2024 STATE OF HISPANIC HOMEOWNERSHIP REPORT

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THANK YOU

Our deepest gratitude to all who contributed to the production of this report.

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HISPANIC WEALTH PROJECT

The National Association of Hispanic Real Estate Professionals® (NAHREP®) is a non-profit trade association founded in 1999. The association has a network of 50,000 real estate professionals and 100+ chapters that include real estate agents, brokers, mortgage professionals, and settlement service providers. NAHREP's mission is to advance sustainable Hispanic homeownership in America by educating and empowering real estate professionals who serve Hispanic homebuyers and sellers, advocating for policy that supports the organization's mission, and facilitating relationships between industry stakeholders and housing professionals.

The State of Hispanic Homeownership Report is a publication of NAHREP® and the Hispanic Wealth Project™.

ACKNOWLEDGEMENTS

COVER ART

"The Key to the Future Is Us" by Joseph Perez "Sentrock", Sentrock Studios

Joseph Perez, best known as "Sentrock," is a self-taught street artist whose work is rooted in the Mexican-American neighborhoods where he first encountered graffiti as a powerful form of expression. Inspired to pick a spray can and develop his own artistic voice, Sentrock became known for his signature bird-mask over a human figure, symbolizing humanity's ability to escape, find freedom, and exist in a different reality. Through his work, he has become a catalyst for his community. His work reflects themes of hope, freedom, and expression. His work encapsulates his background, history, upbringing, empathy, and compassion for his community.

TOP REAL ESTATE PRACTITIONER STUDY PARTICIPANTS

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Veronica Villafana, Integrity Home Loans, Houston, TX
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REPORT METHODOLOGY

PUBLIC DATASETS

The State of Hispanic Homeownership Report annually employs data from the U.S. Census Bureau's American Community Survey (ACS) and Current Population Survey/Housing Vacancy Survey (CPS/HVS). Additional datasets used in this report include the Home Mortgage Disclosure Act (HMDA), the Annual Social and Economic Supplement (CPS ASEC), and data from the Bureau of Labor Statistics. Microdata analysis of the ACS, CPS/ASEC, and HMDA was conducted in partnership with Polygon Research. Other data partners include Realtor.com®.

2024 NAHREP TOP REAL ESTATE PRACTITIONER STUDY

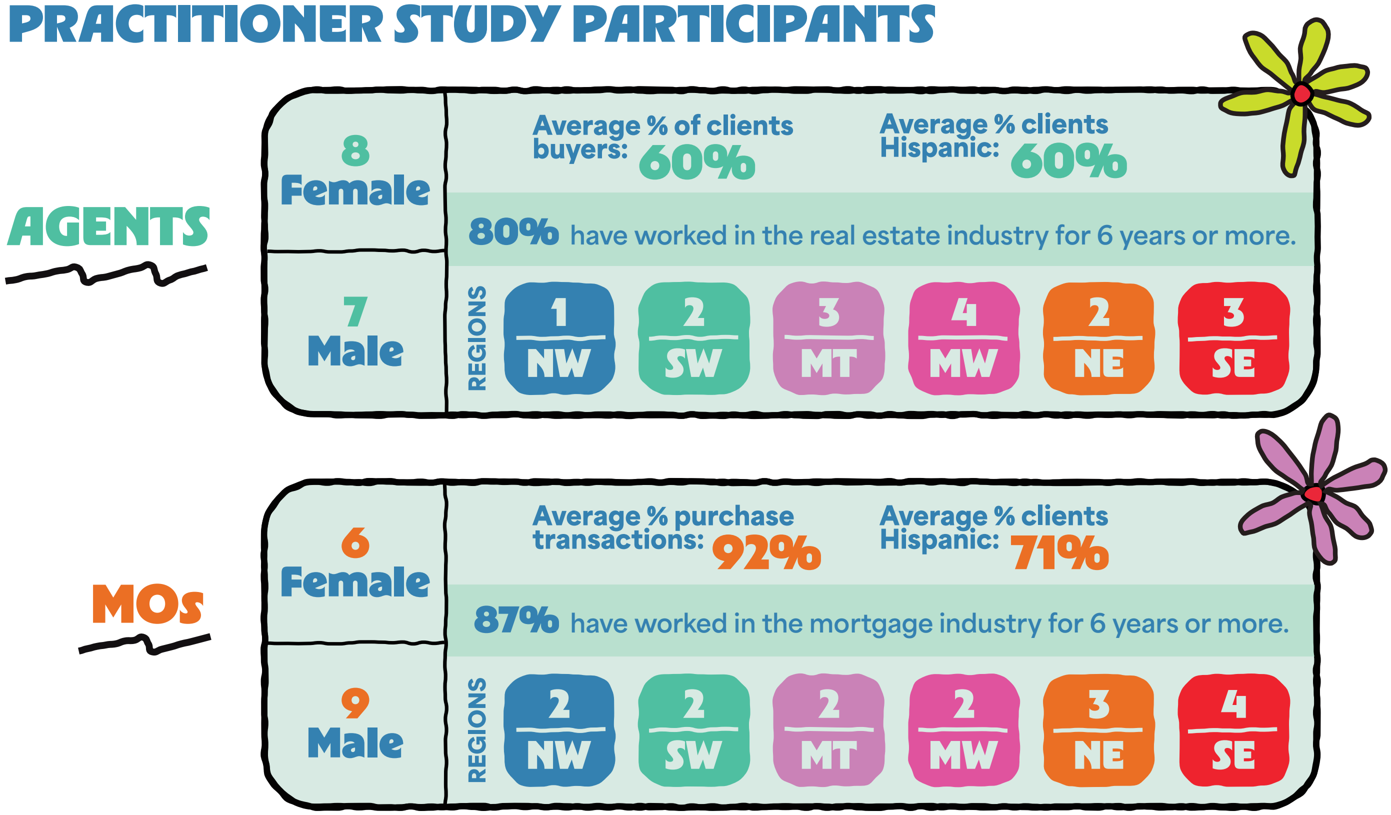
To examine the complexities of the 2024 real estate market and Hispanic homebuying trends, we conducted a qualitative interview study with top-producing buyers' agents and mortgage originators (MO). Interviews were conducted with 15 agents and 15 originators from across the country, representing each of NAHREP's six regions.

Among the agent sample, 8 were women and 7 were men, while the MO sample consisted of 6 women and 9 men. Agents estimated that, on average, 60 percent of their clients in 2024 were buyers, and 60 percent were Hispanic. MOs estimated that, on average, 92 percent of their 2024 transactions were purchases, with 71 percent of their clients being Hispanic.

Interviews were conducted via Zoom by three NAHREP staff members, with one or two joining each interview. Each interview was conducted in English, recorded, and lasted between 40 and 60 minutes. Interviews were then transcribed and reviewed for accuracy. All interviews followed the same semi-structured interview guide, which included questions about market trends, challenges faced by Hispanic homebuyers, and the strategies these homebuyers use to navigate the homebuying process.

Following transcription, all interviews were imported into NVivo for thematic coding, following flexible coding methods. Themes such as "buyer challenges" and "financing," were refined into more specific themes, including "interest rates," "inventory," and "down payment assistance." Code reports were analyzed to identify the most prevalent trends, challenges, and strategies used.

PRACTITIONER STUDY PARTICIPANTS



BACKGROUND

The 2024 State of Hispanic Homeownership Report® is in its fifteenth year of publication, a product of both the National Association of Hispanic Real Estate Professionals® (NAHREP®) and the Hispanic Wealth Project™. The report coalesces research and data from within and outside the housing industry to assess how the U.S. Latino[a] population is faring in terms of homeownership acquisition, and to review the primary opportunities and barriers to future growth.

HISPANIC HOMEOWNERSHIP: THE NUMBERS

YEAR	RATE OF HOMEOWNERSHIP (AS A PERCENTAGE)	NUMBER OF HISPANIC OWNER HOUSEHOLDS (UNITS)	ANNUAL CHANGE IN THE NUMBER OF OWNER HOUSEHOLDS (UNIT CHANGE)
2000	46.3	4,242,000	
2001	47.3	4,497,000	+255,000
2002	47.0	4,912,000	+415,000
2003	46.7	5,172,000	+260,000
2004	48.1	5,448,000	+276,000
2005	49.5	5,852,000	+404,000
2006	49.7	6,095,000	+243,000
2007	49.7	6,303,000	+208,000
2008	49.1	6,319,000	+16,000
2009	48.4	6,253,000	-65,000
2010	47.5	6,199,000	-54,000
2011	46.9	6,334,000	+135,000
2012	46.1	6,692,000	+358,000
2013	46.1	6,792,000	+100,000
2014	45.4	6,864,000	+72,000
2015	45.6	7,115,000	+251,000
2016	46.0	7,333,000	+218,000
2017	46.2	7,508,000	+175,000
2018	47.1	7,871,000	+363,000
2019	47.5	8,148,000	+277,000
2020*	—	—	—
2021	48.4	8,817,000	+669,000
2022	48.7	9,178,000	+361,000
2023	49.5	9,543,000	+365,000
2024	**49.0**	**9,781,000**	**+238,000**

Source: United States Census Bureau, Current Population Survey.

TABLE A: Hispanic homeownership rate and total owner households from 2000 through 2024.

*Data reported by the U.S. Census Bureau in 2020 was likely overestimated due to methodological changes in data collection during the peak of the pandemic, therefore NAHREP has opted to omit 2020 specific data from this calculation. The unit change in 2021 is reflective of the two-year increase between 2019 and 2021.

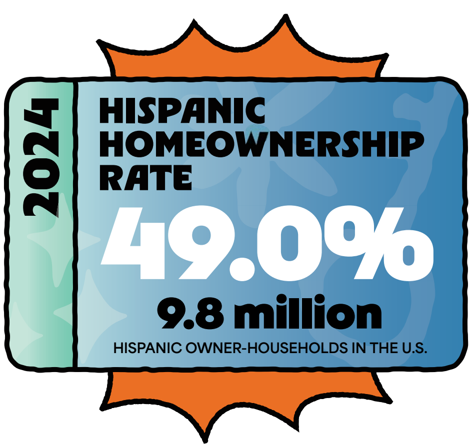
[a]The terms Hispanic and Latino are used interchangeably throughout this report to refer to people of Mexican, Puerto Rican, Cuban, Central American, South American, Dominican, Spanish descent, and descent from other Spanish-speaking countries.

EXECUTIVE SUMMARY

Rising home prices and persistently high interest rates kept many potential buyers on the sidelines in 2024. New rules that increased the cost of real estate broker representation for buyers exacerbated the housing affordability crisis, and a surge in household formations contributed to a decline in the percentage of Hispanic households that owned a home for the first time in a decade. Yet, despite this setback in the homeownership rate, the overall number of Hispanic owner-households reached a record high, with the net gain of Hispanic homeowners in 2024 surpassing all other racial and ethnic demographics for the second consecutive year. The elasticity of the Hispanic homebuyer market can be attributed to a willingness to relocate to more affordable regions of the country, innovative financing options, and an unwavering desire to achieve the American Dream.

HISPANIC HOMEOWNERSHIP RATE DECLINES

For the first time in a decade, the U.S. Hispanic homeownership rate declined in 2024, falling by half a percentage point to 49.0 percent.[1] Despite this decline, more Hispanic households own their homes today than ever before. In 2024, Hispanic homeownership reached a record 9.8 million households, with 238,000 new Hispanic owner-households added last year alone. This represents the largest annual increase among any racial or ethnic group for the second consecutive year, accounting for over a third (35 percent) of total homeownership growth nationwide, a significant achievement for the Hispanic community.



Source: U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey (2024).

HISPANIC HOUSEHOLD FORMATION OUTPACES HOMEOWNERSHIP GAINS

The decline in the Hispanic homeownership rate was not due to a net loss of Hispanic owner-households but rather occurred because the rate of Hispanic household formation outpaced homeownership growth. While 238,000 Hispanic owner-households were added last year, 676,000 new Hispanic households formed. This was by far the largest increase in new households among all racial and ethnic groups, representing 43.3 percent of the net growth in household formations nationwide.[2]

HISPANIC HOMEBUYERS ARE YOUNGER

The Hispanic population in the U.S. is among the youngest of all racial or ethnic demographics. With a median age of 31, Latinos are more than 8 years younger than the general population (median age of 39.2) and just beginning to age into their prime homebuying years.[3] Additionally, they tend to buy homes at younger ages than their non-Hispanic counterparts. In 2023, 42.8 percent of Hispanic home purchase originations were made by borrowers under 45, compared to 37.6 percent of non-Hispanic borrowers.[4] Practitioners in NAHREP's study shared that increased access to first-time homebuyer resources and education, via the internet and social media, have sparked greater enthusiasm among younger buyers.

FHA UTILIZATION INCREASES AMONG HISPANIC BUYERS

In line with past financing trends, Home Mortgage Disclosure Act (HMDA) data analysis shows that Hispanic borrowers remain more likely to use FHA financing compared to their non-Hispanic, with FHA utilization rates among Hispanic homebuyers increasing in recent years. In 2023, 29.5 percent of Hispanic home purchase originations were FHA, an increase of almost 5 percentage points.[5] Participants in NAHREP's practitioner study noted that in 2024, FHA loans remained a vital resource for first-time and lower-credit homebuyers, offering more flexibility and slightly lower interest rates, both appealing factors in today's higher-rate environment. However, they highlighted concerns over long-term cost burdens, which can make FHA loans less favorable than conventional alternatives.

HOUSING AFFORDABILITY IS A PERSISTENT AND URGENT CRISIS

The U.S. housing market is in crisis. Limited housing inventory, due to a lack of new construction and the reluctance of homeowners with low-interest mortgages to sell, has resulted in dramatic home price appreciation. As of Q3 of 2024, Freddie Mac estimated that the U.S. is short 3.7 million housing units relative to demand.[6] Inventory shortages are most pronounced among affordable units. According to aggregated sales data from Realtor.com®, the share of homes for sale priced under $350,000 fell from 57 percent in 2019 to 38 percent in 2024.[7]

Home price appreciation and the resulting affordability crisis are challenges of unparalleled proportions. According to the Harvard Joint Center for Housing Studies, home prices have increased by 47 percent since 2020, with the median sales price now five times higher than the median household income.[8] This affordability gap is even greater for Hispanic households, where prices outpace incomes six-to-one.

INTEREST RATES REMAIN HIGH

While home prices remain elevated, high interest rates also mean increased borrowing costs. Throughout 2024, the average weekly 30-year fixed mortgage rate ranged from 6.0 percent to 7.25 percent,[9] drastically reducing purchasing power by decreasing qualification limits and increasing monthly payments. With incomes remaining stagnant and home prices continuing to appreciate, buyers often find themselves between a rock and a hard place. This was reflected in NAHREP's study, where when asked about factors negatively impacting affordability, participants most frequently cited interest rates.

BROKER COMPENSATION LAWSUITS THREATEN FIRST-TIME HOMEBUYERS

In late 2024, new regulations came into effect altering long-standing real estate agent compensation models, shifting the financial burden of buyer agent commission from the seller to the buyer. In a market already plagued with the worst affordability challenges in history, this has created an additional hurdle that many buyers cannot overcome. Many first-time homebuyers, who already struggle with down payments and closing costs, might be priced out, or pushed to purchase without adequate representation.

Several participants in NAHREP's study expressed concern for first-time homebuyers, who they saw as "collateral damage" in the wake of these changes. Practitioners also shared that many buyers were confused and discouraged after new rules went into effect, emphasizing the importance of agent education surrounding changing norms.

> "Even if they have five people in that home, it's what they're going to do to own this piece of property."
>
> **Melissa Guerra**
> Mortgage Originator
> Lisle, Illinois

TEXAS REMAINS A TOP OPPORTUNITY MARKET, ATTRACTING NEW HISPANIC RESIDENTS

Latinos continue relocating from traditional coastal strongholds in places like California and Florida to other, more affordable parts of the country. For the third consecutive year, Texas has seen the largest net gain in Hispanic residents, with an increase of 128,900 residents year-over-year. While substantial, this is not a new trend; Texas has recorded the largest influx of Latino residents of any state for 9 out of the past 15 years.[11]

NAHREP identified the top opportunity markets for homebuyers based on affordability. As of February 2025, there were 54 metropolitan statistical areas (MSAs) still considered affordable for median-earning families to purchase a median-priced single-family home, 15 of which are in Texas. Other affordable markets were identified in the Midwest and Northeast, including St. Louis, Pittsburgh, and Wichita.

IMMIGRANTS ROLE IN SOLVING THE HOUSING CRISIS

New construction is one of the most powerful tools to solve the housing affordability crisis. But massive shortages in the construction labor force greatly limit the industry's ability to meet demand. According to the Associated Builders and Contractors

> "The big hot topic was affordability."
>
> **Monica Jones**
> Mortgage Originator
> Benicia, California

(ABC), the construction industry needs to attract 439,000 new workers in 2025 to meet the demand for services.[12] Making up 24.7 percent of the workforce and 31 percent of construction trades, immigrants are an invaluable source of labor in the industry.[13]

To meet labor and housing demands, the construction workforce needs more immigrant workers. NAHREP has long supported immigration reforms that secure the nation's borders while expanding legal pathways for foreign workers.

CONCLUSION

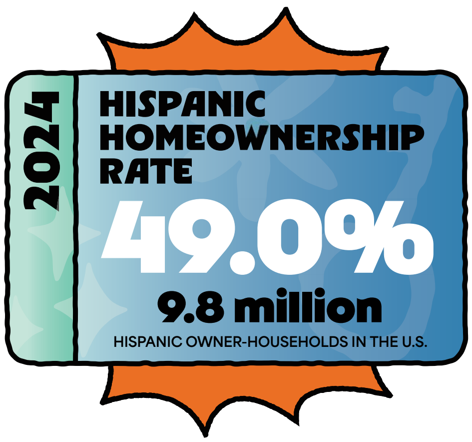
The path to homeownership growth for the Hispanic community is marked by consistent progress and ongoing challenges. With a median age of 31, Latinos are poised to drive homebuyer demand for decades. However, affordability-related challenges, such as rising home prices, stagnant wages, high interest rates, and limited housing inventory, threaten future growth. To ensure continued homeownership opportunities for all Americans, policymakers and the housing industry must prioritize increasing housing supply, expanding access to credit, and addressing the construction industry's rising costs of materials and labor shortages.

SECTION 1: HISPANIC HOMEOWNERSHIP TRENDS

After a decade of continuous growth, the U.S. Hispanic homeownership rate declined in 2024, dropping to 49.0 percent–half a percentage point lower than the previous year.[14] While disappointing, this decrease was not unexpected given the significant housing market challenges experienced over the past year. Despite this decline, more Hispanic households own homes today than ever before. In 2024, Hispanic homeownership reached a record 9.8 million households. Last year alone, Hispanics add a net gain of 238,000 new owner-households–the largest annual increase among any racial or ethnic group for the second consecutive year, accounting for over a third (35 percent) of total homeownership growth nationwide.

HISPANIC HOUSEHOLD FORMATIONS OUTPACE HOMEOWNERSHIP GAINS

The Hispanic homeownership rate declined despite an increase in Hispanic owner-households because household formation outpaced homeownership growth by nearly threefold. In 2024, Hispanics saw a net gain of 676,000 new households, the largest increase among all racial and ethnic groups, accounting for 43.3 percent of net household formation nationwide.15 The rapid formation of new Hispanic households is creating significant market demand.



Source: U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey (2024).

A major factor behind this growth is the relative youth of Hispanic households. Nearly half (8.5 million or 44 percent) of Hispanic heads of households are Gen Z or Millennials, compared to just 32 percent of non-Hispanic households.[16] As young Latinos age into adulthood, the pool of Hispanic households will continue to grow. In 2024, 1.2 million Latinos turned 18, a rate of more than 3,000 per day.[17] High household formation trends are likely to continue, as Latinos make up nearly one-third (30 percent) of the under-18 population.

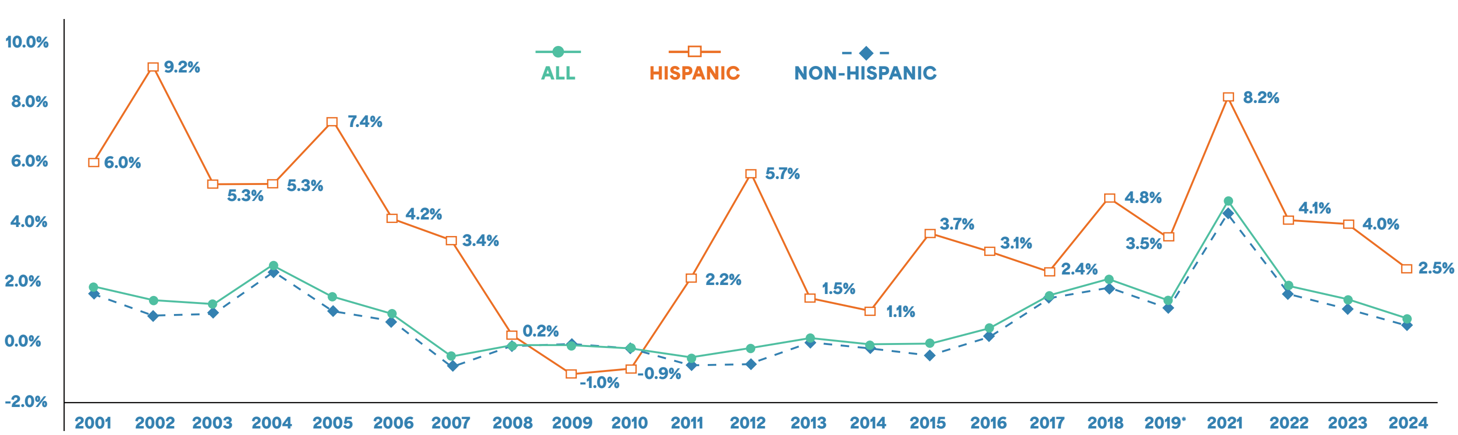
HISPANICS AND OTHER MINORITY HOUSEHOLDS ARE DRIVING HOUSING MARKET GROWTH

Non-White households continue to drive homeownership growth in the U.S., making up a disproportionate share of household formation and homeownership gains in 2024. While 36.4 percent of U.S. households are people of color, these households accounted for 82.3 percent of net household formation and 77.6 percent of owner-household gains last year. Among them, the Hispanic community contributed the largest share of net growth.

Conversely, despite making up nearly two-thirds of existing households, the largest of any racial or ethnic group, non-Hispanic White households made up the smallest share of housing market growth last year. In 2024, only 17.8 percent of net household formation and 22.2 percent of net owner-households were non-Hispanic White.

GROWTH IN OWNER-OCCUPIED UNITS IN THE U.S.

PERCENT CHANGES IN THE GROWTH OF OWNER HOUSEHOLDS IN THE U.S. FROM 2000-2024



SOURCE: U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey (2024).

HOUSING MARKET GROWTH BY RACE AND ETHNICITY

Share of households, household formation and owner-household growth (2023-2024)

	SHARE OF HOUSEHOLDS OVERALL	SHARE OF NET HOUSEHOLD FORMATION GROWTH	SHARE OF NET HOMEOWNERSHIP GROWTH
Hispanic	15.2%	43.3%	35.0%
Non-Hispanic White	63.6%	17.8%	22.2%
Non-Hispanic Black	13.1%	20.0%	20.3%
Other/Two or More Races (Non-Hispanic)	8.2%	19.0%	22.4%
All Minorities	36.4%	82.3%	77.6%

Source: U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey, Table 6. Homeownership Rates by Race and Ethnicity, 2024 annual averages.

HISPANIC ENTHUSIASM FOR HOMEOWNERSHIP PERSISTS DESPITE MARKET UNCERTAINTY

Many Latinos view homeownership not just as a milestone, but as a pivotal step in building lasting wealth - the cornerstone of the American Dream. Despite challenging market conditions, their determination to achieve homeownership remains unwavering. While sentiment around the homebuying process is mixed, the enthusiasm for owning a home remains strong and consistent, regardless of market fluctuations.

Beyond the belief that homeownership is central to the American Dream, increased financial education has helped more Latinos recognize the long-term benefits of owning a home, further fueling their enthusiasm to buy. “I think we've seen a huge influx of Hispanic homebuyers coming out of the woodwork and really seeing the value of owning a home versus renting a home,” said Eric Estrada, an agent in Colorado Springs, Colorado. “They’re getting serious about it.” As access to information improves, this awareness will continue to grow, reinforcing homeownership as a key wealth-building strategy.

Despite this enthusiasm, many Hispanic homebuyers express a great deal of uncertainty and hesitation about the homebuying process due to market conditions and the political climate. Real estate professionals play an important role in educating clients during these uncertain times. Jorge Montoya, a mortgage originator in Reno, Nevada, described this dynamic: “I feel like we've had these consistent starts. People get excited, they get approved, then they see a headline and then they freeze,” he said, “It's taking a lot more conversations to make people feel confident in their decision to buy.” This hesitation is driven by concerns about affordability, high interest rates, and the 2024 presidential election, all of which have made prospective buyers more cautious. Agents found buyers “discouraged” and “disgruntled” by affordability challenges market unpredictability.

Beyond affordability, the uncertainty surrounding the 2024 presidential election played a significant role in buyers’ hesitation. Many opted to wait and see whether leadership shifts would impact the housing market. Lisa Rodriguez Dunn, an agent in Warner Robins, Georgia,

> “Buyers are discouraged because of the monthly payment."
>
> **Jenny Correa**
> Agent
> Houston, Texas

noted that many of her clients in the second half of 2024 were “reluctant,” choosing to delay purchases until after the election. Specifically, homebuyers had an expectation that interest rates may drop significantly depending on the outcome. This widespread hesitation demonstrates how deeply political and economic uncertainty influences homebuyer confidence and how critical it is that prospective homebuyers work with an experienced professional. Effective guidance from real estate professionals is critical in bridging the gap between enthusiasm and the uncertainty that often accompanies the homebuying process. This guidance ensures buyers feel informed and confident enough to purchase despite market fluctuations.

FINANCING TRENDS FOR HISPANIC HOMEBUYERS

HISPANIC HOMEBUYERS ARE YOUNG

Hispanic homebuyers are notably younger than their non-Hispanic counterparts and continue to enter the housing market at an earlier age. In line with prior mortgage years, 42.8 percent of Hispanic home purchase originations in 2023 were made to borrowers under 45, compared to 37.6 percent of non-Hispanic borrowers. Additionally, 7.9 percent of Hispanic homebuyers were under 25, compared to 6.3 percent of non-Hispanic borrowers.[18]

These statistics were reflected in interviews with NAHREP practitioners, who noted an increase in younger buyers in 2024. Agents and MOs identified several reasons for this increase, among them the availability of resources for first-time homebuyers. Berto Barrera, an agent in Warsaw, Indiana, observed a shift toward younger buyers: "I've transitioned into more younger people, younger Latinos, maybe second generation Mexican-American people buying houses," he said, "[They're] taking advantage of a lot of the first-time home buyer programs." These programs, offering down payment assistance, favorable loan terms, and financial education, play a crucial role in making homeownership more accessible for younger buyers.

> "We're an industry of service, in my opinion...we're teaching people how to actually create wealth through real estate."
>
> **Alex Martinez**
> Agent
> North Bethesda, MD

The rise in young Hispanic buyers is also a result of greater access to financial education and information. Agents and mortgage originators alike described the power of the internet, particularly social media, in educating homebuyers. With educational resources readily available, prospective buyers can quickly learn about the homebuying process and the long-term advantages of homeownership. Barerra noted that this accessibility has contributed to the increase in younger clients. He said that platforms like TikTok, Instagram, and Facebook allow younger buyers to "[see] more people talk about why you want to get away from renting and why it's good to buy properties," which he notes "has definitely had a huge impact on the younger generation."

Barerra was not alone in noticing this trend. "There's been more education out there on buying and finances and how real estate is a vehicle for success," Peggy Pratt, an agent in Revere, Massachusetts, said. "Because of the education that's out there and awareness, younger buyers are looking to buy now. The buyers are buying younger." Understanding real estate as a "vehicle for success" is a critical motivator for younger buyers, which holds great promise for the future growth of wealth in the Hispanic community.

HISPANIC BORROWERS MORE READILY USE BROKERS COMPARED TO NON-HISPANICS

Hispanic borrowers are significantly more likely than non-Hispanic borrowers to use mortgage brokers than retail lenders when financing a home purchase. In 2023, 19.5 percent of Hispanic home purchase originations came through brokers, compared to 13.5 percent for non-Hispanic borrowers.[19] Many Hispanic borrowers turn to mortgage brokers because of their familiarity with local networks, hands-on service, higher approval rates, and pricing. According to the Broker Action Coalition, brokers have a competitive edge because they offer a wider variety of loan products, helping to meet the unique needs of Hispanic borrowers. The approval rate for Hispanic borrowers applying through the broker channel is six-points higher than for retail lenders, and the pricing they receive is generally more competitive. While interest rates remained relatively stable across all channels, upfront fees charged by brokers tend to be lower.[20]

HISPANIC APPLICANTS ARE MORE LIKELY TO BE DENIED MORTGAGE FINANCING THAN NON-HISPANICS

Hispanic mortgage applicants are more likely to be denied mortgage financing than their non-Hispanic counterparts. In 2023, one-quarter (24.5 percent) of Hispanic purchase applications were denied, compared to 15.8 percent for non-Hispanic applicants. Conventional financing was particularly difficult to obtain. In 2023, 30.2 percent of Hispanic applicants who sought conventional loans were denied, compared to only 16.4 percent of those applying for FHA-insured loans, leading many to turn to FHA when conventional financing wasn't possible. At 24.6 percent, debt-to-income ratios were the number one reason for denials among Hispanic purchase applications, followed by credit history (15.9 percent).[21]

UTILIZATION OF FHA IS ON THE RISE FOR HISPANIC BORROWERS

FHA loans have become an increasingly popular choice for Hispanic homebuyers, offering lower down payments, flexibility with higher debt-to-income (DTI) ratio limits, and greater purchasing power. In a higher rate environment, these features are particularly appealing. Historically, Hispanic homebuyers have relied on FHA-insured mortgages at higher rates than their non-Hispanic

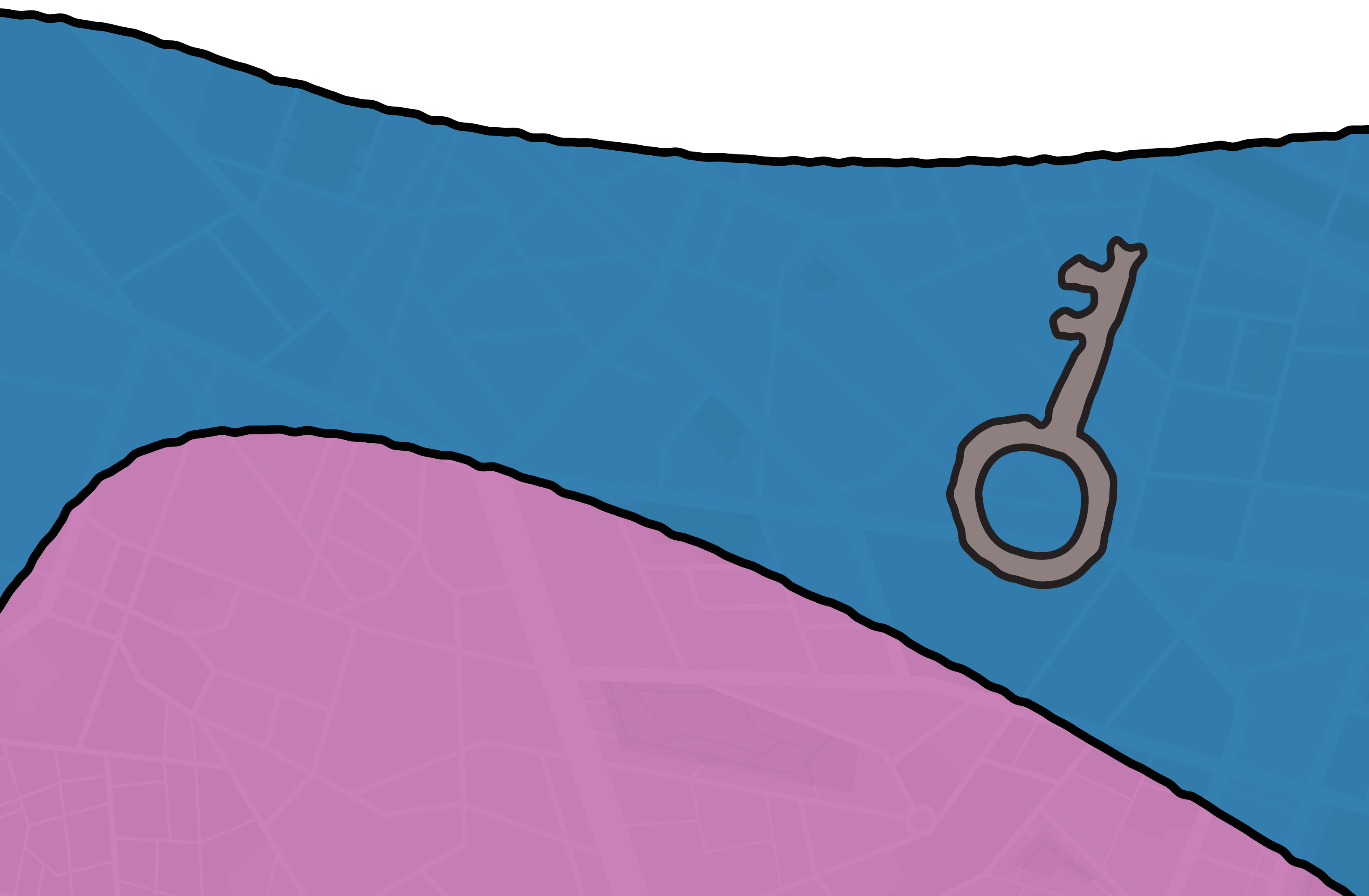
> "[FHA] rates are a little bit more affordable, and that flexibility goes a long way."
>
> **Epifanio Almodovar**
> Mortgage Originator
> Melville, New York

counterparts. Yet, prior to the COVID-19 pandemic and during the extremely low interest period that followed the crisis, the share of Hispanic home purchase originations made by FHA dropped, declining year-over-year from 31.3 percent in 2018 to 24.7 percent in 2022. As rates increased, however, so too did reliance on FHA financing. In 2023, 29.5 percent of Hispanic purchase originations were made through FHA, with Hispanic borrowers now twice as likely as non-Hispanic borrowers to rely on FHA loans.

NAHREP's 2024 Top Real Estate Practitioner Study revealed even higher percentages of FHA borrowers among industry professionals. The median estimated FHA loan production among participating mortgage originators was 46 percent. Epifanio Almodovar, a mortgage originator in Melville, New York, recognized that FHA loans offer more flexibility for first-time homebuyers, making them particularly valuable in the current higher-rate environment. "The rates are a little bit more affordable," he said, "and that flexibility goes a long way."

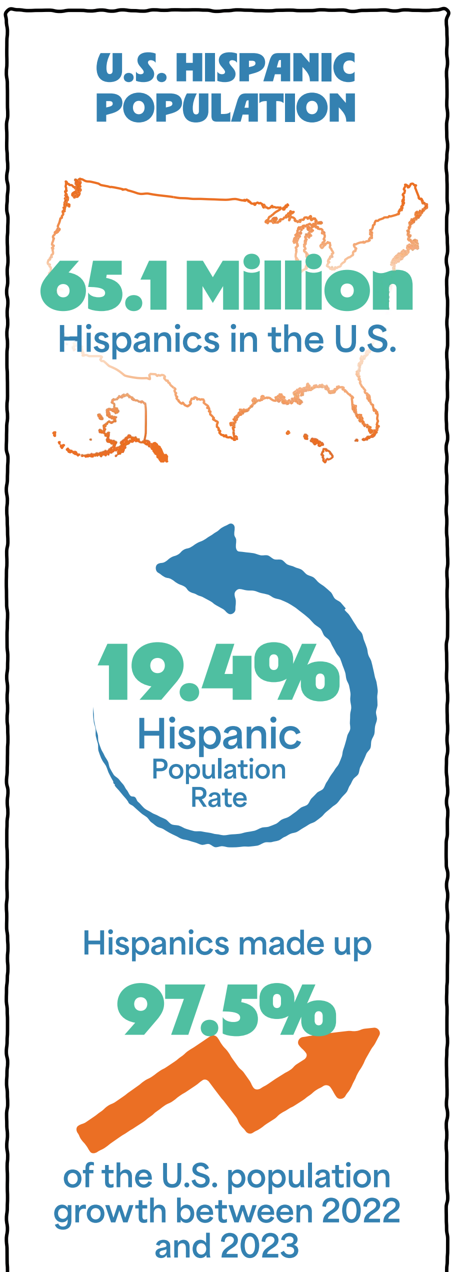
While FHA loans provide an accessible path to homeownership, they may not be the right choice for every homebuyer, particularly because they come with higher mortgage insurance costs. In addition to a monthly premium, FHA mortgage insurance also requires an upfront mortgage insurance premium of 1.75 percent due at closing. And, unlike the private mortgage insurance purchased by conventional borrowers, FHA mortgage insurance typically lasts for the life of the loan, rather than dropping off after the homeowner reaches 20 percent equity.

Despite their somewhat lower interest rate, Armando SanMiguel, an originator in Franklin, Tennessee, typically reserves recommending FHA loans for borrowers with lower credit scores because of these increased costs. He pointed out that despite being geared towards lower-income and lower-credit score buyers, FHA loans charge more than conventional lenders in total mortgage insurance. "You're forcing them to have to do a refinance, which is going to cost them more money," he said, "It doesn't seem consumer-friendly." SanMiguel's perspective highlights a key drawback of FHA loans: while they provide crucial access to homeownership for lower-income and lower-credit buyers, the long-term costs of mortgage insurance can make them less favorable than conventional loans, underscoring the need for policy reforms that better serve these borrowers.



SECTION 2: DEMOGRAPHICS & ECONOMIC INDICATORS

Key demographic and economic indicators strongly suggest that Latinos will continue driving homeownership growth in the U.S., provided the market can meet their needs. As the nation's youngest and second-largest racial or ethnic group, Latinos are the greatest driver of population growth and household formation—key factors in homeownership demand. Along with maintaining the highest labor force participation rate for over 20 years, Latinos have steadily increased their income levels and educational achievements, strengthening their financial readiness to buy homes. A strong prevalence of multigenerational living and a willingness to relocate for better opportunities have enabled Latinos to achieve homeownership, even amid affordability challenges.



Source: U.S. Census Bureau, American Community Survey, 2022 and 2023 1-Year Estimates.

LATINOS ARE DRIVING U.S. POPULATION GROWTH

At 65.1 million people, and representing 19.4 percent of the U.S. population, Latinos are the second-largest racial or ethnic demographic in the U.S. and continue to grow rapidly. Between 2022 and 2023, the Hispanic population grew by 1.6 million, making up nearly all (97.5 percent) of the country's population growth that year.[22] Without this growth, the U.S. population would have remained nearly stagnant. This trend is not new; over the past decade, the Hispanic population has grown by 11.2 million, comprising 59.4 percent of overall U.S. population growth.[23]

Hispanic population growth is strongest in markets that have historically had smaller Hispanic communities. While growth has occurred in all 50 states over the past decade, the largest increases are in the Southeast. The top five states with the largest Hispanic growth rates are Tennessee (72.6 percent), South Dakota (71.1 percent), South Carolina (57.9 percent), Alabama (53.2 percent), and Louisiana (49.6 percent).[24] Not a single state saw a decline in its Hispanic population over the last 10 years.[25]

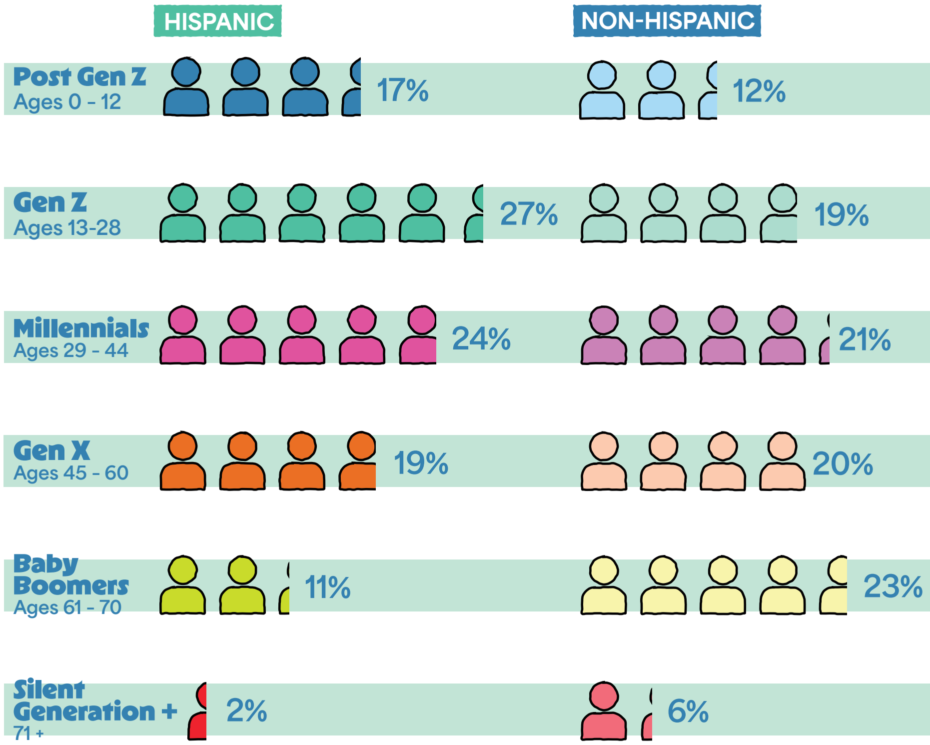
YOUTH OF THE U.S. HISPANIC POPULATION

The Hispanic population is among the youngest racial or ethnic demographics in the U.S. With a median age of 31, Latinos are more than 8 years younger than the general population (median age of 39.2). While still relatively young compared to other demographic groups, the Hispanic population is aging. In 2000, the median age of Latinos was 25, 6 years younger than today.[26]

While the median age of Latinos has risen, population growth has expanded their share of the country's youth. Today, more than a quarter (26.3 percent) of the country's population under 18 is Latino, up from 17 percent in 2000.[27] Growth has been particularly high in states with large Hispanic communities. Young Latinos now make up more than half of the under-18 population in New Mexico (60.7 percent) and California (51.9 percent) and more than 40 percent of the under-18 population in Texas (48.4 percent), Arizona (43.9 percent), and Nevada (41.4 percent).[28]

The relative youth of the Hispanic population is evident when looking at the generational breakdown between Hispanics and their non-Hispanic counterparts. In 2023, 68 percent of Latinos were Millennials or younger (under 45), compared to 52 percent for non-Hispanics. At 73 million, the Millennial generation is large and nearly a quarter (21.3 percent) are Latino.[29]

HISPANIC & NON-HISPANIC POPULATION BY GENERATION



Source: U.S. Census Bureau, American Community Survey 1-Year Estimates (2023) from IPUMS USA, calculations made in CensusVision.

HISPANIC WORKERS FUEL NATION'S LABOR FORCE

Latinos have consistently maintained the highest labor force participation rate of any racial or ethnic demographic. In 2024, the Latino labor force participation rate was 66.8 percent, making up 19.9 percent of the total workforce.[30] According to the U.S. Bureau of Labor Statistics, Latinos make up the nation's fastest-growing worker group. Over the last 20 years, the number of Hispanic workers has increased by 69 percent, 10 times the rate of the non-Hispanic workforce, which grew by just 6 percent.[31]

HOUSEHOLD INCOME GROWTH OUTPACES THE GENERAL POPULATION

In 2023, the median income for Hispanic households was $69,467, reflecting a 5.4 percent year-over-year increase. Growth in Hispanic household income has been steady. Over the past decade, Hispanic household income has grown by 67.9 percent, compared to 48.7 percent for the overall population.[32]

Compared to before the pandemic, Hispanic households have seen the largest growth in both household income and homeownership rates. This was particularly true for Hispanic Millennials, who saw the largest increases of any demographic group. Between 2019 and 2023, Hispanic Millennials saw an 11.9 percent increase in homeownership rate and a 28.5 percent increase in household income, outpacing both older Hispanic generations and their non-Hispanic White counterparts.

Although the income gap between non-Hispanic and Hispanic households is narrowing, income remains a major challenge for Latinos in the competitive housing market.

According to Realtor.com, as of June 2024, the minimum income required to afford a median-priced home in the U.S. was $120,000, nearly $50,000 greater than the median Hispanic household income.[33]

EDUCATIONAL ATTAINMENT ON THE RISE

Higher educational attainment among Hispanic adults has been steadily improving, with the number of individuals obtaining bachelor's degrees doubling over the past decade. In 2023, 8 million Latinos aged 25 and older earned a bachelor's degree or higher, representing 20.8 percent of the Hispanic population. Between 2013 and 2023, the number of Latinos earning a bachelor's degree grew by 93.3 percent, significantly outpacing the general population (34.2 percent). Today, nearly 1 in 10 college graduates with a bachelor's degree or higher are Latino.[34] The upward trend in college education among Hispanic populations is expected to continue. According to the Hispanic Association of Colleges & Universities, Hispanic enrollment in higher education is projected to exceed 4.3 million by 2026, growing at a rate more than 10 percent higher than any other racial or ethnic group.[35]

MULTIGENERATIONAL HOUSEHOLDS

Hispanic households are more likely to be multigenerational than their non-Hispanic counterparts. In 2023, 6.3 million or 32.1 percent of Hispanic households were multigenerational, compared to 17.7 percent of non-Hispanic households.[36] These households include those with two adjacent adult generations, such as parents living with their adult children, as well as households with non-adjacent or three or more generations.

Latino families are committed to homeownership and often adopt flexible living arrangements to make this dream a reality. Many live with siblings, parents, grandparents, and other extended family to overcome

"Even if they have five people in that home, it's what they're going to do to own this piece of property."

Melissa Guerra
Mortgage Originator
Lisle, Illinois

obstacles to homeownership. This trend is becoming more and more common. Marcos Sanchez, an originator in Sandy Spring, Maryland, said that while multigenerational arrangements have always been common among Latino families, they have become increasingly common in the current higher-rate environment. As home prices and borrowing costs continue to rise, this adaptability has become an essential strategy for overcoming financial barriers and achieving homeownership.

Multigenerational living is particularly common in places where home costs have significantly outpaced wages, making it difficult for one or two borrowers to qualify on their own. In the Northeast, where home prices are high and multifamily homes are common, mortgage originator Fernando Ospina has observed this firsthand. He emphasized the cultural aspect, explaining, "...if they get a multifamily, grandma's living on the second floor, primaries are living on the first floor, cousins living in the basement. Just their ability to be that close to each other because it's just what they were raised with their entire life." From a financial perspective, he added that this arrangement "allows for a lot more flexibility in terms of qualifying." A blend of cultural tradition and financial necessity, multigenerational living has become a key pathway to homeownership in high-cost markets, offering both affordability and greater flexibility in qualifying for a mortgage.

Multigenerational living not only helps current homebuyers, but also allows prospective homebuyers to save more quickly for their purchase. Karina Infante, an agent in Haddonfield, New Jersey, shared that many of her clients live with family before buying a home, allowing them to save more quickly for a down payment and closing costs. However, this strategy can create challenges for mortgage qualification. A positive rental payment history can help demonstrate a homebuyer's financial readiness, so while living with family may accelerate savings for a future home purchase, it also presents challenges in mortgage qualification.

The number of multigenerational Hispanic households has steadily increased over the past decade, representing the highest proportional of multigenerational households compared to other racial and ethnic demographic groups. The largest concentration of multigenerational Hispanic households are in the Southern and Western regions of the U.S. Hispanic households make 37.6 percent of multigenerational households in the South and 26.9 percent in the Western United States. While still significant, Hispanic households make up a smaller share in the Midwest (22.1 percent) and Northeast (13.4 percent).[37]

"The Hispanic community has always had a very entrepreneurial spirit."

Gabriela Lira
Agent
Nashville, Tennessee

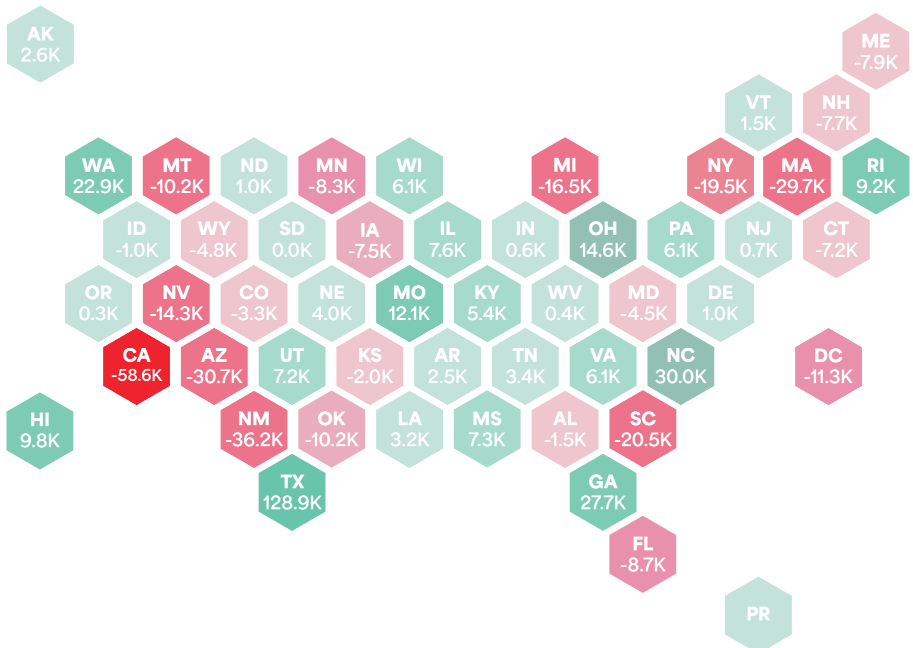
HIGH RATES OF ENTREPRENEURSHIP

Latinos are highly entrepreneurial, starting more businesses per capita than any other racial or ethnic group. In 2023, Latinos accounted for 36 percent of new businesses, nearly double their share of the adult population.[38] Additionally, over 50 percent of Latinos who participated in McKinsey & Company's 2022 American Opportunity Survey reported engaging in some kind of independent work, a significantly higher rate than any other ethnic or racial demographic. The survey defined independent workers as contract, freelance, temporary, or gig workers.[39]

Entrepreneurship creates both opportunities and challenges for homeownership. While it does help to build wealth through business equity or by supplementing income with a "side hustle," business ownership can also create challenges to accessing mortgage credit. This is because of difficulties with financial documentation and a lack of knowledge about existing loan products, which are often more expensive.

Self-employed borrowers often struggle with mortgage qualification, and therefore take advantage of non-qualifying mortgages, or non-QM loans, which are held by lenders as portfolio loans. Bank statement and profit and loss loans are two such options that allow borrowers to qualify for a mortgage without relying on their tax returns for underwriting. But many buyers are not aware these loans exist. Veronica Figueroa, an agent in Orlando, Florida, has many self-employed clients. "Understanding the different loans that are out there for self-employed buyers has been something that I have always leaned into," she said. "There is no one size fits all for any home buyer, and especially Latinos or Hispanics, we tend to be very entrepreneurial. We have to be able to work with great lenders that understand..." Expanding awareness of non-QM loan options and working with knowledgeable lenders is essential to ensuring that self-employed buyers can successfully navigate the mortgage process and achieve homeownership.

HISPANIC NET MIGRATION BY STATE
(2023-2024)



Top 5 States with Positive Net Migration

1. **Texas** — **128.9K**
2. **North Carolina** — **30.0K**
3. **Georgia** — **27.7K**
4. **Washington** — **22.9K**
5. **Ohio** — **14.6K**

Top 5 States with Negative Net Migration

1. **California** — **-58.6K**
2. **New Mexico** — **-36.2K**
3. **Arizona** — **-30.7K**
4. **Massachusetts** — **-29.7K**
5. **South Carolina** — **-20.5K**

Source: U.S. Census Bureau Current Population Survey 2024.

Importantly, non-QM loans are also more expensive than conventional qualifying mortgages. Stefany Pina, a mortgage originator in Danbury, Connecticut, estimated that between 70 and 75 percent of her 2024 loan production came from non-QM loans. She described how, despite "making great money," her self-employed clients often lacked the financial education needed to properly demonstrate adequate income for a qualifying loan. Often, she said, self-employed borrowers "end up with a bank statement loan, [which] is more expensive. They're paying more in interest rate, they're putting much more money down. They're eventually going to have to refinance out of it back into a [conventional] product." While loans underwritten based on bank statement or profit and loss data are excellent options for self-employed homebuyers who struggle to show consistent income, their ineligibility to qualify for purchase on the secondary market makes them more expensive, creating unnecessary financial burdens to homeownership.

MIGRATION PATTERNS SHIFTING FROM WESTERN AND COASTAL REGIONS

In line with trends seen over the past several years, Latinos are continuing to move away from Western and coastal regions in favor of other parts of the country. Between 2023 and 2024, California (-58,600), New Mexico (-36,200), and Arizona (-30,700) saw the largest negative net migration, with Latino residents moving out of those states. Meanwhile, Texas (+128,900), North Carolina (+30,000) and Georgia (+27,700) saw the largest influx of new Latino residents.[40]

Texas has consistently seen the largest net growth in Latino residents, leading the nation for the past three consecutive years, with a net gain of 273,300 Latino residents. While this is substantial, it is not a new trend. Texas has seen the largest influx of Latino residents for 9 out of the past 15 years.[41]

Migration to Texas increased dramatically during the COVID-19 pandemic when remote work allowed workers to maintain their salaries from companies based in higher-cost areas while benefiting from Texas' lower cost of living. Veronica Villafana, a mortgage originator in Houston, Texas, noted that, while this trend may have decreased, Texas maintains a massive draw for homebuyers. "I'm still getting phone calls from out-of-state buyers," she said, noting that while migration during the pandemic was largely from California, she now gets clients from both coasts. Individuals and families are moving to Texas "looking for more affordable housing and a more affordable lifestyle," and for many, the state clearly delivers. Texas' sustained appeal is largely because of its reputation for greater housing affordability and economic opportunity, making it particularly attractive for Latino families looking to build wealth through homeownership.

2024 HISPANIC HOMEBUYER PROFILE

The Hispanic homebuyer market is a rapidly growing segment, shaped by unique preferences, motivations, and housing needs. Understanding what drives housing decisions—whether family considerations, financial opportunities, or community ties—provides valuable insight into their homebuying journey. Using data from The 2024 Movers Study by Realtor.com Research & Insights, this section highlights important trends shaping Hispanic homebuyers' decisions.

Hispanic Homebuyers are Looking for More Space, New Neighborhoods, and Greater Affordability

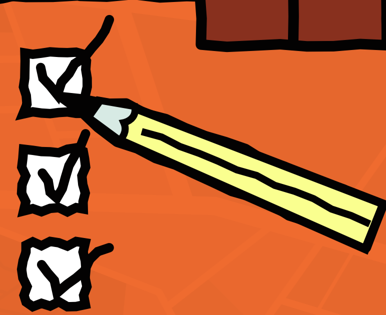
The 2024 Movers Study identified several key reasons Hispanic homebuyers are relocating. Many are looking for a larger home, exploring new neighborhoods and towns, adjusting to changes in personal finances, or seeking greater affordability. Among respondents, 46 percent cited a recent promotion or pay, while 17 percent had recently added a child to their family.

TOP 5 REASONS FOR MOVE IN 2024

	HISPANIC HOMEBUYERS	ALL HOMEBUYERS
Upsizing	35%	26%
Looking for a different neighborhood vibe	31%	25%
Wanted to move to a new town/city	29%	27%
Change in personal finances	28%	21%
Looking for greater affordability	26%	25%

Hispanic Homebuyers Consider Many Factors When Purchasing a Home

Two of the most important considerations for Hispanic homebuyers were neighborhood safety (52 percent) and crime rates (42 percent). Other factors included proximity to shopping (33 percent) and employment (32 percent), as well as having a fenced yard (35 percent) and a pet-friendly location (33 percent). Additionally, property taxes (34 percent) played a role in their decision on where to buy.



TOP 5 FACTORS INFLUENCING HOME PURCHASE

	HISPANIC HOMEBUYERS	ALL HOMEBUYERS
Neighborhood Safety	52%	48%
Crime Rates	42%	34%
Fenced in Yard	35%	25%
Property Taxes	34%	27%
Proximity to Shopping	33%	27%

Hispanic homebuyers were also more likely than the general population to consider environmental risks, such as flood zones and wildfires. While not among the top five factors, 27 percent of Hispanic buyers considered these risks, compared to 21 percent of all homebuyers.

Neighborhood Plays the Biggest Role

Neighborhood consistently ranked as among the most important factors for Hispanic homebuyers in The 2024 Movers Study. Whether prioritizing neighborhood safety, proximity to work and shopping, or the overall neighborhood vibes, location was an important factor. Hispanic buyers were also more decisive about their preferred neighborhood, with 32 percent knowing exactly where they wanted to live, compared to just 18 percent who focused only on finding the perfect house, regardless of location.

Hispanic Homebuyers Prefer Single-Family Homes

Most Hispanic homebuyers purchased a single-family home, with 63 percent buying an existing property and 27 percent opting for new construction. Given that a fenced yard and a pet-friendly location were among the most important factors in finding a home, it's no surprise that only 11 percent chose a condo, townhome, or apartment/co-op.

TOP 3 SOURCES USED TO FIND NEW HOME

	HISPANIC HOMEBUYERS	ALL HOMEBUYERS
Real Estate Agent	80%	78%
Real Estate Website/App	76%	67%
Social Media	56%	46%

Hispanic Homebuyers Rely on Real Estate Agents and Technology to Find a Home

A vast majority (80 percent) of Hispanic homebuyers in The 2024 Movers Study used a real estate agent to navigate the homebuying process. In addition to working with agents, Hispanic buyers were significantly more likely than the general population to use technology, including real estate websites, apps, and social media, to find homes.

Technology is a Consistent Trend

Beyond using tech tools to search for homes, Hispanic buyers were also more likely to purchase homes with smart technology features.

More than half (51 percent) of Hispanic buyers in the 2024 Movers Study reported that their new home included smart home features, such voice-activated lights or smart appliances, compared to 43 percent of buyers overall.

Additionally, Hispanic buyers are more likely to prioritize features like cable access ports (53 percent vs. 43 percent) and energy-efficient upgrades (54 percent vs. 48 percent).

Emotional Aspects of the Moving Process

Purchasing a home is often the largest financial transaction a family makes, and it comes with all kinds of emotions. Hispanic buyers in The 2024 Movers Study were significantly more likely to feel a sense of accomplishment (20 percent) and surprise (18 percent) while developing their moving plan, relief (21 percent) while packing, and pride (29 percent) on moving day.

Source: The 2024 Movers Study by Realtor.com Research & Insights.

SECTION 3: BARRIERS TO HOMEOWNERSHIP

The current housing market is failing to meet the growing demand for homeownership. The biggest barrier is affordability, as rising home prices, high mortgage rates, and limited housing supply have made buying a home increasingly unattainable. Beyond these challenges, severe operational disruptions within the housing industry have introduced additional obstacles for buyers already struggling to enter the market.

> "The big hot topic was affordability."
>
> **Monica Jones**
> Mortgage Originator
> Benicia, California

THE HOUSING AFFORDABILITY CRISIS

The growing gap between housing costs and household incomes continues to push homeownership out of reach for many middle-income families. Limited inventory has kept housing prices high, even as rising interest rates have made borrowing more expensive. As of the third quarter of 2024, Freddie Mac estimates that the U.S. is short 3.7 million housing units relative to demand.[42] Inadequate supply has intensified pressure on existing housing stock, further pushing up prices. Coupled with consistently high mortgage interest rates, affordability remains one of the defining challenges of the housing market.

This combination of factors creates a multitude of challenges for buyers: tight inventory makes it harder to find homes that meets buyers' needs at reasonable prices; higher interest rates make qualification more difficult; and, even when buyers qualify, higher rates lead to higher monthly payments.

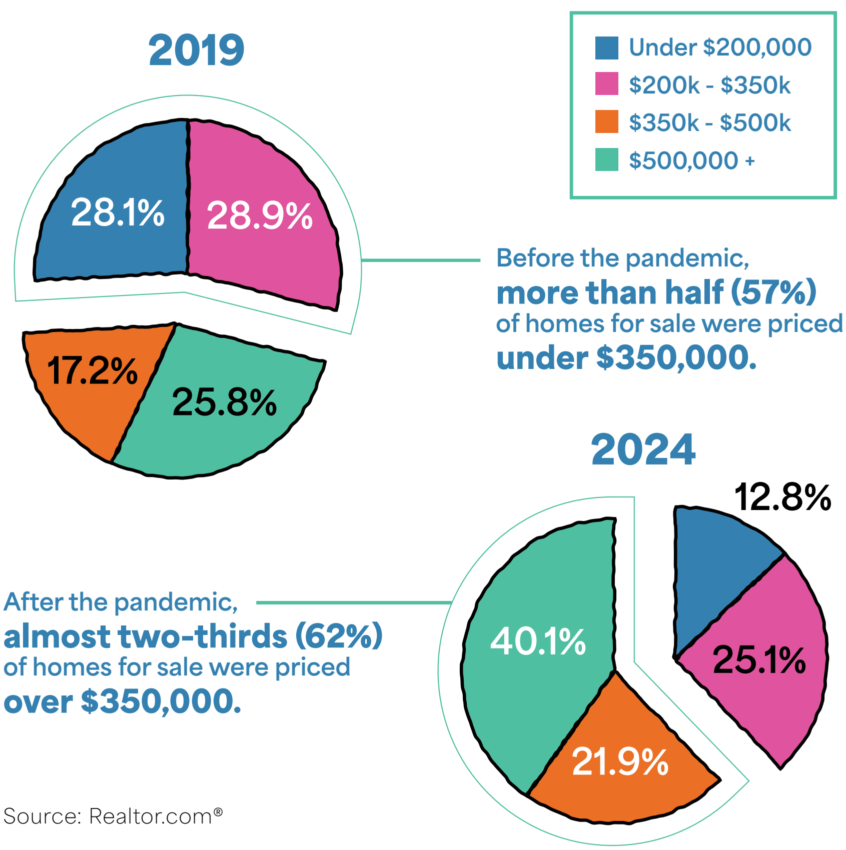
Fernando Ospina, a mortgage originator in the New Jersey and Las Vegas markets, has identified a range of factors contributing to the growing unaffordability gap. "People aren't getting the raises the way that home prices are appreciating in the Northeast," he said. "Now, you still have appreciating market value and an increasing rate environment. It just makes it less affordable." Ospina's insights point to core issues impacting affordability: without wage growth that keeps pace with rising home prices and with borrowing costs increasingly prohibitive, homeownership remains out of reach for many.

HOME PRICES CONTINUE TO RISE

Rising home prices continue to impact potential Hispanic buyers. According to the S&P CoreLogic Case-Shiller U.S. National Home Price Index, average home prices increased nationally by 5.09 percent year-over-year compared to 2023.[43] While this annual rate of increase has slowed from pandemic-era surges, home prices have far outpaced household incomes. The Harvard Joint Center for Housing Studies highlights that not only have home prices increased by a staggering 47 percent since early 2020, but the median sales price is now five times higher than the median household income.[44] The discrepancy is even greater for Hispanic households, where prices outpace incomes at a ratio of six to one.

SHARE OF HOMES FOR SALE IN THE U.S. BY LISTING PRICE

Share of Homes For Sale in the U.S. By Listing Price 2019 to 2024



Source: Realtor.com®

> People go through the process of getting approved for a low-income program, but then they go out on the market and there are no homes to buy."
>
> **Oscar Colato**
> Agent
> Avondale, Arizona

Since the pandemic, the availability of more affordable homes has declined dramatically. According to aggregated sales data from Realtor.com, in 2019, more than half (57.0 percent) of homes for sale in the U.S. were priced below $350,000, and more than one-quarter (28.1 percent) were priced under $200,000. By 2024, those figures dropped to 38.0 percent and 12.9 percent, respectively. Today, 40.0 percent of homes are priced at $500,000 or more, compared to 25.8 percent pre-pandemic.[45]

HOME PRICE APPRECIATION IN TRADITIONALLY AFFORDABLE MARKETS

Even in less expensive markets, dramatic home price appreciation and the widening gap between home prices and incomes have made homeownership challenging for first-time buyers. NAHREP practitioners are seeing this firsthand. Lisbeth Najarro, a Virginia-based mortgage originator who works in Virginia, Maryland, and Pennsylvania, recalls:

"When I started working in Pennsylvania, with $25,000, you were able to buy a house. Now, there is no way. You need at least $40,000, $45,000 to be able to afford something between $180,000 and $200,000. Before, [home prices were] like $140,000, $120,000, $160,000. Now, there is nothing like that."

The lack of affordable homes has reached crisis levels for low-income families. Oscar Colato, an agent in Avondale, Arizona, has extensively researched lender programs aimed at lower-income families, particularly down payment assistance. However, while these resources are available for first-time buyers in his area, there is a catch: buyers who qualify for down payment assistance often cannot qualify for a mortgage high enough to purchase available homes.

"There is a down payment assistance program from the city of Avondale or some other down payment assistance programs that are available from CRA loans from specific lenders. They are mainly maxed at 80 percent of the income in order to qualify. That means that a couple can't make more than $62,000 to qualify, but the prices of the homes are over $400,000. With that requirement of income, there is down payment assistance, but there aren't homes at that price point."

The availability of down payment assistance is critical to helping first-time buyers overcome one of the largest hurdles to homeownership, but without inventory at a price point these buyers can afford, these resources offer little relief. "People go through the process of getting approved for a low-income program, but then they go out on the market and there are no homes to buy," Colato says. "It doesn't do us any good."

SOME MARKETS OFFER MORE AFFORDABILITY RELATIVE TO OTHERS

Several agents noted that they did, in fact, consider their markets to be affordable, but only in relation to other markets. Leopoldo Gutierrez, an agent in Chicago, considers his market affordable "for being a big city." He noted that Chicago is more affordable than other cities like Miami or Austin, particularly if a buyer is looking for a condo. But he also pointed out that finding an affordable single-family home within city limits is a major challenge, forcing buyers to make compromises to find a home they can afford.

Similarly, when asked whether he considered his market to be affordable, Luis Perez, an agent in El Paso, Texas, began by saying that he believed so. However, he went on to note that affordability is relative:

"It's a trick question because if you look at other markets and people moving to Texas, and especially in El Paso, they look at our price point, and they see it being very affordable. If you're somebody [earning] a median income in the city, looking at our market, you might not agree with that."

Perez also highlights the dual impact of migration on housing affordability. While newcomers from higher-costs markets perceive El Paso as an affordable option, migration continues to drive up prices, making homeownership even less attainable for long-term residents.

INTEREST RATES REMAIN HIGH

The combination of rising home prices and high interest rates has created a perfect storm, significantly diminishing affordability, particularly for prospective first-time buyers. Ivan Muriel, a mortgage originator based in Charlotte, North Carolina, stated plainly, "The interest rates are very high, and houses are very expensive. It's not easy."

> I really think that if and when interest rates come down, which I hope will be pretty soon, it'll help the buyers and really move the market."
>
> **Alexander Gutierrez**
> Agent
> Mesquite, Nevada

When asked about factors negatively impacting affordability, participants in NAHREP's 2024 Top Real Estate Practitioner's Study most frequently cited interest rates. After climbing rapidly in mid-2022, interest rates have remained a major burden for first-time homebuyers. While many expected home prices to drop in the face of rising rates, limited housing supply prevented that from happening. Throughout 2024, interest rates remained high, with the average weekly 30-year fixed rate mortgage rate ranging between 6.0 percent and 7.25 percent throughout the year.[46]

Even in markets where home prices did not appreciate dramatically, current interest rates have made homeownership challenging. Genie Irish, an agent in San Diego, one of the country's least affordable markets, explained:

"While the price isn't astronomically different than years prior, the rate affects the payment, which makes it unaffordable...I'd say financial flexibility or affordability of the payment was the most significant challenge last year, which comes down to rates. I wouldn't even put that onto price. I would put that onto rates. That's probably the biggest problem because prices are prices. San Diego is not going to dramatically change. Markets aren't going to dramatically change, but rates impact affordability."

Irish points out that even when prices remain relatively stable, interest rates significantly impact affordability and purchasing power. Eric Estrada, an agent in Colorado Springs, shared this sentiment. Despite prices remaining stable, he noted, "buyers have higher interest rates, which means they can't afford as much of a house." For many buyers, the challenge is not just the home's sticker price, but the long-term burden of higher monthly mortgage payments due to the interest rate.

MANY FIRST-TIME HOMEBUYERS ARE PRICED OUT

The housing affordability crisis has hit first-time homebuyers who have not benefited from years of substantial equity growth, particularly hard. According to the National Association of REALTORS®, first-time homebuyer activity has dropped to record lows. In 2024, first-time homebuyers made up 24 percent of the market, down from 32 percent the year prior. Before the 2008 housing crisis, first-time buyers made up an average of 40 percent.[47]

The disproportionate impact of the affordability crisis on first-time homebuyers has not gone unnoticed by real estate practitioners. "It's becoming less and less affordable for homeowners," Veronica Villafana, a mortgage originator in Houston, said, "especially first-time homebuyers who don't have a lot of money saved." With less money to spend and fewer affordable homes available, first-time homebuyers have limited options.

> "I do my best to try to educate one family at a time."
>
> **Jaime Campos Oslowka**
> Agent
> Chicago, Illinois

IMPACT OF THE REAL ESTATE AGENT COMPENSATION LAWSUITS

As a result of a series of class action lawsuits, the real estate industry has experienced significant disruption to long-standing real estate agent compensation structures that have the potential to create additional barriers for first-time homebuyers. Historically, sellers were required to include an offer of compensation for buyer agents on the Multiple Listing Services (MLS), and those agents were typically compensated through proceeds of the sale.

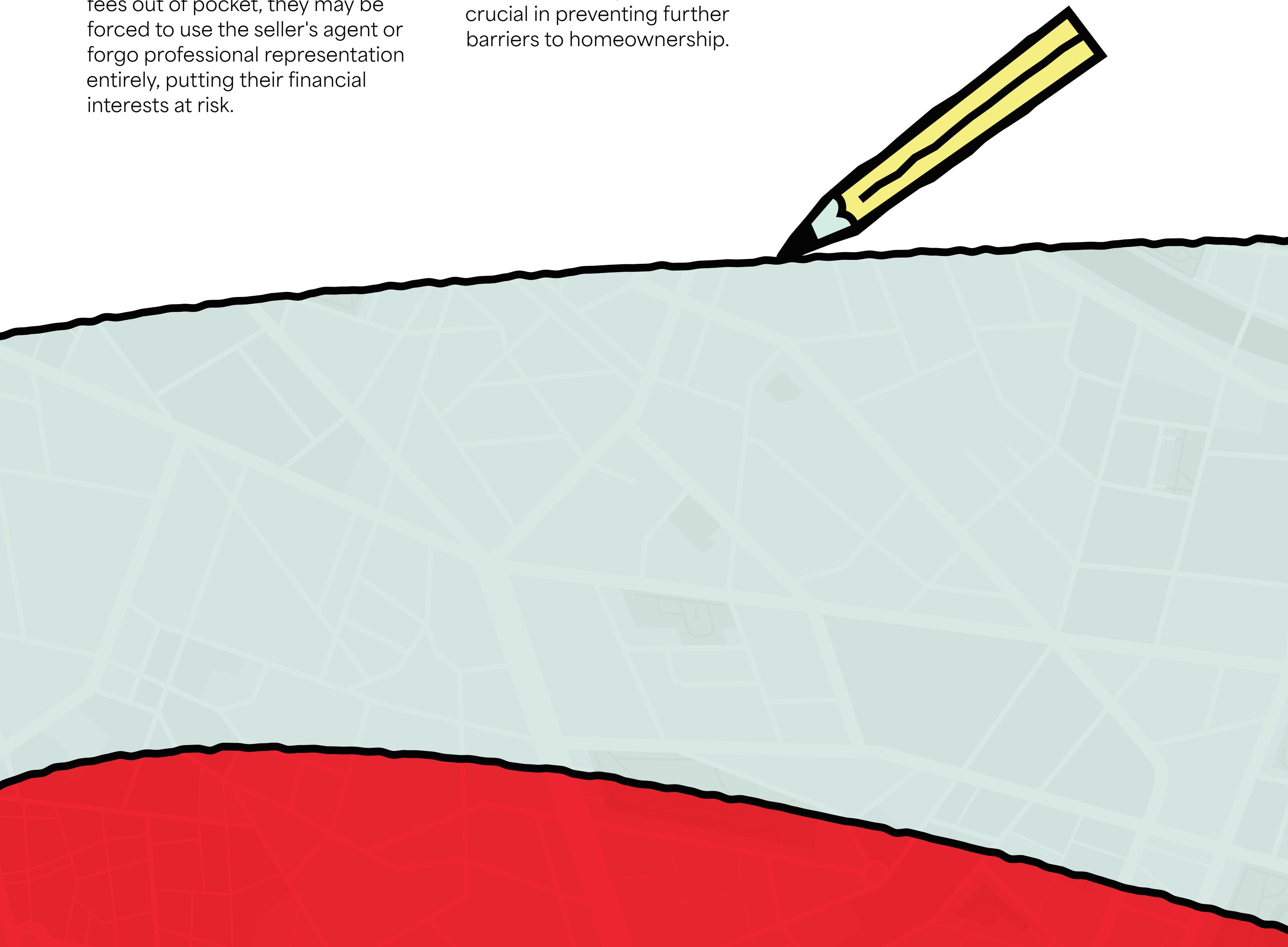
In late 2024, new rules altered these compensation models. While sellers are still allowed to offer buyer agent compensation, those offers cannot be listed on the MLS and must take place through direct negotiation between the buyer and seller agents. Additionally, buyer agents are now required to have written agreements with clients before touring homes, outlining their fees and the buyer's responsibility should the seller not offer adequate compensation.

The impact of these lawsuits has been controversial. Proponents argue that it will enhance transparency, bring down commission costs, and, ultimately, home prices. However, significant concerns surround the impact of these lawsuits on underserved communities and first-time home buyers, as the burden of compensation has been shifted from the seller to the buyer.

CONCERNS FOR FIRST-TIME HOMEBUYERS

In a market plagued with the worst affordability challenges in history, shifting the burden of compensation adds an additional hurdle that many buyers will not be able to overcome. If sellers refuse to cover agent fees, buyers will need to pay out of pocket, adding additional upfront costs. Many first-time homebuyers, who already struggle to pay down payments and closing costs, will be priced out by adding agent compensation. Shifting the burden of compensation to buyers also creates additional incentives for sellers to accept offers from wealthier buyers or institutional investors. Other concerns center around homebuyer protections. If a buyer cannot afford to cover agent's fees out of pocket, they may be forced to use the seller's agent or forgo professional representation entirely, putting their financial interests at risk.

NAHREP's study participants expressed similar concerns. Peggy Pratt, an agent in Revere, Massachusetts, described these buyers as "collateral damage" of the lawsuit. Jaime Tapia, an originator in Northridge, California, has seen buyers discouraged by the new compensation structure in the last quarter of 2024. And, Luis Perez, an agent in El Paso, Texas, noted confusion among first-time buyers in the wake of the settlement. He explained how critical it is that agents be educated and able to clearly explain the new rules to first-time buyers who may otherwise feel overwhelmed and back out of the process altogether. As the industry adapts to these changes, ensuring that first-time buyers understand their options and receive proper guidance will be crucial in preventing further barriers to homeownership.



SECTION 4: OPPORTUNITIES

While significant barriers plague the housing market, opportunities for homeownership remain. Pockets of affordability exist in housing markets where incomes have kept pace with home prices, new construction has expanded inventory, and starter homes are more readily available. Additionally, Hispanic homebuyers are taking advantage of creative strategies to afford homeownership. As in the 2023 State of Hispanic Homeownership Report, co-borrowing and the use of down payment assistance programs also remain essential to Hispanic homebuyers' ability to navigate the ongoing affordability crisis.

TOP OPPORTUNITY MARKETS FOR SINGLE-FAMILY HOMES AND CONDOMINIUMS

NAHREP has identified the top opportunity markets for homebuyers based on affordability. The greatest opportunities exist in markets with a significant Hispanic population (at least 50,000 residents) where incomes have kept pace with home prices. Markets are considered affordable if a median-income household can afford a median-priced home.

As of February 2025, 54 metropolitan statistical areas (MSAs) were considered affordable for median-earning families looking to purchase a single-family home. The top markets for single-family affordability are St. Louis, MO; Pittsburgh, PA; Beaumont-Port Arthour, TX; Wichita, KS; and Amarillo, TX. Notably, three of the top five opportunity markets are outside of Texas, demonstrating some geographic diversity among the top-ranking markets for single-family homes.

TOP 25 OPPORTUNITY MARKETS
Single-Family Homes

RANK	MARKET	SINGLE-FAMILY HOME AFFORDABILITY RATIO	HISPANIC POPULATION
1	ST. LOUIS, MO-IL	1.76	113,300
2	PITTSBURGH, PA	1.49	58,700
3	BEAUMONT-PORT ARTHUR, TX	1.42	74,800
4	WICHITA, KS	1.42	96,800
5	AMARILLO, TX	1.40	83,356
6	ROCHESTER, NY	1.37	92,300
7	LITTLE ROCK-NORTH LITTLE ROCK-CONWAY, AR	1.33	55,200
8	ROCKFORD, IL	1.33	59,100
9	ODESSA, TX	1.32	106,100
10	OKLAHOMA CITY, OK	1.31	232,300
11	BATON ROUGE, LA	1.29	54,500
12	CINCINNATI, OH-KY-IN	1.26	105,500
13	MEMPHIS, TN-MS-AR	1.24	96,000
14	INDIANAPOLIS-CARMEL-ANDERSON, IN	1.24	192,500
15	DES MOINES-WEST DES MOINES, IA	1.23	64,900
16	MIDLAND, TX	1.23	83,400
17	OMAHA-COUNCIL BLUFFS, NE-IA	1.23	130,300
18	BIRMINGHAM-HOOVER, AL	1.21	70,300
19	BUFFALO-CHEEKTOWAGA, NY	1.21	69,200
20	SCRANTON--WILKES-BARRE, PA	1.21	78,800
21	DETROIT-WARREN-DEARBORN, MI	1.21	233,900
22	MCALLEN-EDINBURG-MISSION, TX	1.20	826,100
23	LAREDO, TX	1.20	255,300
24	CORPUS CHRISTI, TX	1.19	288,800
25	TULSA, OK	1.19	141,200

Source: U.S. Census Bureau, 2023 American Community Survey 1-year estimates www.ipums.org. Affordability Ratio is obtained by diving maximum house price by median home value estimates at CBSA-level for December 2024. The calculation for the maximum house price is based on median family income in the CBSA. It operates under the assumption that the front-end debt-to-income ratio would be limited to 31%, assuming they were obtaining a 30-year fixed-rate mortgage with a 3% down payment (mortgage rate as of December 2024 is 6.72%). A CBSA is considered affordable to its median-income household if affordability ratio is greater than or equal to 1. Only CBSAs with more than 50K Hispanic Population are shown.

CONDOS OFFER GREATER AFFORDABILITY FOR ENTRY-LEVEL HOMES

While Hispanic homebuyers generally prefer single-family homes over condos or townhomes, smaller housing types can offer significantly more affordability, especially for first-time homebuyers. As of February 2025, 99 MSAs met the criteria of having both significant Hispanic populations and affordability for median-income families. For condos, the most affordable markets include Tulsa, OK; Baton Rouge, LA; Oklahoma City, OK; Houston, TX; and Beaumont-Port Arthur, TX.

TOP 25 OPPORTUNITY MARKETS
Condominiums

RANK	MARKET	CONDO AFFORDABILITY RATIO	HISPANIC POPULATION
1	TULSA, OK	2.32	141,200
2	BATON ROUGE, LA	2.23	54,500
3	OKLAHOMA CITY, OK	2.20	232,300
4	HOUSTON-THE WOODLANDS-SUGAR LAND, TX	2.12	2,841,500
5	BEAUMONT-PORT ARTHUR, TX	2.10	74,800
6	DES MOINES-WEST DES MOINES, IA	2.02	64,900
7	ST. LOUIS, MO-IL	1.94	113,300
8	WICHITA, KS	1.93	96,800
9	COLUMBIA, SC	1.90	56,900
10	MINNEAPOLIS-ST. PAUL-BLOOMINGTON, MN-WI	1.77	254,000
11	KANSAS CITY, MO-KS	1.77	248,000
12	MCALLEN-EDINBURG-MISSION, TX	1.73	826,100
13	LAKELAND-WINTER HAVEN, FL	1.73	247,900
14	CINCINNATI, OH-KY-IN	1.70	105,500
15	GREENSBORO-HIGH POINT, NC	1.68	84,100
16	OMAHA-COUNCIL BLUFFS, NE-IA	1.68	130,300
17	WINSTON-SALEM, NC	1.67	84,900
18	WACO, TX	1.64	72,800
19	HARTFORD-EAST HARTFORD-MIDDLETOWN, CT	1.62	186,900
20	DALLAS-FORT WORTH-ARLINGTON, TX	1.61	2,400,000
21	ORLANDO-KISSIMMEE-SANFORD, FL	1.56	942,700
22	INDIANAPOLIS-CARMEL-ANDERSON, IN	1.55	192,500
23	SAN ANTONIO-NEW BRAUNFELS, TX	1.53	1,500,000
24	EL PASO, TX	1.52	720,800
25	ROCKFORD, IL	1.51	59,100

Source: U.S. Census Bureau, 2023 American Community Survey 1-year estimates www.ipums.org. Affordability Ratio is obtained by diving maximum house price by median home value estimates at CBSA-level for December 2024. The calculation for the maximum house price is based on median family income in the CBSA. It operates under the assumption that the front-end debt-to-income ratio would be limited to 31%, assuming they were obtaining a 30-year fixed-rate mortgage with a 3% down payment (mortgage rate as of December 2024 is 6.72%). A CBSA is considered affordable to its median-income household if affordability ratio is greater than or equal to 1. Only CBSAs with more than 50K Hispanic Population are shown.

NEW CONSTRUCTION HOUSING INVENTORY

Although national new construction rates have not kept pace with demand, certain markets are doing a better job creating new housing supply through new construction than others. Texas leads in new construction housing inventory, with 4 out of the top 10 markets for the largest share of new construction listings, outpacing coastal markets where supply remains constrained. Additionally, Texas is home to the top two markets with the highest number of active listings, Houston and Dallas, which had a combined total of 70,541 active listings as of December of 2024.[48]

TOP 10 MARKETS WITH THE HIGHEST SHARE OF NEW CONSTRUCTION LISTINGS FOR SINGLE-FAMILY HOMES

	SHARE OF NEW CONSTRUCTION LISTINGS	TOTAL ACTIVE LISTINGS
Raleigh-Cary, NC	54.0%	5,833
Boise City, ID	51.7%	4,596
El Paso, TX	42.4%	3,934
Richmond, VA	40.9%	4,046
Nashville, TN	40.7%	8,744
Houston, TX	35.8%	38,409
Austin, TX	35.7%	11,369
Charlotte, NC	35.5%	12,137
Dallas, TX	34.8%	32,132
Minneapolis, MN	34.1%	9,343

Source: Calculations using MLS Data from Corelogic & Clear Capital for December 2024.

"Homebuilders have been extremely flexible with buyers."

Luis Perez
Agent
El Paso, Texas

To address affordability challenges, homebuilders across the country are offering incentives to attract buyers. These include rate buydowns and closing cost assistance, which make homeownership more attainable. From Georgia to Arizona and just about everywhere in between, agents and originators spoke about these incentives. "When it comes to new construction," Luis Perez, an agent in El Paso, said, "home builders have been extremely flexible with buyers." Perez described builders offering flexible closing dates and rate buydowns. "In a new home right now, you could get a rate for five and a half."

Buydowns make a significant difference in affordability. For example, a buyer interested in purchasing a $300,000 home with 3.5 percent down and a 30-year fixed-rate mortgage would pay $1926 per month (before taxes, insurance, etc.) at a 7 percent interest rate. At a rate of 5.5 percent, the payment drops to $1644, a difference of nearly 15 percent.

With such valuable incentives, new home construction sales have increased dramatically in some markets. Oscar Colato, an agent in Avondale, Arizona, reports that about half of his team's sales in 2024 were new homes due to lower interest rates compared to resale properties. The only drawback is that some builders require larger down payments. "For the people that could afford to bring their own down payment," he explained, "then a new home with that interest rate made the most sense."

Rate buydowns were not the only incentives offered by new home builders. Gabriela Villafranco, a mortgage originator in Duluth, Georgia, recalled builders in her area "reducing the rates, and on top of that, giving large amounts towards closing costs." Similarly, Oscar Reto, an originator in Charlotte, North Carolina, described builders offering up to $25,000 in closing cost assistance. These incentives have made new homes more appealing and accessible option for many buyers, contributing to an uptick in new home sales.

HIGHER SHARE OF "STARTER HOMES" AVAILABLE FOR PURCHASE IN THE MIDWEST

The Midwest has a higher share of starter homes, properties with 1,400 square feet or less, than other regions, making it more accessible for first-time buyers. As of December 2024, nearly one-third or more of active listings in Detroit, MI (44 percent); Philadelphia, PA (36 percent); Toledo, OH (36 percent); Dayton, OH (33 percent); and St. Louis, MO (32 percent) were considered starter homes.[49] Starter homes tend to be more affordable, and Midwest home prices remain more affordable overall, regardless of home size. These factors make the Midwest an appealing option for first-time homebuyers.

CO-BORROWING AND DPA REMAIN CRITICAL STRATEGIES FOR ACHIEVING HOMEOWNERSHIP

The 2023 State of Hispanic Homeownership Report highlighted how Hispanic homebuyers utilized co-borrowers and Down Payment Assistance (DPA) programs to overcome affordability challenges. These strategies remained prevalent in 2024, as noted by both real estate agents and mortgage originators in NAHREP's Top Producer study. Co-borrowers help buyers qualify for a mortgage when their income alone may not be sufficient, while DPA programs provide critical funds for down payments and closing costs. Together, these strategies help make homeownership more attainable, particularly for first-time homebuyers.

TOP 5 MARKETS FOR STARTER HOMES

Markets with the highest share of "starter homes" listings, properties 1400 sq ft or less

Detroit, MI	44%
Philadelphia, PA	36%
Toledo, OH	36%
Dayton, OH	33%
St. Louis, MO	32%

Source: Calculations using MLS Data from Corelogic & Clear Capital for December 2024.

More than two thirds of participants in NAHREP's Top Producing Real Estate Practitioner Study discussed the use of co-borrowing and cosigning among Hispanic families working toward homeownership. Some, like Eric Estrada, an agent in Colorado Springs, Colorado, attributed this trend to the deep-rooted importance of family in Hispanic culture. Critically, when family members support one another by co-borrowing, purchasing power increases. This method is particularly useful in the current higher-rate environment, as interest rates directly impact purchasing power.

Federico Montoya is a mortgage originator in Westminster, Colorado noted that the current cost of homes "requires" family members to combine resources to afford a home. He discussed the importance of family and a cyclical pattern of family co-signing:

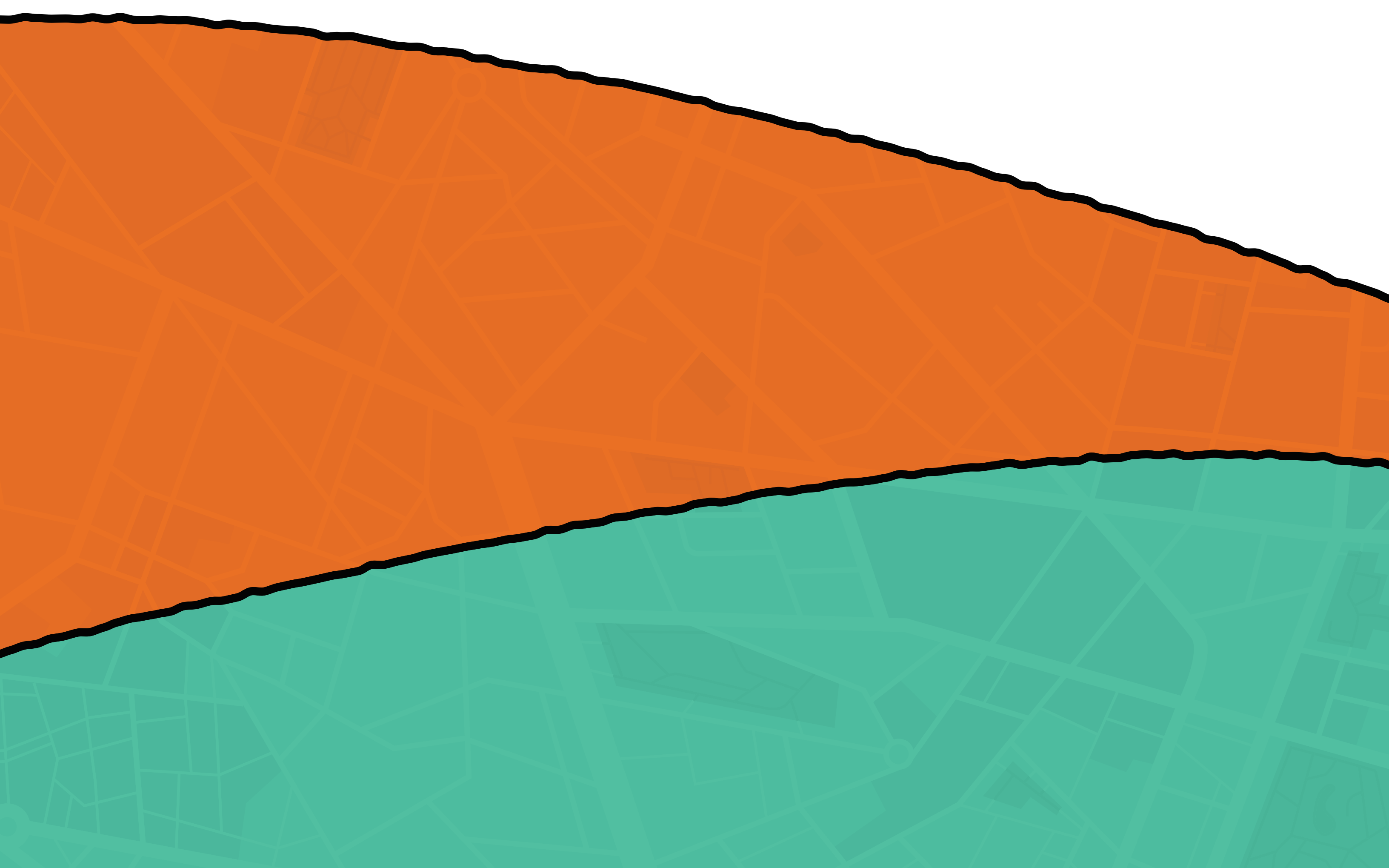
"One brother might co-sign for another brother. They get their house, then things get established, and then the other brother will co-sign for the other one. You see that all the time. They're always pooling of money, as far as saving up money, whatever they need to purchase a home. You always see family helping family in that regard."

By pooling resources in this way, families support one another, enabling successive generations to become homeowners. This cycle has major implications for wealth building and long-term financial stability. Sharing financial responsibility allows families both overcome affordability challenges and create pathways for generational homeownership and wealth accumulation.

While co-borrowing or co-signing helps families qualify for a mortgage, it does not necessarily guarantee additional cash for down payments and closing costs. Fortunately, many states, cities, and lenders offer Down Payment Assistance (DPA) programs to help offset these costs. Like co-borrowing, the need for DPA has increased as the affordability crisis worsened.

Oscar Colato, an agent in Avondale, Arizona, pointed out that when homes were more affordable, down payments were much more manageable. For example, purchasing a $200,000 home might have required a $6,000 down payment. Unfortunately, $200,000 homes are now few and far between in many markets. Now, Colato explained, "You need a down payment of $15,000 - $20,000, and getting that amount of money is a challenge sometimes." In these cases, DPA programs can mean the difference between homeownership or being priced out of the market.

Expanding access to and awareness of DPA programs is critical, especially given ongoing affordability challenges. As home prices continue to rise, the role of DPA in bridging the gap between hopeful homebuyers and ownership opportunities will only grow in importance. By continuing to offer DPA programs, state and local governments, as well as private companies, can drastically increase opportunities for first-time buyers to achieve homeownership.



SECTION 5: ROLE OF IMMIGRANTS IN THE HOUSING MARKET

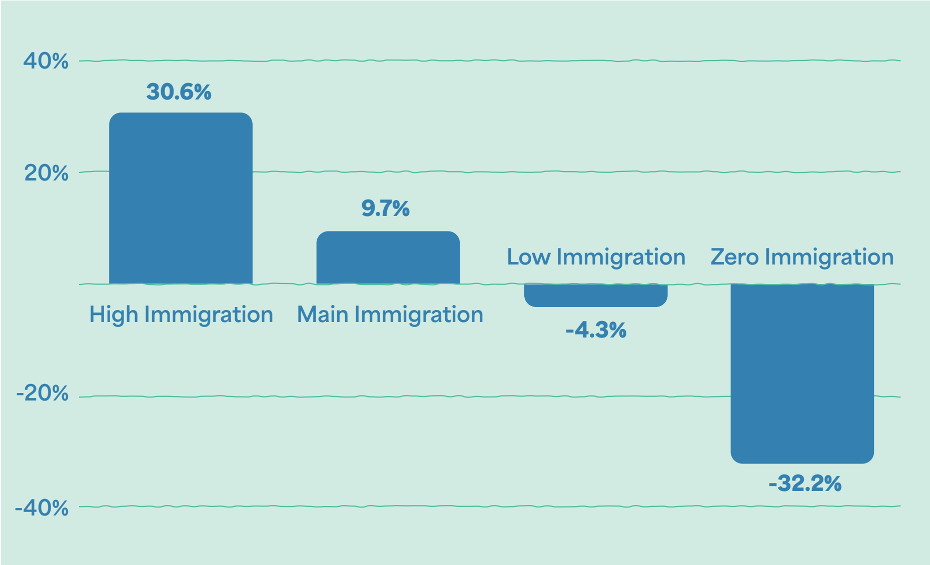
Immigrants are vital to both the U.S. housing market and the nation's economic stability. Despite polarizing rhetoric surrounding immigration policy, immigrants have long supported the U.S. population, workforce, and economy. Their contributions to the housing market are especially significant, as they make up a substantial share of workers in the construction industry, which faces persistent labor shortages and rising costs. Without immigration reform that prioritizes both secure borders and increased access to immigrant labor, the construction industry will continue to struggle to meet housing demand.

POPULATION PROJECTIONS: WITHOUT IMMIGRANTS, THE U.S. WILL SEE POPULATION DECLINES

The U.S. population is aging, and current fertility rates are insufficient to sustain the population. According to projections by the U.S. Census Bureau, the U.S. population is expected to peak in 2080 and then begin to decline. Declining fertility rates are also projected to impact the population's age structure. By 2029, there will be more people over 65 than children under 18, and by 2100, the median age of the general population is expected to increase to 47.9.[50]

U.S. POPULATION GROWTH PROJECTIONS 2022 - 2100

Changes in Population Growth Projections Based on Alternative Immigration Scenarios



Source: Brookings Metro, William H. Frey analysis of US Census Bureau population projections.

These projections are based on current birth and immigration rates. As part of this data series, the U.S. Census Bureau makes the same projections in high, low, and zero-immigration scenarios. While the zero-immigration estimate is meant to be purely illustrative, as it is unlikely the country will experience a complete lack of immigration, the data demonstrate how important immigrants are to sustaining the U.S. population and workforce. According to the projections, in a zero-immigration scenario, the U.S. population would have already begun to decline in 2024, with a projected 32.2 percent decline by 2100.[51]

IMMIGRANTS PLAY A KEY ROLE IN THE HOUSING INDUSTRY WORKFORCE

The housing industry has faced ongoing labor shortages for years, dating back to the Great Recession. Rebuilding the construction labor force has proven challenging, with the shortage becoming more pronounced in recent years. According to the Associated Builders and Contractors (ABC), the construction industry needs to attract 439,000 new workers in 2025 to meet demand. Failure to meet this demand will accelerate labor costs and reduce production industry-wide.[52]

Immigrant workers are a key source of labor in the construction industry, making up 24.7 percent of the construction workforce, a record high. Among construction trades, the share of immigrant labor is even higher at 31 percent.[53] This is especially true in home construction trades such as carpentry, painting, drywall and ceiling tile installation, brick masonry, and general construction labor. Importantly, these trades—critical to home construction and driven by the immigrant workforce—are among those experiencing the most severe labor shortages.

Immigrants play an even larger role in states where housing affordability challenges are most acute. In California and New York, immigrant workers make up 41 percent and 37 percent of the construction labor force, respectively. Immigrants also make up nearly 40 percent of the construction workforce in Texas (38 percent), Florida (38 percent), and Nevada (36 percent).[54]

LARGE-SCALE DEPORTATIONS WILL WORSEN THE U.S. HOUSING CRISIS

To meet labor demands, the construction workforce needs more immigrant workers, not fewer. Recent shifts in immigration enforcement promise to accelerate the detention and removal of undocumented individuals.[55] Without concurrent efforts to allow more targeted legal immigration, these policies will devastate an industry already struggling to attract workers.

Importantly, it is estimated that more than half (54 percent) of immigrants in the construction workforce are undocumented.[56] If the enforcement actions proceed without new legal pathways to attract foreign workers, the construction industry will face further project delays and increased costs. According to the Urban Institute, the U.S. stands to lose between 1.7 and 1.8 million undocumented construction workers in the wake of enforcement.[57]

Beyond exacerbating existing labor shortages, losing undocumented workers will indirectly lead to a net job loss for U.S.-born workers, particularly in higher-skilled roles.[58] When lower-skilled jobs historically filled by undocumented workers go unfulfilled, higher-skilled jobs associated with those projects are no longer needed. This ripple effect the impact of job losses, worsening an already undersupplied workforce.

REMOVAL OF UNDOCUMENTED IMMIGRANTS UNLIKELY TO REDUCE HOUSING DEMAND

One argument in favor of increasing the pace and rate of deportations is that undocumented immigrants strain resources, including housing demand, and given the ongoing housing affordability crisis, this could push up housing prices even further. Yet, most economists agree that the recent increase in immigration has not been a factor in rising home prices.

According to the Harvard Joint Center for Housing Studies (JCHS), the recent surge in immigration does not align with rising home prices and is unlikely to have played a role. While the number of new immigrants arriving in the U.S. has tripled, increasing from an average of 990,000 in 2020 and 2021, to 2.7 million in 2022, and 3.3 million in 2023, other factors are likely to blame for home price increases. JCHS argues that the primary factors driving up housing prices in the past decade are the unusually large millennial generation reaching prime homebuying years, delayed household formation following the Great Recession, historically low interest rates, and the pandemic-driven demand for more space.[59]

Furthermore, the assertion that deporting undocumented immigrants will significantly lower the demand for housing, thereby freeing up housing supply available to American citizens and lowering home prices is flawed. Of the estimated 6.3 million households with at least one undocumented resident, nearly 70 percent are mixed-status, meaning that at least one person in the household is a U.S. citizen or has other legal status.[60] Deporting these immigrants would do little to diminish the demand for housing, as many of their family members are living in the U.S. legally.

RISING BUILDING MATERIALS IMPACTING THE HOUSING MARKET

In addition to labor shortages, rising material costs impact the housing market, making new builds more expensive. Since the onset of the COVID-19 pandemic, the cost of materials has increased significantly. According to the National Association of Home Builders (NAHB), the cost of most building materials has surged, with some increasing by more than 50 percent over the last four years. Between 2020 and 2024, steel-mill products (77 percent higher), power and distribution transformers (72 percent higher), gypsum building materials (48 percent higher), and inputs to residential construction (38 percent higher) have increased the most rapidly.[61]

Further increases in building material costs are expected in 2025 should tariffs on Canadian and Mexican goods remain in effect. The NAHB reports that over 70 percent of softwood lumber and gypsum, two of the most essential materials for homebuilding, come from Canada and Mexico.[62] Further increases to building material costs will likely discourage new construction and push home prices even higher.

LOOKING AHEAD WITH PUBLIC POLICY

NAHREP has long supported immigration policy reform that supports a strong economy and housing ecosystem while securing our borders. Effective policy should prioritize increasing the availability of employment-based visas, particularly H-2B visas, which enable U.S. employers to hire temporary, non-agricultural workers. Increasing availability, broadening eligibility, and streamlining processing will allow businesses to address labor shortages more efficiently. Immigration reform must also establish a pathway to citizenship for the millions of undocumented immigrants already contributing to the U.S. economy. Doing so will increase workforce participation and support broader economic stability.

The U.S. housing market is in crisis, and the industry urgently needs more workers to meet growing demand. The data is clear: Latinos are driving housing demand, but the industry is not adequately prepared to meet their needs. NAHREP calls on Congress and the Administration to remove barriers and enact crucial reforms to immigration policies that address the nation's labor shortages and housing supply.

END NOTES

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NAHREP 2025 Policy Priorities

The National Association of Hispanic Real Estate Professionals (NAHREP) 2025 Policy Priorities are based on NAHREP's mission – to advance sustainable Hispanic homeownership. NAHREP believes every individual who desires to become a homeowner and can sustain a mortgage should have access to homeownership.

To that end, NAHREP focuses its advocacy efforts on four main policy areas:

1. **HOUSING AFFORDABILITY**
2. **ACCESS TO CREDIT**
3. **INDUSTRY BEST PRACTICES**
4. **MACROECONOMIC ISSUES**

1. HOUSING AFFORDABILITY

Access to affordable homeownership is essential for economic stability and wealth-building in Latino communities. Yet, rising home prices, limited housing supply, and restrictive underwriting and tax policies continue to put homeownership out of reach for many. NAHREP's 2025 policy recommendations aim to address these barriers and create pathways to sustainable homeownership.

REFORM TAX POLICIES TO ENHANCE THE ACCESSIBILITY OF HOMEOWNERSHIP

Establish a First-Time Homebuyer Tax Credit. Tax policy has the potential to make homeownership more affordable, particularly for first-time buyers. NAHREP supports the creation of a First-Time Homebuyer Tax Credit that is applied at the time of purchase rather than after filing taxes. This real-time benefit would directly reduce closing costs and initial financial burden for low- and moderate-income buyers (households earning up to 150% of the area median income).

Similar programs, like the original 2008 First-Time Homebuyer Tax Credit, have shown the power of targeted tax policies in stimulating home purchases. However, delays in receiving the credit have limited their effectiveness. By delivering the benefit at closing, this proposal would align better with buyers' financial needs at the critical moment of purchase. Legislation like the proposed **First-Time Homebuyer Tax Credit Act** demonstrates the feasibility of this approach, offering a refundable tax credit of up to $15,000 that buyers can access during the closing process. This kind of policy provides a viable solution for reducing financial barriers for first-time homebuyers.

Create Capital Gains Tax Incentives for Sellers. Encouraging homeownership requires innovative solutions that expand access to housing while incentivizing responsible selling practices. NAHREP supports eliminating capital gains taxes for homeowners who sell their properties to owner-occupants.

Currently, tax policy discourages home sales by treating accrued equity as a capital gain. This creates a disincentive for those looking to move up to their second home. Eliminating these taxes would create a meaningful incentive for sellers to prioritize owner-occupants over institutional investors, who often outcompete families in the housing market. By increasing the number of homes available exclusively to owner-occupants, this measure would help address inventory shortages and stabilize communities.

This reform would also strengthen community investment by ensuring that homes serve as primary residences for families, fostering deeper neighborhood ties and long-term stability. NAHREP believes this approach balances economic growth with the social benefits of increased homeownership opportunities.

Incentivize Affordable Housing Development. The construction of affordable housing is often hindered by the high cost of development. NAHREP supports expanding Low-Income Housing Tax Credits (LIHTC) to provide greater incentives for private developers to build and maintain affordable housing. Legislation like the Affordable Housing Credit Improvement Act aims to strengthen the LIHTC program, allowing more developers to participate and increasing the availability of low- and moderate-income housing.

EXPAND AFFORDABLE INVENTORY BY SUPPORTING DEVELOPMENT AND ENCOURAGING SALES

Addressing the housing affordability crisis requires increasing the overall supply of homes, particularly those accessible to first-time buyers. NAHREP advocates for comprehensive solutions that streamline development, incentivize affordable housing construction, and expand homeownership options for underserved communities. Federal measures like the **Neighborhood Homes Investment Act** play an important role by encouraging private investment in the rehabilitation and development of affordable housing and underinvested communities.

Streamline Zoning and Land-Use Regulations. Zoning laws and land-use regulations often create barriers to housing development, particularly in high-demand urban areas. NAHREP supports:

- Federal and state efforts to reform zoning policies, such as the YIMBY **(Yes In My Backyard) Act**, which encourages local governments to remove restrictive zoning that limits new housing construction.
- The **Reducing Regulatory Barriers to Housing Act**, which assists states and localities in modernizing zoning and land-use regulations by providing technical support, model legislation, codes, and reform strategies at the local level.

- Local reforms, such as those implemented in Minneapolis, that have successfully allowed for more housing density and reduce single-family zoning, enabling more construction of affordable housing options.

Increase Smaller Scale Homeownership Opportunities. Increasing smaller-scale homeownership opportunities is a key strategy for addressing the shortage of affordable housing, especially in urban areas. NAHREP advocates for construction of missing middle housing, including duplexes, triplexes, and smaller condominium buildings, to provide affordable options for first-time homebuyers. Cities like Portland have implemented zoning reforms that encourage the development of missing middle housing, providing a greater variety of affordable housing types within established neighborhoods.

Increase Builders' Access to Capital. Affordable housing supply is directly impacted by developers' ability to access capital, especially in high-cost markets. NAHREP supports:

- Policies that enhance access to financing, such as expanding the **Capital Magnet Fund**, which provides grants to affordable housing developers and community development financial institutions (CDFIs).
- Reforming **Opportunity Zone (OZ)** funding to increase housing availability in areas where affordable housing is scarce. The current structure disproportionately benefits higher median income OZs. Opportunity Zones should be selected based on more stringent selection requirements (e.g., lower median incomes). In addition, full Opportunity Zone tax benefits should be reserved for investments that lead to a substantial creation of new jobs or the construction of affordable housing units. The program should prioritize funding for affordable housing development, and no funding should be provided for projects that result in a net reduction in affordable housing.

Reevaluate ADC Loan Requirements. To stimulate the building of more affordable homes, banking regulators should reevaluate the capital, reserves, leverage restriction, and concentration limits imposed on banks making Acquisition, Development, and Construction (ADC) loans available to developers. Restrictive requirements on banks, coupled with the unprecedented eleven interest rate increases by the Federal Reserve in the 18-month period between 2022 and the end of 2023, have resulted in a severe constriction of affordable credit to developers across America. NAHREP calls for a prudent relaxation of the capital, reserve, leverage, and concentration standards to enable banks to finance construction of affordable single-family and missing middle homes.

Expand Assumability of Mortgages. NAHREP advocates for expanding the assumability of mortgages, particularly for government-backed loans, to help increase housing inventory and make homeownership more accessible for first-time buyers. Assumable mortgages allow buyers to take over existing loans at the original interest rate, making homes more affordable in high-rate environments.

LOWERING HOMEOWNER'S INSURANCE COSTS AND ENSURING AVAILABILITY

Rising homeowner's insurance costs and limited availability have worsened the affordability crisis, especially in disaster-prone areas. To address these challenges, NAHREP proposes:

- **Balanced regulation of banks** providing lines of credit to insurance companies to prevent overly restrictive measures that could undermine the capacity of insurers to underwrite policies and drive up premiums. Thoughtful regulation should aim to stabilize the insurance market while preserving consumer access to affordable coverage.
- **Incentives for resilient construction and renovations**, practices that often mitigate homeowner insurance costs. Providing tax credits or subsidies for homeowners who invest in resilience-enhancing measures–such as hurricane-resistant roofing, wildfire mitigation techniques, or flood-proofing–reduces potential claims, which can translate to lower premiums. Policies that promote resilient construction not only lower insurance costs but also protect homeowners from catastrophic financial losses in the face of increasingly frequent natural disasters.
- **Addressing the potential impact of tariffs on building materials**, to maintain affordable insurance rates. Tariffs on imported materials, such as steel, lumber, and cement, inflate repair and rebuilding costs. These ripple through the insurance market, driving up premiums as insurers adjust for higher replacement expenses. Fair trade policies and material cost reductions can alleviate pressure on insurance rates and make housing more affordable for all. NAHREP supports exempting essential materials necessary for home construction from such tariffs.

PROTECT FEDERAL AGENCIES THAT ENSURE FAIR AND AFFORDABLE HOUSING

The Department of Housing and Urban Development (HUD), including its Federal Housing Administration (FHA), and the Consumer Financial Protection Bureau (CFPB) play a crucial role in ensuring fair, affordable housing opportunities and responsible lending for all Americans. Recent actions taken by the Administration, such as significant staff and funding cuts, would severely undermine these organizations' essential functions and disrupt their ability to serve both prospective homebuyers and current homeowners. Therefore, it is imperative to protect and strengthen these agencies to ensure they continue to fulfill their mission of promoting fair and affordable access to housing and transparent financial practices.

Preserve HUD's Efforts to Ensure Fair and Affordable Housing. HUD oversees a wide range of programs that support affordable homeownership and secure housing for all Americans. Staff and funding cuts to the Department risk destabilizing the housing ecosystem and increasing costs for consumers. In addition, a reduction of resources for the Department's Federal Housing Administration (FHA) and Office of Fair Housing and Equal Opportunity (FHEO) will jeopardize access to fair and affordable homeownership opportunities.

Millions of Americans depend on the Federal Housing Administration for affordable access to mortgage credit through its home lending program, which provides a lower down payment option and more flexible underwriting criteria than conventional mortgages. Eighty percent of FHA purchase mortgages are granted to first-time buyers. Without FHA loans, many first-time homebuyers would be unable to purchase a home, significantly affecting markets nationwide.

Maintain CFPB Oversight of Mortgage Markets and Enforcement Capabilities. The 2008 housing market crash and resulting Great Recession were direct results of unsound lending practices and a lack of regulatory oversight. In the wake of these crises, the CFPB was established to protect consumers from unfair or risky practices like those that led to the crash. Since then, the Bureau has emerged as the foremost regulator of the mortgage industry, ensuring borrowers have access to mortgage credit while supervising lenders and monitoring financial markets.

One of the most crucial regulations of the CFPB is the Ability-to-Repay Rule, which mandates that lenders make a reasonable and good faith assessment of a borrower's ability to repay their mortgage. This rule was specifically established to prevent risky lending practices, such as no income verification loans and negative amortization loans, which contributed to the housing market crash. In addition to ensuring the Ability-to-Repay, the oversight and enforcement by the CFPB also uphold appropriate underwriting standards, offer borrowers financial education, and create a level playing field between depository and non-depository lenders, fostering competition that benefits consumers. Without the CFPB's ability to enforce these regulations, the nation risks reverting to the race to the bottom of unsound mortgage lending and an increased likelihood of another housing crisis.

2. ACCESS TO CREDIT

Access to mortgage credit is a critical factor in increasing Latino homeownership, yet many qualified borrowers face systemic barriers due to outdated credit models, rigid underwriting practices, and excessive fees. NAHREP supports policies that modernize credit scoring, promote inclusive underwriting, and expand lending programs tailored to underserved communities. Expanding access to mortgage credit to those who need it and exhibit appropriate levels of risk will go a long way towards increasing homeownership opportunities and creating pathways to generational wealth for Latino families.

EXPAND ACCESS TO CREDIT THROUGH INNOVATIONS IN UNDERWRITING

Credit Score Modernization. Credit scoring models must evolve to reflect the realities of today's borrowers, particularly those from underserved communities. NAHREP supports the expansion and adoption of updated scoring systems like FICO 10T and VantageScore, which consider a broader range of financial behaviors, including patterns in payment history over time. These models provide a more accurate and comprehensive view of a borrower's creditworthiness, allowing millions of additional consumers to qualify for mortgage credit. Updating the credit scoring system is a critical step toward leveling the playing field and expanding access to homeownership.

Encouraging competition and innovation in the credit scoring industry also has implications for affordability. Origination costs, specifically, the costs of credit reports, have increased dramatically over the past decade. Since 2018, the price of a FICO credit report has increased by an estimated 725 percent. Expanding participation in this marketplace will encourage competition, ultimately lowering costs for consumers.

More Inclusive Underwriting Practices. Incorporating alternative data into underwriting processes is essential for improving access to credit, particularly for individuals with limited or non-traditional credit histories, a challenge that disproportionately affects immigrants, communities of color, and low-income households. It also benefits non-W2 earners, including gig economy workers and self-employed individuals.

NAHREP supports incorporating positive rental payment history, consistent utility and telecom payments, and cash-flow underwriting, which assesses a borrower's income and expenses, into mortgage approvals. Cash-flow underwriting, in particular, evaluates a borrower's income and spending patterns over time, providing a more accurate picture of their ability to manage debt. By considering these diverse financial behaviors, lenders can extend mortgage opportunities to more qualified borrowers who may not fit traditional lending models.

TARGETED LENDING IN UNDERSERVED COMMUNITIES

Evaluate and Expand GSE Special Purpose Credit Programs. GSE Special Purpose Credit Programs (SPCPs) are a valuable tool in addressing the historical and systemic barriers that have limited equitable access to mortgage credit. Lenders should develop SPCPs to specifically target low- and moderate-income homebuyers, who often face disadvantages due to a lack of generational wealth and limited access to financial literacy resources. By tailoring lending practices and criteria, SPCPs can help close homeownership gaps and create long-term wealth-building opportunities. NAHREP supports efforts to scale these programs, including through public-private partnerships, to further extend their impact and ensure equitable access to homeownership.

However, there is little public information about how widely SPCPs have been used or their overall impact. Therefore, we urge the FHFA to collect and publish data on the utilization and scale of the program, with particular focus on the purpose of approved programs and lessons learned from unapproved programs to identify barriers to SPCP expansion.

Increase Federal Home Loan Banks' Affordable Housing Program Set-Asides. The Federal Home Loan Banks (FHLBs) play a key role in supporting affordable housing through their **Affordable Housing Programs (AHPs)**. NAHREP urges the FHFA to increase the required set-aside of FHLBs' profits for AHPs from 10% to 20%, ensuring more funding is allocated toward creating and preserving affordable housing opportunities. These funds are critical for providing down payment assistance, closing cost support, and funding for affordable rental housing developments, particularly for first-time and low-income homebuyers. Expanding AHP funding would enable FHLBs to better address growing affordability challenges and direct more resources toward underserved communities.

MAINTAINING GOVERNMENT SUPPORT AND OVERSIGHT OF THE GSES

Fannie Mae and Freddie Mac (GSEs) are essential to maintaining liquidity and stability in the mortgage market. They also play a critical role in promoting affordable housing for low-income and underserved communities. However, they cannot fulfill that mission without continued government support in the form of subsidies, guarantees, financial resources, and their special legal status. We urge all federal policymakers and regulators to maintain this support structure for the GSEs while ensuring they increase their efforts to support affordable housing.

Although the GSE's largely met their affordable housing goals in 2023, the widespread shortage of affordable housing in the US requires them to do more. The GSE's goals need to be raised and require more to make a meaningful impact on the affordable housing crisis. We urge the FHFA to raise the GSEs' affordable housing goals and exercise greater oversight to make sure goals are met.

Eliminate LLPAs. Loan Level Price Adjustments (LLPAs) disproportionately impact low- and moderate-income borrowers by increasing the cost of accessing credit based on factors such as credit scores and loan-to-value ratios. These additional fees often penalize borrowers who already face systemic barriers to homeownership, including many in the Latino community.

Eliminating LLPAs would remove excessive and duplicative financial hurdles, allowing creditworthy borrowers to benefit from fairer pricing, ultimately making homeownership more accessible. LLPAs currently function to enhance profitability, despite the lack of increased risk, which is only detrimental for consumers. NAHREP emphasizes that affordability should not hinge on fee structures that exacerbate inequities in the housing market.

REDUCE MORTGAGE INSURANCE PREMIUMS CHARGED BY THE FHA

NAHREP supports lowering Up-Front Mortgage Insurance Premiums (MIP) for FHA loans. These fees, required at closing of the mortgage transaction or rolled into the loan balance and financed for 30 years, increase the overall cost of homeownership. It is important to note that in addition to Up-Front MIPs, FHA also charges an Annual MIP Premium paid by the homeowner as part of their monthly mortgage payment, which further raises monthly mortgage payments.

The statutory minimum FHA Insurance capital reserve is 2 percent of the outstanding balance of mortgage loans insured by FHA. Yet, as of September 2024, the capital reserve at FHA reached 11.47 percent, more than five times higher than the minimum reserve. This is up from 10.51 percent in 2023 to the current 11.47 percent. While it may be prudent to hold a capital reserve above the minimum, it is not necessary to overcharge new homeowners in their Up-Front MIP to maintain that capital reserve. FHA could reduce upfront premiums to offset mortgage rate increases, making homeownership more attainable for more Hispanic and other first-time homebuyers.

3. INDUSTRY BEST PRACTICES

A strong and equitable housing market depends on fair real estate practices, transparent transactions, and a diverse industry that reflects the communities it serves. Ensuring buyers have access to professional representation, maintaining clear listing policies, and increasing Latino representation in the real estate sector are key to expanding homeownership opportunities. NAHREP advocates for industry practices that promote fairness, transparency, and inclusion, ensuring that Latino homebuyers have the support and resources needed to navigate the homebuying process successfully.

PROTECT BUYER REPRESENTATION & DO NO HARM TO HOMEOWNERSHIP

Broker cooperation ensures that buyers, particularly first-time and minority buyers, have equitable access to representation in real estate transactions. NAHREP emphasizes the importance of broker cooperation, which helps reduce financial barriers for underserved communities. Despite recent legal challenges, this practice is critical to maintaining fairness. However, changes in how these agreements are disclosed and negotiated, particularly those resulting from the recent NAR settlement, may require industry professionals to adapt. NAHREP is exploring strategies to help its members navigate these new dynamics while ensuring consumers have access to competent and affordable representation.

MAINTAIN CLEAR COOPERATION

The NAHREP supports Clear Cooperation policies, which uphold fairness and transparency in real estate transactions. By requiring that property listings are shared in a timely manner through Multiple Listing Services (MLS), this policy promotes equal access for buyers and sellers. It prevents exclusive, off-market transactions that could disadvantage those who rely on MLS to access housing opportunities. Clear Cooperation is a safeguard against discriminatory or unfair practices and ensures that the housing market operates inclusively and equitably.

DIVERSIFYING THE INDUSTRY

To better reflect the communities they serve, the real estate and mortgage industries must prioritize workforce diversity. Latinos are projected to make up a significant portion of future homebuyers, yet Hispanic representation among industry professionals remains low. NAHREP calls on industry players to double the number of Hispanic real estate agents and mortgage professionals on their teams. This requires intentional outreach, mentorship, and investment in professional development for underrepresented groups. Diversification enhances cultural competency and ensures Hispanic homebuyers receive informed, empathetic guidance throughout the homeownership journey.

4. MACROECONOMIC ISSUES

A strong housing market depends on a stable economy, adequate labor force, and financial systems that support long-term wealth-building. Immigration reform, investment in Latino-owned businesses, financial education, and asset protection are all essential to ensuring economic mobility and sustainable homeownership among the Hispanic community. NAHREP advocates for policies that address labor shortages in the construction industry, expand access to capital for Latino entrepreneurs, enhance financial literacy, and support the generational transfer of wealth.

IMMIGRATION IS AN ECONOMIC IMPERATIVE

Immigration reform is not just a social issue, it is an economic necessity, particularly essential to addressing the housing affordability crisis. Immigrants play an indispensable role in the construction industry, making up approximately a quarter of the workforce and a third of skilled trades professionals. Without an adequate labor supply, the pace of new home construction slows, exacerbating housing shortages and increasing costs.

NAHREP recognizes the contributions of immigrant workers in meeting the nation's housing needs and supporting economic growth. The following policy actions are essential:

- **Increase the availability of employment-based visas.** A well-functioning immigration system must prioritize increasing the availability of employment-based visas, especially H2-B visas, to address labor shortages across all industries, but in particular, in housing-related industries. Streamlining visa processing and broadening eligibility would ensure that businesses can hire the workers they need to sustain operations and meet demand. This is not just a labor issue; shortages in skilled workers ripple across the housing market and affect housing affordability.
- **Establish a pathway to citizenship.** Creating a path to citizenship is vital for providing economic stability and unlocking the full potential of millions of undocumented individuals who contribute to their communities. Citizenship pathways enhance workforce participation and strengthen social cohesion, providing families with the security they need to pursue long-term goals such as homeownership.
- **Protect DACA recipients.** Protecting Deferred Action for Childhood Arrivals (DACA) recipients remains an essential component of immigration reform. Often referred to as Dreamers, DACA beneficiaries contribute significantly to the economy as employees, entrepreneurs, and consumers. Safeguarding their legal status ensures continuity in the housing market and workforce, while securing a future for individuals who call this country home.
- **Protect established rights of mixed-status families.** Proposals that mixed-status families be deemed ineligible for federal housing assistance are unlawful and detrimental to housing stability and economic mobility. Ensuring the rights of all eligible families to housing support encourages family and community stability and helps protect families from additional financial hardship. Safeguarding the rights of mixed-status families is essential to fostering an inclusive economy and addressing the nation's housing affordability crisis.
- **Mass deportations would seriously harm the housing ecosystem.** In addition to upending the lives of immigrants and their families, mass deportations would severely disrupt the construction industry, resulting in immediate labor shortages. This would delay housing projects, increase costs, and worsen housing supply shortages, further driving up home prices and deepening the affordability crisis.

INCREASING INVESTMENT IN LATINO-OWNED BUSINESSES

Latino-owned businesses are a cornerstone of the U.S. economy, generating over $800 billion annually and outpacing other demographic groups in growth. Supporting these businesses is crucial to job creation, innovation, and wealth-building within the Latino community.

NAHREP supports policies that improve access to capital for Latino entrepreneurs, including expanding small business lending programs, providing technical assistance for business development, and creating incentives for private investment in Latino-owned enterprises. Strengthening these policies would accelerate growth and support economic revitalization in Latino communities.

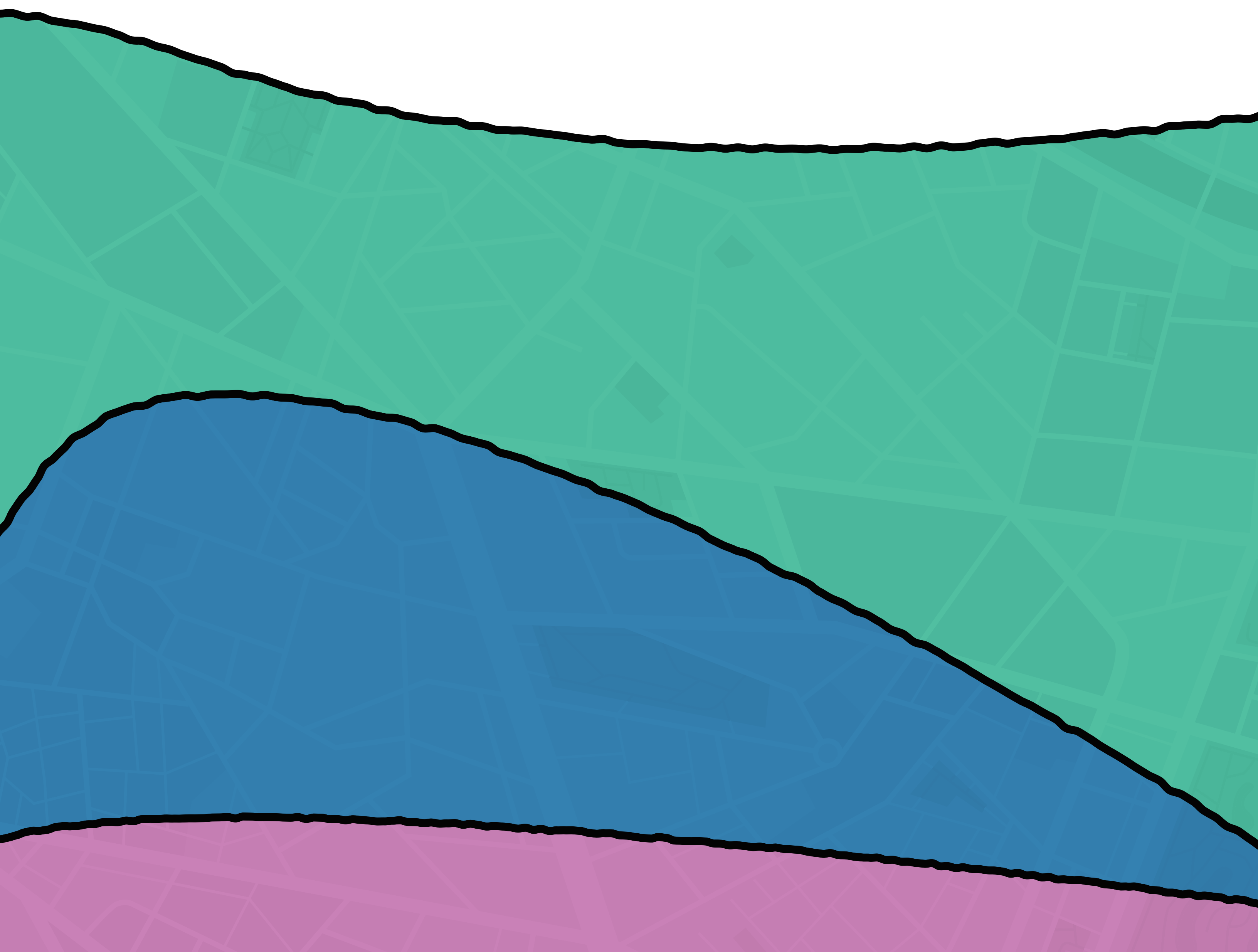
FINANCIAL EDUCATION

Financial education is a critical component of economic empowerment, yet many Latino households lack access to resources that build financial literacy and capability. This gap can hinder wealth accumulation and limit opportunities for homeownership.

NAHREP supports initiatives that integrate financial education into schools, community programs, and workplaces. Expanding access to culturally relevant financial counseling and tools, such as credit-building products and first-time homebuyer workshops, would empower Latinos to make informed financial decisions and build long-term wealth. Specifically, NAHREP calls for increased funding for HUD's housing counseling agencies. Incentivizing the training and certification of more housing counselors would also expand access to these services, helping families understand the process of buying and retaining a home. Housing counseling agencies should use this funding not only to increase capacity but also to invest in expanded training for counselors. This training should include education on the wide range of products available within the marketplace beyond the standard 30-year fixed mortgage offered by depository institutes, which may better serve first-time Hispanic buyers.

PROTECT ASSETS FOR GENERATIONAL TRANSFER OF WEALTH

As Latino households continue to build wealth, it is necessary to have safeguards in place to protect assets and ensure that wealth is transferred successfully from one generation to the next. NAHREP urges families to establish an estate plan, will, or trust to ensure smooth wealth transfer. This is particularly important for homeowners, as properties that lack clear ownership (such as tangled titles or heir's property) can become subject to complicated and expensive legal proceedings. By planning ahead, families can proactively protect their assets.



5. STATE AND LOCAL RECOMMENDATIONS

Housing policy is created at all levels of government: federal, state, and local. While NAHREP's Policy Priorities guide the organization's federal advocacy efforts, the following topics outline key areas for advocacy at the state and local levels. Policies that can be significantly influenced at these levels include zoning and land-use regulations, incentives for affordable housing development, property tax law, and down payment assistance programs.

1. **Zoning and Land-Use Regulation:** For over a century, most municipal zoning regulations have favored single-family homes over a more diverse mix of housing types. Revising zoning laws to allow for smaller lot sizes and mixed-use development will encourage the construction of "missing middle" housing (such as duplexes, townhomes, and condominiums). These can house more people than single-family homes without making neighborhoods seem overcrowded. At the state and local levels, NAHREP members can advocate for zoning reforms that:

    - Allow for more diverse housing types like duplexes, triplexes, and affordable apartment buildings, especially in areas with access to public transportation and community amenities.
    - Reduce costly regulations, such as minimum lot sizes, that increase housing costs.
    - Encourage mixed-use developments where residential homes are built alongside commercial spaces and institutions like schools, increasing walkability and reducing transportation costs for homeowners and parking requirements for developers.

2. **Incentives for Affordable Housing Development:** State and local governments can incentivize developers to build more affordable housing by making this process more financially appealing. At the state and local level, NAHREP members can advocate for policies that:

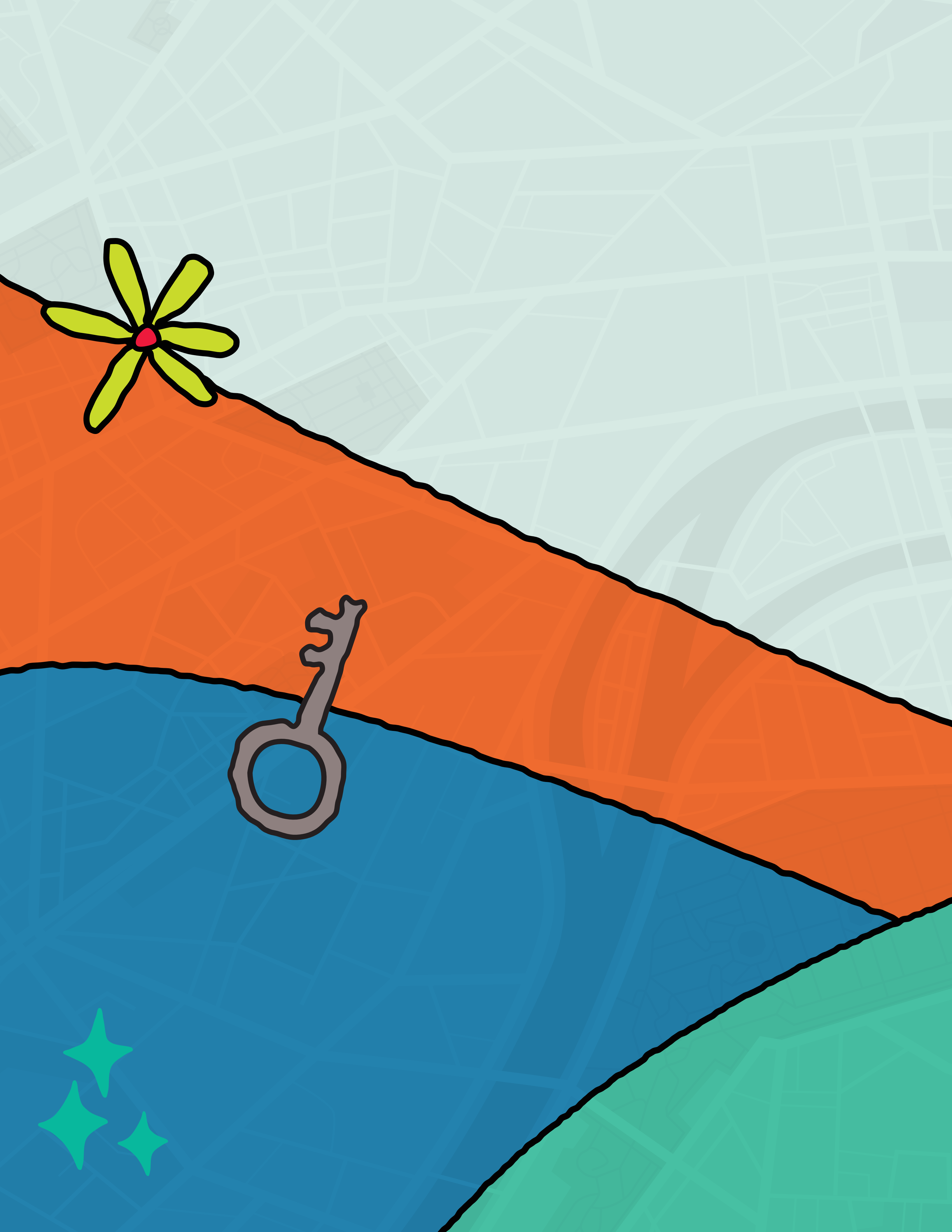
    - Offer tax credits or subsidies for developers who build affordable homes.
    - Provide development fee waivers or expedited review or inspection for developers constructing affordable housing.

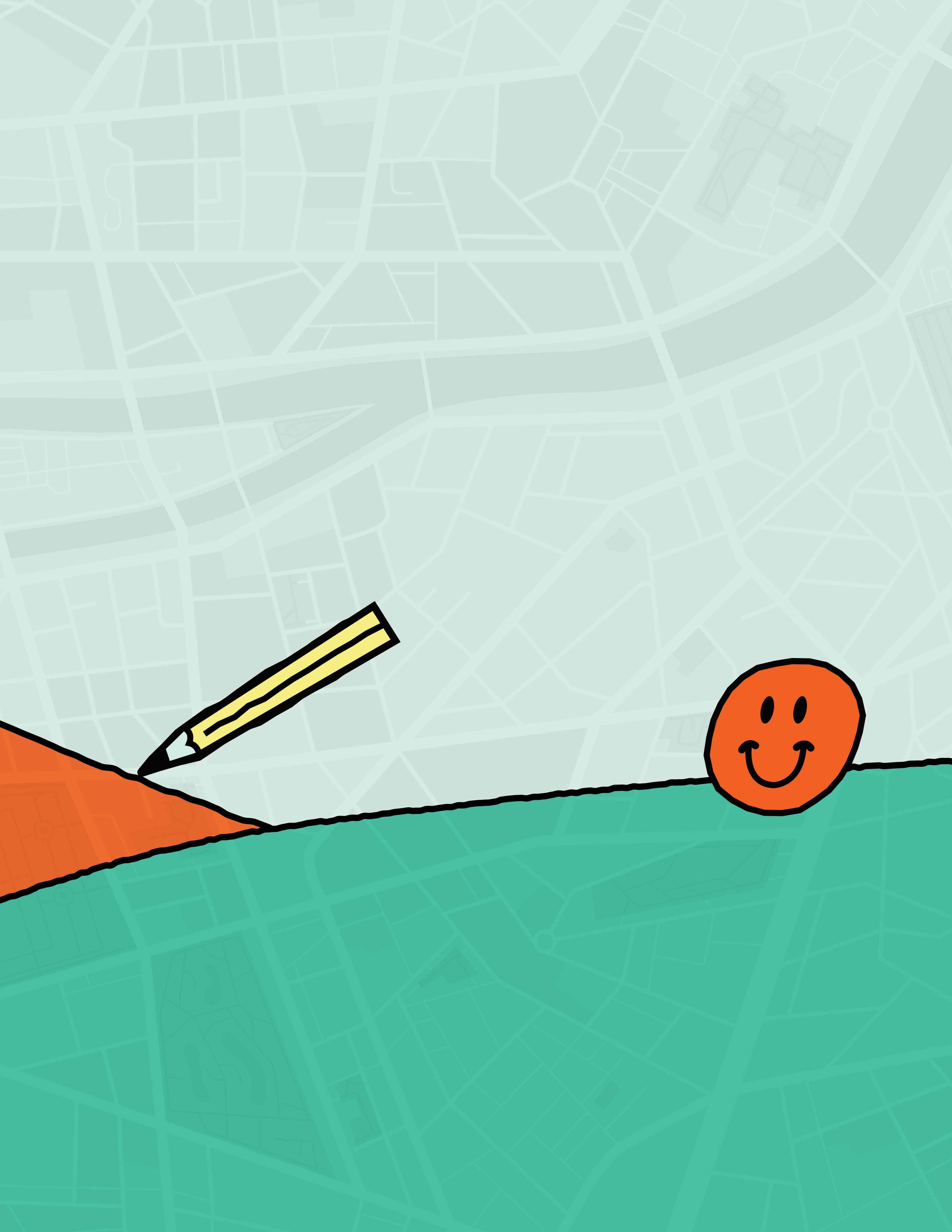
3. **Property Tax Relief:** Rising property taxes create significant financial barriers for homeowners, especially for first-time buyers. Because property taxes are almost universally controlled by local governments, there are creative ways to ease this burden and promote sustainable homeownership. At the local level, NAHREP members can advocate for property tax policies that:

    - Offer property tax exemptions or credits for first-time homebuyers to help lower the upfront cost of homeownership.
    - Implement progressive property tax rates where lower-value homes are taxed at a lower rates, ensuring a fairer system for middle- and lower-income homeowners.

4. **Down Payment Assistance Programs:** For many individuals and families, saving for a down payment is one of the biggest obstacles to homeownership. Fortunately, state and local governments have assistance programs designed to help buyers overcome this barrier. At the state and local level, NAHREP members can advocate for the expansion of:

    - Down payment assistance loan or grant programs for first-time homebuyers that help with the upfront costs of buying a home.
    - Shared equity programs where government or nonprofit organizations help cover part of the down payment in exchange for a share of the home's equity when sold.





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HISPANIC WEALTH PROJECT

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