

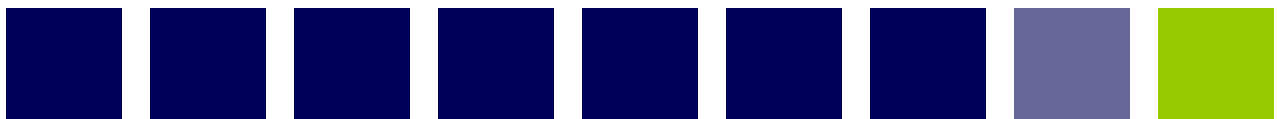


Housing

**Section VI of the
2006-2007 Travis County Immigrant Assessment**

**Conducted by
Travis County Health and Human Services & Veterans Service
Research and Planning Division**

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Housing Overview

Community Goal

The community's goal for housing in Travis County is reflected in the following statements:

To ensure the availability of safe, affordable housing.

(Community Action Network Housing Assessment, 1999)

[To ensure that] everyone has a right to safe, decent, fair and affordable housing.

(Austin Tenants' Council)

Housing is a basic need of all residents. The safety and affordability of housing affects residents' quality of life, participation in the community, and health and financial well-being.

Highlights

- In the United States, the foreign-born population occupies approximately one in three housing units (or approximately 88 of 252 million).
- In general, immigrants in Travis County are more likely than their native-born counterparts to live in married-couple households, live in large households, live in multi-family (apartment) housing, and rent rather than own their housing. They also experience overcrowding at higher rates than the native born.
- Immigrants have lower homeownership rates than the native born. Nationwide, the homeownership gap between the native born and the foreign born is 17% (72% of native-born householders in the U.S. own their own home, compared with only 55% of foreign-born householders). Travis County is on par with these national trends, with a homeownership gap of 16% between the native-born and foreign-born populations; however, the county's homeownership rates are lower overall (63% of native-born households and 47% of foreign-born households own their own homes).
- Housing characteristics vary across the county's immigrant population, by several factors:
 - *Citizenship status*: Compared to immigrants who become naturalized citizens, non-citizens have higher rates of overcrowding and housing cost burden. Non-citizens also have low homeownership rates.
 - *World region of origin*: Latin American immigrants constitute the majority of the county's overcrowded immigrant households and the majority of immigrant households with a housing cost burden. Asian immigrants have higher rates of homeownership than immigrant groups of other origins.

- *Length of stay in the U.S.:* The longer immigrants live in the United States, the more similar their housing characteristics become to those of the native-born population. In Travis County, immigrants who have lived longest in the U.S. have higher homeownership rates than those who are more recently arrived. They are also less likely to experience substandard housing conditions, overcrowding, or housing affordability problems.
- Barriers to affordable housing and homeownership for immigrants include: language and cultural differences, lower incomes, concentration in higher-priced housing markets, lack of relationships with financial institutions, vulnerability to predatory lending and other abusive practices, and a relatively youthful population.

Immigrants and the Housing Market

Immigrants both impact and are impacted by the housing market. Nationally, the foreign-born population occupies approximately one in three housing units (or approximately 88 of 252 million). In Central Texas, immigrants are and will continue to be of particular importance to the housing market of Travis County. The growth of Travis County's foreign-born population is partly responsible for the county's overall growth, and helps to offset the out-migration of domestic migrants. By contrast, domestic in-migration has largely fueled the growth of the suburban counties surrounding Travis, such as Hays, Bastrop and Williamson. (Murdock, 2004)

Immigration stimulates the demand for entry-level housing in both rental and owner-occupied housing units. Recent immigrants, however, because they are younger, have lower incomes, and are still climbing the employment ladder, are more likely to rent than to buy (Joint Center for Housing Studies of Harvard University, 2006). Immigrants also influence the supply of housing. The non-traditional housing needs of immigrants and their demands on the market are spurring changes in affordable housing development, including compact development such as townhouses, multifamily garden-style, mid-rise and high-rise buildings, and urban in-fill construction (Haynes, 2005). Immigrants are also critical to neighborhood revitalization and stabilization. In cities with higher-priced housing markets, immigrants often purchase homes in neglected or under-valued areas, and subsequently rejuvenate them (Ray, Papademetriou, & Jachimowicz, 2004). The practices of both financial and housing institutions welcome and encourage immigrant homebuyers of all backgrounds, whom they hope will help buoy the housing market in the years to come.

Snapshot of the Local Housing Market

Over the last decade, Austin's owner housing market has become increasingly expensive. The price distribution of available housing stock has skewed notably towards higher-priced housing. In 1996, 44% of the homes sold in Austin were under \$100,000; in 2006, only 10% of the homes sold were in this price range. During this same time period, median family income has also increased, but at a slower rate. In March 2007, Austin had the second-highest median home price (\$173,900) and second-highest average home price (\$237,900) of the 40 Texas metropolitan MLS areas tracked by the Real Estate Center at Texas A&M University. (Real Estate Center at Texas A&M University; Central Texas Sustainability Indicators Project, 2006)

In Austin's rental market, fair market rents, the federal government's standard for what should be considered affordable, have risen annually since 2000 and have remained some of the highest of Texas metropolitan areas (Office of Policy Development and Research, n.d.) Actual rents in Austin peaked in 2000, fell though the early 2000s, and began climbing again in 2005 (CTSIP Annual Report, 2006). The Austin area has also experienced historically high occupancy rates, fluctuating between 88% and 98% from 1994 through 2005 (Craig & Civan, 2006). These conditions create a tight rental market, especially for those seeking more affordable housing.

Housing Characteristics of Immigrants

Travis County’s immigrants exhibit different housing characteristics from the native-born²⁶, in terms of household composition, housing conditions, and the cost of housing. Variations exist among foreign-born sub-populations by region of origin, length of stay in the U.S. and citizenship status (described where data were available and findings were notable).

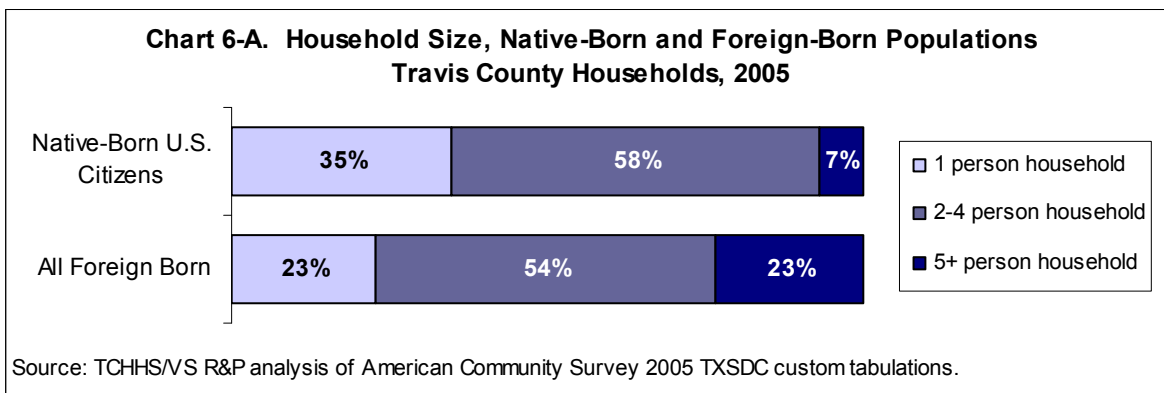
Household Composition

Immigrants in Travis County are more likely to live in married-couple family households than are the county’s native-born residents (see Table 6-A). For both populations, married-couple family households constitute the majority, but they make up 64% of the foreign born compared with 55% of the native born (American Community Survey, 2005).

Household Type	Native Born		Foreign Born	
	Number	Percent	Number	Percent
In married-couple family households	394,980	55%	94,860	64%
In other households	323,130	45%	53,379	36%
Total population in households	718,110	100%	148,239	100%

Source: American Community Survey 2005

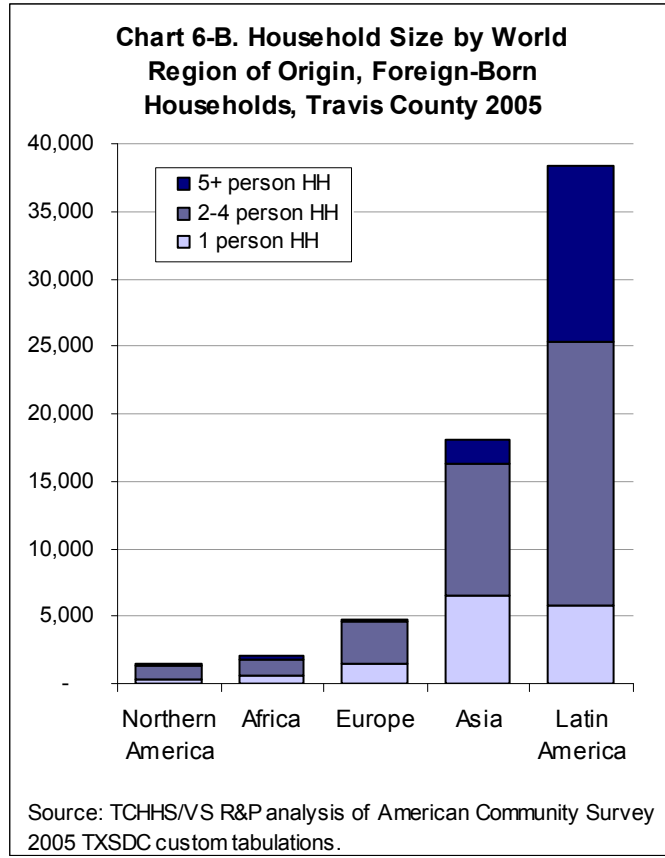
Travis County immigrants are also more likely to live in larger households than their native-born counterparts: 7% of the county’s native born households have five or more people, compared with almost a quarter (24%) of the foreign born. Correspondingly, the native born are more likely to live in single-person households (35%) than the foreign born (23%). (Texas State Data Center, 2006)



²⁶ Populations selected for analysis are those used by the U.S. Census Bureau. The Census Bureau considers anyone who is not born a U.S. citizen to be foreign born. Native-born are those people born in the United States, Puerto Rico, or a U.S. Island Area (includes the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands), as well as those born abroad of a U.S. citizen parent.

Household size varies across immigrant subgroups by world region of origin (see Chart 6-B). In 2005, Travis County’s Latin-American households were more likely than other immigrant groups to be large (34% have five or more persons); only 10% of Asian households were large. One-person households comprised 36% of Asian households and 15% of Latin-American households. (Texas State Data Center, 2006)

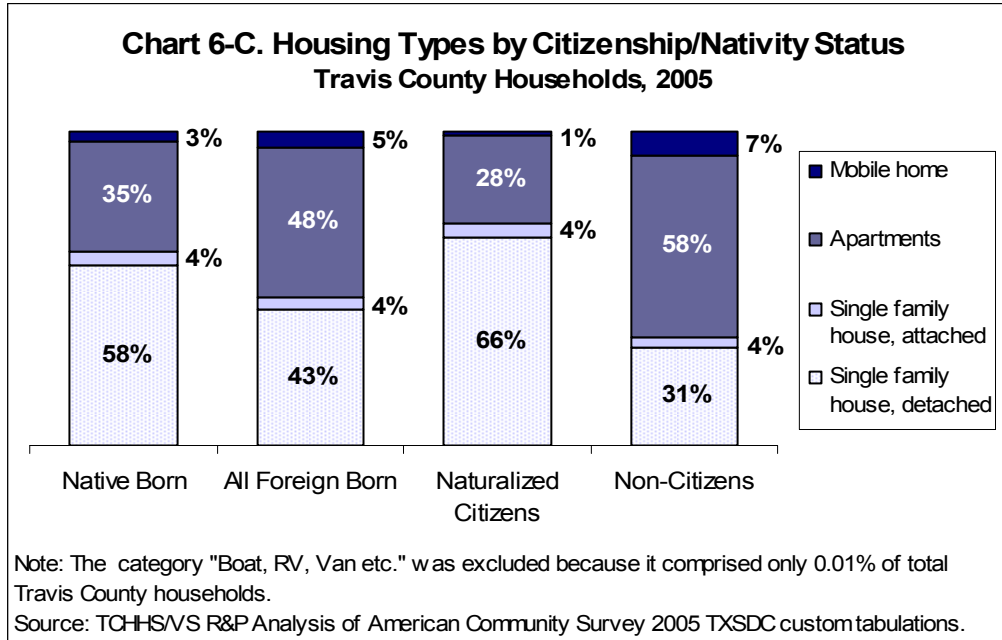
Local Findings: Living in Large Households
 Several focus group participants described living with roommates out of financial necessity. Others explained that their living arrangements were affected by their cultural and personal preferences. For example, one person said that he preferred living with family; another couple, who lives with their children and grandchildren, stated that “To live with your children in an extended family situation is the Vietnamese culture.”



Housing Types: Single-Family Homes, Apartments and Mobile Homes

In Travis County, 62% of native-born households live in single-family homes, while only 47% of foreign-born households do so (see Chart 6-C). The percentage in single-family homes drops even further—to 35%—when considering only non-citizen households. Foreign-born persons who are naturalized citizens, however, are *more* likely than the native born to live in single-family homes. (Texas State Data Center, 2006) These trends are mirrored nationally: As foreign-born persons naturalize, their housing situation becomes more similar to that of the native born-population (Census 2000 special tabulations, 2004).

The foreign born are disproportionately represented among apartment residents (shown in Chart 6-C). Almost half (48%) of Travis County’s foreign-born residents live in apartments, and they comprise 19% of all households in apartments. Among the two most populous immigrant groups in Travis County, people from Latin America and Asia, greater shares of households live in apartments (48% and 50% respectively) than in other types of housing. (Texas State Data Center, 2006)



Immigrants are also overrepresented among mobile home²⁷ residents. About 5% of Travis County’s foreign-born households live in mobile homes, and they comprise about 20% of all households in mobile homes. Among Latin-American immigrants, 9% live in mobile homes—a rate far higher than that of immigrant groups of other origins. (Texas State Data Center, 2006)

Special Topic: Manufactured Housing

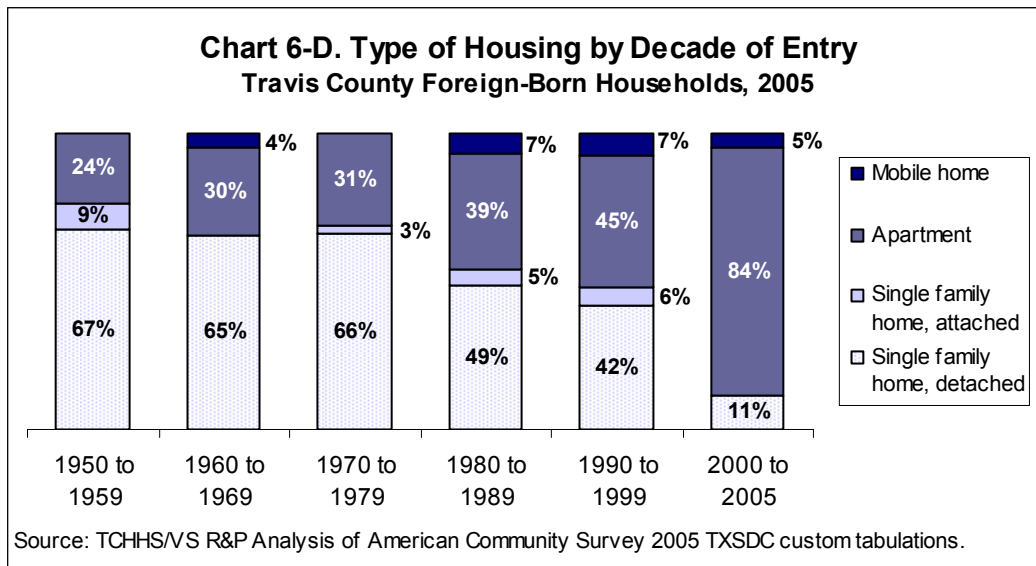
Mobile or “manufactured” homes are the fastest growing form of housing the U.S. Between 1993 and 1999, manufactured housing comprised over one-sixth of the national growth in owner-occupied housing stock, with higher shares among very-low income and rural households. In 2005, mobile/manufactured homes comprised 6.4% (approximately 8 million) of all occupied housing units in the United States. Travis County has approximately 14,100 mobile homes (American Community Survey, 2005).

Mobile homes are attractive to homebuyers because of their apparent affordability: In 2005, the median value of Travis County’s owner-occupied housing units was \$171,100; for mobile homes, the median value was \$41,300 (American Community Survey, 2005). But many buyers may not be aware of the risks associated with purchasing a mobile home. Most manufactured home purchases are financed with personal loans, similar to car loans, which frequently require no up-front costs and typically have higher interest rates and more restrictions than conventional mortgages. Furthermore, about half of mobile homes are located on rented land, such that occupants are responsible for the costs of homeownership (maintenance and repairs, insurance, and utilities) and are vulnerable to the risks of rented housing, including rent hikes, eviction, and restrictions on property use. Unlike traditional “site-built” homes, which appreciate in value over time, mobile homes can depreciate to half their original value within three years. Thus, the initial affordability of a mobile home is offset by owners’ limited ability to build equity over time.

Source: Apgar, Calder, Collins & Duda, 2002; Krajick, 2004; Commegna, 2004; U.S. Census Bureau, 2006.

²⁷ In the discussion herein, the terms “mobile home” and “manufactured home” are used interchangeably. However, the two are technically different. A “manufactured home” is factory built to meet the performance standards or the HUD code, must have a chassis, and rarely moves once placed. “Mobile home” typically refers to units built before 1976 and most similar to a trailer; it occasionally refers to units built after 1976, despite the fact that these units are technically (and legislatively) defined as manufactured homes. (Apgar, Calder, Collins, & Duda, 2002, page 2.)

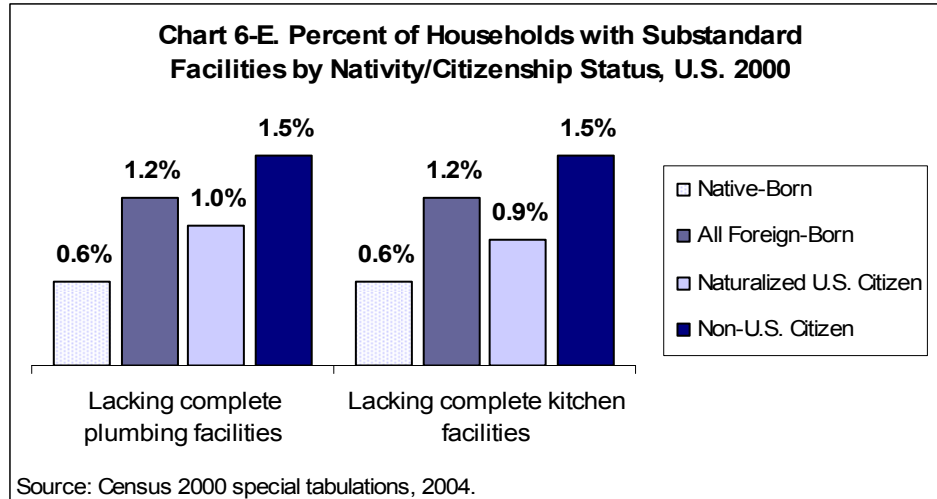
The longer immigrants’ length of stay in the U.S., the more likely they are to live in single family homes and the less likely they are to live in multi-family housing (including apartments and attached homes like duplexes). Consistent with national trends, the large majority (84% of households) of Travis County’s most recently arrived immigrants (those entering the U.S. in 2000 or after) live in multi-family housing, as shown in Chart 6-D. Among this population, only 11% of households live in single family homes, compared to over half of those who entered the U.S. prior to 1990. (Texas State Data Center, 2006)



Housing Conditions

Substandard Facilities: The U.S. Census Bureau defines substandard facilities as housing units that lack complete plumbing and/or kitchen facilities. On a national level,²⁸ such housing units are slightly more likely to be occupied by foreign-born than native-born householders (see Chart 6-E). Non-citizens, Latin-American immigrants, and more recently arrived immigrants have the highest risk of living in substandard facilities. (Census 2000 special tabulations, 2004)

²⁸ Travis County decennial census data for substandard facilities is less reliable due to the small sample size; therefore only national data are presented.



Local Findings: Living Conditions and Abusive Management Practices

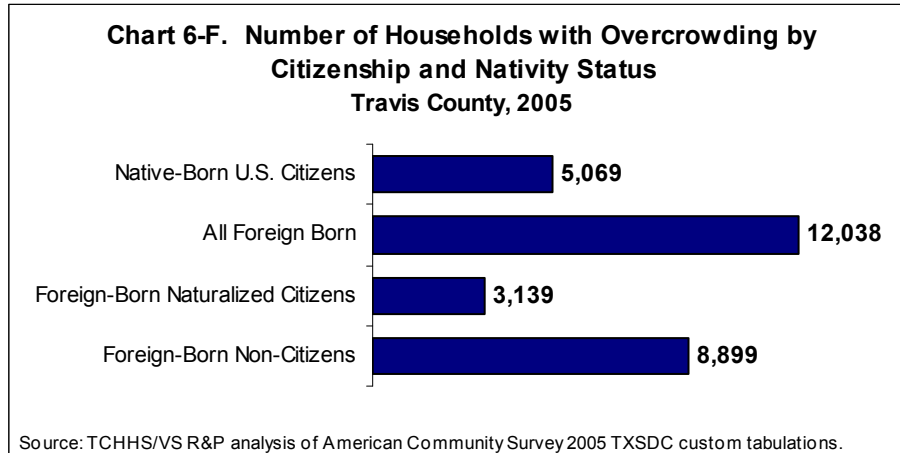
Among focus group participants who rent their housing, stories of abusive or negligent management practices were common. Many shared that their landlords did not address safety hazards or public health concerns, and that they were either uninformed or misinformed of their rights as tenants:

- “In my apartment complex, I had several problems—bed bugs, pill bugs, and I had my car stolen. I complained, but the management blamed me. They said it was my fault and that it was my furniture—that I had brought the bugs with me! I had to end up throwing away my furniture ... Recently the maintenance man ... told me that he had seen bed bug infestations in the walls throughout the complex. I couldn’t get out of my lease because of the contract.”
- “My husband and I signed a one-year lease on our apartment. But we’re having a lot of problems. There are women that are high, they lock themselves in our laundry room and use drugs and have sex with other women and men. We’ve told the apartment manager that we want to leave, but she says that we can’t break the lease and that it’s normal for the women to do what they’re doing in the laundry room.”
- “Our apartments were flooded with sewage but no one did anything for two weeks Now we don’t have air conditioning—it’s been six days since it went out and they won’t take my calls.”
- “I had a manager who tried to get me to pay more up front in a deposit, because I didn’t show her sufficient identification. I had shown her my matricula [Mexican photo ID] but that wasn’t enough. It was only after I showed her my ID [driver’s license] did she leave me alone.”
- “The owner of my apartment complex told me that if I complained, she’d call the INS.”

Overcrowding: Overcrowding is also more commonly experienced by immigrant households. Although the U.S. Census Bureau has no formal definition of overcrowding, the most common measure of overcrowding is a household with 1.01 or more persons per room.²⁹ This measure is used herein with the caveat that cultural norms influence the perception of overcrowding, and that various cultures may define overcrowding differently.

²⁹ Occupants per room is obtained by dividing the number of people in each occupied housing unit by the number of rooms in the unit. Occupants per room is rounded to the nearest hundredth. For each unit, rooms include living rooms, dining rooms, kitchens, bedrooms, finished recreation rooms, enclosed porches suitable for year-round use, and lodger’s rooms. Excluded are strip or pullman kitchens, bathrooms, open porches, balconies, halls or foyers, half-rooms, utility rooms, unfinished attics or basements, or other unfinished space used for storage. A partially divided room is a separate room only if there is a partition from floor to ceiling, but not if the partition consists solely of shelves or cabinets. (American Community Survey 2005 Subject Definitions)

Travis County immigrant households are much more likely than native-born households to be overcrowded (see Chart 6-F). In 2005, 19% (12,038) of Travis County's foreign-born households were overcrowded, compared to less than 2% (5,069) of the county's native-born households. By region of origin, people from Latin America constitute the large majority of the county's overcrowded immigrant households (93% or 11,201 households). (Texas State Data Center, 2006)



Homelessness: Homelessness occurs when an individual or family lives in one of the following places or situations: places not intended for human habitation, such as cars, parks, sidewalks, abandoned buildings, or on the street; an emergency shelter, transitional housing or supportive housing; a hotel or motel; and/or when families “double up” with other families (Community Action Network, 2006).

Homelessness primarily results from poverty and a lack of affordable housing. As discussed herein, Travis County has a shortage of affordable housing and a high cost of living. As a result, the unduplicated count for the Austin/Travis County homeless population was 6,118 in 2005, according to the Homeless Management Information Strategies (HMIS). Certain subpopulations are at higher risk, including people who have been evicted or discharged, people who are living below the poverty level, people with low educational attainment levels, and people who face specific challenges or life changes, such as a divorce, domestic violence, or filing for bankruptcy. Statistics are not available on immigrants as a proportion of the local homeless population. However, certain immigrant subgroups may be more likely than the general population to possess some of these risk factors for homelessness, particularly in regard to socio-economic characteristics, workforce trends, and vulnerability to family violence. (Austin Travis County Homeless Task Force, 2007; Community Action Network, 2006; Nyfeler, 2007)

For more detailed discussion of these respective characteristics, refer to the Economic Safety Net, Workforce, and Public Safety sections of this report.

Homeownership

For many immigrants, homeownership is perceived as a major step in putting down roots and becoming a part of one's new community and country. Nationally, immigrants are three times as likely as the adult population as a whole to rank home buying as their top priority (Schoenholtz & Stanton, 2001).

Homeownership Rates and Trends

Nationwide, the native born are more likely to own their homes than are the foreign born, with homeownership rates of 72% and 55% respectively, as shown in Table 6-B (American Community Survey, 2005). However, as foreign-born residents become naturalized citizens, the homeownership gap between them and native-born residents narrows (Census 2000 special tabulations, 2004). This is particularly relevant in Texas, where approximately 31% of Texas's foreign born-residents are naturalized citizens (Malone, Baluja, Costanzo, & Davis, 2003).

Although the overall homeownership rate in Travis County (60% in 2005) is lower than that of the entire U.S. (70%), the homeownership gap between the county's native born and foreign born is similar to the gap between these two groups nationwide. In 2005, the homeownership rate of Travis County immigrants was 47%, compared with a homeownership rate of 63% among the native-born population (see Table 6-B). However, in contrast to the total U.S. immigrant population, the majority (53%) of Travis County's immigrant households rent their homes. (American Community Survey 2005)

Geography	Householder Occupancy Type	Total Householders ³⁰ in Occupied Housing		Native-Born ³¹ Householders		Foreign-Born Householders	
		Number	Percent	Number	Percent	Number	Percent
United States	Owner-Occupied Housing Units ³²	200,663,356	70%	181,044,780	72%	19,618,576	55%
	Renter-Occupied Housing Units	87,714,781	30%	71,643,515	28%	16,071,266	45%
	Total	288,378,137	100%	252,688,295	100%	35,689,842	100%
Travis County	Owner-Occupied Housing Units	519,533	60%	450,029	63%	69,504	47%
	Renter-Occupied Housing Units	346,816	40%	268,081	37%	78,735	53%
	Total	866,349	100%	718,110	100%	148,239	100%

Source: American Community Survey 2005.

³⁰ One person per household is designated the householder (American Community Survey 2005 Subject Definitions).

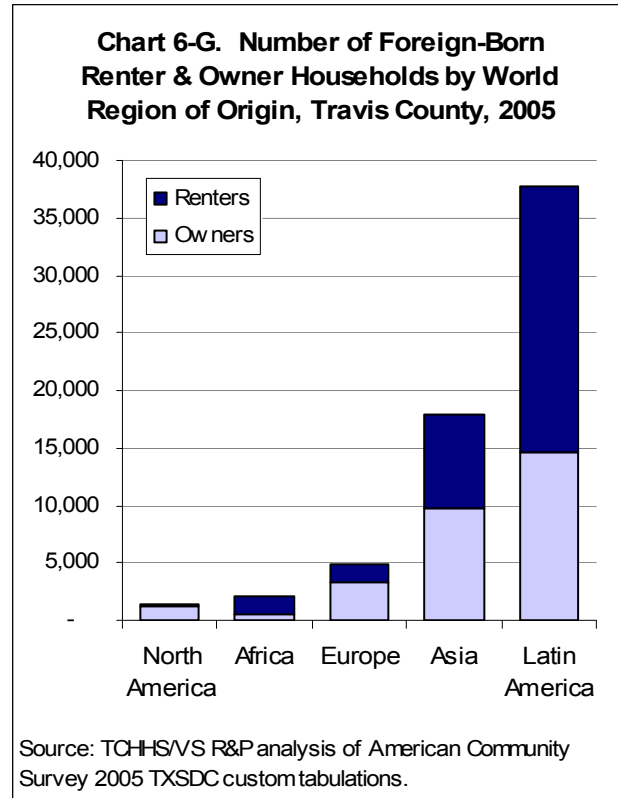
³¹ Native population includes native householders born in state of residence, native householders born in another state, and native householders born outside the U.S. (American Community Survey 2005 Subject Definitions).

³² A housing unit is a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied (or if vacant, is intended for occupancy) as separate living quarters (American Community Survey 2005 Subject Definitions).

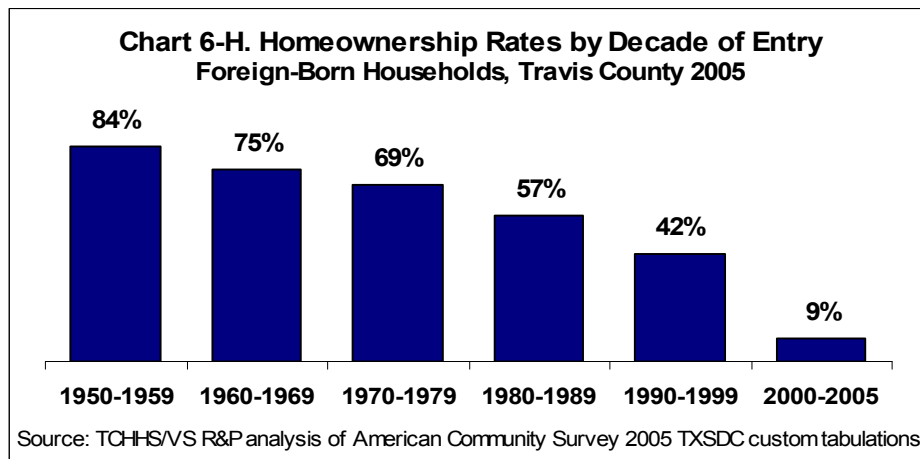
Variations in Homeownership for Immigrant Groups

Immigrants who become naturalized citizens are much more likely to achieve homeownership than are non-citizens. Among Travis County’s naturalized immigrants, about three out of four households are homeowners, compared with about one in three non-citizen households (Texas State Data Center, 2006).

Homeownership rates also vary by region of origin (see Chart 6-G³³). Immigrants from Europe and North America are most likely to be homeowners, but these groups are present in Travis County in relatively small numbers. Of the county’s larger immigrant groups, 54% of Asian households are owner-occupied, and only 38% of Latin American households are owner-occupied. In the small group of African-born households in Travis County, a striking one out of four are homeowners. (Texas State Data Center, 2006)



Immigrants’ homeownership status is also related to the length of time spent in the U.S. As immigrants live longer in the U.S., they become increasingly likely to own their own homes. As shown in Chart 6-H, among Travis County immigrants, homeownership rates rise steadily for each successive decade spent in the U.S., with the most recently arrived persons (entering in 2000 or after) exhibiting the lowest rates of homeownership. (Texas State Data Center, 2006)

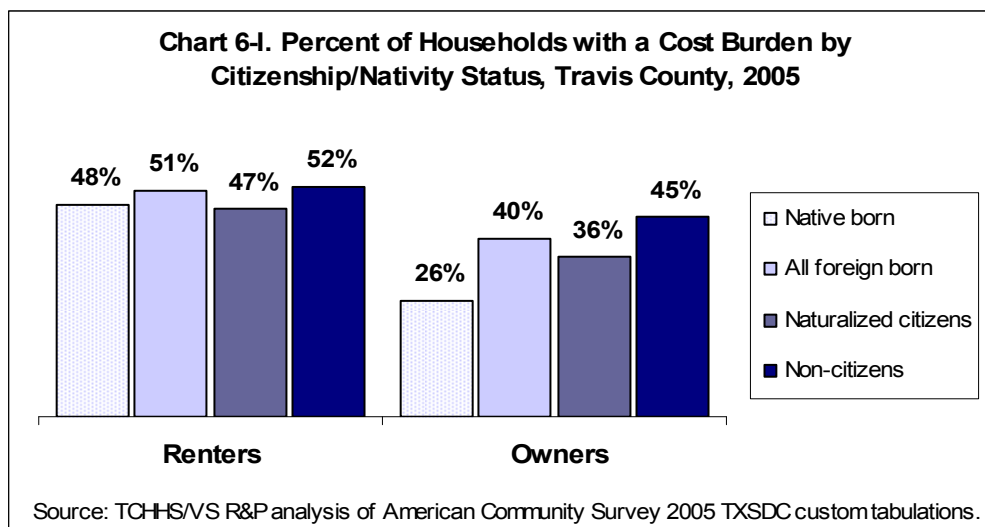


³³ A small number of households classified as “no cash rent” were excluded from this data set because they did not rent their housing for cash rent, nor did they own their housing.

Affordability of Housing

Affordability of housing is influenced by many factors, including one's household income, the cost of living, the local housing market, and tax rates. An approximate measure of housing affordability is *cost burden*, or the fraction of a household's gross income spent on housing costs.³⁴ Hereafter, a housing cost burden constitutes spending greater than 30% of gross household income on housing costs.³⁵

Citizenship and Nativity Status: Of Travis County homeowners, the foreign born are significantly more likely to experience a housing cost burden than the county's native-born homeowners (40% and 26% respectively, as shown in Chart 6-I). (Texas State Data Center, 2006)



Among Travis County renters, the foreign born are only slightly more likely to experience a housing cost burden than the native born (51% and 48% respectively) (Texas State Data Center, 2006). This similarity is likely a reflection of the Austin area rental market and the affordability challenges it poses for many residents, particularly those who are moderate- to low-income. Austin has some of the highest fair market rents of Texas metropolitan areas, and has experienced historically high occupancy rates, fluctuating between approximately 88% and 98% from 1994 through 2005 (Craig & Civan, 2006). High occupancy and rental rates create a tight rental market for those seeking more affordable housing and impose a cost burden on many residents—both immigrants and native-born residents alike.

³⁴ For renters, housing costs include rent paid by the tenant plus utilities. For owners, housing costs include mortgage payment, taxes, insurance, and utilities. (Source: U.S. Department of Housing and Urban Development, www.HUD.gov).

³⁵ The U.S. Department of Housing and Urban Development defines a moderate cost burden as spending more than 30% of gross household income on housing costs, and a severe cost burden as spending more than 50% of gross household income on housing costs. (Source: Office of Policy Development & Research, www.huduser.org).

Local Findings: Austin’s Expensive Housing Market

Affordable rental housing was a major challenge that surfaced in most immigrant focus group discussions. The cost of housing, combined with the limited availability of affordable housing, was a concern for many participants:

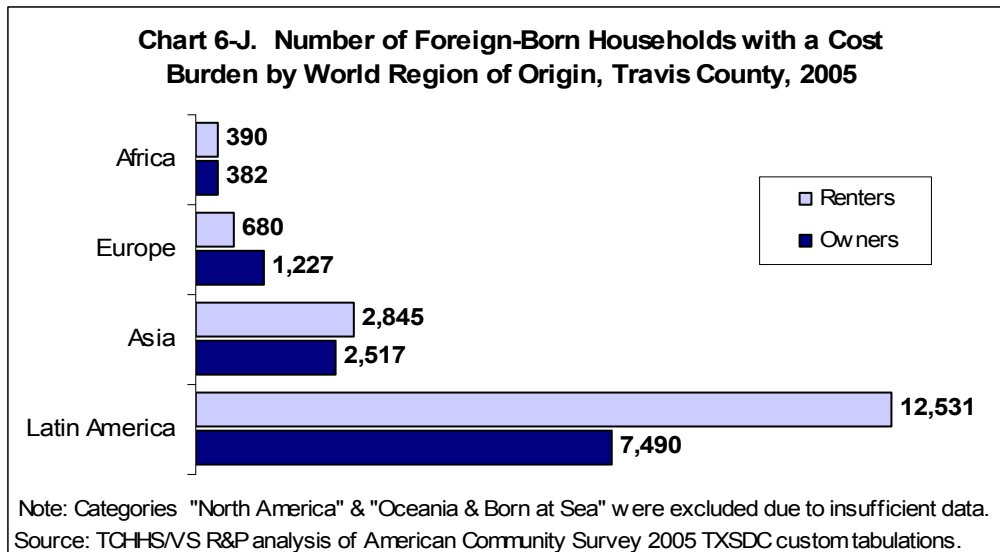
- “Money is hard to earn. Rent is the biggest issue for me.”
- “When it’s the end of the month and you don’t have the money to pay for rent, pay the bills ... I don’t sleep that night trying to figure out what to do.”
- “Finding an apartment can be almost impossible.”
- “I find the hardest thing I face is the cost of living—the rental costs and the living situations. They rent to us [immigrants], however, the conditions in which we live are very bad.”

One participant noted that although her wages are “better” in the Austin area, she said her rent is “unreasonably high,” and she finds it difficult to provide her children with “the little extras” because her family’s basic needs are so costly.

Several participants commented on the challenge of buying a home in the Austin area. One said, “At “first, we had a difficult time getting and being able to afford housing. For the longest time, we rented. We rented for seven years before being able to get my own house. The City [of Austin] helped us with down payment assistance—that’s how I got into my house.” Another person commented that “You get used to not being able to buy a house, [we] can only rent—don’t make enough money to buy.”

Feedback from local providers mirrors these concerns. Among attendees at the Travis County Immigrant Assessment Provider Forum, “affordability” ranked as the highest need of clients who are immigrants. Focus group results confirm that immigrants turn to community-based organizations for assistance in securing housing. Several local organizations, including Casa Marianella and Caritas, were credited with providing needed services to recently arrived immigrants seeking housing.

World Region of Origin: Travis County’s Latin-American immigrants comprise the greatest share (over 20,000) of foreign-born households with a cost burden, for both renters and owners (see Chart 6-J). The disparity is particularly large for Latin-American owner households, 52% of which experience a cost burden—a rate about twice that of the county’s native born (26%). Among Asians, the county’s second most populous group, over 5,300 households experience a cost burden, although their cost burden rates for both renters and owners are almost identical to those of the county’s native-born residents. (Texas State Data Center, 2006)



Length of Stay in the United States: For Travis County immigrants who are homeowners, the likelihood of experiencing a cost burden decreases the longer they live in the U.S. Of those who entered the U.S. prior to 1960, approximately one in four experienced a cost burden in 2005, compared to almost one in two of those who entered between 2000 and 2005 (Texas State Data Center, 2006). This trend may be due to a greater proportion of mortgage completion among earlier cohorts. In contrast, among foreign-born renters, cost burden does not decrease with duration of stay, which may stem from the aforementioned dynamics of the local rental market.

Barriers to Affordable Housing and Homeownership

Homeownership is often an opportunity for households to build wealth and security by investing in home equity. However, immigrants own homes at lower rates than the native-born population. This homeownership gap, which exacerbates gaps in wealth overall, is primarily attributable to the interplay between the following factors:

- Lack of formal relationships with financial institutions and lack of formal identification
- Vulnerability to predatory lending and other abusive practices
- Cultural differences and fear of institutions
- Language barriers
- Higher priced housing markets
- Relatively lower incomes and limited assets

Lack of Formal Identification and Relationships with Financial Institutions

Lack of formal credit history can be a significant barrier to homeownership for immigrants. Immigrants may have low credit scores or little to no credit history, for several reasons: They may work more than one job, be unable to document earnings if paid in cash, prefer to use cash over credit cards to pay bills, and/or share housing with friends or relatives and thus may not be named on the lease or utilities. Recent immigrants may also lack knowledge about the role of credit and how to build good credit history. (Schoenholtz & Stanton, 2001)

Experience with credit and debt management is generally greatest among more affluent groups, and lower among renters and groups disproportionately likely to rent, including immigrants. In the 2003 Fannie Mae National Housing Survey, only 27% of immigrants surveyed said they had “a great deal of experience with credit and debt,” compared to 40% of the general population (Fannie Mae, 2003). For the estimated 11.5 to 12 million undocumented immigrants in the U.S. (Passel, 2006), lacking the proper documentation of identity—including a social security number, passport, or visa—is an added barrier.

To address these barriers, some banks, including Citibank and Banco Popular, have developed loan programs that do not require a social security number, but instead use the Individual Taxpayer Identification Number, which the Internal Revenue Service initiated in 1996 for non-citizens to report income for tax purposes. Financial institutions have also turned to nontraditional sources of credit, such as payment records in an immigrant’s home country.

Additionally, 29 banks in Texas allow immigrants to open bank accounts using the “matricular consular” identification card issued by the Mexican government (Hergstrom, 2005). These innovations have opened doors for many immigrants to build equity and move toward homeownership.

Local Findings: Documentation Challenges

Having the proper forms of identification was a challenge for immigrant focus group participants who rented their homes. Several participants said that, as a result of their “lack of ID,” they had been required to find co-signers for their leases. For others, this issue limited their housing options:

- “I don’t like my current apartment, but I stay because it’s too much of a hassle to seek other housing because of the ID situation. [The current landlord] had not asked me for an ID.”
- “I have tried applying at other apartments but was denied because of my lack of ID.”

Others cited that possessing formal ID had also been a barrier to obtaining utility services. One person, describing this challenge, said “Without an ID, you don’t have rights.”

One participant, acknowledging the importance of credit, commented on the difficulty of establishing it: “They ask that you have good credit, but how can you, without any permanent ID like a social security number, how can you establish it?”

Local social service providers also report that lack of credit history and lack of official identification are major challenges for their clients who are immigrants, second only to affordability of housing.

Vulnerability to Predatory Lending and Other Abusive Practices

Sub-prime loans with higher interest rates are intended for borrowers who might not normally qualify for loans at interest rates available in the prime market (for example, due to poor credit or a lack of credit history). Predatory lending is more likely to occur in this market and includes practices such as high interest rates not justified by risk, mortgage broker kickbacks, unwarranted prepayment penalties, excessive or hidden fees, financed fees for unnecessary insurance, and other terms designed to keep the borrower in debt. In 2001, U.S. consumers are estimated to have lost over \$9 billion to predatory lending. Due to the frequent lack of credit history, immigrants are more likely to borrow in the sub-prime market and thus are at a higher risk for victimization by such practices. (Center for Responsible Lending, 2004)

Undocumented immigrants are particularly vulnerable to exploitation. Without access to the prime market and traditional avenues for borrowing, these individuals may turn to strategies involving much higher risk, such as contract for deed programs (in which the lender retains the title until the property is paid off) or using a friend’s or relative’s valid social security number. An estimated 10% of undocumented immigrants own their own homes (Hergstrom, 2005), however no studies were identified that suggested the financial strategies used to obtain their homes.

Local Findings: Homebuyer Rights

Several focus group participants shared experiences with buying property. One person reported that he was asked by a contractor to pay 10% down on a pre-existing home, and after purchase, discovered undisclosed problems with the house. Another person said he’d been asked to put 100% down before work was begun on a property. Both of these participants said that despite their reservations, they went through with the transactions as requested by the contractor because they were unsure of their rights.

Cultural Differences and Fear of Institutions

Immigrants may bring knowledge, beliefs and customs from their countries of origin regarding home-buying and financial institutions. They may, for example, arrive with a distrust of such institutions, and they generally do not have an understanding of the credit-approval process and requirements. In addition, immigrants may make assumptions about the home-buying process based on practices in their former countries, such as large down payment requirements. Immigrants may also be intimidated by formal financial structures, particularly if hailing from a country with an unstable financial sector. They may fear rejection from financial institutions or even deportation. Lastly, cultural differences can account for variations in styles of negotiation, decision-making and discussing finances, which can also affect the home-buying process. (Schoenholtz & Stanton, 2001; Quigley, 2005)

Local Findings: Cultural Expectations

In several immigrant focus groups, participants commented on the costly up-front housing expenses:

- “With me, they actually charged me a \$250 deposit, \$30 application, and one month’s full rent They requested a lot up front—very difficult to start.”
- “There’s a lot of obstacles set up for you—when people see that you’re an immigrant they ask you for a deposit for everything. Others ask for your consular ID, some type of proof of employment, and for that reason I can’t get an apartment where I want to live.”

While these results reflect the financial housing challenges that immigrants face, they also suggest that some immigrants may be unfamiliar with housing practices in the U.S., and bring cultural understandings based on the institutional practices of their home countries.

Language Barriers

For some immigrants, limited English proficiency is a barrier to buying a home, since it limits access to information about housing, savings, and mortgage opportunities. Limited English proficiency may also limit access to higher-paying employment opportunities that allow for greater mobility out of ethnic labor markets (Ray et al., 2004). In 2005, of the Travis County population age five and older, 13% spoke a language other than English at home and spoke English “less than very well” (American Community Survey, 2005).

Given the rise in the immigrant population, many lenders and homebuilders, especially in housing markets with higher concentrations of immigrants, are courting immigrant homebuyers by hiring bilingual staff with cultural knowledge and sensitivity to immigrant communities. These outreach efforts may be of greater benefit to larger immigrant populations, such as those that are Spanish-speaking, as opposed to smaller immigrant communities that speak less prevalent languages.

Local Findings: Language Barriers

In several local immigrant focus groups, participants commented on the negative effects of language barriers on their own home searches. One person expressed a need for interpreter services in real estate; another person expressed the desire for a handbook for newly arrived immigrants, in their native languages, addressing housing, tenant rights, and the home buying process in the U.S.

Higher Priced Housing Markets

Nationally, immigrants, on average, spend slightly more on housing than their native-born counterparts. For example, in 2005, the average and median fair market rents for the native-born population were \$931 and \$918 respectively; for immigrants, due to their locations in higher priced housing markets, their average and median fair market rents were \$1,056 and \$967 respectively (Lipman, 2005).

Fully 96% of immigrants live in urban areas (including inner city as well as urbanized suburbs), where housing is often more expensive and/or dominated by the rental market; only 78% of native-born Americans live in these urban areas (Ray et al, 2004). In 2000, three Texas cities—Houston, San Antonio and Dallas—were among the nation’s top ten cities with the largest foreign-born populations (Malone et al, 2003). These same three Texas cities also ranked among the top ten large cities with the highest percentage of renter-occupied units in 2000 (Woodward & Damon, 2001).

Immigrants tend to cluster in traditional “gateway” receiving areas, including the southwestern border from California to Texas, and in and around major metropolitan areas such as Miami, New York City, and Washington D.C. (Malone et al., 2003). According to 2000 Census data, almost 70% of immigrants live in just six states, with Texas being home to 9.3% of the nation’s immigrants (Ray et al, 2004). In recent years, immigrants are dispersing to other areas of the country beyond the traditional large gateway cities. Those who do move to cities other than the top ten immigrant “gateway” locations are more than twice as likely to become homeowners due to less expensive housing (Quigley, 2005).

Relatively Lower Incomes and Limited Assets

The greater one’s income and assets, the more affordable housing becomes. Nationally, on average, immigrants make slightly lower earnings than do native-born residents (Lipman, 2005). This trend is also visible on the local level (see Table 6-C). In Travis County, immigrants are more heavily represented among lower income groups: 66% have individual incomes under \$25,000 (compared with only 48% of the native born), and they are more than twice as likely as native-born persons to have no reported income. (American Community Survey 2005)

Table 6-C. Distribution of Foreign-Born and Native-Born Populations Across Individual Income Levels, Travis County, 2005

Income Level	Native Born		Foreign Born	
	Number	Percent	Number	Percent
No Income	47,920	9%	26,033	19%
\$1 to \$9,999 or loss	97,920	18%	23,920	18%
\$10,000 to \$14,999	41,076	8%	15,324	11%
\$15,000 to \$24,999	72,331	13%	25,078	18%
\$25,000 to \$34,999	65,723	12%	15,352	11%
\$35,000 to \$49,999	84,272	15%	9,545	7%
\$50,000 to \$64,999	47,698	9%	6,277	5%
\$65,000 to \$74,999	17,254	3%	3,787	3%
\$75,000 or more	69,950	13%	10,352	8%
Total	544,144	100%	135,668	100%

Source: American Community Survey 2005

Because their earnings are generally lower, and because they tend to cluster in higher-priced housing markets, immigrants' incomes tend to be below the median income for their locations (Lipman, 2005). Accordingly, the risk of poverty is higher for immigrants, as shown in Table 6-D. In 2005, foreign-born persons in Travis County were slightly more than 1.5 times more likely than native-born individuals to live below the poverty level. The higher prevalence of these economic conditions affects immigrants' ability to purchase housing.

Poverty Status	Native Born		Foreign Born	
	Number	Percent	Number	Percent
Below 100 percent of the poverty level	101,692	14%	33,548	23%
100 to 149 percent of the poverty level	49,244	7%	23,855	16%
At or above 150 percent of the poverty level	563,047	79%	90,836	61%
Total	713,983	100%	148,239	100%

Source: American Community Survey 2005.

Immigrants' household savings, and thus their homeownership potential, are also affected by their access to education, job training, and employment opportunities (both in the home country prior to immigration and here in the U.S.) (Ray et al, 2004). For detailed discussions of these factors, refer to the Profile, Workforce, and Education sections of this report.

Lastly, some immigrant groups face barriers to homeownership that are specific to their particular status or origin. For example, immigrants who come from countries that allow limited property ownership may bring fewer assets with them to the U.S. Refugees, who must leave everything behind in their country of origin, experience particular difficulty in achieving homeownership and are less likely to receive or transfer wealth to or from relatives. (Ray et al, 2004)