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Abriendo Puertas: Exploring the Challenges to Homeownership and Housing Stability for Latinos in Massachusetts

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Abriendo Puertas: Exploring the Challenges to Homeownership and Housing Stability for Latinos in Massachusetts

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Foreword by Rep. Sam Montaña

June 2024





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Foreword

I consider myself first and foremost a housing advocate turned legislator. I had worked in housing for eight of the last ten years and been active on issues to preserve tenancy, build new homes, protect existing affordable homes, and in the advocacy of policy. I also knew my community cared deeply about housing and making sure anyone who lived or wanted to live in Jamaica Plain could safely and affordably. Now, as the State Representative in Jamaica Plain, an historically Latino neighborhood, I see the results of our housing crisis daily. Whether its folks unable to pay their rent to folks who have been punted out of the homeownership market; immediate solutions are limited as a result of our low housing production rate and various policies.

This report speaks to the current state of housing for Latinos in the Commonwealth; and it's not great. Areas where Latinos still face inequities are compounded in a way that directly impacts access to housing and thus, ability to build generational wealth, or at the very least housing stability. We have solutions to these issues, like rent control, transfer fees, zoning changes, and even tax credits. What we lack is enough political power to have our voices make a larger impact, as Latinos own their homes at 32.7% , this issue is directly correlated to our low homeownership rates, often a measure of political investment.

On the flip side of homeownership, you will find the majority of the latino population, as well as myself. For the totality of my adult life, I have been a renter. As a child there were moments when my mom, sister, and I lived with grandparents, in rental apartments, and for periods of time in a home we owned. While never unhoused, we were often on the cusp of serious financial strain. This is a trend that has not changed for many Latino families, "of renters who are rent-cost-burdened, that is, they pay more than 30% of their household income on rent and utilities.... Latinos had the highest share at 60.9%, which was similar to Blacks, but approximately 10 percentage points higher than Whites and Asians. This... leaves Latino families economically unstable and vulnerable to eviction and displacement." This is why I have filed not one, but two, rent control bills; a home rule petition from the Mayor of Boston and the other in coalition with several grassroots housing groups under the "Homes for All" coalition. By allowing folks to plan for the long term with predictable yearly rental increases, we do a lot to support investment in individuals and our economy.

A universal solution to the housing crisis is not something I believe we will find. What I do think we have the ability to do is create as many flexible tools as possible to allow communities to respond in a manner that works for them. Latinos are coming

to Massachusetts and we are building and contributing to our state in huge ways. We come for the strong healthcare and education, for the greenspace and transit options. What we need to make sure we do as a Commonwealth is make sure we have enough housing to welcome folks. Our population has declined and that's not good for Massachusetts. Our fortune as a state depends on our ability to grow, a direct result of how much housing we create. So let's build and let's preserve housing and tenancy, our future depends on it.

Samantha Montaño

Representative Sam Montaño (D)
15th Suffolk





The Massachusetts Housing Market

Massachusetts is experiencing a housing crisis as a result of insufficient production of affordable housing. Between 1960 and 1980, Massachusetts permitted nearly 300,000 housing units in each decade, but housing production started declining in the 1990s. In the 2010s, the state permitted only 142,815 housing units.¹ This housing shortage has contributed to Massachusetts ranking third among all fifty states in median housing cost in the 2022 American Community Survey.

The severe lack of affordable housing has multiple causes including rising inflation, construction and labor costs, and exclusionary zoning policies that are driven by NIMBYism.² Exclusionary zoning policies are local regulations or ordinances that effectively prevent certain types of housing, particularly affordable or low-income housing, from being built in specific areas. These zoning policies constrain housing supply and translate into more expensive housing and fewer homes being built. Research has highlighted the many ways in which exclusionary zoning policies produce class and racial segregation.³ Massachusetts has an extensive history of using exclusionary zoning policies to keep BIPOC, immigrants, low-income individuals, families with children, and those deemed as “outsiders” out of certain communities.⁴

This decline in housing construction coincides with the growth of the Latino population in the state. From 1990 to 2020, housing units increased by 14%, while the Latino population grew by 219%. During this period, even as Latino labor force participation has outpaced that of non-Latinos, their income lags behind that of other racial and ethnic groups in the state.⁵ Thus, Latinos, despite their significant demographic and labor market contributions to the state, face an extra challenge related to the need for more housing in the state. This report examines the experiences of Latinos living in both owner-occupied and rental housing from 2010 to 2022. Additionally, this report looks at homelessness among Latinos.

¹ <https://bipartisanpolicy.org/report/housing-supply-trends-50-states/>

² NIMBY stands for “Not in My Back Yard.” This term is used to describe existing residents, typically homeowners, who oppose new housing development near their homes, particularly denser or more affordable housing.

³ Rothwell, J. T., & Massey, D. S. (2010). Density zoning and class segregation in US metropolitan areas. *Social science quarterly*, 91(5), 1123-1143., Shertzer, A., Twinam, T., & Walsh, R. P. (2016). Race, ethnicity, and discriminatory zoning. *American Economic Journal: Applied Economics*, 8(3), 217-246.

⁴ Dain, Amy. (2023). Exclusionary by Design: The History of Zoning in Boston’s Suburbs. <https://www.tbf.org/news-and-insights/reports/2023/november/exclusionary-by-design-report>

⁵ Agarwal, Vishakha and Granberry, Phillip, “Diversity among Latino Groups in Massachusetts: 1980-2019” (2023). Gastón Institute Publications. 294.



Homeownership

Homeownership is widely considered an essential part of the American dream, symbolizing not only financial security but also personal success. Among other advantages, owning a home provides individuals with a powerful means to accumulate wealth over time. The gradual buildup of home equity, driven by property appreciation and the reduction of mortgage debt, serves as a vital source of financial stability for homeowners. Homeownership also opens doors to accessing credit, allowing homeowners to utilize the equity in their home for such financial needs as education expenses. It also enables homeowners to enjoy the benefit of reducing their overall housing expenses through mortgage interest deductions and securing long-term savings over the cost of renting.⁶ However, 67% of Latino households live in renter-occupied housing. Living in renter-occupied housing places people at a greater risk of having larger annual housing cost increases due to yearly rent hikes, whereas those in owner-occupied housing have more stable housing payments.

Additionally, homeownership has a profoundly significant impact on the economy. Americans tend to view buying a house as an ongoing process rather than a one-time event. Typically, homeowners sell their starter homes and upgrade after 7-to-10 years, which injects vitality into the real estate market and supports property-related industries like construction, renovation, and property management. Homeowners often purchase multiple homes during their lifetime, consequently contributing to economic growth and creating jobs.⁷ Finally, property taxes paid by homeowners contribute to local government revenues, enabling investment in critical public services.

In addition to its financial benefits and economic implications, homeownership yields significant social advantages.⁸ Previous research has shown that children raised in owner-occupied housing benefit from improved living environments, achieving higher educational outcomes and exhibiting fewer behavioral problems

⁶ Levitt, R. (2018). Homeownership: The American Dream. Director of PD&R's Research Utilization Division. Available at: <https://www.huduser.gov/portal/pdredge/pdr-edge-frm-asst-sec-081318.html>.

⁷ Yun, L. (2016). Why Homeownership Matters. Forbes. Available at: <https://www.forbes.com/sites/lawrenceyun/2016/08/12/why-homeownership-matters/?sh=4f2e091a480f>

⁸ Granberry, P., & Marcelli, E. A. (2007). "In the Hood and on the Job: Social Capital Accumulation Among Legal and Unauthorized Mexican Immigrants." *Sociological Perspectives*, 50(4), 579-595.

than their counterparts in rented homes. These advantages underline the wide-ranging influence of homeownership on children's well-being and development.⁹

Homeownership has a positive impact on political engagement and civic participation, at both at local and national levels.¹⁰ It is associated with an increased propensity for individuals to volunteer in community organizations, higher rates of high school graduation, improved overall health outcomes, and lower crime rates. Furthermore, homeowners often report elevated levels of life satisfaction, self-esteem, and happiness, and a heightened sense of personal control over their lives.¹¹

Homeownership rates in the United States reached their peak in 2005, experienced a decline in subsequent years due to the financial crisis and Great Recession, and have since shown a gradual recovery. While homeownership continues to provide significant social and financial advantages for most families, the path to becoming a homeowner has become more challenging. Increasing interest rates in the mortgage market can negatively impact opportunities for potential homebuyers. For example, a higher interest rate means higher mortgage payments, making it harder for buyers to qualify for a mortgage or afford the home they want. Additional obstacles that hinder homeownership opportunities include a low housing stock and the failure of median household income to keep pace with the rising cost of housing. This trend in the mortgage-cost burden is prevalent across the entire United States population.¹²

Homeownership by Race and Ethnicity

Despite a significant overall increase in homeownership rates among non-White populations over the last 30 years, it remains crucial to highlight the fact that Latinos continue to experience considerably lower homeownership rates than Whites. The reasons for this trend can be traced back to historical discrimination, which systematically marginalized Latinos and other racial and ethnic groups, largely denying them access to homeownership.

The homeownership disparity results in large part from mortgage financing rules that put Latino applicants at a disadvantage, (such as higher down payment requirements) and predatory lending practices that disproportionately affect people of color. In addition, Latinos have higher rates of self-employment, often lack sufficient credit history, and work in less stable industries. Latino households face linguistic barriers

⁹ Haurin, Donald R., Parcel, Toby L., and Haurin, Ruth J. (2000). The Impact of Home Ownership on Child Outcomes. Available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=218969

¹⁰ Engelhardt, G. V., Eriksen, M. D., Gale, W. G., & Mills, G. B. (2010). What Are the Social Benefits of Homeownership? Experimental Evidence for Low-Income Households. Brookings Institute. Available at: <https://www.brookings.edu/articles/what-are-the-social-benefits-of-homeownership-experimental-evidence-for-low-income-households/>

¹¹ National Association of REALTORS. (2012). Social Benefits of Homeownership and Stable Housing. Available at: https://www.nar.realtor/sites/default/files/migration_files/social-benefits-of-stable-housing-2012-04.pdf

¹² Goodman, L. S., & Mayer, C. (2018). Homeownership and the American Dream. *Journal of Economic Perspectives*, 32(1), 31–58. Available at: <https://www.aeaweb.org/articles?id=10.1257/jep.32.1.31>

and Social Security number requirements for mortgage qualifications – which can discourage recent immigrants from participating in credit systems. These factors collectively pose challenges in obtaining mortgages, leading to higher denial rates and elevated interest rates for Latino applicants than for their non-Hispanic white counterparts.¹³

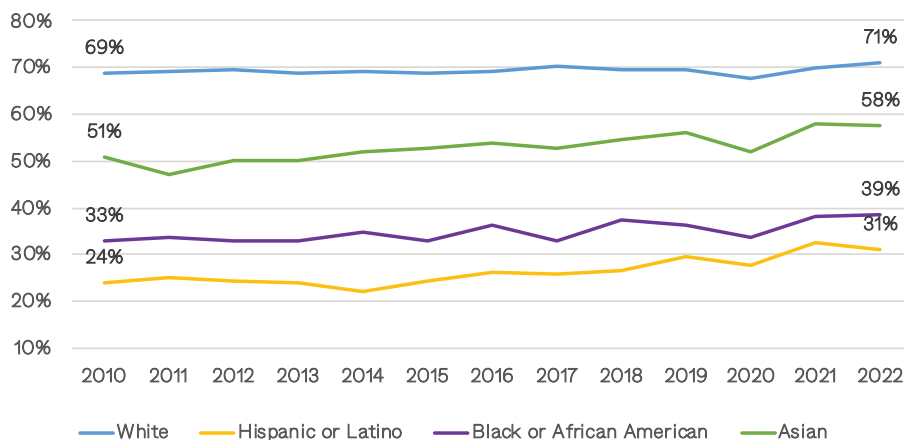
In Massachusetts, the Latino homeownership rate is one of the lowest in the country. At 33% in the 2022 American Community Survey, it is significantly lower than the national Latino average of 51%. Only one state – New York – had lower rates in 2022. In the next few figures of this report, we explore the dimensions of this disturbing fact, probing the reasons for lower homeownership while also showing ways in which the discrepancy between Latinos and other race and ethnic groups in Massachusetts has lessened in recent years.



Homeownership Rates

Figure 1 tells both a hopeful and a troubling story. Latino homeownership increased from 24% in 2010 to 31% in 2022. This 30% increase compares strikingly to the increase for other racial/ethnic groups: 3% for Whites, 13% for Asians, 17% for Blacks. Even though this increase in homeownership should be recognized, Latino homeownership disparity continues. As a complement to these shares in Figure 1, it is evident that 67% of Latino households in 2022 are rental occupied housing compared to only 30% of White households.

Figure 1: Massachusetts Homeownership by Race and Ethnicity 2010-2022



Source: 2010-2019 & 2021-2022 American Community Survey and 2020 Decennial Census

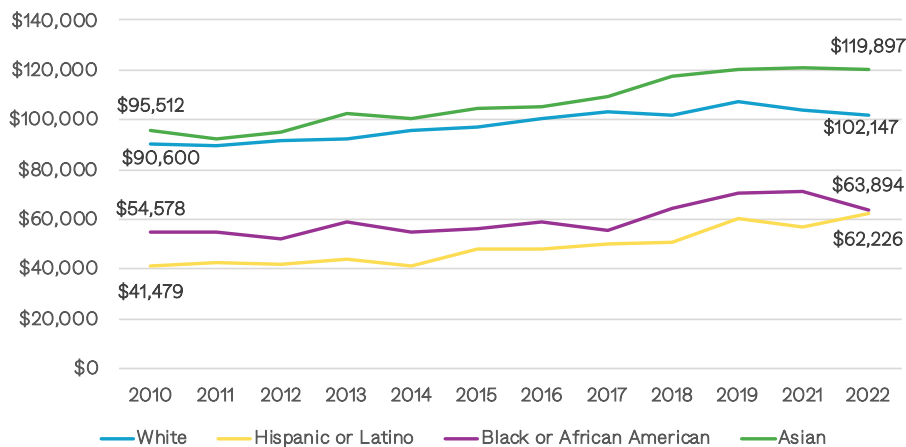
¹³ National League of Cities. (2022). Barriers, Existing Practices & Recommendations in Housing for Hispanic, Latinx/Latino(a) Residents. Available at: <https://www.nlc.org/article/2022/10/28/barriers-existing-practices-recommendations-in-housing-for-hispanic-latinx-latino-a-resident>

Median Household Income

Figure 2 casts some light, both on the relatively steep increase in Latino home ownership compared to the increase for other racial/ethnic groups and, more importantly, on the continued low level of Latino home ownership in Massachusetts. As Figure 2 shows, Latinos still have the lowest median household income, \$62,226 in 2022. To be sure, comparing the figures for 2010 and 2022, we find that Latinos had the highest percentage increase 63%, of any group. Still, the median income of Latino households in the latter year was not much more than half the median for White households. This income gap helps explain part of this homeownership gap. Previous research suggests that this income gap is not explained by human capital theory as the wage gap persists across all education and occupational categories¹⁴ and is more pronounced for Latinas than Latinos.¹⁵ Thus, the goal of continuing to increase Latino homeownership depends heavily on improving Latino labor market outcomes and income.

For more renting Latino households to transition into owner-occupied housing, more access to financing is needed. Next, this report focuses on mortgage financing.

Figure 2: Massachusetts Real Median Household Income by Race and Ethnicity, 2010-2022



Source: American Community Survey

¹⁴ Granberry, Phillip, "Latinos in the Labor Force" (2020). Gastón Institute Publications. 248.

https://scholarworks.umb.edu/gaston_pubs/248

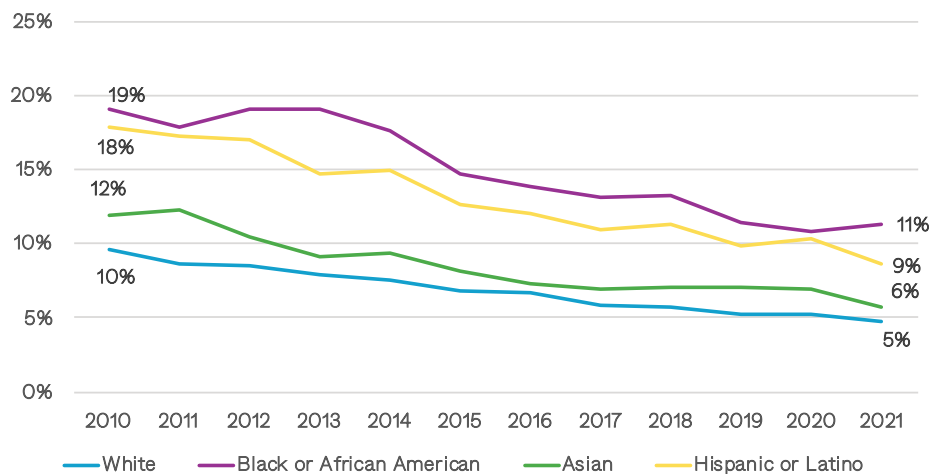
¹⁵ Rivera, Lorna; Agarwal, Vishakha; and Granberry, Phillip, "Latinas in the Labor Market" (2022). Gastón Institute Publications. 291.



The Home Loan Mortgage Landscape: Challenges Faced by Latinos in Massachusetts

Figure 3 shows the percentage of loans denied among White, Black, Asian, and Latino applicants for mortgage applications. All racial and ethnic groups experienced a decline in loan denials (the denial rate for Latino applicants dropped from 18% in 2010 to 9% in 2021), but the rates for Black and Latino applicants remained consistently higher than for White and Asian applicants. The next four figures show differences in the primary reasons given for the denial of mortgage applications.

Figure 3: Mortgage Denial Rate, 2010-2021

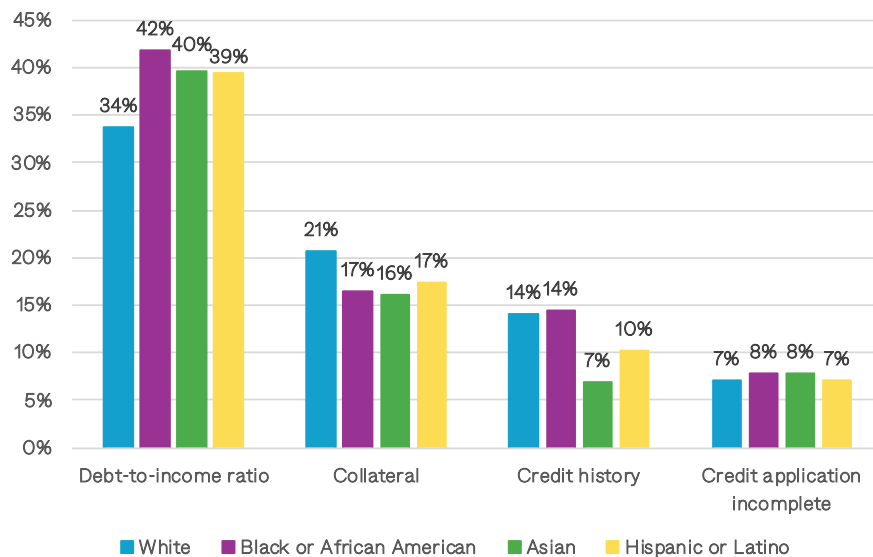


Source: Home Mortgage Disclosure Act (HMDA) (2010-2021)

Reason for Mortgage Application Denial

Figure 4 shows that for approximately 39% of Latino applicants who are rejected for home loans, the primary reason given is their high debt-to-income ratio (DTI). DTI is a measure of the total monthly debt payments divided by gross monthly income. The higher an applicant's DTI the more likely they will be denied a mortgage. White applicants had the lowest share of denials due to DTI, After DTI, insufficient collateral was most frequently given as the reason for mortgage denial. (It is often the result of third-party appraisals that independently determine whether or not the value of the property would serve as enough collateral for the loan.) In 2021, 19% of Latino loans that were denied were rejected primarily for this reason with only Whites having a higher share. Next, Black and White applicants had the highest shares of denials that were attributed to credit history (which includes credit cards, personal loans, auto loans, and student loans) at 14% compared to 10% for Latino applicants.

Figure 4: Leading Reasons for Mortgage Application Denial

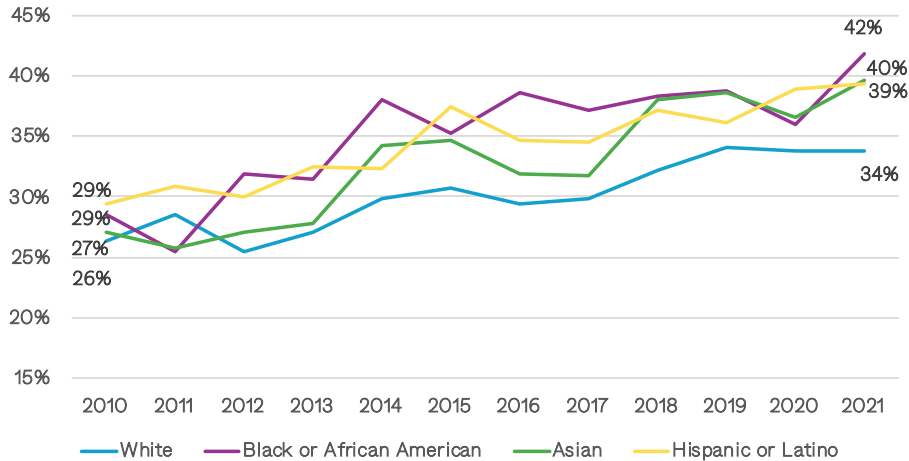


Source: Home Mortgage Disclosure Act (HMDA) (2021)

Debt-to-Income Ratio

Figure 5 shows that loan denials due primarily to DTI increased for all race and ethnicity groups. For Latinos the increase was from 29% in 2010 to 41% in 2021. This trend suggests a systematic problem. As the price of houses increases, larger loans are required. This increase in DTI suggests that household income has not increased to cover the monthly mortgage payment. In addition, many younger borrowers also have increased student loan debt. This process keeps many younger families renting, and many are rent-cost-burdened (see Figure 10).

Figure 5: Debt-to-Income-Ratio Denial, 2010-2021

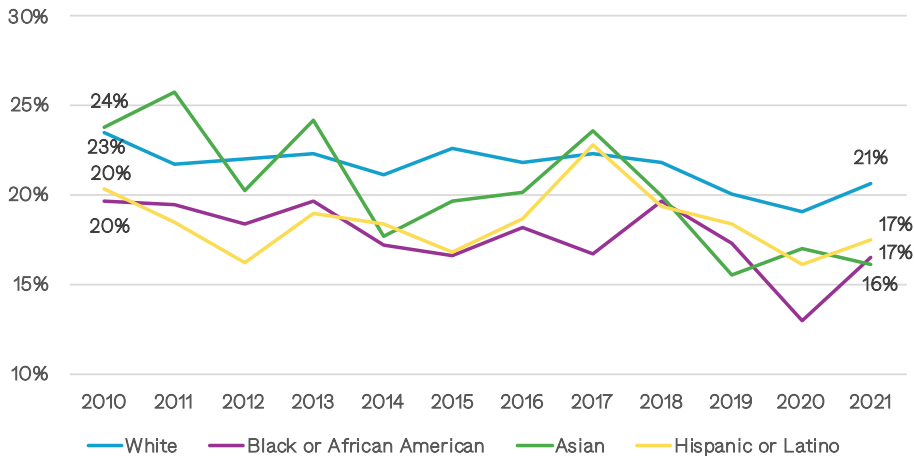


Source: Home Mortgage Disclosure Act (HMDA) (2010-2021)

Collateral Denials

Figure 6 shows mortgage denials due to collateral problems. An approved mortgage amount depends on the value of the property. If the independently appraised value of the property is high, a mortgage lender may reduce the loan amount, which would require a larger down payment, and if this is not possible, deny the loan. Collateral as a reason for denial for Latinos declined from 20.5% in 2010 to 17.5% in 2021. These shares and trend are similar among the other racial groups.

Figure 6: Collateral Denials, 2010-2021



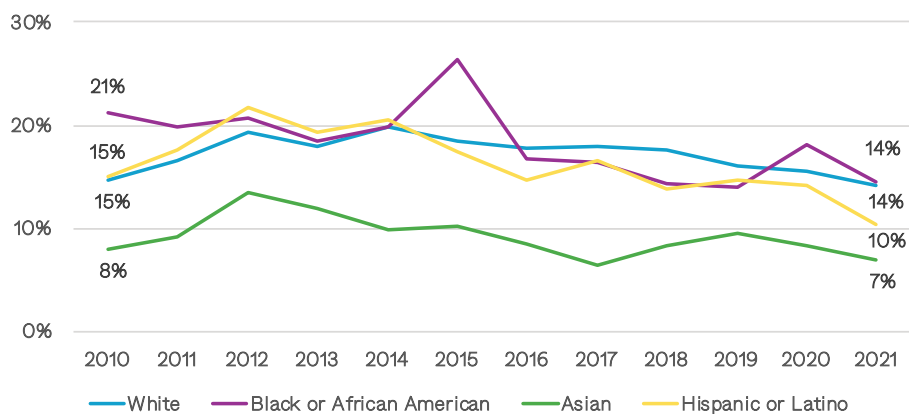
Source: Home Mortgage Disclosure Act (HMDA) (2010-2021)



Credit History Denials

Within the analyzed period, there were significant declines in the prevalence of credit history as the primary reason for denial. Figure 7 shows that Latino denials attributed primarily to credit history declined from 15% in 2010 to 10% in 2021. Similarly, the other groups experienced a decline, but Black or African Americans and Whites had higher credit history denials in 2021 than Latinos, while Asians had a lower share of denials.

Figure 7: Credit History Denial, 2010-2021

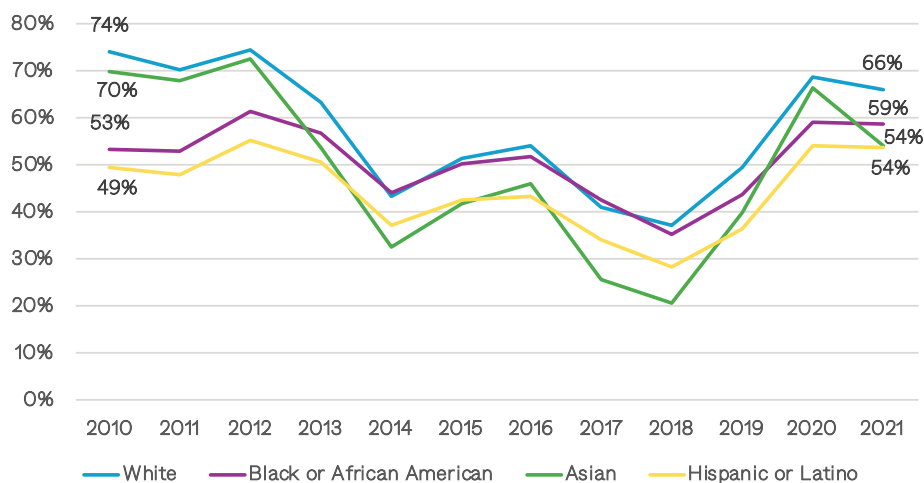


Source: Home Mortgage Disclosure Act (HMDA) (2010-2021)

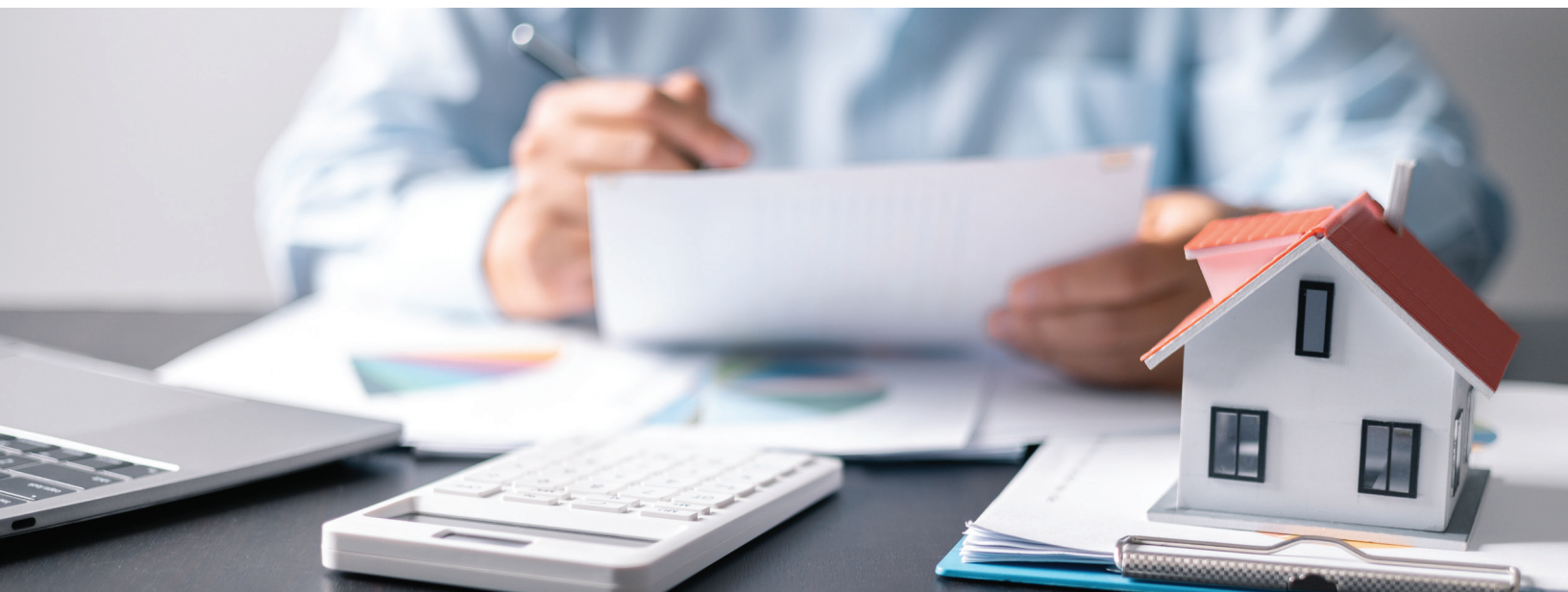
Mortgage Refinancing

These disparities continue to exist in refinancing of home mortgages. Figure 8 shows the percentage of refinancing as loan purpose across the different racial and ethnic groups. Traditional mortgage refinancing is a process homeowners go through to change the interest rate and/or terms of their current mortgage. The most common reason to refinance is to lower the interest rate and consequently, the monthly payment as well as the overall cost of the home. In general, Latino applicants are more likely to obtain loans for home purchase than for refinancing. Refinancing average rates in the period analyzed are higher for Whites (61%) than for Blacks (52%), Asians (52%), or Latinos (51%). These data in Figure 8 suggest that Latino homeowners, along with other non-White homeowners, were less able than their White counterparts to take advantage of periods of falling interest rates during COVID-19, thus missing an important opportunity to lower mortgage payments and accumulate wealth.

Figure 8: Refinancing Rate for Home Purchase Loan



Source: Home Mortgage Disclosure Act (HMDA) (2010-2021)



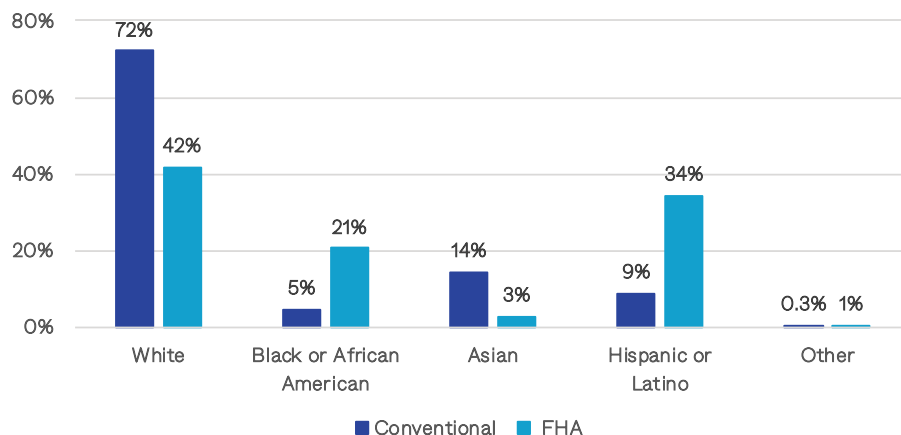
Loan Type

Figure 9 illustrates the share of home purchase loans by type and by race and ethnicity. Conventional mortgages typically require a higher down payment and a higher credit score than government-guaranteed mortgages. Although they are considered more difficult to get than government home loans, these mortgages are often less expensive for the borrower in the long run. FHA loans, those insured by the Federal Housing Administration, require a lower down payment and credit score in exchange for higher fees and interest rates for the life of the loan. Figure 8 shows that White and Asian borrowers utilize fewer FHA loans compared to Black and Latino borrowers. Black and Latino borrowers disproportionately rely on FHA loans to buy homes in Massachusetts and as a result, are more likely to pay higher fees and interest rates.



With limited opportunities to purchase a home, Latinos in Massachusetts are more likely dependent on the rental housing market in cities and towns across the state. In the next section of this report, therefore, we will provide an overview of the rental housing market.

Figure 9: FHA vs. Conventional Loans, 2010-2021



Source: Home Mortgage Disclosure Act (HMDA) (2010-2021)

Latinos in the Rental Housing Market



While homeownership provides families with substantial social benefits, many lower-income families, especially those with children, are renters.¹⁶ Today, more households in the U.S. are renting than at any point in the last 50 years.¹⁷ Between 2006 and 2016 alone, the number of U.S. renter households grew by 7.6 million.¹⁸ This trend applies especially to Latinos, who are twice as likely to be renters as Whites.¹⁹ In 2017, 8.4 million, or 52.8% of all Latino families, rented their homes, compared to 30.5% of all Whites.

In Massachusetts, Latinos are more likely to rent their home than are members of other racial and ethnic groups. Nearly two-thirds of Latino households in 2022 (63%) lived in renter-occupied housing. Research has highlighted specific barriers that Latinos face in regard to renting. Latinos' rental applications are rejected more often than White renters' applications. In 2021, for example, 35% of Latino applicants had a rental application rejected compared to just 18% for White applicants.²⁰ Additionally, Latino renters face more difficulties with the application process than White renters. An estimated 33% of Latino renters were required to have a cosigner or guarantor to sign their lease or rental agreement compared to 8% of White renters. Lastly, requirements like providing a social security number can discourage Latino immigrants from accessing rental assistance programs.

The most significant barrier to Latino renters in Massachusetts is the shortage of affordable rental housing across the Commonwealth. It is estimated that only 210,591 affordable rental units exist in the state.²¹ The shortage of affordable rental housing is the root cause of the stark rise in rents. Recent difficulties implementing the 2021 MBTA Communities Act, reflecting the power of local governments over housing policy, demonstrate the resistance to build new housing in Eastern Massachusetts. This resistance limits the impact of any inclusionary development policies to create income restricted housing.²²

¹⁶ Joint Center for Housing Studies of Harvard University, "Renter Households," https://www.jchs.harvard.edu/sites/default/files/02_harvard_jchs_americas_rental_housing_2017.pdf.

¹⁷ Ciluffo, Geiger, et. al., "More U.S. households are renting than at any point in 50 years," July 19, 2017, <https://www.pewresearch.org/fact-tank/2017/07/19/more-u-s-households-are-renting-than-at-any-point-in-50-years/>.

¹⁸ Ibid

¹⁹ Ibid

²⁰ Fannie Mae Multifamily Renter Needs Research, August 2021. Available at: <https://www.fanniemae.com/about-us/esg/social/housing-journey/latino-renting-journey>

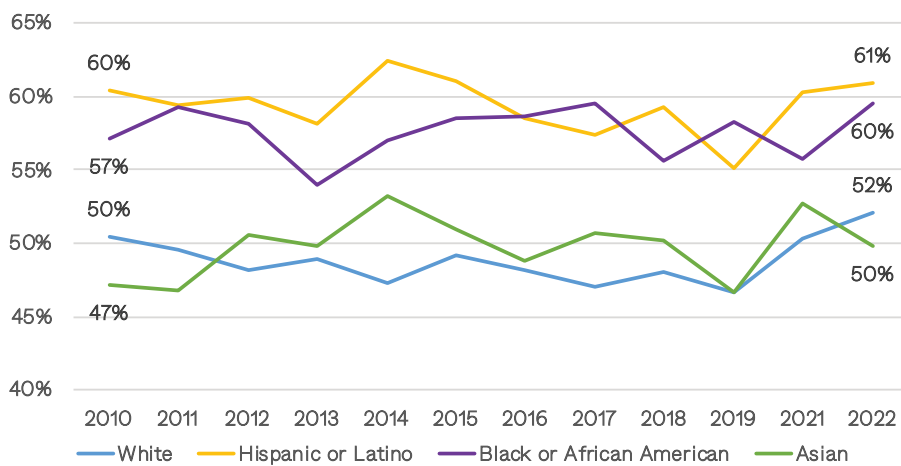
²¹ Housing Navigator Massachusetts. https://public.tableau.com/app/profile/housingnavigator/viz/hnmi_2024_01/HousingDashboard2

²² de Benedictis-Kessner, Justin, Daniel B Jones, and Christopher Warshaw. 2023. "How Partisanship in Cities Influences Housing Policy." *American Journal of Political Science*. (forthcoming).



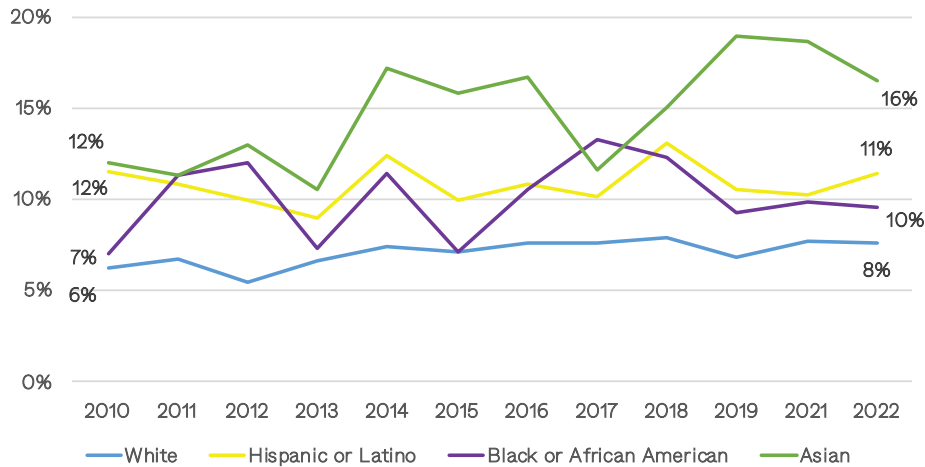
With a median gross rent of \$1,634 in 2022 according to the American Community Survey, Massachusetts ranks fourth behind only California, Hawaii, and Colorado. With Latinos’ lower household income, this means they are more prone to economic hardship, placing them in a precarious position in the state’s rental housing market. Figure 10 shows the share of renters who are rent-cost-burdened, that is, they pay more than 30% of their household income on rent and utilities. In 2022, Latinos had the highest share at 60.9%, which was similar to Blacks, but approximately 10 percentage points higher than Whites and Asians. This larger share of rent cost-burdened households leaves Latino families economically unstable and vulnerable to eviction and displacement.

Figure 10: Rent Cost-Burdened Households, 2010-2022



Source: American Community Survey

Figure 11: Overcrowded Rental Occupied Housing, 2010-2022



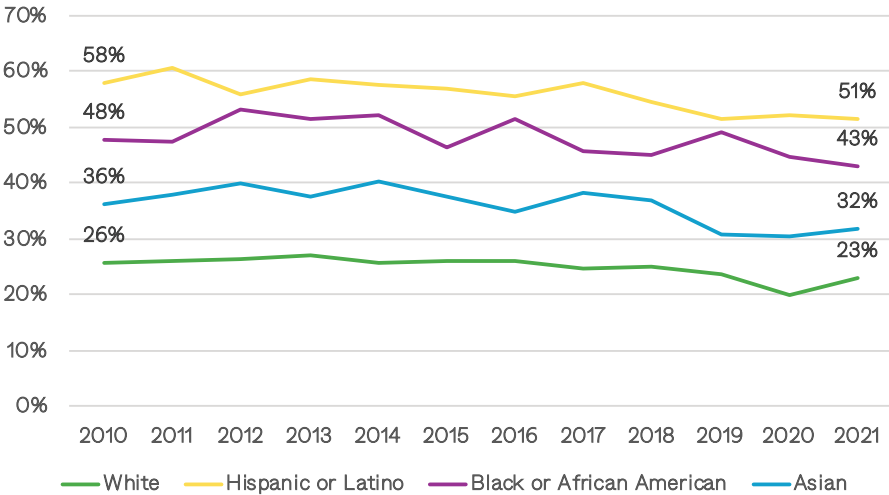
Source: American Community Survey

One way in which households can address the higher cost of rent in Massachusetts is to increase the members of the household who can contribute to the rent payment. As a result, overcrowding can occur. An overcrowded household has more than two people per bedroom. Figure 11 shows that 11% of Latino rental occupied housing is overcrowded. Only Asians have a higher share in overcrowded renter-occupied housing than Latinos in the state. This financial strategy to address the high cost of rental housing has problems. For example, during the outbreak of COVID-19 Latino households had increased infections due both to holding jobs that required interaction with the public and increased exposure in overcrowded households.²³

Many younger workers in large cities like Boston live with roommates to minimize their rent payments. Many of these non-family households often reform every year. However, when we look at multigenerational households (those with more than one generation) in Figure 12, we see a slightly different story. Latinos have the highest share of such households. This share has declined from 58% in 2010 to 51% in 2022 but is the highest of any group in the state. Latinos also have the largest share of three or more generations (not shown) living in the same house. In 2022, this three-generation share was 5% of all renter-occupied households. Thus, Latino overcrowded renting households are more likely to remain overcrowded for many years, whereas other racial groups' overcrowding may be more transitory.

²³ Rivera, Lorna; Granberry, Phillip; Estrada-Martínez, Lorena; Uriarte, Miren; Siqueira, Eduardo; Linde-Arias, Ana Rosa; and Bacigalupe, Gonzalo, "COVID-19 and Latinos in Massachusetts" (2020). Gastón Institute Publications. 253.

Figure 12: Multigenerational Rental Occupied Housing, 2010 to 2022



Source: American Community Survey



Homelessness

Although Massachusetts has one of the lowest aggregate poverty rates in the country (lower than all but seven other states), poverty among Latinos in Massachusetts is 25% greater than it is among Latinos nationally.²⁴ In fact, in 1980 Massachusetts had the highest Latino poverty rates of any U.S. state at 38%.²⁵ Today, fewer Latinos live in poverty compared to decades past, but nearly one in four Latinos in Massachusetts (that is, nearly 200,000 people) live below the federal poverty line.²⁶ While poverty is an issue facing too many residents of Massachusetts regardless of race and ethnicity, Latino poverty is by far the highest when comparing across groups. Latino poverty is more than 6 percentage points higher than Black poverty in Massachusetts, and it's more than three times as high as White poverty.²⁷ And while the Asian poverty rate in Massachusetts is a bit higher than for Asians nationwide, the gap between Latino poverty in Massachusetts and Latino poverty in the United States is significantly larger, at almost 5 percentage points.²⁸



²⁴ Mattos, Trevor, Phillip Granberry, and Vishakha Agarwal. “; AVANCEMOS YA!: Persistent Economic Challenges and Opportunities Facing Latinos in Massachusetts.” (2022).

²⁵ Borges-Mendez, R. The Latinization of Lawrence: Migration, Settlement, and Incorporation of Latinos in a Small Town of Massachusetts in *Latinos in a Changing Society*, Eds. Montero-Sieburth, M., Melendez, E. September 2007.

²⁶ Mattos, Trevor, Phillip Granberry, and Vishakha Agarwal. “; AVANCEMOS YA!: Persistent Economic Challenges and Opportunities Facing Latinos in Massachusetts.” (2022).

²⁷ Ibid

²⁸ Ibid

Poverty and homelessness are strongly correlated: when economic instability increases, so does the risk of homelessness. During the height of the COVID-19 pandemic, 2020-2022, Massachusetts witnessed a significant decline in its homeless population, with a decrease of 14% or 2,468. However, that trend seems to have completely reversed the following year. From 2022 to 2023, Massachusetts ranked fifth among all the states for a significant rise in homelessness, with an increase of 24.4% or 3,634 people. Two-thirds of those experiencing homelessness in Massachusetts were doing so in families with children, the highest share in the country (HUD 2023). The worsening housing affordability crisis is pricing many individuals and families out of housing and creating a need for emergency housing options. In addition, migrant families arriving in Massachusetts have no place to go other than shelter programs. Lastly, factors related to the recent increases in family homelessness include the easing of pandemic-era restrictions on capacity and the opening of additional shelters to meet the expanding demand.

Historically, very few in Massachusetts experiencing homelessness are unsheltered as Massachusetts has a “right-to-shelter” law in force since 1983, requiring that no family household be denied shelter.

Homelessness among Latinos, along with the factors that facilitate or impede their access to housing and homeless services, continues to be largely understudied at both the national and local levels. But a 2018 report published by the National Alliance to End Homelessness found that Massachusetts was number one in the country in its rate of Latino homelessness (107 per 10,000 people).²⁹ Black people were found to have the highest rate, with 125 people experiencing homelessness per 10,000 people in the general population. Recent data from HUD’s Annual Homelessness Assessment Report (AHAR) provides some insight regarding the Latino homeless population in the Commonwealth.³⁰ During 2022-2023, the most significant increase in individuals experiencing homelessness in Massachusetts was among Latinos, with a stark 28% or 39,106 people (HUD 2023). Additionally, Latinos made up 55% of the total increase in people experiencing homelessness. Most of this increase (33,772 people) was for Latinos experiencing sheltered homelessness - that is, in an emergency shelter, transitional housing, or safe haven program.

²⁹ Moses, Joy. “Demographic Data Project on Race, Ethnicity, and Homelessness” (2018). Washington (DC): National Alliance to End Homelessness. Available: <https://endhomelessness.org/resource/the-demographic-data-project/>

³⁰ De Sousa, T., Andrichik, A., Prestera, E., Rush, K., Tano, C., Wheeler, M. & Abt Associates (2023). The 2023 annual homelessness assessment report (AHAR) to Congress. The US Department of Housing and Urban Development.

Discussion

As the Latino population in Massachusetts is expected to grow in Massachusetts over the next couple of decades,³¹ the availability of housing will disproportionately affect Latinos. Although Latino homeownership is on the rise, disparities continue to exist within the mortgage market. The continued disparity in homeownership is a result of mortgage financing rules that put Latino applicants at a disadvantage, along with high down-payment requirements and predatory lending practices that disproportionately affect people of color. Latinos have higher rates of self-employment, often lack sufficient credit history, and work in less stable industries. In addition, many Latino households face linguistic barriers. There is often confusion regarding unauthorized status and requiring a Social Security number for mortgage qualifications. (All credit applicants are protected from discrimination based on their national origin, race, and other characteristics covered by the Equal Credit Opportunity Act, regardless of an applicant's immigration status.) These factors collectively pose challenges in obtaining mortgages, leading to higher denial rates and elevated interest rates for Latino applicants compared to their White counterparts.

In particular, Latinos still face problems related to their household income that results in higher debt-to-income (DTI) ratios. One of the drivers of this debt is student loan debt, which many Latinos acquire to gain the needed educational attainment to participate in Massachusetts' higher-skilled economy. As a result of this and other difficulties, FHA loans continue to play a key role in enabling homeownership for Black and Latino homebuyers in Massachusetts, as FHA loans require lower down payments.

As difficult as it is to be a homeowner, challenges continue once one becomes a homeowner. As Latino households become homeowners, they are left out of important opportunities to save and accumulate wealth, as suggested by the refinancing gap. White households are more likely to take advantage and save money than Latino households. The factors that could explain the racial disparity in refinancing could include factors omitted from this analysis, like financial literacy, income and employment challenges that make refinancing difficult, or differing access to social networks where information on refinancing opportunities is widely shared.

As homeownership remains out of reach for many Americans, more families are renting their homes. Additionally, a large and growing share of families cannot find stable rental housing that they can afford. Affordable housing is essential to a family's

³¹ Granberry, Phillip and Mattos, Trevor, "Massachusetts Latino Population: 2010-2035" (2019). Gastón Institute Publications. 241.

economic stability, the accumulation of assets, and overall well-being. High housing cost burdens threaten the economic security of Latino households. Addressing cost burdens is critical to ensure that Latinos throughout the Commonwealth have access to an affordable home, while freeing up dollars that individuals and families need to buy health insurance, save for an education or for a down payment for a home, or take the pressure off of day-to-day finances.

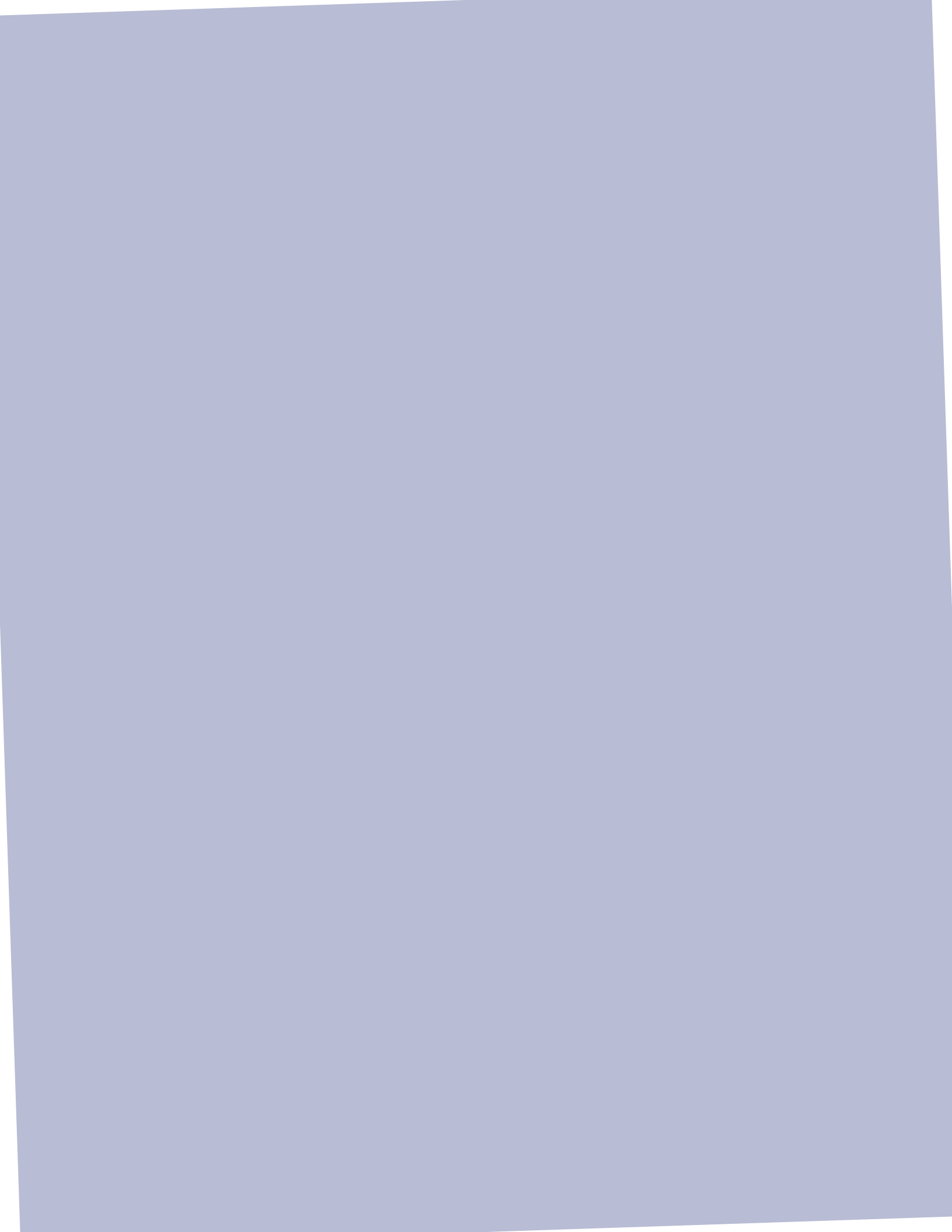
Rising housing costs make securing an affordable rental home especially challenging for Latinos, who are more likely to earn lower incomes and give significant portions of their income to pay for housing. The lack of affordable rental housing throughout the state has a significant impact on a household's well-being and economic security, their housing options, and their prospects for saving and accumulating wealth. Action is urgently needed.

Access to stable, affordable housing is a basic human need and right. But that right is increasingly out of reach for residents across Massachusetts. Nuanced data are needed to target policies more effectively. For example, future research is needed to examine how first-time homebuying programs offer assistance to Latinos. In addition, research is needed to measure Latino housing wealth accumulation and better understand the challenges faced by rental assistance programs during this housing crisis.



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About the Gastón Institute

Established in 1989, the Mauricio Gastón Institute for Latino Community Development and Public Policy was created by the Massachusetts Legislature in response to a need for improved understanding about the Latino experience in the commonwealth. Now in its 30th year, the Gastón Institute continues its mission of informing the public and policymakers about issues vital to the state's growing Latino community and providing information and analysis necessary for effective Latino participation in public policy development. To learn more about the Gastón Institute, visit www.umb.edu/gastoninstitute. Follow us on Twitter: @GastonInstitute

One of the goals of the Gastón Institute is to be responsive to the needs of the Latino and policy communities through the research we undertake. Please feel free to contact us with suggestions or requests for specific information.

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