RESEARCH REPORT

Priorities for Advancing Latino Homeownership

Research Agenda

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July 2023

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Acknowledgments

This report was funded by UnidosUS. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission.

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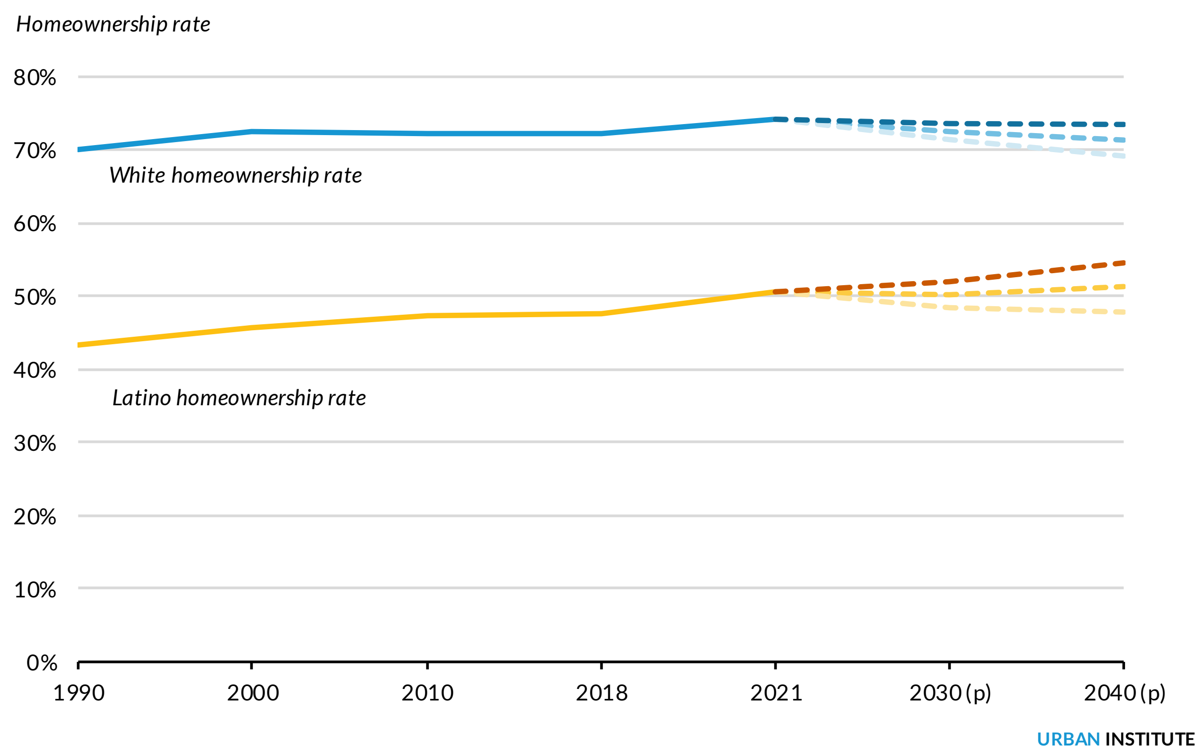
Priorities for Advancing Latino Homeownership

In 2021, the Latino homeownership rate was 50.6 percent, according to US Census Bureau data. This was the highest rate for Latinos since 2009 (Limón et al. 2021). Latinos account for an increasingly large share of the population, particularly in younger generations poised to form households and enter prime homebuying years. Goodman and Zhu (2021) estimated that between 2020 and 2040, 70 percent of net new homeowners will be Hispanic, and no net new homeowners will be white; by 2040, more than 20 percent of younger households (household heads younger than 65) will be Hispanic.

FIGURE 1

White and Latino Homeownership Rates and Projections under Different Rate Scenarios (Slow, Average, Fast)



Sources: 1990–2010 Decennial Censuses, 2007–21 American Community Surveys, and Urban Institute projections.
Note: (p) = projected.

For the momentum in US homeownership to be sustained by Latinos, the finance, housing, and urban planning ecosystems need to adapt. Recognizing the importance of this inflection point and the potential for Latino families to realize homeownership's promises and advantages, UnidosUS launched the Home Ownership Means Equity (HOME) initiative to increase the Latino homeownership rate. As research partner, the Urban Institute will provide research and data analytics to inform and assess the HOME initiative's goals.

To that end, this research agenda has been developed to inform and guide efforts to expand and sustain Latino homeownership and thus is organized around building a shared and actionable understanding of the challenges and opportunities such efforts face. Specifically, we look at what is known (key findings from research) and what questions remain (critical research gaps) for six topic areas:

- **Topic 1.** Historical context, including redlining and other racialized history, that contributed to current barriers and gaps, as well as opportunities, for Latino homeownership.
- **Topic 2.** Unique structural challenges Latinos face on the path to achieving homeownership, as well as solutions and opportunities. Challenges include language barriers, being a first-generation immigrant, family financial obligations (e.g., remittances), family size, student loan debt, income considerations (e.g., nonborrowing family members who contribute to the rent or mortgage), multiple income sources, seasonal or fluctuating income sources, and non-W-2, non-1099, and noncash income.
- **Topic 3.** How macro-level conditions (e.g., employment sector outlook), political climate, immigration laws, ethnic enclaves, race, country of origin, generation in the US, age, and other intersectional factors influence Latino homeownership.
- **Topic 4.** The relationship between housing supply and Latino homeownership and potential solutions to meet Latino-specific needs.
- **Topic 5.** Applied study or research on Individual Tax Identification Number (ITIN) mortgages.
- **Topic 6.** The potential and pitfalls of financial technology (fintech) on Latino homeownership.

After conducting an initial literature scan, the Urban Institute and UnidosUS hosted a virtual roundtable of Latino researchers to inform the development of this research agenda (box 1).

BOX 1

Latino Homeownership Research Roundtable

On January 27, 2023, several researchers joined the Urban Institute and UnidosUS to provide their unique insights into what we know and what we need to know about Latino homeownership in the US.

Participants included the following:

- **Paul E. Carrillo**, Professor of Economics and International Affairs, George Washington University
- **Raúl Santiago-Bartolomei**, Assistant Professor, Graduate School of Planning of the University of Puerto Rico at Río Piedras; Research Fellow, Center for a New Economy
- **Carlos Martín**, Rubenstein Fellow, Brookings Institution; Project Director, Remodeling Futures Program, Harvard Joint Center for Housing Studies
- **Zaire Dinzey-Flores**, Associate Professor, Department of Latino and Caribbean Studies and the Department of Sociology, and Chair, Department of Latino and Caribbean Studies, Rutgers University
- **Rocio Sanchez-Moyano**, Senior Researcher, Community Development, Federal Reserve Bank of San Francisco
- **Yaidi Cancel Martinez**, Visiting Assistant Professor, Department of Urban Planning, University of Wisconsin–Milwaukee
- **Jose Loya**, Assistant Professor of Urban Planning, Luskin School of Public Affairs at the University of California, Los Angeles
- **David Garcia**, Policy Director, Terner Center for Housing Innovation, University of California, Berkeley
- **Roberto Quercia**, Harris Distinguished Professor, Department of City and Regional Planning, University of North Carolina at Chapel Hill
- **Deepak Lamba Nieves**, Research Director and Churchill G. Carey Jr. Chair in Economic Development Research, Center for a New Economy

Researchers' input is woven into specific topics. The discussion also shed light on overarching considerations to guide the initiative.

The discussion started by identifying advantages and assets that US Latinos have pertaining to homeownership, as well as key challenges. The advantages include a shared culture centered around family, social capital, and community networks; attachment to land; entrepreneurship; creativity and scrappiness (generally and in creating a "home"); tenacity; resiliency and the ability to make do; and the fact that the US Latino population is relatively young and growing. The homeownership-specific barriers were primarily lack of access to financing and lack of affordable housing supply and, in Puerto Rico, tenure insecurity. Broader structural barriers included lack of financial resources and financial inclusion, disconnection from services and supports, and broad-based discrimination. Participants also cited barriers in how we look at the issue as researchers and policymakers, especially emphasizing the failure to account for the heterogeneity of the US Latino population. Lack of understanding of the transnational aspect of Latinos' economic lives was also a concern.

Participants recommended orienting the research agenda around the HOME initiative's goal. Be it wealth building, access to homeownership, or tenure stability, different goals raise different questions. Overall, the initiative seeks to improve access to the broader opportunities homeownership represents, as a foundation for all those outcomes.

Participants stressed the importance of examining not only the drivers of homeownership access but the value of homeownership for Latino families. Urban Institute research confirms that even when they do achieve homeownership, Latino homeowners do not gain as much financial benefit as typical white homeowners.[a] The researchers found that in 2019, Latino households accounted for 13.2 percent of all households but only 8.5 percent of housing wealth because of the racial homeownership gap and because they own lower-value homes. Participating scholars recommended additional research into the benefits of homeownership on quality of life, including social benefits for owners and their children, health, educational outcomes, civic engagement, social capital, and other elements that enhance well-being. Other research could compare alternative pathways to building wealth and interrogate basic assumptions about homeownership's value. Such inquiry could help build the case for access and could identify and address conditions that limit the welfare-enhancing potential of homeownership for Latino families.

The complexity of the homeownership-welfare dynamic was highlighted by a discussion of Puerto Rico. Hurricane Maria laid bare incongruities in the definition of "homeownership" through legal, financial, and social lenses. What about people owning homes they built themselves on land where they do not have clear title? Is that homeownership? The Federal Emergency Management Agency's definition may not align with the conventional understanding.

The discussion highlighted the importance of better understanding the value associated with homeownership, in different contexts, for Latino families living in the US.

[a] Michael Neal, Jung Hyun Choi, Kathryn Reynolds, Joseph Schilling, Gideon Berger, Elizabeth Champion, and Caitlin Young, *Why Do Households of Color Own Only a Quarter of the Nation's Housing Wealth When They Compose a Third of the Nation's Households* (Washington, DC: Urban Institute, 2021).

Systemic racism and inequality drive many different outcomes for Latinos…and homeownership has differential returns for different groups, especially while inequality persists. It's important to think about the mitigating factors.
—Zaire Dinzey-Flores

Topic 1. Historical Context

There has been significant research on how the US housing finance systems created, sanctioned, and perpetuated racial and ethnic segregation and inequalities in homeownership and housing wealth (Rothstein 2018; Reid 2021).[1] How did this racialized history of people and place play out for Latino households? How does it persist for households and communities today?

What We Know

The Home Owners' Loan Corporation (HOLC), established in 1933, and the Federal Housing Administration (FHA), established in 1934, laid the foundation for government-sponsored practices that gave white neighborhoods and households access to financing tools that dramatically boosted white homeownership and wealth while choking off financing in neighborhoods of color. Neighborhood patterns of segregation and, by extension, (dis)investment and (lack of) opportunity persist today, as do perceptions that residents' race or ethnicity affects property values.

According to the National Fair Housing Alliance, there was never a time in American history when Latinos participated in the financial mainstream to the same degree as their white counterparts: "Our financial markets" have always been "separate and unequal" (Rice 2009, 3). These barriers in housing finance reflected broader anti-Latino discrimination. Mexican Americans had been somewhat buffered from racist Jim Crow policies that discriminated against Black people because Mexicans were "white by law" until 1930. But laws later emerged to legally discriminate against Mexican Americans, colloquially termed as "Juan Crow" laws after the fact, referencing the Jim Crow laws that discriminated against African Americans. Discrimination and violence against Mexicans and Mexican Americans affected Latinos' ability to participate in the mainstream systems that facilitate homeownership, wealth building, and upward mobility. There are many examples of this discrimination and violence, including English-only laws in schools, segregation of Mexican Americans in school systems, and raids and lynchings targeting Mexicans.[2]

In 1934, Homer Hoyt, who would become the FHA's first chief economist, wrote a dissertation in which he ranked various races and nationalities by their "desirability." The most desired were Anglo-Saxons and Northern Europeans, and the least were "Negroes and Mexicans." When HOLC worked with Hoyt to divide cities into various risk categories—a process now illegal and referred to as redlining—red communities were predominantly Black or Mexican, regardless of wealth or class. In redlined areas, loans were either wildly expensive or nonexistent.[3]

According to maps provided by the University of Richmond's Mapping Inequality project and the 2020 Census, nearly all formerly HOLC redlined zones today are still disproportionately Black, Latino, or Asian compared with their surrounding metropolitan area, while two-thirds of formerly greenlined zones are still overwhelmingly white.[4] In some cities, Latinos were directly targeted in redlining maps in which officials used language that explicitly called out Latino communities. In other cities, the maps were less explicit and were geared toward neighborhoods of color writ large or Black communities. Regardless, the lack of investment in all nonwhite communities hurt Latinos disproportionately, too, in terms of wealth building and access to assets and resources. Of 50 cities with large Latino populations today, 72 percent were found to have segregated Latino communities living in formerly redlined areas.[5]

San Diego is a textbook example. The Local Initiatives Support Corporation of San Diego described what redlining looked like in the mid-1930s using data from Mapping Inequality.[6] Most areas that received a D grade and were considered high-risk areas are in the southeastern neighborhoods of San Diego. Lending recommendations for many of these areas specifically cited the high population of "Mexicans" as reasoning for their grading. The records showed that the areas given the highest scores were made up of predominantly white residents. Today, in many of the high-scoring areas, most residents remain white, showing that discrimination is still embedded in the city.[7]

In *Principles of Urban Real Estate*, a book on appraisals by Homer Hoyt and Arthur Weimer, the authors warned of "persons other than the Caucasian" race negatively affecting neighborhood property values. Similarly, appraisal manuals by the American Institute of Real Estate Appraisers issued a ranking of races to indicate negative impact on real estate value. "Mexicans" were listed as the least favorable group, and this concept was embraced by the FHA and the US Department of Veterans Affairs in their underwriting. When Latinos could not access traditional lending avenues, they turned to the residual lending market, which was unregulated and often costly (Rice 2009) and persisted well past the era of legalized discrimination. In the lead-up to the 2008 foreclosure crisis, a disproportionate number of subprime loans were generated in neighborhoods of color, and this was attributable to systemic issues (Rice 2009). For example, Southern California's Inland Empire became known as the "foreclosure capital of the nation" during the subprime lending and foreclosure crisis (Mordechay 2019). The Inland Empire's population was nearly 50 percent Latino.

Racially restrictive covenants were another tool local governments, developers, and property sellers used to prevent families of color from owning homes in certain neighborhoods. Many of the cases that upheld restrictive covenants in the United States involved African American litigants, but the rulings also applied to Mexican Americans from the 1920s to the 1940s.[8]

For example, from 1903 to 1925, two successful San Antonio real estate developers, B.G. Irish and H.E. Dickinson, included racial covenants in their deeds that banned African Americans and Mexicans from owning, leasing, or renting their properties. The racial covenants of these years led to the racial neighborhood divides that HOLC redlined during the 1930s (Tovar 2020).

Although redlining and racially restrictive covenants are now illegal, public opinion on segregation and lending discrimination persists. According to analysis of the General Social Survey in 2008, 20 percent of white households said that their ideal neighborhood was all white, and 33 percent said their ideal neighborhood had neither Hispanics nor Asians.[9] Even further, the legacies of redlining are deep and persistent. For example, nearly two-thirds of neighborhoods deemed "hazardous" during redlining are predominantly inhabited by Latino and Black residents today (Mitchell and Franco 2018).

Critical Research Gaps

Current literature, particularly more recent work, starkly reveals how overt discrimination, promulgated and sanctioned by government programs, underpin today's racial homeownership disparities and how discrimination was implemented and cemented using place. But this literature largely does not examine the specific implications for Latino households and communities.

Research is lacking on how historical racism specifically against Latino people and neighborhoods reverberate in the wealth and homeownership gaps Latinos face today. Such insights could identify geographic indicators that map homeownership inequities for Latinos through which benefits, or corrective actions, could be delivered, for example. Uncovering how these challenges may have been overcome in some places might inform strategies in others. More research should be done to understand how discrimination manifests throughout the homebuying, home financing, and homeownership cycle, from real estate professionals to lenders, appraisers, and others, as well as from systemic forces. Such inquiry may involve qualitative research to document homebuyers' experiences.

To counteract disparities, policies such as the Community Reinvestment Act and rules around fair housing and fair lending have been put in place. Mortgage lenders are increasingly offering special purpose credit programs to households of color. How are these serving Latino borrowers?

Better understanding the relationship between historically redlined neighborhoods of all types (and their conditions today) and Latino homeownership could further inform place-based strategies. For example, are Latinos more likely or less likely to be or become homeowners in formerly redlined areas or neighborhoods? What about in areas that once had restrictive covenants? How do these trends vary by property values, affordability, and mobility patterns in these neighborhoods? There has been some research on specific places—such as how redlining and racial covenants informed more contemporary gentrification in Boyle Heights, Los Angeles,[10] or redlining and urban decay in Cook County, Illinois (Pappas 2022)—but more research that quantifies these relationships may help direct policy or funding toward formally redlined or otherwise discriminated-against areas.

During our roundtable, researchers noted that segregation is better understood in the Black-white homeownership gap than in the Latino-white gap.[11] Learning more about the relationship between current measures of segregation, demographic concentration, and gentrification and Latino homeownership trends would be valuable. How does Latino homeownership correlate with homeownership trends among other racial and demographic groups? How do these trends affect property valuation bias?

Topic 2. Unique Structural Challenges Latinos Face on the Path to Achieving Homeownership, as Well as Solutions and Opportunities

According to a Fannie Mae housing survey in the third quarter of 2022, 74 percent of Latino renters aspire to buy a home one day, but Latinos face several challenges when working to become homeowners; many of these obstacles are common among both Black and Latino households (Fannie Mae 2023). This section examines structural barriers to Latino homeownership where the system is not well adapted to Latino households' specific needs, especially regarding language and cultural considerations.

What We Know

Recent research suggests that limited English proficiency is increasingly less of an issue for Latino homebuyers, as most Latino first-time homebuyers speak English, but limited English proficiency can be a primary obstacle for Latino households navigating the mortgage process (Freddie Mac Single-Family 2019). An Urban Institute study from 2018 found that neighborhoods with the highest concentrations of residents with limited English proficiency had lower homeownership rates than those with the lowest concentrations of residents with limited English proficiency.[12] But the mortgage process is difficult for all people to understand, regardless of language. This may be even more true for Latinos, who are more likely to be the first in their family to buy a home and may lack experience, confidence, and comfort in the homebuying process.[13]

A thorough study of Latino homebuying experiences in North Carolina (Quercia and Johnson 2016) identifies many themes and how they intersect and raises foundational questions for deeper and wider exploration. Besides high rental housing cost burdens, which impede the ability to save for homeownership, the lack of knowledge about the system and access to trustworthy information were key obstacles.

A qualitative study of 43 lower-income families with children sheds light on key decisions involved in buying a first home (Reid 2013). The sample was heavily weighted to Latino households and first US-born generations in immigrant families. The study revealed the role of identity, sense of control, safety, and connection to place in tenure and neighborhood choice, in addition to a desire for more space. The results uncovered big gaps in understanding, in skilled information search, and in access to trusted experts and advisers.

The lack of diversity in housing and financing professions is well documented. Recent Urban Institute research (Neal and Walsh 2023) documents the challenges Latino real estate professionals face. According to a 2021 study, real estate professionals show Latino homebuyers more disadvantaged neighborhoods on the whole (Christensen and Timmins 2021). There is also evidence that racial and ethnic disparities in mortgages are diminished when borrowers of underrepresented racial and ethnic groups work with home officers of the same race or ethnicity (Frame et al. 2022).

Traditional loan underwriting criteria may pose special challenges for Latino borrowers. Latino households are often more likely to be multiearner households, which the current mortgage system is not designed to accommodate.[14] A study that tracked extended-income households (households with multiple earners) from 2005 to 2013 found that these households were partially able to hedge against negative shocks to one borrower's income, and even during periods of high unemployment, borrowers in extended-income households whose mortgages were underwater were more likely to stay in their homes (Scott 2015). Latinos are more likely to live in an extended-income household even when controlling for income.

Similarly, Latinos are more likely to have nontraditional forms of income that may make it difficult to account for their full income under current underwriting practices. In 2021, for example, Latinos made up 15.5 percent of all self-employed individuals (Limón et al. 2021). According to a 2016 Federal Reserve System survey on enterprising and informal work activities, 55 percent of Latino survey respondents said they engaged in one or more enterprising and informal work activity, such as preparing and selling baked goods, in-home catering, providing child care, or providing elder care (Fannie Mae 2023). Although research shows that entrepreneurship can spur wealth creation, owning a business can make it more challenging to qualify for a mortgage.

A lack of equal access to mainstream banking and credit building services may also be a barrier. According to a 2019 Federal Deposit Insurance Corporation survey, 12.2 percent of Latino households are unbanked versus 2.5 percent of white households; the most common reasons for this are not having enough money to meet minimum requirements and not trusting banks (Fannie Mae 2023). Without relationships with lending institutions, it can be even more difficult for potential Latino homebuyers to get their foot in the mortgage door.

Latinos also face broader challenges in loan underwriting. The primary obstacles Latino homebuyers face are insufficient credit scores or credit invisibility, inability to afford a down payment, and insufficient income for monthly payments (Freddie Mac Single-Family 2019). In 2020, Latino home purchase applicants were more than 80 percent more likely to be denied than white applicants, and the most common reason for denial was debt-to-income ratio (Limón et al. 2021). Hispanic applicants are 2.2 times as likely to be denied by private mortgage insurance companies than white applicants, all else equal (Park 2018). The analysis did not include credit characteristics, but they likely explain some of this gap. Latino applicants are less likely to apply for private mortgage insurance when controlling for observable factors. In a more recent study with more complete data, researchers compared denial and default rates of FHA-insured home purchase mortgages and found that even though Latino applicants were associated with greater expected risk, on average, than white applicants, their lower endorsement rates were not fully explained by risk factors (Park 2022). Underwriting disparities persist, even for borrowers with higher and more traditional income streams: as of 2021, among households earning $150,000 or more, the Latino homeownership rate was about 10 percentage points lower than the white homeownership rate (Fannie Mae 2023).

Retaining a home may also be harder for Latino households than for white households. Latino homeownership and wealth was particularly hard hit during the foreclosure crisis (Bocian, Li, and Ernst 2010; Bocian et al. 2011; Reid 2013; Rugh 2015).

There is a very rich set of strategies that migrants use for wealth creation and to tide them over during some of the negative shocks that they may experience within the US.
—Deepak Lamba Nieves

Critical Research Gaps

What is unique about the Latino experience that other groups do not experience?
—Roundtable participant

Research identifies some of the unique challenges Latino households face in three main areas: navigating the mortgage and homebuying process, especially first-generation buyers and those with limited English proficiency; underwriting conditions that adversely affect Latinos; and risk of losing homeownership once attained. Much research remains to be done to understand how specific aspects of the Latino market interact with the overall mortgage process, standard risk criteria, mortgage products, and loan servicing and to uncover effective solutions to these challenges in an evidence-based fashion.

For example, it is unclear whether the loan officer's background or language proficiency is correlated with homeownership outcomes for Latinos. A study that examines loan underwriting outcomes and loan terms for Latino households with loan officers of different backgrounds, while controlling for borrower characteristics, could help policymakers understand whether diversifying the loan officer field would increase Latino homeownership. Does being related to or being friends with someone in the real estate industry increase the chances that a given person will become a homeowner? How likely are Latinos to seek out a Latino real estate professional? Similar research should be undertaken on how the ethnicity or language proficiency of other professionals—namely, real estate agents and housing counselors—help bridge the gaps and how the services provided by these professionals differ to meet the unique needs of Latinos. It may also be important to understand how English-proficient family members help their families buy homes. For example, what role do young children play in the homebuying process for families in which the adults have limited English proficiency, and what are the implications of these roles?

A related strand of interest is to assess how lending institutions use Spanish-language content, materials, and forms in person and online to facilitate Latino lending and what elements borrowers most value. The Consumer Financial Protection Bureau translated key mortgage documents into Spanish. Can borrowers take advantage of translated information, or are translated forms underused because of liability fears or other reasons? Overall, lenders with high shares of Latino borrowers could be compared across several dimensions with lenders serving similar areas who do not have as much Latino market penetration to better understand what factors facilitate Latino lending. Comparisons across all these factors can be made in markets where Latinos are well represented in the population.

Additionally, more research should be done to understand how racial and ethnic background is compounded with first-generation homebuyer status. Specifically, is the homeownership rate gap for first-generation Latino homebuyers versus non-first-generation Latino homebuyers greater for Latino households than for white households? Research that investigates the unique barriers first-generation Latino homebuyers face can help guide policy decisions. More broadly, understanding whom Latino borrowers of different profiles typically see as trusted advisers and how that affects approval and loan terms could inform strategies.

To understand how risk assessment can better adapt to the needs of Latino borrowers, it would be valuable to further analyze how underwriting rules explicitly lead to denials for Latino applicants and to examine the predictive power of traditional risk criteria for Latino borrowers. More research is needed on the performance of loans to multiearner households or borrowers with intrafamily arrangements, or self-employment and gig income, and how to account for those sources of income. New ground is being explored using cash flow underwriting based on bank account data, and this could be a promising focus of that work (noting, however, that Latinos are more likely to be unbanked). It would be interesting to unpack barriers such as debt-to-income ratios among Latino households: Are the ratios attributable to medical debt and student loans? Or are they more attributable to low incomes in high-cost markets and larger family sizes? Different reasons require different solutions. On the credit side, similarly, could advances in alternatives to the traditional credit score, such as rental payment history, help Latinos with thin files or no files? Research on how formal banking, traditional credit, and documented alternative trade lines relate to homeownership for Latinos would also be useful. Further understanding the credit-building journey for Latino households of various walks could inform strategies to get households "mortgage ready."

Research on the role of wealth and intergenerational wealth in homeownership outcomes for Latinos is lacking as well. If Latinos are more likely to live in multigenerational households, are they also more likely to receive wealth transfers? Or are they more likely to transfer generational wealth or income up instead of down? Are Latinos more likely than other racial or ethnic groups to gift their parents homes or buy homes for their parents before buying one for themselves? Do remittances (i.e., regular amounts of money sent to one's family in another country) affect wealth and homeownership outcomes? Research examining the role of student loan debt in explaining the white-Latino homeownership gap could also help policymakers determine whether student loan forgiveness or credit scoring changes regarding student loan debt could increase Latino homeownership. Although the Latino population right now is young, predicting future transfers and understanding transfer patterns may be useful.

Importantly, related to wealth, it is critical to understand the sources of cash to close that Latino households use, particularly first-time buyers. Do they draw on family resources? How likely are they to be aware of and to access formal down payment assistance programs? Is their ability to draw on family, friends, or public resources dependent on where they live and the strength of their community? For example, do Latinos who live in ethnic enclaves draw on family and friends in different ways than Latinos who live in predominantly white communities?

Latinos also have the lowest higher education attainment rates out of all racial and ethnic groups. How has this affected homeownership? Are education investments deferred in favor of homeownership when households have scarce assets? If so, what is the impact on long-term overall financial well-being.

On the home retention front, similar questions to those raised previously about language access, housing counselors, trust in servicers and other advisers, and how these affect participation in foreclosure prevention options by Latino owners should be investigated. Likewise, it would help to understand the circumstances that cause Latinos to default, generally or in particular geographies, employment areas, and so on. Further, could emerging policies in forbearance and payment deferral mitigate liquidity risk caused by more variable income and higher debt-to-income ratios that many Latino homeowners experience? If so, such tools could enable lenders to approve more borrowers at the front end.

Researchers suggested examining housing decisions as a sequence of decisions and the factors that influence each step. New research extending and updating Reid (2013), for example, could directly inform critical questions around the decision points in buying, financing, and sustaining homeownership among Latino families.

Topic 3. Macro-Level and Intersectional Conditions

Seventy-four percent of Latino renters indicated in the third quarter of 2022 that they intend to buy a home at some point, higher than the corresponding share of white renters (Fannie Mae 2023). Macro-level factors—from employment outlook, to political climate and immigration laws, to country of origin and other intersectional factors—all affect Latino homeownership in different ways. Some research shows how such factors affect Latinos and their homeownership outlook, but there are opportunities for greater understanding, particularly as it relates to groups within the Latino population, by race, generation in the US, or age, for example.

What We Know

About 50 to 75 percent of the actual homeownership gap between white and Hispanic households can be accounted for by "endowments"—location, income, marital status, family composition, for example. To close the gap, we have two possible approaches. If income and education are a constraint, then we must go into those communities and fix those things. [And] we have to solve the remaining 25 percent of the gap that is unexplained.
—Paul E. Carrillo

A high share of Latinos is self-employed; Latinos make up 15.5 percent of all self-employed individuals as of 2021. Latino participation in the labor force more broadly has been growing steadily, with the majority of labor force growth over the past 10 years being attributed to Latinos (Limón et al. 2021). But Latinos are not necessarily well represented in high-income sectors, which can affect their ability to qualify for a mortgage or afford down and monthly payments. In 2021, Latinos joined the online gig economy workforce at higher rates than any other population, perhaps attributable to their having higher rates of job and wage loss during the pandemic (Limón et al. 2021).[15] Following the pandemic, Latinos returned to the job market through lower-paying occupations.[16] Historically, financial barriers such as unemployment have disproportionately affected Latinos, and this was true during the pandemic, as Latino households suffered disproportionate job and income loss and eroding savings (Goodman and Zhu 2021).[17]

A few studies have investigated the impact of political climate and immigration laws on homeownership among foreign-born Latinos and the Latino population writ large. A paper from 2015 found that an “unwelcoming political environment” toward immigrants (defined as foreign-born people) was associated with decreased likelihood of homeownership among Latino immigrants but had no affect on Asian immigrants (Allen and Ishizawa 2015). The study found that Latino immigrants who had recently moved and lived in unwelcoming states were 5 percent less likely to be homeowners than those who had recently moved and lived in a welcoming or neutral state. In 2016, researchers found that adoption of the 287(g) program—an agreement between the US Department of Homeland Security and local law enforcement—was associated with an increase in county foreclosures, with the impact on Hispanic foreclosures, regardless of immigration status, being especially strong in counties with high detention rates (Rugh and Hall 2016).

There has been some work, particularly in recent years, to encourage disaggregation within Latino populations in research, but it remains limited, particularly in relation to homeownership. Yet, when research does disaggregate, there are some clear differences. In 2019, for example, the Latino homeownership rate was 47.5 percent overall, but the Afro-Latino rate was 41.8 percent. Latinos of Guatemalan, Dominican, and Honduran descent had homeownership rates below 32 percent. Bolivians had the highest homeownership rate in the US, but they are one of the smallest groups, and Chileans and Argentinians also had high homeownership rates. Mexicans, who make up the largest group of US Latinos, had a homeownership rate of 51.2 percent (Limón et al. 2021). Latinos of Cuban origin typically have higher homeownership rates than those of Mexican or Puerto Rican origin, likely because they are older and have higher incomes, while Puerto Ricans, for example, tend to be younger and have higher levels of single householders (Becketti and Atreya 2017). Compared with Mexican Latinos, Central Americans have lower odds of homeownership (McConnell 2015). These differences highlight how differences in timing of arrival in the US and historic and geopolitical context (i.e., war, poverty, political refuge, or annexation), as well as socioeconomic status in country of origin must not be overlooked in understanding the drivers of homeownership among various groups.

Time living in the United States also appears to affect homeownership, though this is an area that merits further research. According to data from the Los Angeles Family and Neighborhood Survey collected from 2000 to 2002, number of years in the US significantly predicted homeownership when distinguishing between those who had been in the US two or more decades and those who had been in the US less than two decades (McConnell 2015). Relative to naturalized citizens, authorized noncitizens have about 52 percent lower odds of homeownership in the full model in this study. Unauthorized noncitizen immigrants were far less likely to be homeowners than other Latinos.

Another important distinction, beyond where Latinos come from, is where they live now. Latino households are concentrated in certain markets, many of them highly unaffordable, and differences in geography contribute substantially to the white-Latino homeownership gap. In fact, racial and ethnic differences in geography explain between 43 and 57 percent of the white-Latino homeownership gap (Dey and Brown 2022). The same is not true for the white-Black homeownership gap.

Critical Research Gaps

You can't treat Latinos as one homogenous group. Latinos in South Florida vary from people in Los Angeles. When looking at homeownership gaps between Latinos and white households, we need to disaggregate Latinos to understand the endowments and the size of the gaps.
—Roberto Quercia

More research is needed about how macro-level conditions—including employment outlook, political climate, immigration laws, ethnic enclaves, race, country of origin, number of years in the United States, generational immigration status, age, location in the US, and other intersectional factors—influence Latino homeownership.

As it relates to employment and homeownership, research that investigates the relative likelihood of homeownership between Latinos in self-employed or gig-economy jobs and Latinos in other sectors, as well as between Latinos and white workers in these jobs, could be illuminating. If so, policies focused on race and ethnicity, or proxies for them, would be more effective, but if not, targeting policies or funds toward self-employed or gig-economy workers could be an effective way to improve Latino homeownership. In general, research examining which policies related to homeownership and employment could disproportionately help Latinos would be useful in making policy recommendations.

Although some research has disaggregated between various Latino groups, more research in this area is critical for directing policy action. Latinos are not a monolith, and those of different backgrounds and countries of origin have different resources, both formal and informal. Research could investigate whether in different types of ethnic enclaves—in a predominantly Cuban community versus a predominantly Mexican community, for example—are Latinos more likely or less likely to be homeowners? Research that disaggregates Latino populations by race, immigration status, country of origin, age, or years in the United States can help policymakers determine the communities they need to pay the most attention to, and it can serve as a reminder to other researchers and the general public that not all Latinos face the same barriers or have the same opportunities.

Although previous research investigated the negative impact of certain immigration laws and political sentiment on homeownership, more research needs to be done to see whether these trends hold today and on a national level or where there are local differences despite political similarities. Future research should also investigate what immigration laws or sentiments are positively correlated with Latino homeownership. For example, do Latinos, regardless of immigrant status, living in or near sanctuary cities have higher homeownership rates? Research in this area must disentangle status factors (e.g., citizenship, immigration, documentation) but consider spillover effects of immigration policies or attitudes on the broader Latino population.

The intersection of these factors and place (i.e., city, state, region of the country, or urban versus rural designation) bears further study. We discuss geographic differences related to housing supply in the next section. But geographic differences affect employment, political and immigration climate, and other factors. Place-based case studies or comparisons across markets could shed light on how these factors play out differently in different communities and markets.

Topic 4. Housing Supply

Because Latinos are concentrated in high-cost markets, they are significantly adversely affected by supply and affordability challenges. Research to understand how institutional investors affect Latino populations in particular, for example, may be a good way to dig into the drivers of these supply issues and their specific impact on groups. Research to make the best policy and market recommendations—such as zoning changes to increase the supply of starter homes or creating wealth or expanding the use of single-family lots by building accessory dwelling units (ADUs)—would also be useful, given the distinct supply challenges Latino households face.

What We Know

The United States is experiencing an extreme state of housing underproduction that is affecting residents in nearly every state and in urban, suburban, and rural areas. Latinos have been among the most adversely affected by low housing supply. As the share of new homeowners attributed to Latinos decreased from 2015 to 2021, the market saw historic drops in housing inventory and historic levels of home price appreciation (Kingsella and MacArthur 2022). Entry-level, owner-occupied housing underproduction is often cited as the biggest barrier to decreasing the white-Latino homeownership gap, so policies to increase housing production may go a long way.

Overall, low housing supply and lack of affordability has diminished the ability of all people to transition from renting to owning, but Latinos have been among the most adversely affected by housing supply constraints and lack of affordable housing. Latinos are disproportionately affected by low housing inventory because they are concentrated in the regions experiencing the biggest challenges to housing inventory and affordability (Limón et al. 2021). More than half of Latino real estate professionals surveyed in 2021 said that the biggest barrier to Latino homeownership was too few homes for sale in a client's price range (Limón et al. 2021). Among Latino renters, the most common reason for renting is "to become financially ready to own," but for white renters, the most common reason is "flexibility," according to Fannie Mae's fourth quarter 2019 National Housing Survey (Fannie Mae 2023, 22). This is at least in part because Latinos have particular difficulty finding affordable homes where they want to live. According to Fannie Mae calculations using 2019 American Community Survey data on home prices and income, only 12 percent of Latino renters ages 25 to 44 could afford to buy a home where they live versus more than 20 percent of all renters (Fannie Mae 2023). Moreover, high rental cost burdens faced by Latinos living in high-cost markets make it hard to save for a down payment. And 69 percent of Hispanic homebuyers were reported to have participated in bidding wars, higher than the general population (Limón et al. 2021).

Living in the central city decreases the probability of owning compared with living in suburban and rural locations, so the fact that Latino households are more likely than white households to live in urban centers may further constrain their homeownership rates (Sanchez-Moyano 2021). But this may be changing, as a recent National Association of Home Builders survey found a 6 percentage-point jump in Latino demand for suburbs over city centers since the pandemic, while the demand among white households has not changed (Limón et al. 2021).

Latinos are disproportionately losing potential housing stock to institutional investors (Limón et al. 2021), though there is conflicting information on this. It does appear, however, that Latinos live in or near many areas where there is competition from institutional investors, which may box them out of the housing market.[18]

Housing needs and preferences may also present a challenge. Homebuying Latino households are larger and more multigenerational than their non-Latino counterparts (Goodman and Zhu 2021). As of 2016, 27 percent of all Hispanic households were multigenerational compared with 20 percent of all US households (Freddie Mac Single-Family 2019). This means Latino homebuyers are often looking for larger—and typically, then, more expensive—homes than others so they can accommodate their family members. According to a survey of leading real estate professionals, Latinos overwhelmingly seek single-family homes with three or more bedrooms, and the Latino demand for suburban homeownership has increased (Limón et al. 2021). Similarly, Latinos rank yards and large lot sizes high on their list of preferences, which means the homes they most desire are often among the more expensive. In Puerto Rico, a roundtable participant noted, anything that is not a single-family home is associated with public housing, and there is a strong preference for a certain housing type.

The opportunities and challenges for Latinos living in Colonias Investment Areas (i.e., unincorporated communities along the US-Mexico border) are unique (Fannie Mae 2023). These areas have large numbers of manufactured homes, many of which have insufficient or missing infrastructure (Fannie Mae 2023). Latino households in these investment areas own two-thirds of the owner-occupied housing stock, but they received just over half the home loans in these areas annually, from 2015 to 2017 (Wiley, George, and Lipshutz 2021).

Critical Research Gaps

It is important to understand what Latinos are buying, not just where, but also the types of homes.
—Carlos Martín

Research needs to go beyond simply declaring there is a supply problem. We need to know more about where and what types of supply are needed to increase Latino homeownership.

Recent research has considered more innovative forms of housing and homeownership—from manufactured housing and ADUs, to co-ops, land trusts, and shared ownership and rent-to-own models. But research has yet to be done that investigates how policies to encourage these innovations could affect the Latino homeownership rate, particularly in states and cities with large Latino populations.

Furthermore, it will also be important to consider—if innovations in housing such as manufactured housing or ADUs *can* improve the Latino homeownership outlook—whether there are safe and sustainable financing options available to purchase these homes.

What we're trying to achieve is to also increase the opportunity for all Latinos to have access to safe and affordable homes. Maybe the traditional homeownership pathway is one method, but there are also other ways of reaching that goal.… It's important to understand the geographical context.
—Yaidi Cancel Martinez

There is also little research on the Latino sentiment around these different housing types. Would Latinos living in multigenerational households prefer a house with an extra dwelling, such as an ADU, as opposed to sharing a larger home, or would they be unwilling to make that trade-off? How do cultural values, such as the importance of caring for older family members, contribute to the desire for different housing types among Latinos? How do structures other than fee simple ownership—such as co-ops, rent-to-own housing, or manufactured housing on rented land—serve Latino concepts of homeownership? Understanding these sentiments is integral to making the best policy decisions. The housing supply crisis has led cities to increase density to meet growing demand for housing. Condominiums are often the most affordable housing. How do Latinos feel about condos in terms of the utility they provide, especially when housing a family? How engrained is the concept that homeownership means a single-family home with a yard?

There is a gap in how much we understand about how Latinos live and how they make wealth out of housing. Co-op housing is one example.
—Zaire Dinzey-Flores

Today, zoning plays a role in sustaining segregation. Understanding how and where zoning and land-use policies can facilitate Latino homeownership would be informative, especially in light of the timely opportunity to study the growing number of cities that have relaxed their zoning rules. It is hard to assess the impact in cities with the most recent changes, such as Minneapolis, but one could look at places with relaxed zoning or no zoning, such as Houston. Research that projects how various zoning laws and tax incentives for affordability affect Latino homeownership rates may be useful for guiding public policy. In particular, if Latino households want to be more suburban and have larger homes, how can zoning laws encourage affordable single-family detached housing while accounting for the fact that density increases supply? How do decisions to live away from urban centers relate to access to infrastructure and economic opportunity? And what considerations do local governments give to economic development in areas with high concentrations of Latino homeowners?

A complementary strand of research could examine whether and where Latino homebuyers make trade-offs for these preferences. Are Latinos more likely to acquire housing stock that is older or needs more repair? That is farther from work? Some research has shown that because Latinos make up a large number and share of the construction industry, they are more likely than others to seek out homes they can fix up, and they are willing to live farther from work than any other racial or ethnic group (Limón et al. 2021). More research on this—potentially research that focuses not only on one's own employment but that of family and friends—could shed light on what homes are good candidates for Latino homeowners. What role could ADUs play? Is there a relationship between growing Latino homeownership rates and places with less restrictive land-use policies (e.g., the Inland Empire)? And what are the implications for financing and for overall affordability, household economic resiliency, and wealth building?

Additionally, in areas with high Latino concentrations battling an affordability crisis, how might addressing barriers to building multifamily homeownership options (e.g., condos or condo impact liability) affect access to homeownership? And in areas with available affordable condo housing stock, how might loosening FHA condo rules affect Latino access to homeownership to those areas (e.g., Miami).

Simulating projections of homeownership rates for Latinos and assessing the long-term costs and benefits of several popular zoning changes may be enlightening. And given that Latinos are disproportionately concentrated in areas with high home prices, it may be useful to investigate whether policies to increase affordable housing supply, particularly in areas where home prices are appreciating the fastest, have disproportionately positive impacts on Latino homebuyers.

Given that the gap between the Latino and white homeownership rates is partially explained by differences in geography, investigating where Latinos are concentrated, beyond homeownership rates, would be useful. In ethnic enclaves with large Latino populations, are Latinos more likely or less likely to own their homes than in other neighborhoods, even within the same state? Research should seek to understand whether ethnic enclaves help Latinos find and navigate resources, lead to discrimination, or both, to help ensure that all Latinos, regardless of where they live, have access to community, knowledge, and opportunity. On the other hand, research that examines displacement in ethnic enclaves could also be enlightening, as Latino populations have been pushed out of their historic neighborhoods.

Climate change concerns may be particularly salient, as Latinos are concentrated in California, Florida, and Texas. Riverine flooding may also threaten more affordable communities away from the coasts. According to a 2017 study, a higher share of the population residing in the combined floodplain was Latino relative to the US population (Peri, Rosoff, and Yager 2017). Research is needed on housing quality and exposure, as is research examining the quality of the homes Latinos are buying and the resiliency of the communities they live in. Some research has indicated a lower awareness of both flood risk and flood insurance in high-risk areas among homeowners of color than among white homeowners (Fannie Mae 2023), but more research that focuses on Latino populations and how to get information to these communities is needed.

Additionally, there is scant understanding of the homeownership and financing needs of Latinos living in rural markets, as well as Colonias, such as what role manufactured housing could play, and what are reliable sources of mortgage finance in these markets.

Topic 5. ITIN Mortgages

Individual Taxpayer Identification Number (ITIN) loans are a unique type of mortgage loan for those who do not have traditional documentation, often undocumented immigrants or others without a Social Security number. Some financial institutions offer ITIN mortgages to give those without traditional documentation a path toward homeownership, but many questions remain about the riskiness and availability of these loans.

What We Know

Even though ITIN borrowers tend to have low or moderate incomes and to be credit invisible, ITIN loans consistently perform well.[19] According to an interview with the CEO of the Latino Community Credit Union, the delinquency rate on all the credit union's mortgages is roughly 1.8 percent, and the CEO said

ITIN loans perform better than loans given to borrowers with Social Security numbers. ITIN lenders claim this performance is because ITIN borrowers undergo careful scrutiny and tough underwriting barriers, and they believe undocumented customers go out of their way to pay their loans back.[20]

Research suggests that institutions that offer ITIN loans agree that they are profitable and safe. Texas Bank, a regional bank in Fort Worth, registered only three foreclosures from 2003 to 2007, for example. Second Federal Savings Bank in Illinois started providing ITIN mortgage loans in 1999, and a report authored in 2007 showed the default rate was less than 1 percent (Martinez 2007).

Critical Research Gaps

We don't know enough about [ITIN] mortgage risk…. They are totally understudied.
—Paul E. Carrillo

Even though research does show ITIN loans perform well, more research should be done to control for characteristics other than documentation status, such as credit score, debt-to-income ratio, loan-to-value ratio, and even borrower race or ethnicity. It would be valuable to look at how ITIN loan holders can build and document credit. Additionally, the supply and demand of ITIN lending is unclear. It would be important to understand where ITIN lending is most prevalent, especially given how high the down payments for these loans are and the fact that Latinos often live in high-cost areas. Who is getting ITIN loans, and are ITIN loans a viable option to increase Latino homeownership?

Research that investigates the demand for ITIN lending among different borrowers and in different communities would be enlightening, as would developing ways to accurately track this demand. Additionally, research that gathers and potentially makes available information about the institutions that offer ITIN lending or the communities in which it is the most common could be helpful for policymakers and consumers alike. Another area for inquiry is the extent to which the stringent criteria for extending ITIN loans are driven by concerns around immigration policy risks. Finally, research should seek to understand how antilaundering requirements or other policies have affected ITIN lending and the understanding of the risks associated with them.

Topic 6. FinTech

Financial technology, or fintech, is the use of technology to improve the delivery of financial services. Cryptocurrencies have received a great deal of attention recently, but fintech also includes payment apps, peer-to-peer lending apps, online and app-driven investment, and even technologies to cut down on operational costs. Many believe fintech could reduce discrimination in financial operations.

What We Know

There has been limited research on fintech and Latino homeownership, given how new the products are, but a 2019 study found that fintech algorithms discriminated 40 percent less than face-to-face lenders in determining interest rates for borrowers, and the algorithms did not discriminate at all in accept-reject decisions for Black and Latino mortgage loan applicants (Bartlett et al. 2019). Fintech instruments still did discriminate in some settings, though.

Urban Institute researchers have studied automated valuation models (AVMs), software that determines property values for residential and commercial real estate as opposed to an in-person appraiser. Some hope that AVMs can reduce racial bias from individual appraisers, but our research has found that AVMs can lead to racially disparate outcomes. This research, which focused on Black neighborhoods, found greater AVM error in predominantly Black neighborhoods (Zhu, Neal, and Young 2022).

Overall, there has been little research on peer-to-peer lending and discrimination. Peer-to-peer lending marketplaces or apps match individual borrowers with individual lenders, who treat their loans as an investment. Lenders in the peer-to-peer marketplace typically charge lower costs and offer more reactivity to borrowers than conventional banks do. Some peer-to-peer lending apps allow lenders to choose individual borrowers, and some even include pictures and descriptions of borrowers; others offer lenders options based on risk algorithms that assess online applications. A 2021 study using data from a large peer-to-peer lender found evidence of discrimination against African Americans, who had lower likelihoods of obtaining loans and, when they did obtain the loans, had higher loan rates and shorter maturities (Bertrand and Weill 2021). The study did not include any research on lending outcomes for Latinos.

Critical Research Gaps

There is a great deal to unpack with the rise of fintech and the use of artificial intelligence in the mortgage and housing industry. Certainly, there is a need for more research, particularly research that focuses on fintech's impact on the Latino community. Can fintech be employed to make the mortgage process less complicated, particularly for first-time homebuyers and homebuyers for whom English is a second language, who are disproportionately Latino and Black?

Updated work on the impact of fintech on discrimination in loan rejections, with a focus on Latino populations—and potentially groups of Latino populations, too—would be useful in determining whether fintech lending is a viable way to reduce discrimination in the lend-deny decision and, more substantially, whether fintech can increase Latino homeownership, and if so, by how much?

As more appraisers and the government-sponsored enterprises adopt AVMs, research to investigate racial disparities with a focus on Latino neighborhoods and individuals is increasingly relevant and should be considered.

Finally, research on the potential of peer-to-peer lending to perpetuate or decrease racial biases in lending and access to capital should be expanded, with a focus on Latino populations. It would be interesting to examine whether peer-to-peer lending can help borrowers access capital for down payments or monthly payments.

High-Priority Research Questions to Inform Strategies to Expand Access to Homeownership for Latino Households

Topic 1. Historical Context of Racism in Homeownership in the US and the Specific Implications for Latino Households and Communities

There has been significant research conducted on how the US housing finance systems created, sanctioned, and perpetuated racial and ethnic segregation and inequalities in homeownership and housing wealth (Reid 2021; Rothstein 2018).[21] How did this racialized history play out for Latino households? How does it persist for households and communities today?

- How has racism, colonialism, and discrimination against Latinos in the US manifested in today's land, housing, and credit markets? How does historical racism specifically against Latino people and communities reverberate in the wealth and homeownership gaps Latinos face today?

- Today, how does discrimination manifest throughout the homebuying, home financing, and homeownership cycle for Latinos?
- What is the relationship between historically redlined neighborhoods (and their conditions today) and Latino homeownership?
- How do current measures of segregation, demographic concentration, and gentrification relate to Latino homeownership trends and property valuation bias?
- How well do antidiscrimination policies—such as fair housing, fair lending, special purpose credit programs, and the Community Reinvestment Act—support Latino homeownership?

Topic 2. Unique Structural Challenges Latinos Face on the Path to Achieving Homeownership, as well as Solutions and Opportunities

According to a Fannie Mae housing survey in the third quarter of 2022, 74 percent of Latino renters aspire to buy a home one day, but Latinos face several challenges when working to become homeowners. Many of these obstacles are common for both Black households and Latino households (Fannie Mae 2023). The following questions examine structural barriers to Latino homeownership where the system is not well adapted to the specific needs of Latino households and their language and cultural considerations.

- How do specific aspects of the Latino market interact with the overall mortgage process, standard risk criteria, mortgage products, and loan servicing?
- What is the role of the borrower's English language proficiency and of the language abilities of real estate, counseling, and mortgage professionals? Whom do Latino borrowers of different profiles typically see as trusted advisers, and how does that effect approval and loan terms?
- How does a Latino background intersect with first-generation homebuyer status? Which groups or markets of Latino renters are more likely to be the first generation in their families to own a home, at all or in the US?
- The focus needs to be on Latino renter households. How do Latino renters become "mortgage ready"? Are there characteristics of the Latino mortgage segment that could help us modernize how we define mortgage readiness and determine ability and willingness to repay?
- What are typical sources of down payments and cash to close for Latino borrowers? What role does intergenerational wealth play in homeownership outcomes for Latinos? What about

multigenerational households and extended family financial obligations, including multinational family financial transfers?

- Regarding home retention, we need to answer questions similar to those raised previously about language access, housing counselors, trust in servicers and other advisers, and how these affect participation in foreclosure prevention options by Latino owners.
- What characteristics unique to Latinos (e.g., geography or employment) lead to default? What informed solutions can be implemented to prevent default?

Topic 3. Macro-Level and Intersectional Conditions

We know that Latino households want to and intend to become homeowners, but the Latino-white homeownership gap persists despite these desires. Macro-level factors—from employment outlook, to political climate and immigration laws, to country of origin and other intersectional factors—all affect Latino homeownership in different ways. Some research does show how such factors affect Latinos and their homeownership outlook, but there are opportunities for greater understanding, particularly as it relates to groups of Latinos, by race, generation in the US, or age, for example.

- Are homeownership rates among self-employed Latinos and gig-economy workers lower than the homeownership rates of other or white self-employed and gig-economy workers? Are the gaps greater for self-employed and gig-economy-employed Latinos relative to white workers or others than among all Latinos?
- Which homeownership and employment policies could disproportionately help Latinos?
- How do immigration laws and political sentiment affect Latino homeownership? What are the experiences of mixed-status families in relation to becoming homeowners or retaining homeownership?
- How do geographic and employment concentrations affect Latino homeownership in different communities and markets? Answers may be discovered through place-based case studies.
- What factors most influence decisions on the homeownership journey for Latino and first-generation families?

Topic 4. Supply

Because Latinos are concentrated in high-cost markets, they are more adversely affected by supply and affordability challenges. Research to understand how institutional investors affect Latino populations, for example, may be a good way to dig into the drivers of these supply issues and their specific impacts. Research to make the best policy and market recommendations, such as zoning changes to increase the supply of starter homes to create wealth or expanding the use of single-family lots using ADUs, for example, would also be useful, given the distinct supply challenges Latino households face.

- What are the promises and pitfalls of alternative types of homes and forms of homeownership—manufactured housing, ADUs, co-ops, land trusts, shared ownership, and rent-to-own models—and how do they affect the Latino homeownership rate? What is Latino sentiment around these different housing types?
- How and where can zoning and land-use policies facilitate Latino homeownership?
- What interventions would be particularly effective in markets with high home prices and low supply, where Latinos disproportionately reside?
- What type of supply is needed to advance Latino homeownership, and where is it needed? This work could involve mapping where Latinos, and Latino homeowners, are concentrated, juxtaposed with indicators of affordable supply, to identify gaps.
- What risks does climate change pose for the Latino market, particularly related to their concentration in California, Florida, and Texas?
- What are the homeownership and financing needs of Latinos living in rural markets, in Colonias Investment Areas, and in Puerto Rico?

Topic 5. ITIN Mortgages

ITIN loans are a unique type of mortgage loan for those who do not have traditional documentation, often undocumented immigrants or others without a Social Security number. Some financial institutions offer ITIN mortgages to give those without traditional documentation a path toward homeownership, but many questions remain about the riskiness and availability of these loans.

- Where are ITIN loans available? Are certain types of financial institutions more apt to offer them, or financial institutions in certain areas?
- What is a typical ITIN borrower profile? Who drives the demand?

- How do ITIN mortgage perform?
- Broadly, and from a variety of perspectives, what are obstacles and opportunities for ITIN mortgages?

Topic 6. FinTech

Fintech is the use of technology to improve the delivery of financial services. Cryptocurrencies have received a great deal of attention recently, but fintech also includes payment apps, peer-to-peer lending apps, online and app-driven investment, and even technologies to cut down on operational costs. Many believe that fintech has the potential to reduce discrimination in financial operations.

- What impact is fintech having on Latino home purchase and financing? Is fintech lending a viable way to reduce discrimination in the lend-deny decision?
- What is the potential of peer-to-peer lending to perpetuate or decrease racial biases in lending and access to capital for Latinos?

General Topics and Considerations

Regarding the above listed topics, some cross-cutting considerations and questions must be held in mind:

Overarchingly, it is important to recognize that all these topics are facets of a larger system and must be understood as interrelated—not only to each other but to the broader housing market and its systemic issues, as well as to the forces in the local markets where Latinos are concentrated. Research that synthesizes the various facets toward a model of determinants of Latino homeownership will make a valuable contribution.

From the perspective of the households themselves, research examining housing choices as a sequence of decisions and the factors that influence each step directly could inform supports around major decision points in homeowning and financing for Latino families, such as extending and updating Reid (2013).

The UnidosUS initiative also presents opportunities to investigate these issues, separately and collectively, and through a place-based lens. How can the initiative's efforts be leveraged to generate new insights?

Also, what is the value of homeownership, in different contexts, for US Latino families?

Finally, but perhaps most importantly, disaggregating Latino populations by race, immigration status, country of origin, geographic location in the US, age, and other relevant factors should be part of any research to the extent possible.

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