

Latinos Leading the Way in Homeownership Growth

Rogelio Saenz

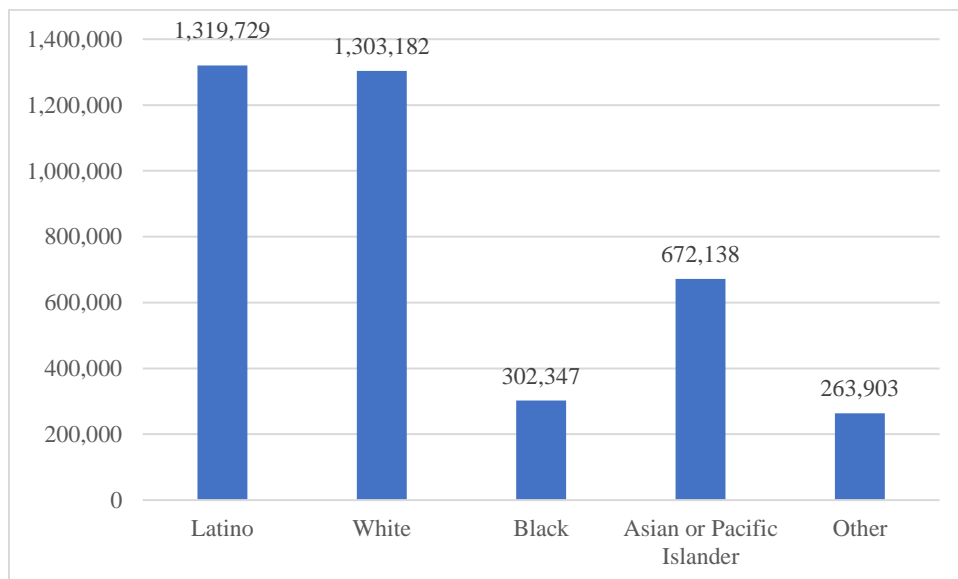
Homeownership for long has been the primary indicator of the American Dream. It remains the wisest investment for the accumulation of wealth. The housing crises of a dozen years ago stole the dreams of many people, especially the poor, who lost their homes. We have now seen a rebound in homeownership. As the recently released report of the U.S. Congress Joint Economic Committee has shown, Latinos have been primarily responsible for the uptick in homeownership.¹

I use data below from the 2013 and 2018 American Community Survey to assess homeownership growth in the U.S. and across states between 2013 and 2018.²

A Majority of New Homeowners are Latinos

According to data from the American Community Survey, the number of homeowners increased by nearly 3.9 million between 2013 and 2018.² Latino homeowner growth (1,319,729) during this five-year period edged out white homeowner growth (1,303,182) (Figure 1). As such, Latinos accounted for 34.2% of the nearly 3.9 million owner-occupied homes added between 2013 and 2018 with the share due to whites being 33.7%, that of Asians and Pacific Islander 17.4%, and that of African Americans 7.8%.

Figure 1. Absolute Growth of Homeowners between 2013 and 2018 by Race and Ethnic Group²



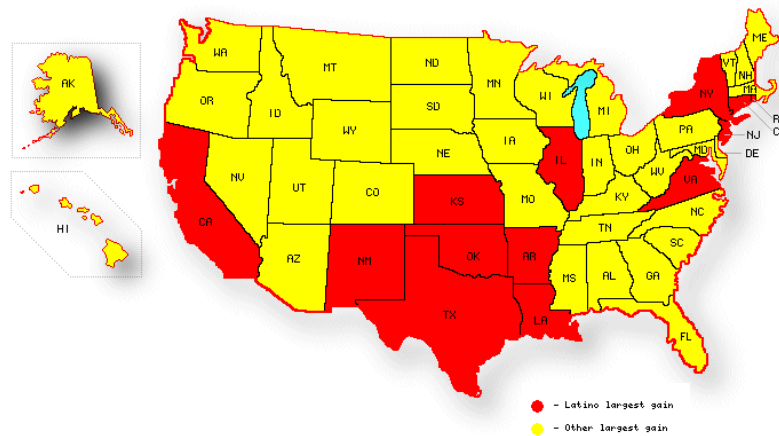
Latino homeowners rose by 20.5% between 2013 and 2018, a rate much higher than that of whites (2.3%) and blacks (5.2%). Yet, Asian and Pacific Islander homeowners grew at a slightly faster clip of 23.2% compared to Latinos.

Latino Homeowner Growth Extensive and Greatest in About One-fourth of U.S. States

Latino gains in homeowners during the last five years was widespread across all 50 states and the District of Columbia. In contrast, whites and blacks each sustained declines in 12 states as did Asians and Pacific Islanders in two states.

Latinos accounted for the largest growth in homeowners between 2013 and 2018 in 13 states, including four (California, Texas, New York, and Illinois) of the largest six states in the country (Figure 2). Nine of the 13 states featured growth in Latino homeowners alongside decline in white homeowners. Accordingly, the most prominent differences occurred in California where the number of Latino homeowners expanded by nearly 215,000 while that of white homeowners dropped by 73,000, as well as in New York (increase of approximately 49,000 Latino homeowners and a loss of 31,000 white homeowners), Illinois (47,000 vs -25,000), and New Jersey (29,000 vs -24,000). Four states experienced gains in Latino and white homeowners, but the Latino growth was much larger, including Texas where Latino homeowners rose by more than 242,000 compared to a gain of nearly 49,000 white homeowners, as well as in Virginia (29,000 vs 14,500), Kansas (9,000 vs 1,500), and Arkansas (7,400 vs 2,700).

Figure 2. Thirteen States with Largest Homeownership Growth among Latinos, 2013-2018²



Overall Latino Rate of Homeownership Lags Behind Other Groups

Despite the impressive absolute growth in homeownership among Latinos, they continue to be less likely to be homeowners compared to members of other racial and ethnic groups. In 2018, 47.5% of Latino householders owned their homes compared to 72.2% of whites, 59.5% of Asians and Pacific Islanders, and 51.9% of those in the Other residual category (Figure 3).

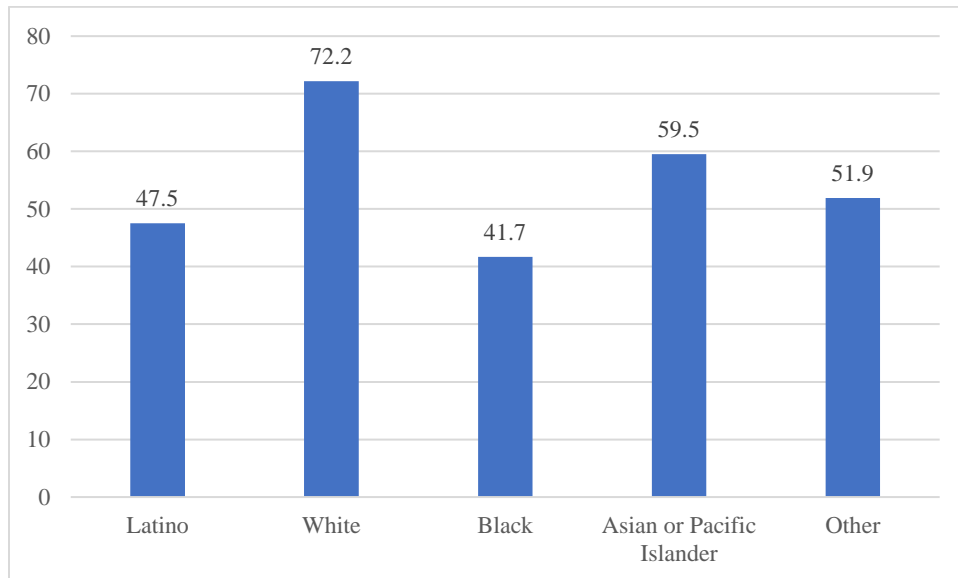
There is wide variability in the percentage of Latino householders who are homeowners across states ranging from a low of 25.9% in New York to a high of 64.8% in Wyoming in 2018. Latinos had homeownership rates above 55% in seven states (Wyoming, 64.8%; New Mexico, 63.2%; Maine, 59.3%; Michigan, 58.3%, Texas, 57.4%, Alaska, 55.4%, and Nebraska, 55.4%). In addition to New York, Latinos also have low rates of homeownership in such states as Massachusetts (26.7%), the District of Columbia (29.1%), Rhode Island (30.4%), Connecticut (33.2%), and New Jersey (36.3%).

Conclusions

Homeownership in the United States has rebounded from the major plunge associated with the housing crisis beginning in 2008. The number of homeowners increased by nearly 3.9 million between 2013 and 2018. Latinos comprised the major part of the country's new homeowners, accounting for approximately 1,320,000 of the nearly 3.9 million new homeowners added in the last five years. Latinos were the only racial or ethnic group that experienced absolute growth in homeownership across all 50 states and the District of Columbia. Latinos were also responsible for the largest

segment of homeowner growth in 13 states. Simply put, the nation's housing market along with those in key states such as California, Texas, New York, and Illinois depend very heavily on Latinos.

Figure 3. Percentage of Householders Who are Homeowners by Race and Ethnic Group, 2018²



Nevertheless, while more Latinos are realizing the American Dream through homeownership, their rate of homeownership is still relatively low compared to whites and Asians and Pacific Islanders. There is a need to ensure that Latinos have access to affordable housing and to financial institutions to secure homes. Research shows that Latinos bear higher financial costs associated with homeownership with only three in five having conventional home financing compared to four in five non-Hispanics.¹ Latinos also have limited use of traditional credit and banking services.¹ One in seven Latino householders do not have a checking or savings account compared to one in 33 whites.³

Endnotes

¹The analysis conducted here draws on the U.S. Congress Joint Economic Committee (JEC) report titled *The Economic State of the Latino Community in America* released in October 2019. The full report can be accessed at https://www.jec.senate.gov/public/_cache/files/b7fa806a-ab4e-4bbd-bea3-d20da43a37b9/economic-state-of-the-latino-community-in-america-final-password-protected.pdf

²The data used in the analysis were obtained from the 2013 and 2018 American Community Survey 1-Year Estimates public use files accessed online from IPUMS at the University of Minnesota (<https://usa.ipums.org/usa>).

³Apaam, Gerald et al. 2018. *2017 FDIC National Survey of Unbanked and Underbanked Households*. Washington, DC: Federal Deposit Insurance Corporation. Accessed at <https://www.fdic.gov/householdsurvey/2017/2017report.pdf>

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