3 percent of Latinos under the age of 18 are native-born, this shift in market share is only going to increase. In order for the industry to effectively respond to this growing market segment, it will be critical for programs to adapt to the growing share of first and second-generation Latino homebuyers.

Of the 40.0 percent of recent Hispanic homeowners that were born outside of the U.S., 55.6 percent were U.S. citizens and 81.9 percent have lived in the U.S. for at least 11 years.

GROWING SHARE ARE SELF-EMPLOYED

Among the heads of Hispanic households who purchased a home in 2018, 8.6 percent of them were self-employed. While this percentage is on par with the general population of homebuyers, Hispanic owner households saw a 16.2 percent increase in self-employed borrowers between 2013-2018, compared to a 6 percent increase for the overall population.

HIGHER INCOME THAN HISPANICS OVERALL

In 2018, Hispanic home purchasers had a median household income of $68,000, 32.3 percent higher than the median income for all Hispanic households and 9.8 percent higher than the median income for the general population.

BUYING MORE EXPENSIVE HOMES RELATIVE TO INCOME

The median property value for Hispanic home purchasers in 2018 was $225,000, $30,000 less than that of the overall population. Hispanics trend toward buying houses below the market median rate, but more expensive relative to their income than other populations. Due to a concentration in high-cost markets and lower incomes, Latinos are more leveraged than their non-Hispanic White counterparts.

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WHERE ARE THEY LOCATED?

MARKETS THAT ADDED THE MOST LATINO OWNER HOUSEHOLDS TO THE U.S. ECONOMY BETWEEN 2013-2018

MARKET	HISPANIC OWNER HOUSEHOLDS ADDED	MEDIAN PROPERTY VALUE
1. HOUSTON, TX-THE WOODLANDS-SUGAR LAND, TX	(+40,013)	$245,000
2. DALLAS- PLANO-IRVING TX	(+35,630)	$285,000
3. NEW YORK-JERSEY CITY-WHITE PLAINS, NY-NJ	(+35,004)	$455,000
4. RIVERSIDE-SAN BERNARDINO-ONTARIO, CA	(+33,898)	$365,000
5. PHOENIX-MESA-SCOTTSDALE, AZ	(+32,999)	$265,000

MARKETS THAT EXHIBITED THE FASTEST GROWTH RATE OF HISPANIC HOMEOWNERS

MARKET	HISPANIC HOMEOWNERSHIP GROWTH RATE	MEDIAN PROPERTY VALUE
1. COLUMBUS, OH	73.7%	$225,000
2. MIDLAND, TX	57.9%	$195,000
3. LAKELAND-WINTER HAVEN, FL	55.9%	$195,000
4. PALM BAY-MELBOURNE-TITUSVILLE, FL	49.6%	$225,000
5. CAPE CORAL-FORT MYERS, FL	46.2%	$235,000

SOURCE: U.S. CENSUS BUREAU AND 2018 HMDA DATA

HOW ARE LATINOS FINANCING THEIR HOMES?

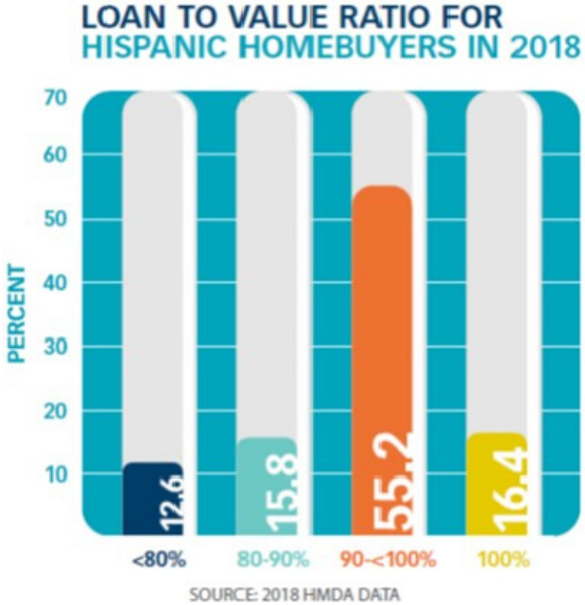
HISPANICS INCREASING USE OF CONVENTIONAL FINANCING

The share of Hispanics using conventional financing has increased. Between 2013 and 2018, conventional usage went from 45.6 percent to 57.6 percent, while the share of Hispanics using FHA loans declined from 42.5 percent to 32.8 percent.

While the majority of Hispanic home purchasers financed their homes through conventional financing, Hispanics were still more than twice as likely to use FHA loans compared to their non-Hispanic White counterparts. The disproportionate share of Hispanics in the FHA lending space is concerning, as FHA insured loans can be costlier than conventional financing. This has the capacity to limit lifetime wealth-building potential.

MOST LATINOS RELY ON LOW DOWN PAYMENT PRODUCTS

Among the 2018 Hispanic homebuyers, the median down payment was 3.5 percent, compared to 10 percent for the general population. 71.6 percent of Hispanic homebuyers purchased homes with less than a 10 percent down payment in 2018.



SOURCE: 2018 HMDA DATA

SECTION 2: Snapshot of U.S. Latino Demographic Economic Indicators

POPULATION GROWTH AND AGE

At 59.9 million, Hispanics are the second largest ethnic group in the U.S. and make up 18.3 percent of the overall U.S. population. Hispanics continue to be the fastest-growing demographic, accounting for 57.6 percent of the total U.S. population growth in the last year,12 a trend that is expected to continue into the foreseeable future. Since 2010, the Hispanic population has increased by 9.4 million individuals, accounting for 51.0 percent of total U.S. population growth.

The Hispanic median age increased in 2018 to 29.5, just shy of a percentage point higher than it was the year prior. Despite this shift, Hispanics continue to be disproportionately young, with a median age 8.7 years younger than the general population. ***In fact, one in three Hispanics are 18 or younger.***

U.S. BORN VS. FOREIGN-BORN POPULATION SHIFT

U.S. Hispanic population growth continues to be driven predominantly by natural births rather than immigration. ***In 2018, less than one third (30.6 percent) of the growth in the U.S. Hispanic population can be attributed to net immigration.*** *Of Latinos under the age of 18, 94.3 percent are U.S.-born, indicating that the share of U.S.-born Latinos will continue to rise.*

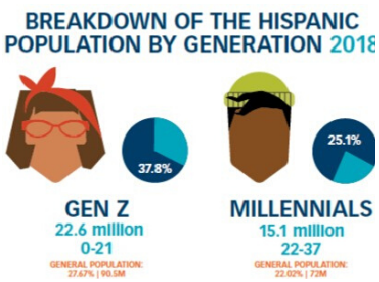
Overall, immigration from Latin American countries has decelerated since the Great Recession, particularly from Mexico. In 2018, China replaced Mexico to become the largest sending country of foreign-born immigrants to the United States, and between 2006 and 2018, immigration from Asia surpassed that from Latin America by nearly 1.5 million.

HISPANIC HOUSEHOLD FORMATION TRENDS

Household formations are one of the key indicators of housing demand. ***In 2019, Hispanics added 435,000 new households, a 2.6 percent increase from the year prior.*** *From 2009-2019, Hispanics have accounted for 40.4 percent of the overall growth in household formations and have added over 4.3 million new households, significantly outpacing the household formation growth of the overall U.S. population.*

HISPANIC HOUSEHOLD FORMATIONS IN 2019

This is consistent with projections from the Harvard Joint Center for Housing Studies (HJCHS) report, which predicts that Hispanic households will grow by 4.5 million between 2018–2028, accounting for 37 percent of total household growth. At the same time, HJCHS predicts that between 2028-2038, non-Hispanic White households will begin to decline.



SECTION 3: Barriers to Homeownership Gains

HOUSING INVENTORY SHORTAGE

A lack of available housing inventory remains one of the leading barriers to further advancing sustainable Hispanic homeownership growth. According to Zillow, ***in December 2019 there were 7.5 percent fewer homes on the market than the year prior, marking 2019 as the lowest level ever recorded*** *since the group began tracking inventory data.*

In 2019, the United States Census Bureau reported a record low homeowner vacancy rate (HVR) at 1.4 percent, matching the lowest level ever recorded in 1993.26 The HVR for the top 75 MSAs has been declining every year since 2008.

Inventory shortages are considerably pronounced in states and metropolitan statistical areas (MSA) with high concentrations of Hispanic residents. Among the Top 10 MSAs with the lowest HVR, half have a Hispanic population of 10 percent or higher, and over a quarter of those has a Hispanic population of 20 percent or higher.

TWO FACTORS IMPACTING HOUSING SUPPLY: LABOR SHORTAGE & RESTRICTIVE BUILDING REGULATIONS

LABOR SHORTAGE

A tight construction labor market has inhibited builders across the country from constructing the volume of homes necessary to meet housing demand, in large part driven by Latino prospective homebuyers. Restrictive immigration policies are exacerbating this problem, considering that the construction industry heavily relies on an immigrant construction workforce.

According to the National Association of Home Builders (NAHB) Housing Market Index, immigrants make up a disproportionate and increasing share of the construction labor force. ***In 2018, immigrants accounted for 24.3 percent of the overall construction labor force, compared to 16.6 percent of the non-construction market.***

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IMMIGRANT SHARE OF CONSTRUCTION AND NON-CONSTRUCTION LABOR MARKET

CONSTRUCTION:	NON-CONSTRUCTION:
2005: **21.2%**	2005: **14.4%**
2018: **24.3%**	2018: **16.6%**

SOURCE: NAHB HOUSING MARKET INDEX

What every Realtor should know about **Owner's Title Insurance.**

Make sure all of your clients are protected

You're a realtor, so you know that buying a home can be overwhelming for your clients. Homebuyers can feel confused and frustrated by the mounds of paperwork they have to sign. Plus, the fees associated with closing can sometimes be overwhelming even to an experienced buyer.

Owner's title insurance is one of those items often misunderstood by homebuyers at closing, yet its value is tremendous. As an important advisor to your clients, you are in a position to help homebuyers understand the benefit of an owner's title insurance and the dangers that can be incurred without it.

WHAT IS TITLE INSURANCE

The owner's title insurance is a policy that the homebuyer obtains to protect against possible claims on the title. This means that the owner's title insurance protects the property rights of the buyer. for more information about title insurance contact us at (813) 876 - 4373

ENDURING VALUE

The good news is that owner's title insurance protects the homebuyer's financially, as long as they own their home. for a low, one-time fee, homebuyers can rest assured, knowing they are protected against possible debts or claims to their property.

HOW IT PROTECTS

Obtaining an owner title insurance policy is the best way to be protected against unforeseen legal and financial discrepancies over the title of the property.

Some examples of unforeseen lawsuits include:

- *Pending mortgages and lawsuits or lien against the property for non-payment of taxes from the seller.*
- *Legal action pending against the property that could affect you.*
- *Undisclosed heir of a previous owner who claims ownership of the property.*
-

If a problem does arise, the insurance company will pay to have the problem resolved for the client. (Clear the title) If the problem can't be solved the insurance company will pay you the price you paid for the home. That's peace of mind.

SECTION 4: Opportunities to Accelerate Sustainable Homeownership

With a Latino purchasing power of $1.7 trillion33 and trends indicating Latinos are driving demand for homeownership, there is an undeniable market opportunity that has not yet been fully optimized.

Below are three strategies that could be implemented today without changing any government policies, while maintaining today's level of access to affordable lending and existing housing inventory.

STRATEGY 1: CONVERT EXISTING "MORTGAGE READY" MILLENNIALS TO HOMEOWNERS

Why millennials? *Considering that the National Association of Realtors (NAR) found that millennials made up the largest share of homebuyers at 37 percent, millennials are ripe for homeownership.* ***Today, one in four Hispanics are a millennial, and, in 2018, 4.9 million were identified as being "Mortgage Ready."***

Freddie Mac identified that in 2018 there were 4.9 million Hispanic millennials with the credit characteristics that could qualify for a mortgage. Looking at that number, had 10 percent of those 4.9 million "mortgage ready" millennials been converted to homeowners in 2019, the Hispanic homeownership rate would have reached 50.3 percent, an all-time high.

Freddie Mac and NAHREP identified the top twenty markets with the most Hispanic millennials who could both qualify for a mortgage and afford the median-valued priced home while living

STRATEGY 2: SHIFT STRATEGY TOWARDS NON-TRADITIONAL BUT GROWING LATINO MARKETS

Hispanics have long been concentrated in California, Texas, New York, and Florida, with over 60 percent of Latinos living in these four states alone.35 However, as the Latino population grows, employment opportunities change, and housing becomes increasingly unaffordable in many of those states. Latinos, as a result, are migrating.

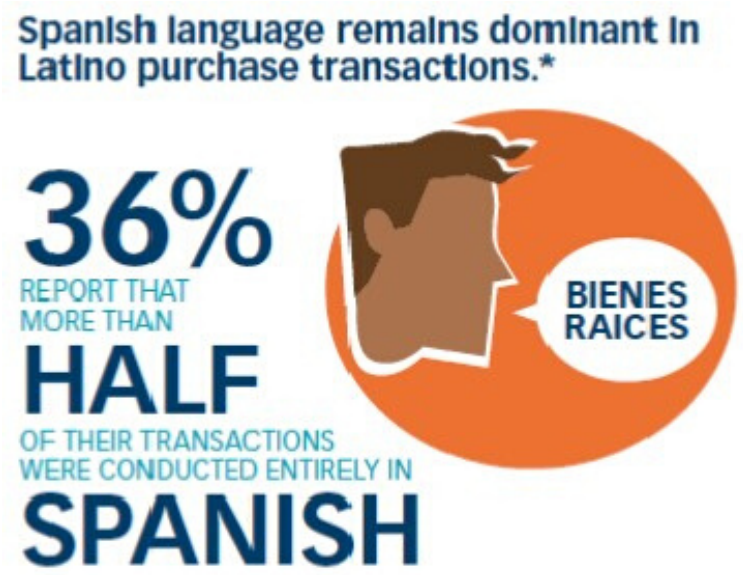
From 2015 to 2018, Latino migration patterns underscore these trends as the Latino population show signs of growing in less traditional markets. California, the most populous Latino state, saw the greatest net outflow of Latinos at 205,000. This is most likely due to California being the state with one of the highest costs of living. Texas, on the other hand, benefited from the greatest inflow of Latinos, with a net gain of 102,000 people. Not so coincidently, two Texas metropolitan areas (Houston and Dallas) were among the top five markets with the greatest number of Hispanic home purchasers in

STRATEGY 3: INVEST IN PEOPLE

Buying a home is often the largest financial transaction families engage in during their lifetime. It is also one of the most overwhelming and confusing processes, even for the most educated. When experience, language, and cultural barriers are added to that equation, the process is even more challenging. NAHREP estimates that the number of culturally competent Latino realtors and mortgage professionals will need to double in the coming years to meet the growing demand from Hispanic homebuyers.

Beyond language and cultural gaps, there is an experience gap for Hispanics in the industry. First-time homebuyers regularly rely on professionals in their network, including close friends or family, to guide them through the home buying process.

A look at NAHREP's network underscores this need. NAHREP Top 250 producing agents and mortgage originators are disproportionately located in the markets with the largest number of Hispanic homebuyers. Additionally, NAHREP members overwhelmingly report that referrals and personal relationships are by the far the number one way they obtain new business.



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The 880-page bill signed into law by Trump on Friday includes credit protection, foreclosure moratoriums, and forbearance on some mortgages.

At the height of the Great Recession, 2.8 million properties filed for foreclosure in 2010. A key provision of the stimulus package passed this week is aimed at avoiding a repeat of the havoc the 2008 recession wreaked on the housing industry, as a millions file for unemployment due to COVID-19 (coronavirus).

Much of the package's direct assistance — direct $1,200 payments for many Americans, small business loans, expanded unemployment insurance — has been covered by many outlets, including Inman. But included in that bill — called the CARES Act — are a number of protections for single-family owners, renters, multifamily building owners, and even some-day-in-the-future prospective homeowners.

A lot of the specifics of the bill are already taking place on a state level and at smaller levels, but the CARES Act will codify these protections into federal law.

Mortgage forbearance and foreclosure protections
During this designated disaster period — which began on March 13 — a borrower with a federally backed loan can request forbearance through the loan servicer. A federally-backed loan means that it's either guaranteed or insured by the Federal Housing Administration, Department of Veterans, Department of Agriculture or purchased or securitized by Fannie Mae or Freddie Mac.

Once the request is submitted, forbearance is granted for a period of up to 180 days at the request of the borrower. No fees, penalties or interest beyond the amount scheduled can be accrued on the borrower's account.

The servicer cannot request any proof beyond the borrow's attestation to a financial hardship caused by COVID-19. The servicer of any Federally backed loan also cannot initiate the foreclosure process for not less than a 60-day period beginning on March 18

Protections for multi-family property owners

During the covered period, all of the protections extend to homeowners are being extended to owners of multi-family properties with Federally-backed loans as well. The loans are aimed at providing relief to the building owners that may be facing hardships — possibly due to the inability of tenants to pay.

Unlike single-family homeowners, in this instance, multi-family building owners need to document the financial hardship they are facing and can request forbearance for up to 30 days. That forbearance can be extended for two additional 30 day periods.

Renter protections are built into this section of the bill, guaranteeing that the building owner receiving forbearance cannot evict or initiative eviction of tenants based on nonpayment of rent or charge any late fees to tenants due to late payment of rent.

Increased tenant protections

For the next 120 days, the owners of any dwelling that participates in any housing program covered by various acts — including the low-income housing tax credit program, National Housing Act, Homeless Assistance Act, National Affordable Housing Act, rural housing voucher program and others — cannot begin any action to initiate eviction proceedings to re-take possession of a dwelling for nonpayment of rent, or charge any fees or penalties related to nonpayment of rent.

The protections also apply to tenants of any building that's owned by a lessor with a federally-backed mortgage, including through the U.S. Department of Housing and Urban Development.

Credit protections

The stimulus package amends the Fair Credit and Reporting Act to allow more leeway for consumers that come to agreements with lenders on deferring, making partial payments, modifying a loan, forbearing delinquent amount and utilizing any other relief. It's a measure designed at not allowing the tanking of credit scores of millions of Americans suddenly finding themselves out of work due to coronavirus.

If the account was delinquent before the noted period, that status must be maintained.

By Patrick Kearns I Inman Staff Writer
Source: https://www.inman.com/

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