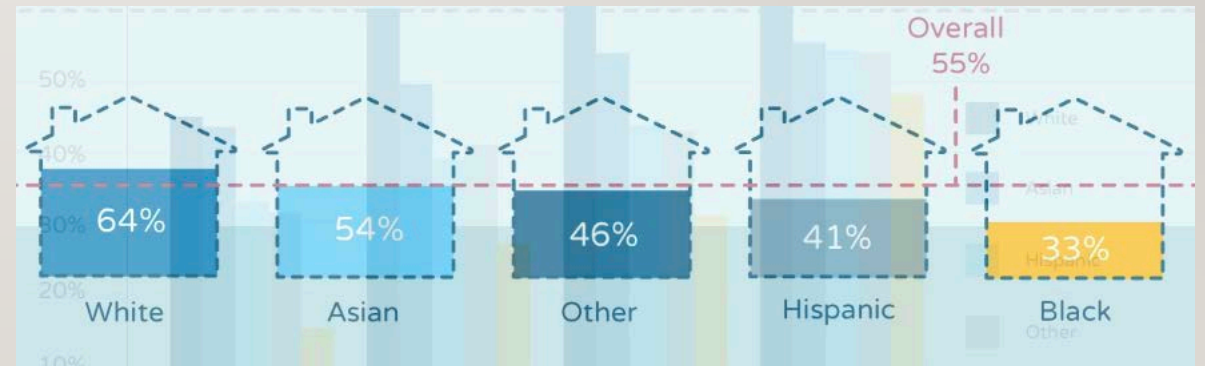


# LATINO HOMEOWNERSHIP AND WEALTH IN NEW DESTINATIONS

CHENOA FLIPPEN

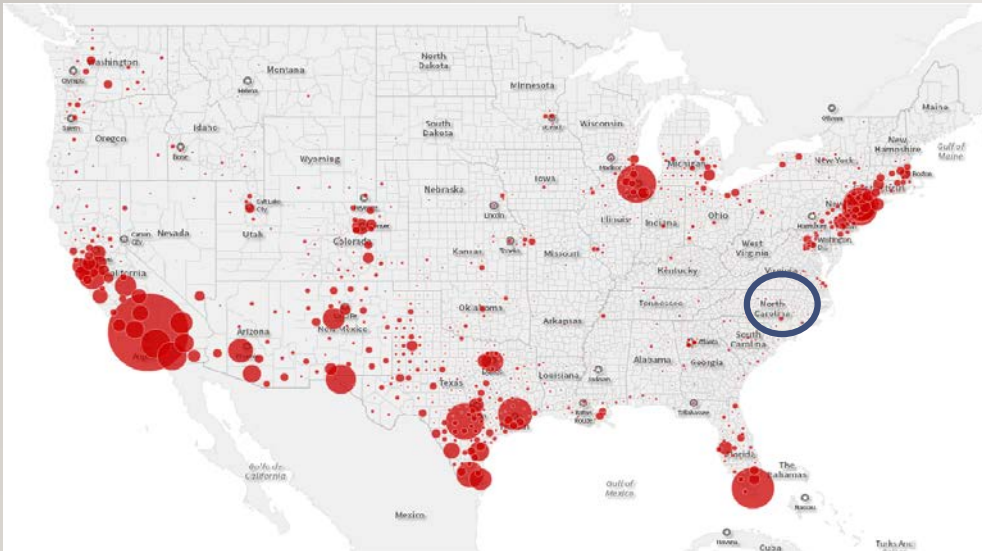
UNIVERSITY OF PENNSYLVANIA



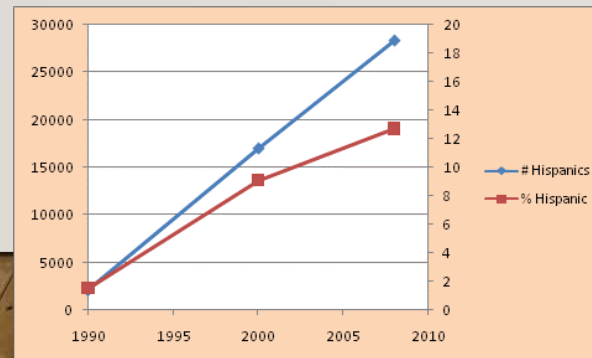
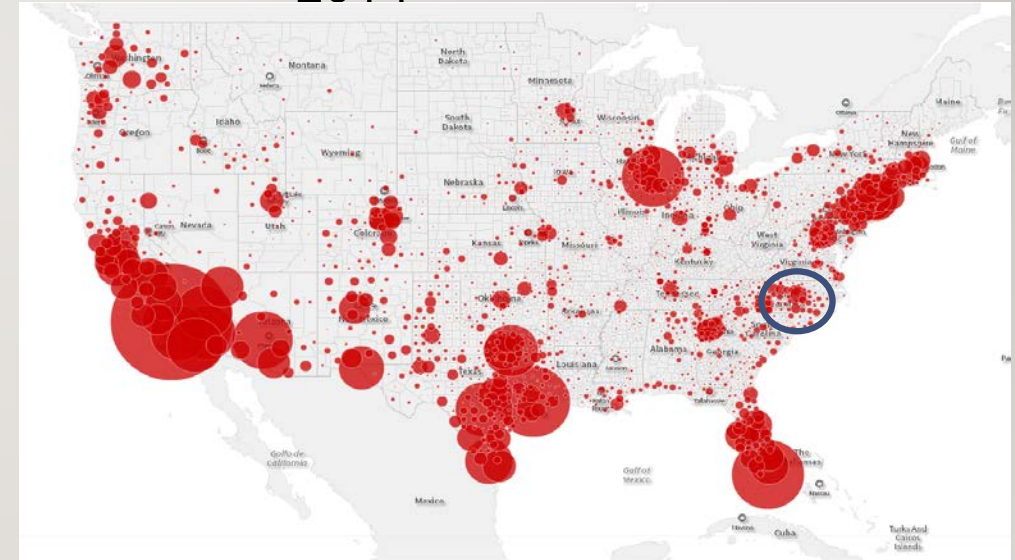
# NEW LATINO IMMIGRANT DESTINATIONS

U.S. Latino population

• 1980



2014



# HOMEOWNERSHIP IN NEW DESTINATIONS: PROMISE AND PERIL

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- Housing/homeownership generally more affordable than traditional gateways
  - Part of rapidly growing Sunbelt
  - Housing stock is lower density, more suburban, more single family units
  - Rather than being priced out by gentrification, new construction in the expanding urban area create vacancy chains / opportunities for newly arriving immigrants
- Lower levels of residential segregation





# HOMEOWNERSHIP IN NEW DESTINATIONS: PROMISE AND PERIL

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- Latino populations in new destinations disproportionately:
  - Foreign born
  - More recent arrivals to the U.S.
  - Unaccompanied men
  - Undocumented
- No established co-ethnic communities means fewer institutional resources / services in Spanish, informal networks of support / information
- Concentration of undocumented and enhanced enforcement create opportunities for predatory lending

# HOMEOWNERSHIP IN NEW DESTINATIONS: PROMISE AND PERIL

- Overall, homeownership lower in new destinations
  - NC: Latinos 13% of population, 3% of mortgage loan originations

THE SPATIAL DYNAMICS OF STRATIFICATION:  
METROPOLITAN CONTEXT, POPULATION  
REDISTRIBUTION, AND BLACK AND HISPANIC  
HOMEOWNERSHIP\*

CHENO A. FLIPPEN

*Racial and ethnic inequality in homeownership remains stubbornly wide, even net of differences across groups in household-level sociodemographic characteristics. This article investigates the role of contextual forces in structuring disparate access to homeownership among minorities. Specifically, I combine household- and metropolitan-level census data to assess the impact of metropolitan housing stock, minority composition, and residential segregation on black and Hispanic housing tenure. The measure of minority composition combines both the size and rate of growth of the coethnic population to assess the impact on homeownership inequality of recent trends in population redistribution, particularly the increase in black migration to the South and dramatic dispersal of Hispanics outside traditional areas of settlement. Results indicate remarkable similarity between blacks and Hispanics with respect to the spatial and contextual influences on homeownership. For both groups, homeownership is higher and inequality with whites is smaller in metropolitan areas with an established coethnic base and in areas in which their group is less residentially segregated. Implications of recent trends in population redistribution for the future of minority homeownership are discussed.*

**Caught in the Housing Bubble**  
Immigrants' housing outcomes in traditional  
gateways and newly emerging destinations

By Gary Painter & Zhou Yu

*Homeownership Among Latin American Immigrants in  
New Destinations*

Luis A. Sánchez, California State University Channel Islands

One of the most profound demographic changes in the United States over the past several decades is the redistribution of immigrants from Latin America to new destinations. However, little attention has been paid to differences in homeownership by national origin and destination type among this population. This is surprising because homeownership is a most significant investment and component of wealth for most residents. Using the American Community Survey to examine the likelihood of owning a home among immigrants from Mexico, El Salvador, and Guatemala, the main objective of this research was to investigate how homeownership among the three immigrant groups intersects with destination type. The results indicate that these immigrants have significantly lower rates of homeownership in new destinations than in established settlement areas after controlling for a host of individual and metropolitan-level characteristics. At the same time, the role of destination is not the same for all groups. Guatemalans have the lowest levels of homeownership overall, but Mexican immigrants are the least likely to own a home in new destinations. These findings are further explored and discussed.

	Homeownership rate (%)		
	All	Latinos	Gap
CA	53.8	42.4	11.4
TX	61.5	56.5	5.0
NC	67.5	42.9	24.6

# DATA: DURHAM, NC

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- Data gathered as part of larger project on *Gender, Migration, and Health among Hispanic Migrants to Durham, NC*
  - Targeted random sampling in Durham, Carrboro, and Chapel Hill, NC
    - Men and women aged 18-45, living in areas of immigrant concentration
    - Detailed questions on migration histories, labor market experiences, and family structure
  - 2006-7 supplemental survey focusing on wealth accumulation (353 men and 339 women)
    - Includes assets in U.S. and abroad, formal and informal types of debt





# LATINOS IN DURHAM, NC

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	Men	Women
<b>Years in NC</b>	<b>4.8</b>	<b>5.0</b>
<b>(S.D.)</b>	<b>(3.8)</b>	<b>(3.6)</b>
<b>Age (mean)</b>	<b>31.0</b>	<b>30.5</b>
<b>(S.D.)</b>	<b>(8.9)</b>	<b>(7.7)</b>
<b>Marital Status (%)</b>		
<b>Married accompanied</b>	<b>53.2</b>	<b>82.3</b>
<b>Married unaccompanied</b>	<b>20.1</b>	<b>-</b>
<b>Not married</b>	<b>26.7</b>	<b>17.7</b>
<b>Children (%)</b>		
<b>Minor at home</b>	<b>37.1</b>	<b>80.0</b>
<b>Minor abroad</b>	<b>38.8</b>	<b>30.0</b>
<b>Low Education (%)</b>	<b>39.4</b>	<b>43.6</b>
<b>Speaks English well</b>	<b>8.2</b>	<b>5.3</b>
<b>Weekly household earnings (mean)</b>	<b>\$ 510.90</b>	<b>\$ 539.00</b>
<b>(S.D.)</b>	<b>(238.92)</b>	<b>(247.12)</b>
<b>Paid in cash</b>	<b>17.9</b>	<b>14.2</b>
<b>Undocumented</b>	<b>90.4</b>	<b>90.3</b>
<b>N</b>	<b>353</b>	<b>339</b>

# HOMEOWNERSHIP ASPIRATIONS AMONG LATINOS IN DURHAM, NC

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<b>%</b>	<b>Men</b>	<b>Women</b>	<b>All</b>
<b>Want to buy home in U.S.</b>	<b>15.6</b>	<b>18.6</b>	<b>17.1</b>
<b>Currently saving for home</b>	<b>8.5</b>	<b>7.7</b>	<b>8.1</b>
<b>Reasons for not buying a home now:</b>			
<b>Insufficient downpayment</b>	<b>12.2</b>	<b>12.1</b>	<b>12.1</b>
<b>Fear will not qualify for loan</b>	<b>16.4</b>	<b>13.9</b>	<b>15.2</b>
<b>Unsure will stay in Durham</b>	<b>42.2</b>	<b>45.7</b>	<b>43.9</b>
<b>Lack of local knowledge</b>	<b>13.6</b>	<b>16.2</b>	<b>14.9</b>
<b>Concern over legal status</b>	<b>10.2</b>	<b>11.2</b>	<b>10.7</b>



# LATINO WEALTH IN DURHAM, NC: A TRANSNATIONAL VIEW

	MEN			WOMEN		
	%	Mean for	Mean for	%	Mean for	Mean for
	Reporting	all	asset holders	Reporting	all	asset holders
<b>U.S.</b>						
Bank (checking/saving)	44.8	\$ 600	\$ 1,339	44.5	\$ 667	\$ 1,498
Cash	27.5	\$ 204	\$ 741	17.1	\$ 134	\$ 780
Total	62.0	\$ 803	\$ 1,294	53.7	\$ 801	\$ 1,491
<b>Abroad</b>						
Bank (checking/saving)	30.6	\$ 1,945	\$ 6,356	18.0	\$ 870	\$ 4,837
Property	43.1	\$ 6,654	\$ 15,453	28.6	\$ 3,938	\$ 13,761
Total	55.2	\$ 8,599	\$ 15,566	36.9	\$ 4,808	\$ 13,039
Total - U.S. and abroad	81.3	\$ 9,402	\$ 11,546	66.4	\$ 5,609	\$ 11,790
<b>N</b>		353			339	

# PREDICTORS OF U.S. WEALTH

- Human capital and immigration characteristics
  - English ability, years in the U.S., education, income
- Family structure / separation
  - Those with children/wives abroad save less in the U.S.
  - Single men save less, and single women more, in U.S. than their accompanied married peers
- Structural impediments
  - Undocumented status *and* informal employment (being paid in cash) associated with lower U.S. wealth in general, and being unbanked in particular

Reason for not having a U.S. checking account

%	Men	Women
Don't use checks	16	12
Too high minimum balance	6	6
No SSN or ITIN	23	15
Don't like banks	18	12
Fees too high	6	5
Concerns over legal status	12	18
N	353	339

# LOW ACCESS TO CONVENTIONAL CREDIT

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- Most common institutional lending relates to auto loans: 9% of men and 18% of women
  - Fewer than 10% reported having a credit card
- Most borrowing informal
  - 1/3 of men and 15% of women report owing money to family member
  - Cost and debt associated with border-crossing substantial
    - Roughly 4% reported crossing-related debt at survey, average \$1,500 for men and \$1,900 for women
    - 87% of men and 77% of women reported paying for crossing border, averaging \$2,420 and \$3,089 among men and women, respectively



# POLICY IMPLICATIONS

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- Immigration policy matters
  - Unauthorized status has a direct effect undermining U.S. savings and access to mainstream financial institutions (more unbanked, less conventional credit)
  - The cost of crossing is high/rising, and undermines wealth-building
  - Danger of crossing discourages family reunification, and thus U.S. saving
- Vulnerability to exploitation (being paid in cash) also key
  - Lower savings among informal workers, over and above association with lower income
  - Wage theft, predatory lending common problems
- The importance of institutional outreach: The Latino Credit Union (established 2004)
  - 1/3 reported knowing of a financial institution that could help Latinos obtain credit or save money
  - Overwhelming majority cited Latino Credit Union by name

