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New Research Shows Latino Households Face Challenges in Homebuyer Market

RWU policy groups HousingWorks RI and Latino Policy Institute release infographic that reveals affordability gap for Latino households in Rhode Island

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PROVIDENCE, R.I., – The Latino Policy Institute and HousingWorks RI – two policy groups at Roger Williams University – released an infographic today that shows the challenges facing Latino homeowners and some of the conditions preventing Rhode Island’s Latino renters from entering the homebuyer market.

The analysis done by HWRI reviews median renter household incomes and single-family home prices from 2007 to 2013. During that time, the income needed to afford the median priced single-family home outpaced the household incomes of both Latino and non-Latino renters. However, the median renter household income for Latinos declined 16 percent from 2007 to 2013 while the median renter household income for non-Latinos remained the same.

“With such a large gap between household incomes and the incomes needed to afford to buy a home, it’s not surprising to see a decline in the number of Latinos applying for a home mortgage,” said Jessica Cigna, research and policy director for HWRI. “Home mortgage applications for Latinos decreased 53 percent from 2007 to 2013, compared to 26 percent for non-Latinos.”

For the Latino households who are homeowners, 90 percent have a mortgage compared to 68 percent of non-Latino homeowners. The majority of these Latinos have had their mortgage for less than 10 years and more than half (56 percent) of Latino mortgaged households are housing cost burdened, meaning they spend more than 30 percent of their income on housing.

“The data clearly shows Latinos in Rhode Island are new to the homeowner market with little room for unexpected expenses or setbacks,” said Anna Cano Morales, director for LPI. “And certainly with such a low homeownership rate when compared to national Latinos, there is untapped potential in the Rhode Island market.”
The homeownership rate for Latinos in Rhode Island is 26 percent compared to 64 percent for non-Latinos. Nationally, 45 percent of Latino households own their homes compared to 63 percent for non-Latinos.

“Latinos are the fastest growing ethnic group in Rhode Island,” Cano Morales said. “We need them to become more engaged in the housing market, to be able to save enough money to purchase their first home, or to build equity to pass down to the next generation. The first step is addressing the affordability gap facing so many Latino households so they can play an even larger role in Rhode Island’s economic future.”