

# Unaffordable Housing: A Barrier to Latino Asset-Building\*

Hispanic<sup>†</sup> Americans represent a growing and influential population in the U.S. housing market and also in the broader U.S. economy. By 2030, Latinos are projected to make up 21% of the population and 37% of new households. As a result, the Latino community will play an increasingly important role in advancing our nation's economic prosperity.<sup>1</sup>

Today, most Latinos rent their home—a figure that has grown in recent years. In 2006, 50% of Latinos rented their homes, and by 2016, that figure grew to 54%.<sup>2</sup> Given that homeownership is the primary path to building wealth in the United States, the Latino community's high rate of renting means that millions of Latino families miss out on the opportunity to establish a strong financial foundation. This document explores how having an affordable rental home is important for building assets, such as saving money for a down payment on a home.

## **Affordability:**

"This month we are short on money. Okay, let me see how we're going to do it, am I going to call the company and let them know? It's like, if we decide to pay all the rent, we are just [going to] have 28 cents . . . We need to eat the whole week." (Sofia, pays 75% of monthly income on rent for an apartment in New York City)



In 2018, one in two Latino renters spent more than 30% of their monthly income on rent.<sup>3</sup>

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† The terms "Hispanic" and "Latino" are used interchangeably by the U.S. Census Bureau and throughout this document to refer to persons of Mexican, Puerto Rican, Cuban, Central and South American, Dominican, Spanish, and other Hispanic descent; they may be of any race. This document may also refer to this population as "Latinx" to represent the diversity of gender identities and expressions that are present in the community.

Since 2000, there has been significant growth in the percentage of Latinos who pay too much in rent, which has led to a majority of renters who struggle financially.<sup>4</sup> In 2018, more than half of Latino renters were burdened by high housing costs—meaning they spent more than 30% of their monthly income on rent.<sup>5</sup> More specifically, one-in-four Latinos are severely rent-burdened, meaning that they spend more than half of their income on rent.

As a result of these high rent costs, too many Latinos are unable to reliably afford other basic necessities, such as nutrition, transportation, and health care. This has also reduced the number of Latinos who are able to purchase a home, which has exacerbated the Latino-White wealth gap, as Latinos' wealth is disproportionately tied to home equity.<sup>6</sup> For example in 2016, the median Hispanic family had nearly 40% of their assets invested in their homes, compared to 32% for White families.<sup>7</sup>

#### Asset Building: Biggest obstacles to buying a home?

"I think there's a lot of people in my situation, having to pay rent, rent, rent. It would be great to have something in the future that we could call our own. For me, [not] having that, we don't have any stability here. The way that I look at it, my kids are born here, so I would like to work a few more years to give them something. Like pay half of a mortgage off, and then have them take over that. So it's something for them. I don't know if I'm gonna be here in the future." (Valentina, Denver)

The ability to save for a down payment on a home continues to be a significant barrier, with nearly one-out-of-three Latinos in 2018 reporting that this is the second largest obstacle to buying a home.<sup>8</sup>

For the growing number of Latinos who are burdened by expensive rental costs, the ability to save for a down payment is further out of reach. This economic reality delays homeownership for many Latino families and often shuts them out of opportunities to buy a home in the future.

## Conclusion

Policymakers must address barriers to Latino asset building. They can start by making housing more affordable and strengthening programs that help stabilize the financial well-being of families. In addition, policymakers must support increases to the supply of affordable homes. This is needed to improve housing options for low-wealth communities and help ensure that all Americans have an opportunity to save for assets and build wealth.

## About Us

UnidosUS, previously known as NCLR (National Council of La Raza), is the nation's largest Hispanic civil rights and advocacy organization. Through its unique combination of expert research, advocacy, programs, and an [Affiliate Network](#) of nearly 300 community-based organizations across the United States and Puerto Rico, UnidosUS simultaneously challenges the social, economic, and political barriers that affect Latinos at the national and local levels. For more than 50 years, UnidosUS has united communities and different groups seeking common ground through collaboration, and that share a desire to make our country stronger. For more information on UnidosUS, visit [www.unidosus.org](http://www.unidosus.org) or follow us on [Facebook](#), [Instagram](#), and [Twitter](#).

## Endnotes

- 1 U.S. Census Bureau. Hispanic Population to Reach 111 Million by 2060. October 9, 2018. Accessed October 3, 2019. <https://www.census.gov/library/visualizations/2018/comm/hispanic-projected-pop.html>; and Daniel McCue. "Updated Household Growth Projections: 2018-2028 and 2028-2038." December 2018. Accessed October 3, 2019. [https://www.jchs.harvard.edu/sites/default/files/Harvard\\_JCHS\\_McCue\\_Household\\_Projections\\_Rev010319.pdf](https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_McCue_Household_Projections_Rev010319.pdf).
- 2 Ibid.
- 3 U.S. Census Bureau, "American FactFinder: Selected Population Profile in the United States," *American Community Survey 1-Year Estimates*, Washington, DC, 2018.
- 4 Salud America! At UT Health San Antonio. The State of Latino Housing. May 14, 2019. Accessed November 13, 2019. <https://salud-america.org/wp-content/uploads/2019/05/Fact-Sheet-Housing-2019.pdf>.
- 5 U.S. Census Bureau, "American FactFinder: Selected Population Profile in the United States," *American Community Survey 1-Year Estimates*, Washington, DC, 2018.
- 6 Ibid.
- 7 Federal Reserve, 2016 Survey of Consumer Finances Chartbook (Washington, DC: Federal Reserve, 2016), <https://www.federalreserve.gov/econres/files/BulletinCharts.pdf> (accessed January 7, 2019).
- 8 National Association of Hispanic Real Estate Professionals, "2018 State of Hispanic Homeownership Report." March 2019. Accessed November 27, 2019. <https://nahrep.org/downloads/2018-state-of-hispanic-homeownership-report.pdf>.