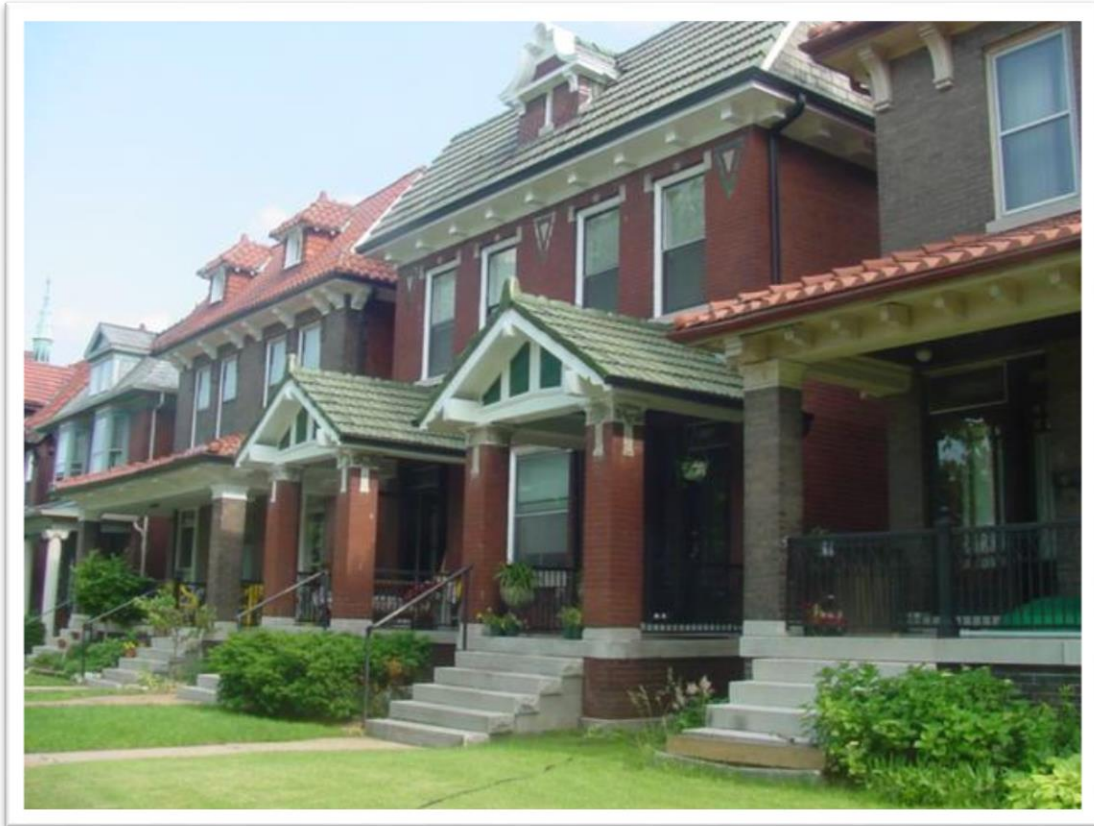


## Access to Homeownership for St. Louis' Foreign-Born



August 2015

A report by the Immigrant Housing Project

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The Immigrant Housing Project is a project of Missouri Immigrant and Refugee Advocates (MIRA). Project members include Beyond Housing, International Institute of St. Louis, St. Francis Community Services, the Metropolitan St. Louis Equal Housing and Opportunity Council.

## Introduction

*My name is Betty and I've lived in the City of St. Louis for 6 years. Yes, my immediate family and I faced significant difficulties that limited my attempts to purchase or find housing in the City of St. Louis. Lack of credit is one difficulty. One day, I tried to look for credit to buy a house and the bank denied the credit. I did not have enough papers in order to be able to show and they continued to insist on it in order to see that I would be able to.*

*I believe home buyer education programs, immigrant and refugee home purchase assistance programs, and increased access to quality housing in immigrant and refugee communities within the City of St. Louis would help to eliminate my difficulties in finding housing.*

Betty's story represents one of many families that want to buy a home in the City of St. Louis. She wants to put down roots, a more permanent home in the place she already calls home. But, like many immigrants and refugees, she faces barriers to fulfilling her dream of homeownership in St. Louis.

In the last decade, the population of immigrants in the larger St. Louis region has grown and shifted. This is also seen in the City of St. Louis. The number of foreign-born in the City of St. Louis increased by 11 percent since 2000, and now comprises nearly 7 percent of the population. Although relatively modest, this proportion of individuals holds significant cultural and economic impact to St. Louis.

Along with demographic changes in population, the housing market is also shifting for immigrants in the U.S and the St. Louis region. The national average for homeownership was 64.4 percent in 2014, with immigrants making up 11.2 percent of the homeownership population.<sup>1</sup> In 2010, 52.4 percent of immigrants were homeowners with that proportion expected increase to 55.7 percent by 2020. This is a clear sign that access to homeownership is a growing trend for immigrant communities.

The increase in access to homeownership has the potential to increase both the personal wealth of immigrant households and the economic growth of the region. The St. Louis region is actively working to attract more immigrants, with a goal to have the fastest growing immigrant population by the year 2020.<sup>2</sup> This comes in response to findings that the St. Louis region's immigration rate stalled behind other comparable metropolitan areas in the nation, ultimately impeding the region's economic status. The findings note that the St. Louis region's income growth could have been 4-7 percent higher in the past decade if immigrants had settled in the area.<sup>3</sup> These are signs that investment in immigrant homeownership can build positive economic impact and increase personal wealth of communities.

Not only does increased access to homeownership bring opportunity for positive economic impact but also enriches the cultural makeup of the region. The diversity of the population is increasing, bringing new cultures, experiences, and traditions to reach. St. Louis needs to be welcoming of these new populations, including providing opportunities to engage and contribute to the economy and community. Access to housing and homeownership is a key element of welcoming and ensuring these populations become full part of the St. Louis community. In a city that has seen significant population loss and divestment, immigrants represent a key piece of St. Louis' future.

This report aims to identify and evaluate the rates of homeownership for foreign-born residents in the City of St. Louis, as well as the homeownership rates of racial and ethnic minorities that comprise many of the foreign-born population. This report uses publicly-available data from the U.S. Census Bureau for demographic and housing trends in the City of St. Louis. It also examines home mortgage lending trends

<sup>1</sup> Myers, Dowell; Pitkin, John "Immigrant Contributions to Housing Demand in the United States: A Comparison of Recent Decades and Projections to 2020 for the States and Nation". March 2013.

[http://www.housingamerica.org/RIHA/RIHA/Publications/83654\\_12214\\_RIHA\\_Immigrant\\_Report.pdf](http://www.housingamerica.org/RIHA/RIHA/Publications/83654_12214_RIHA_Immigrant_Report.pdf)

<sup>2</sup> St. Louis Mosaic Project. About Us. <http://www.stlmosaicproject.org/about-us.html>

<sup>3</sup> Strauss, Jack. "The Economic Impact of Immigration on St. Louis." April 2012.

[http://www.stlmosaicproject.org/cmss\\_files/attachmentlibrary/EconomicImpactStudyAPRIL2012-1.pdf](http://www.stlmosaicproject.org/cmss_files/attachmentlibrary/EconomicImpactStudyAPRIL2012-1.pdf)

to identify how racial and ethnic minorities are accessing credit for homeownership, including loans for home purchases, refinances, and home improvement. Data from the 2013 Home Mortgage Disclosure Act (HMDA) provides this information for the City of St. Louis.

Finally, the report presents a new path to a more inclusive St. Louis. It proposes a practice recommendation that would put St. Louis into a position of providing immigrants true opportunity for homeownership. This report will recommend the creation of a new immigrant-focused housing center, one that will require full community effort and include the investment of community organizations, financial institutions and local government. This recommendation for a centralized housing center targets current issues in access to homeownership faced by foreign-born residents and establishes clear policy solutions and steps to overcome these barriers.

### **Foreign Born Population**

The population in the City of St. Louis includes about 21,700 people that are foreign-born, which represents 6.83 percent of the City's population. The Census defines someone that is foreign-born as any person that was not a U.S. citizen at birth, including now naturalized citizens, lawful permanent residents, refugees, international students, and undocumented immigrants.<sup>4</sup>

Of the foreign-born population, most are not U.S. citizens. Nearly 32 percent of the foreign-born population are naturalized citizens, while 68.22 percent are not citizens.

The largest majority of the foreign-born population originates from Asia, including a substantial number of individuals from Vietnam and China. People from Afghanistan and Iraq are also a large concentration of the foreign-born population. Latin America represents the second largest concentration of foreign-born individuals with over 22 percent of the population. The largest concentration is from Mexico, representing 15.26 percent of the population. Over 20 percent of the foreign-born population is from Europe, with the largest concentration from Bosnia and Herzegovina representing 8.7 percent of the foreign-born population.

Table 1: Native and Foreign-Born Population

City of St. Louis	Population	Percent of Total
<b>Total</b>	318,527	
<b>Native Born</b>	296,786	93.17%
<b>Foreign Born</b>	21,741	6.83%
<b>Naturalized Citizen</b>	6,910	31.78%
Not a U.S. Citizen	14,831	68.22%

Source: American Community Survey 2008-2012 5 year estimates

Table 2: Foreign Born Population by Place of Birth

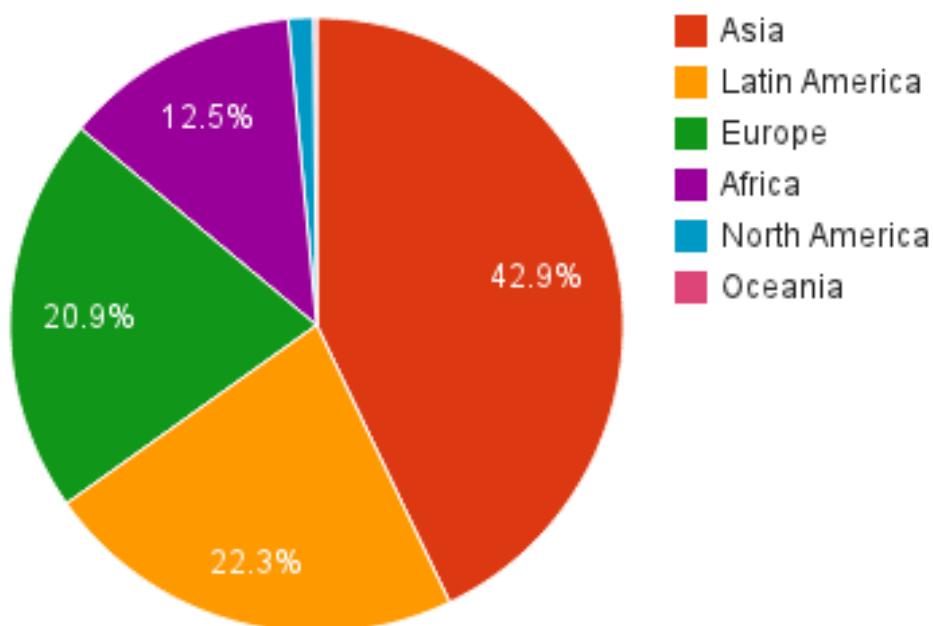
City of St. Louis	Population	Percent of Total
<b>Foreign Born</b>	21,741	
<b>Europe</b>	4,540	20.88%
Bosnia and Herzegovina	1,892	8.70%
<b>Asia</b>	9,319	42.86%
China	1,526	7.02%
Afghanistan	1,119	5.15%
Vietnam	1,651	7.59%
Iraq	1,126	5.18%
<b>Africa</b>	2,712	12.47%
<b>Oceania</b>	37	0.17%
<b>Latin America</b>	4,847	22.29%
Mexico	3,317	15.26%
<b>North America</b>	286	1.32%

Source: American Community Survey 2008-2012 5 year estimates

<sup>4</sup>United States Census, Foreign-Born, About, <https://www.census.gov/topics/population/foreign-born/about.html>

Graph 1: Foreign Born Population by Place of Birth

### Foreign-Born Population



The map on the following page displays the percent of foreign born population of the total population across all census tracts in the City of St. Louis. The foreign born population is concentrated in south St. Louis City

Around the areas of Tower Grove South, the foreign born population comprises nearly 20 percent of the population. Tower Grove East and Bevo Mill also have significant foreign-born population. Carondelet, in the farthest south part of the City, also has a foreign born population of over 20 percent of the total population of that area. The Central West End also has a high population of foreign born in a few census tracts. On the west border of the City, a high concentration of foreign-born resides in the West End neighborhood and along the western edge of Forest Park along Skinker Avenue.

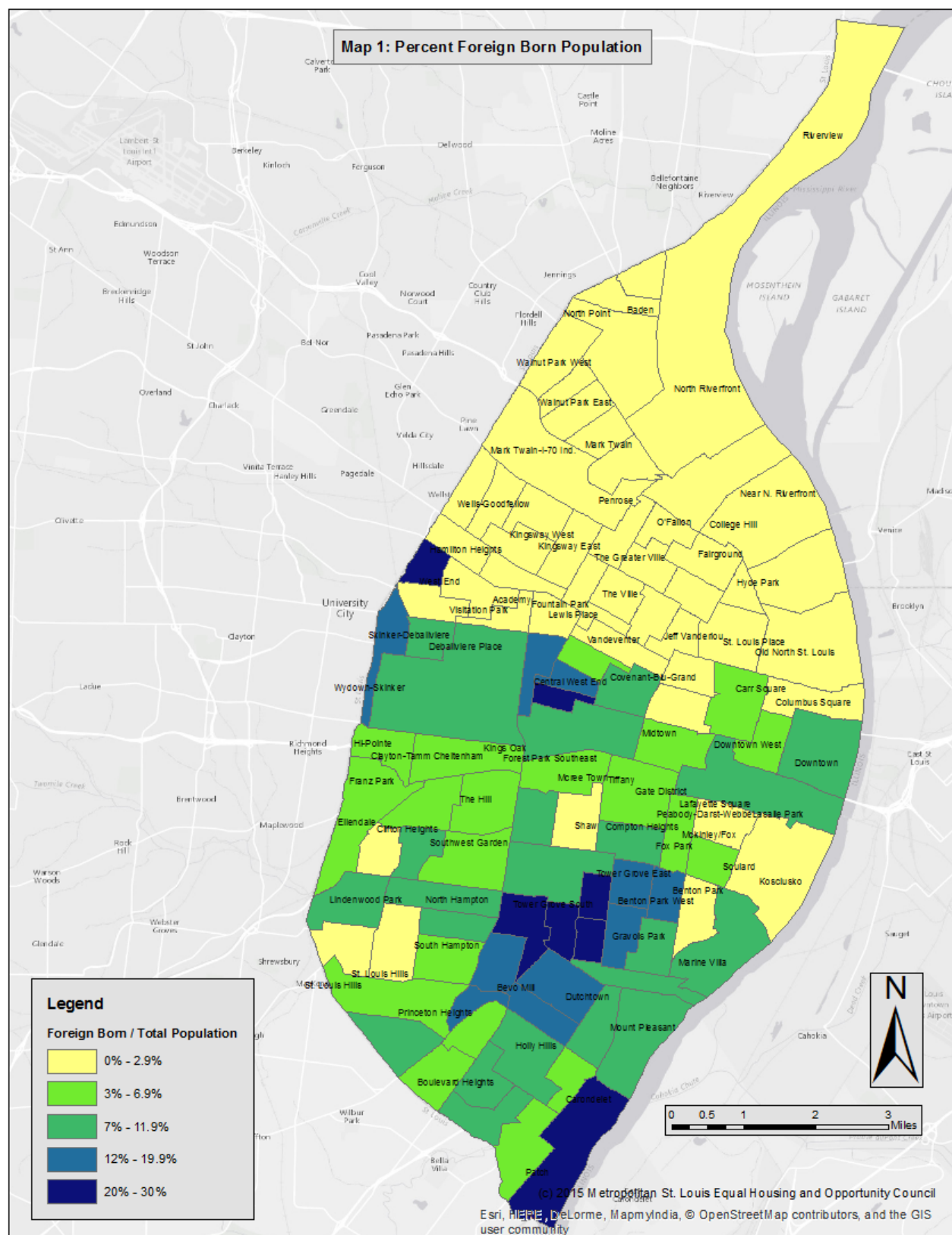
### Housing Tenure of Foreign-Born Population

Table 4: Housing Tenure of Foreign-Born by Citizenship

	Foreign-Born, Naturalized Citizen	Foreign-Born, Not a U.S. Citizen
<b>Total population</b>	6,910	14,831
<b>Occupied housing units</b>	3,662	5,644
Owner-occupied housing units	65.00%	23.10%
Renter-occupied housing units	35.00%	76.90%

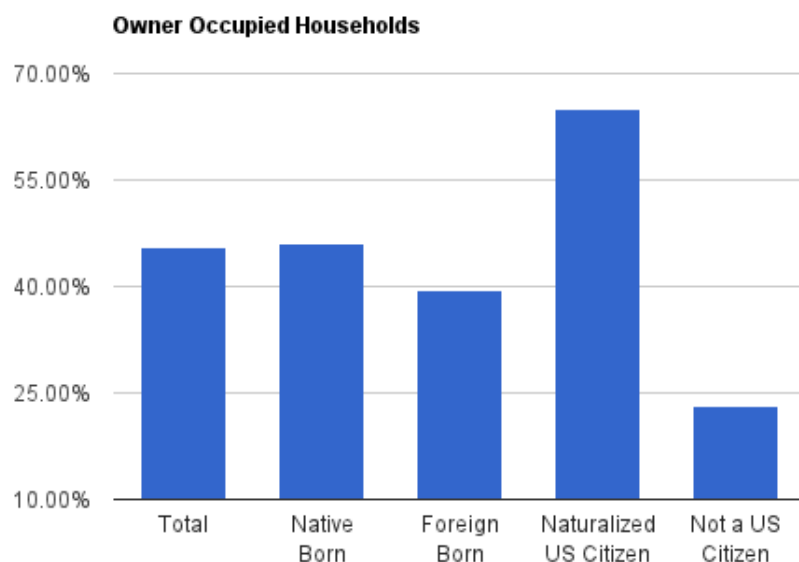
Source: American Community Survey 2008-2012 5 year estimates

Of the foreign-born population in the City of St. Louis, 39.6 percent live in owner-occupied housing units. Over 60 percent of foreign-born households are renters. Comparatively, of the native-born population, 46 percent are homeowners and 54 percent are renters and thus, the homeownership rate for foreign-born households is behind the rate of native-born households.



A larger gap in homeownership for foreign-born population exists based on citizenship. Of the total foreign-born population, about 14,800 are not U.S. citizens, which represent 68 percent of the foreign-born population. Only 23.1 percent of non-citizens are homeowners. Nearly 77 percent of non-citizens are renters. Of the foreign-born who are naturalized citizens, the homeownership rate is 65 percent, which is higher than homeownership even among native born households. This indicates that naturalized U.S. citizens are much more likely to be homeowners, despite representing a smaller proportion of the foreign-born population. Non-citizens have significantly lower rates of homeownership.

Graph 2: Percent Owner Occupied Households by Citizenship Status



### Race and Ethnicity of the Foreign-Born Population

Table 5: Foreign-Born by Race and Ethnicity<sup>1</sup>

	Foreign born
<b>Total population</b>	21,741
<b>One race</b>	94.60%
White	49.10%
Black or African American	13.90%
American Indian and Alaska Native	0.20%
Asian	25.60%
Native Hawaiian and Other Pacific Islander	0.00%
Some other race	5.90%
Two or more races	5.40%
<b>Hispanic or Latino origin (of any race)</b>	20.60%
<b>White alone, not Hispanic or Latino</b>	35.50%

Source: American Community Survey 2008-2012 5 year estimates

Of the foreign-born population in the City of St. Louis, about 35.5 percent are white and not Hispanic, 25.6 percent are Asian, 20.6 percent are Hispanic, and 14 percent are black.

For the purposes of this report, the following sections use data by the race and ethnicity of the household to estimate housing trends of racial and ethnic minorities within the foreign-born population. Many of the foreign-born population in the City of St. Louis are racial and ethnic minorities as defined by the census. Certainly, it should be noted that not all racial and ethnic minorities are foreign-born and not all foreign-born individuals identify as a racial or ethnic minority. However, there is a lack of

publicly available data that details foreign-born housing trends by place of birth and by census tract for the City of St. Louis.

### **Housing Tenure of Households by Race and Ethnicity**

In the City of St. Louis, white households represent nearly 48 percent of the population. Black households represent 45 percent of the households. That means that only 6.75 percent of households are other non-white and non-black.

Of those other minority categories, Asian households represent the largest share at 2.58 percent of households. Hispanics represent 2.44 of households. American Indian, Native Hawaiian, and those that reported other races or multi races represent a combination of 2.52 percent of households.

Table 6: Households by Tenure<sup>1</sup>

St. Louis City	Households		Owner Occupied		Renter Occupied	
	#	%	#	%	#	%
Total	139,840		63,757		76,083	
White, not Hispanic	67,024	47.93%	38,654	60.63%	28,370	37.29%
Black	63,376	45.32%	21,798	34.19%	41,578	54.65%
Hispanic	3,412	2.44%	1,253	1.97%	2,159	2.84%
Asian	3,611	2.58%	1,317	2.07%	2,294	3.02%
Other <sup>1</sup>	3,518	2.52%	1,053	1.65%	2,465	3.24%

Source: American Community Survey 2008-2012 5 year estimates

Housing tenure trends indicate disparities in homeownership among minority households. All minority groups are underrepresented among homeowners. Of homeowners, only 34 percent are black despite blacks representing 45 percent of households overall. Although not as stark as the disparity among blacks, other minority groups also are underrepresented in the share of homeowners. Hispanics represent 2.44 percent of the population yet 1.97 percent of homeowners. Asians represent 2.58 percent of households but 2.07 percent of homeowners.

### **Homeownership Rates**

Another way of looking at housing tenure is to examine the rate of homeownership among each demographic group. Among all households in the City of St. Louis, 45.59 percent are homeowners. The homeownership rate of whites is higher, with 57.67 percent of whites being homeowners. Compared to all homeowners, whites are over-represented as homeowners in the City of St. Louis.

The rate of homeownership for all minority groups is substantially lower than homeownership rate of whites. Only 34.39 percent of blacks are homeowners, meaning that whites are 1.7 times more likely to be homeowners than blacks. Asians have a homeownership rate of 36.47 percent. Hispanic households have a homeownership rate of 36.72 percent, which is higher than the other minority groups but still substantially lower than the white homeownership rate. The homeownership rate of other race households is the lowest among these other minority groups at only 29.93 percent.

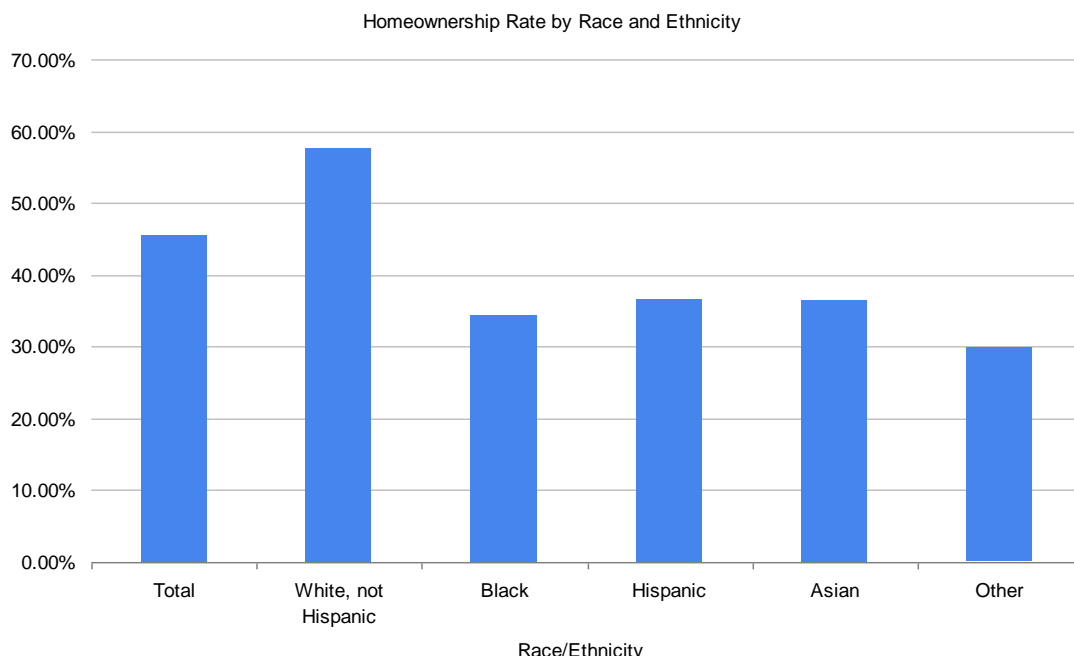
Table 7: Homeownership Rate by Race and Ethnicity

St. Louis City	Households	Homeowners	Homeownership Rate
	#	#	%
Total	139,840	63,757	45.59%
White, not Hispanic	67,024	38,654	57.67%
Black	63,376	21,798	34.39%
Hispanic	3,412	1,253	36.72%
Asian	3,611	1,317	36.47%
Other	3,518	1,053	29.93%

Source: American Community Survey 2008-2012 5 year estimates



Graph 3: Homeownership Rate by Race and Ethnicity



### **Minority Homeownership by Neighborhood**

#### **Hispanic Homeowners**

The overall homeownership rate of Hispanics in the City of St. Louis is 36.72%. However, many neighborhoods and census tracts with significant Hispanic population have lower than average Hispanic homeownership rates. Map 2 on the following page displays the Hispanic homeownership rates by census tract.<sup>5</sup> Homeownership rate for Hispanics is above average in census tracts displayed in the two different shades of blue on the map. These areas include parts of Carondelet, Dutchtown, Fox Park, and Lindenwood Park, among others.

The rate of homeownership among Hispanics is lower than average in census tracts with the two shades of green. Ten census tracts have zero Hispanic homeowners, displayed in yellow on the map. The areas with lower rates of homeownership among Hispanic households are concentrated around parts of the Central West End, Skinker DeBaliviere, Tower Grove and Gravois Park, as well as parts of other neighborhoods. As these areas already have a significant Hispanic population, there are opportunities to promote and expand access to homeownership for those families currently renting in the neighborhood.

#### **Asian Homeowners**

In the entire City of St. Louis, 36.47 percent of Asians are homeowners. Map 3 on the following page below displays the rate of homeownership for Asian households.<sup>6</sup> The homeownership rate among Asians is above average in census tracts displayed in the two blue shades in the map. These areas include Dutchtown, Holly Hills, parts of Tower Grove, South Hampton, and downtown, among others.

<sup>5</sup> The map controls for number of households in order to accurately show homeownership rates for areas with significant numbers of Hispanic population. Only census tracts with 20 or more Hispanic households were included in this map.

<sup>6</sup> Only census tracts with 20 or more Asian households were included in the analysis in order to show census tracts with significant number of Asian households.

Homeownership rates are below average in census tracts displayed in shades of green. These include areas like Skinker DeBaliviere and Central West End. Five census tracts displayed in yellow are those with zero Asian homeowners, including parts of Gravois Park, Clayton Tamm, and Central West End. The neighborhoods with lower homeownership rates indicate an opportunity to expand homeownership opportunities for Asian households that currently are renters in those neighborhoods.

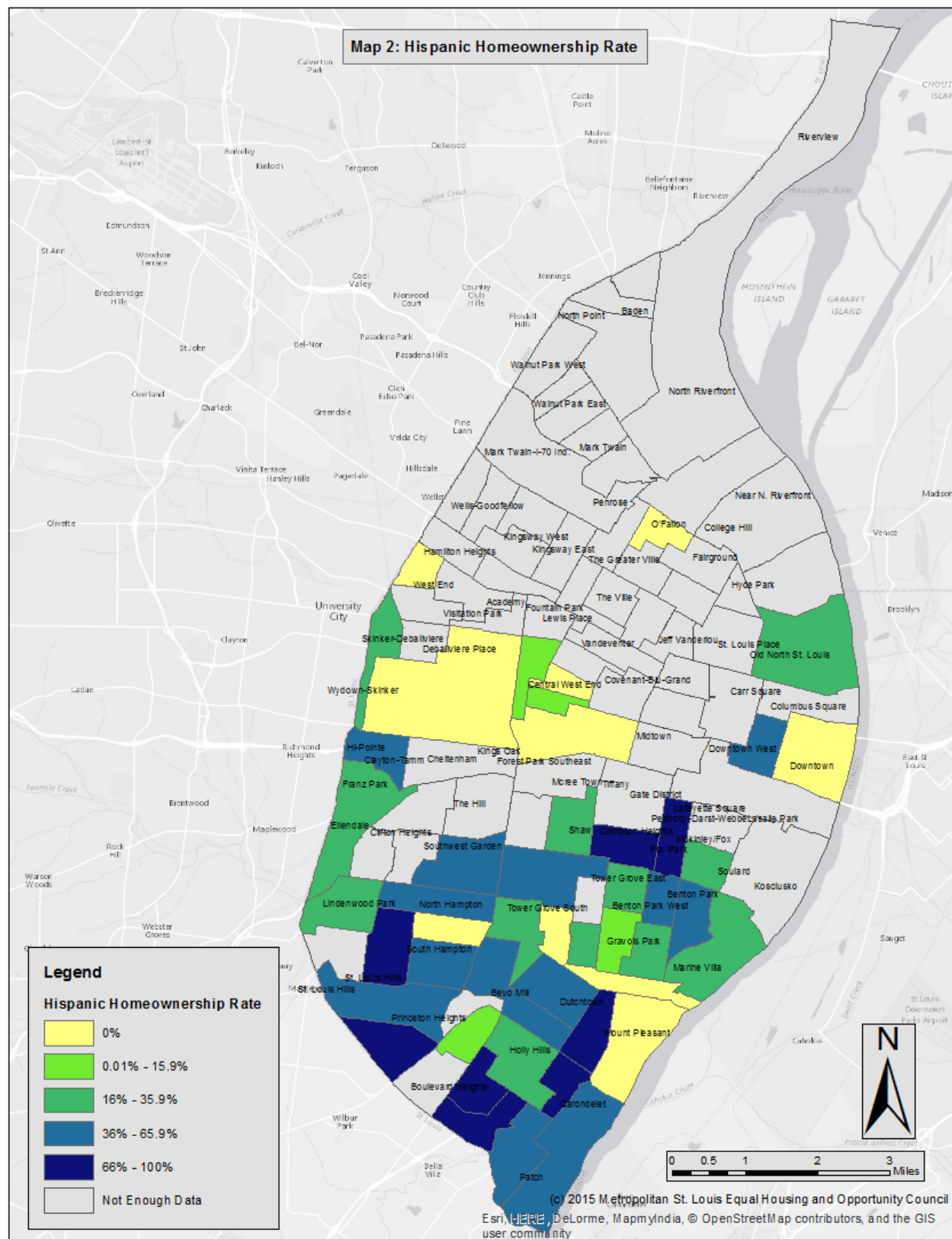
### **Other Race Homeowners**

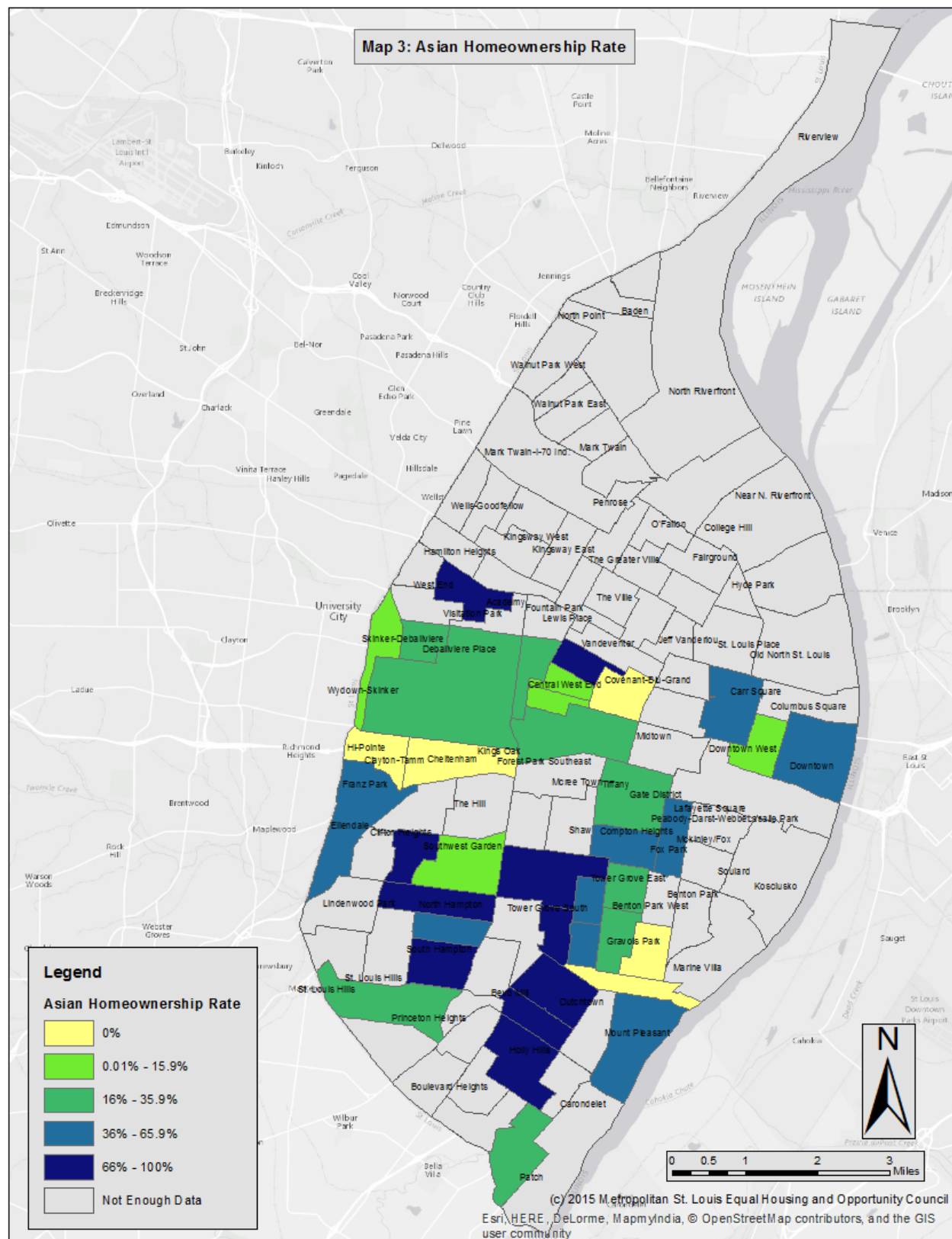
Among households of other races, the homeownership rate is nearly 30 percent. Map 4 on the following page displays the rate of homeownership by census tract for other race households.<sup>7</sup> The census tracts in two shades of blue have higher rates of homeownership, which include parts of neighborhoods in Benton Park, Skinker Debaliviere, Tower Grove South, and scattered tracts in North St. Louis City.

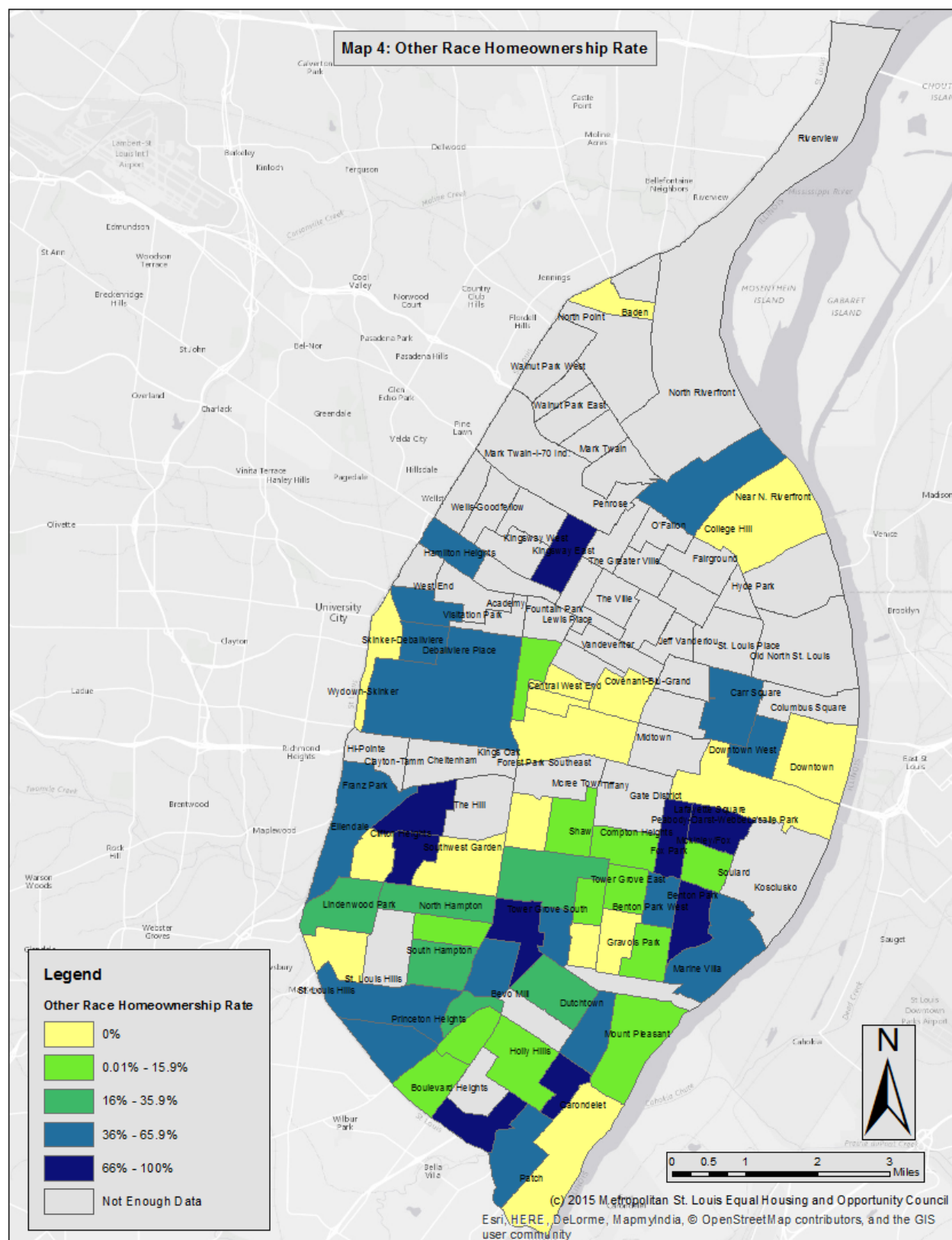
Homeownership for other races is underrepresented in census tracts displayed in green, including parts of Shaw and Tower Grove East, Hampton, Holly Hills, among others. There are 15 census tracts with zero homeowners of other races, which are displayed in yellow. These neighborhoods include the Central West End, near downtown, and other scattered census tracts.

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<sup>7</sup> Other race in this map includes American Indian, Native Hawaiian, Multi Race and Other Race as reported in the census data. Only census tracts with 20 or more other race households were included in this map.







### Home Lending Trends

Table 18: Action Taken by Race and Ethnicity

2013 Lending	Applications		Originations			Denials			Fallout		
	#	%	#	%	Rate	#	%	Rate	#	%	Rate
Total	12,428		7,372		59.32%	2,356		18.96%	2,700		21.73%
White	8,200	65.98%	5,411	73.40%	65.99%	1,215	51.57%	14.82%	1,574	58.30%	19.20%
Black	1,717	13.82%	694	9.41%	40.42%	578	24.53%	33.66%	445	16.48%	25.92%
Hispanic	239	1.92%	135	1.83%	56.49%	49	2.08%	20.50%	55	2.04%	23.01%
Asian	280	2.25%	146	1.98%	52.14%	71	3.01%	25.36%	63	2.33%	22.50%
Other	93	0.75%	51	0.69%	54.84%	18	0.76%	19.35%	24	0.89%	25.81%
Unk./NA	1,899	15.28%	935	12.68%	49.24%	425	18.04%	22.38%	539	19.96%	28.38%

A key element of homeownership today is the ability to access a mortgage loan. Any examination of homeownership trends among minorities in the City of St. Louis must include analysis of home lending data. Certainly, the mortgage market has changed considerably over the past decade, affecting homeownership trends and demographics. However, this analysis only examines recent mortgage lending data in order to capture the types of borrowers accessing home loans now. The most recent publicly-available data is the 2013 data from the Home Mortgage Disclosure Act (HMDA).

In the City of St. Louis, 12,428 mortgage loan applications were received in 2013. Nearly 66 percent of applications were from white borrowers, 13.82 percent from blacks, 1.92 percent from Hispanics, and 2.25 percent from Asians. About 15 percent of application did not report race or ethnicity characteristics. Of those applications, 7,372 loans were originated with 73.40 percent originated to white borrowers, 9.41 percent to blacks, 1.83 percent to Hispanics, and 1.98 percent to Asian borrowers. Table 18 displays the number and percent of loan applications by race and the action taken on the loan.<sup>8</sup>

The percent of lending both in applications and originations to minority borrowers falls far below the demographics for each minority group. Black households represent 45.32 percent of the population in the City of St. Louis. Hispanics represent 2.44 percent of households. Asians represent 2.58 percent of households.

Additionally, the volume of lending to minority borrowers is low. Only 134 loans of were originated to Hispanic borrowers and 146 were originated to Asian borrowers. Fifty one loans were originated to other minorities, including American Indian, Native Hawaiian, and Multi Race borrowers.

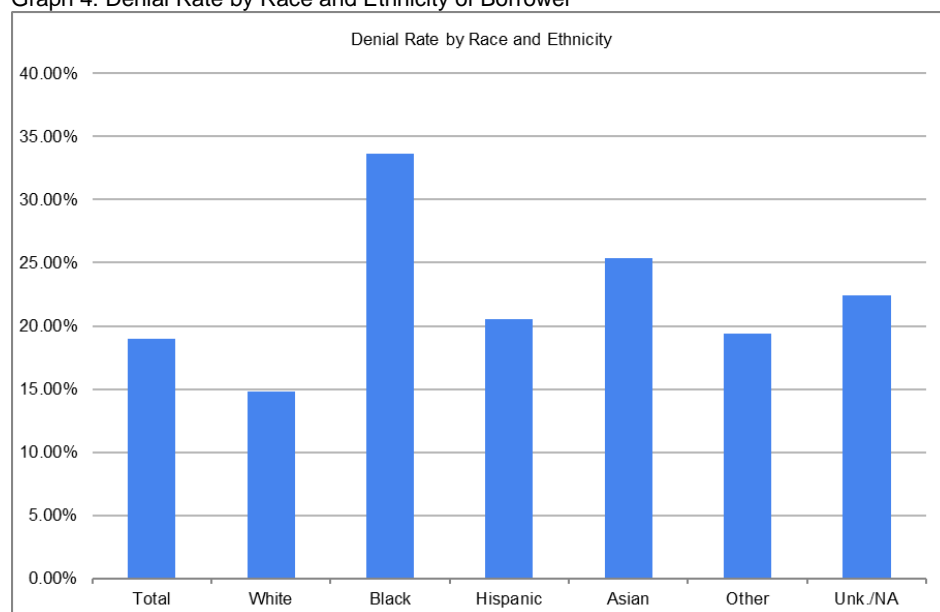
<sup>8</sup> Fall out includes applications that were rejected by applicant, withdrawn, or incomplete.

### Disparities in Origination and Denial Rates

Compared to white borrowers, minorities are much less likely to have loans originated. The data in Table 18 on the previous page indicates significant disparities in minority origination rates and denial rates. In total, 59.32 percent of all loan applications were originated. Among black borrowers, only 40.42 percent of loans were originated whereas 65.99 percent of the loans for whites were originated, representing a 25.57 percent disparity in rate of origination. Hispanic and Asian borrowers experienced originations at 56.49 percent and 52.14 of applications, respectively.

Particularly concerning is the high percentage of minority applications that were denied in 2013. Only 14.82 percent of white applications were denied. Comparatively, 33.66 percent of black applications were denied. Hispanics and Asians had slightly less denials with 20.50 percent for Hispanics and 25.36 percent for Asians. Among other minorities, 19.35 percent of applications were denied.

Graph 4: Denial Rate by Race and Ethnicity of Borrower



In spite of the limitations to the HMDA data which does not provide key creditworthiness data such as credit scores or debt-to-income ratios, the proportion of minority borrowers that are denied is extremely high. More concerning is the disparity in denial rates between all minority borrowers and white borrowers. These denial rates show that black borrowers were denied 2.27 times more than white borrowers. Similarly, Hispanics were denied 1.38 times and Asians 1.71 times more than white borrowers.

## Six Year Lending Trends

Table 19: Originations by Race and Ethnicity Over Past Six Years

Originations	2013		2012		2011		2010		2009		2008	
Total	7372		6306		4764		6284		7803		6792	
White	5411	73.40%	4970	78.81%	3769	79.11%	4925	78.37%	5932	76.02%	4626	68.11%
Black	694	9.41%	566	8.98%	413	8.67%	597	9.50%	904	11.59%	1197	17.62%
Hispanic	135	1.83%	84	1.33%	63	1.32%	88	1.40%	109	1.40%	115	1.69%
Asian	146	1.98%	114	1.81%	84	1.76%	97	1.54%	114	1.46%	103	1.52%
Other	51	0.69%	26	0.41%	23	0.48%	29	0.46%	26	0.33%	26	0.39%
Unk./NA	935	12.68%	546	8.66%	412	8.65%	548	8.72%	718	9.20%	725	10.68%

The number of mortgage originations overall have increased slightly since 2008, despite a decline in the number of originations in 2011. Table 19 displays originations over the last six years. Of loans originated in the last six years, lending to Hispanic borrowers has remained relatively consistent. In 2008, 115 loans, or 1.69 percent of all loans, were originated to Hispanic borrowers. The number of loans and market penetration however, has decreased since 2008. Lending to Asian borrowers has slightly changed since 2008 with 103 loans, representing 1.52 percent of all loan originations. The number increased in 2009, but then decreased in 2010 and 2011 until increasing in 2012. Lending to black borrowers since 2008 has consistently decreased from 2008 to 2011 in terms of number of loans and percentage of borrowers. However, in 2012, the volume and market penetration of loans to black borrowers increased.

## Findings

As the foreign-born population in the City of St. Louis continues to increase, it is essential to provide opportunities for homeownership. This boosts the personal wealth and assets of households, as well as the economic growth and cultural diversity for the entire region.

The above analysis highlights major findings as it relates to access to homeownership.

- In the City of St. Louis, less than 40 percent of the foreign born are homeowners. Comparatively, the national rate of homeownership for immigrants is 52.4 percent.
- Significant disparities in homeownership rates exist depending on the type of citizenship status. Only 23 percent of foreign-born in the City of St. Louis that are not U.S. citizens are homeowners, compared to 65 percent of naturalized citizens are homeowners.
- Disparities in homeownership also exist among racial and ethnic minorities. Black, Hispanic, and Asian households are less likely to be homeowners than white, non-Hispanic households.
- Mortgage lending trends also show disparities in access to home mortgage credit for black, Hispanic, and Asian borrowers. Compared to the population, black, Hispanic, and Asian borrowers are underrepresented in 2013 mortgage lending trends. The number of loan applications and originations from these minorities are also very small. Minorities are also more likely to be denied a mortgage loan than a white, non-Hispanic borrower.



The purpose of this report is to highlight the major findings of the available data, as well as provide recommendations to how to increase access to homeownership opportunities for foreign-born households in St. Louis. The following section describes the recommendations.

### **Recommendation: New Housing Center**

St. Louis as a region will need to work collaboratively in order to encourage and provide necessary resources to close the gap in access to homeownership for foreign-born. A collaborative housing center is a comprehensive plan including both educational and economic resources aimed at increasing foreign-born homeownership in the St. Louis area. In order to be successful, this plan calls for committed support from local governments, financial institutions, and community organizations. Examples of key stakeholders include: the City of St. Louis, regional financial institutions and community based non-profits, including the authors of this report.

The holistic housing center will be structured around six key components that will position foreign-born to address specific barriers to homeownership, with the development of resources and educational products. The funding and operations of the housing center will be a collaborative effort that will utilize the skill sets and resources of the three key stakeholder groups.

### **The New Housing Center's Key Components**

#### **Resource Connection Program**

The development of a resource connection program would allow for direct recruitment and resourcing of immigrant home buying services. In order for home buying products and services to successfully target immigrant communities, outreach is needed. Resource connection programs bring the home buying service providers to the immigrant community in natural places of contact, such as schools, churches and other non-profits. Furthermore, a resource connection program would be able to respond to the direct needs of different communities and provide larger capacity for service providers to collaborate and administrate home buying assistance programs with limited outreach.

*Barrier for Immigrants:* There currently are existing organizations that provide a variety of services to communities to help with the home buying process. However, many do not have the capacity to reach out to directly to the immigrant community and recruit for their programs.

*Housing Center Solution:* Create and fund a Resource Connection Program that targets immigrant and refugee communities and showcases home buying assistance programs. Organizations and financial institutions would host regular meetings organized through the housing center with local service providers in order to build relationships between organizations and immigrant communities. The new housing center can help facilitate direct resources connections and outreach goals of stakeholders.

#### **First Time Homebuyer Education and Housing Counseling**

First-time homebuyer education and housing counseling programs provide knowledge and counseling to individuals or families seeking to buy a home for the first time. The education process and individual attention given during these sessions help potential homebuyers navigate the confusing mortgage process. A comprehensive report on homeownership counseling programs found that participants of these programs are more likely to make payments on-time, to refinance their mortgages in the future, and to pay the loan off before the term ends.<sup>9</sup> Another study found that people who participated in pre-purchase counseling were more credit worthy than the participants in the control group who did not

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<sup>9</sup> Collins, J.M. & O'Rourke, C. (2011). Homeownership education and counseling: Do we know what works? Retrieved from [http://www.housingamerica.org/RIHA/RIHA/Publications/76378\\_10554\\_Research\\_RIHA\\_Collins\\_Report.pdf](http://www.housingamerica.org/RIHA/RIHA/Publications/76378_10554_Research_RIHA_Collins_Report.pdf)

participate in pre-purchase counseling.<sup>10</sup> These findings suggest that education programs would be beneficial to immigrants looking to purchase a home.

*Barrier for Immigrants:* Currently there is a lack of resources and capacity for homebuyer education and housing counseling among the immigrant community. Most homebuyer education programs in the St. Louis region are only offered in English or have limited language capabilities. For example, the education program at Beyond Housing is offered in English both online and in-person, while Spanish classes are only offered online. Additionally there is limited cultural competency programs within housing counseling that address the diversity of St. Louis' foreign-born.

“They wouldn’t give us a loan. I don’t know how to start getting credit. I don’t know to check credit score or how to check loans.”  
-Gisela

*Housing Center Solution:* Increase first-time home buying education programs to immigrant and refugees by developing language-appropriate resources and conducting targeted outreach. This will require a commitment from community organizations that administer homebuyer education and housing counseling to take additional steps to increase language-appropriate resources and targeted outreach. This includes, but is not limited to the translation of printed materials, online resources, as well as the recruitment and development of bi-lingual staff and service providers. Local governments and financial institutions currently fund non-profit agencies to provide first time home buyer education or housing counseling. This funding should increase with the development of the housing center in order to expand programs to focus on immigrant and refugee communities.

### Individual Development Accounts

Individual development accounts (IDAs) are matched savings accounts used by low- and moderate income individuals. They are usually 2:1 or 3:1 matching accounts and participants are required to be saving towards a goal, such as buying a home, opening a small business, or continuing their education. Many studies have demonstrated that IDAs are effective at positively influencing the long-term savings behavior of the participants.<sup>11</sup>

*Barrier for Immigrants:* IDA programs in St. Louis are successful asset-building programs. However, availability of the program is very limited. The United Way facilitates the program of 100 accounts, across 5 different agencies. Currently, all immigrants are eligible for participation in the program, regardless of status. However, there are some limitations for undocumented immigrants depending on the partnering financial institution that offers the savings account. Some financial

“I have six people in the family. It is very difficult to find apartment convenient to school and work. We need to rent a three bedroom and one or one and a half bathroom. They asked for \$550 to \$650 a month but only I and my wife works minimum wages and all my children go to school.” -Thinh Nguyen

institutions require certain documentation to open a savings account. Once a participant completes the program and receives their matched funds, a potential home buyer may have difficulty obtaining a mortgage if the financial institution does not have mortgage products that meet immigrant needs.

<sup>10</sup> Smith, M., Hochberg, D., & Greene, W. (2014) The effectiveness of pre-purchase homeownership counseling and financial management skills. Retrieved from [www.philadelphiafed.org](http://www.philadelphiafed.org)

<sup>11</sup> Huang, J. (2010). Effects of individual development accounts on household wealth and saving taste. *Research on Social Work Practice*, 20(6).; Loibl, C., Grinsteian-Weiss, M., Zhan, M., & Red Bird, B. (2010). More than a penny saved: Long-term changes in behavior among savings program participants. *Journal of Community Affairs*, 44(1).

*Housing Center Solution:* Increase IDA programs for immigrants and refugees as a mechanism to build assets to buy a home. Community organizations that are currently offering IDA programs should ensure that participation in the program is open to all immigrants and refugees. Information on the program should be provided and marketed to immigrant and refugee communities. The programs should only partner with financial institutions that have inclusive identification policies and available products that meet the needs of immigrants and refugees. Financial institutions that partner with IDA programs should adopt inclusive identification policies so that all immigrants and refugees can open a savings account. Home mortgage products should be offered to participants that meet the needs of immigrants and refugees. Lastly, local governments could also participate with IDA programs by providing the matched funds. This program can be operated through the housing center to organize key immigrant outreach and community connection.

### **Credit Builder Products**

Credit history and credit scores are used in many transactions to determine eligibility, including buying a home. Good credit can help you qualify for better loan rates and terms. There are many successful programs and products that are designed to help people build credit histories. Financial institutions and non-profits offer credit-building products such as secured credit cards or specialized loans that boost credit scores. Some financial institutions also have added alternative credit considerations as part of their underwriting criteria on loans in order to help qualified borrowers that might not have good credit.

*Barrier for Immigrants:* Immigrants need access to methods of building their credit. Many immigrants do not have any credit histories or have extremely thin files with low credit scores. With no or low credit, immigrants are subjected to higher loan rates or are denied applications because of lack of credit histories.

“The difficulty that has limited my attempt to purchase a home is not having credit in spite of my income and explaining my difficult situation for not having credit. I am in the process of getting a divorce and I don’t have proof of payment to my name for property, payment of gas and electric. Everything is in the name of my husband.”  
-Cecilia

*Housing Center Solution:* Create credit-builder products that meet the needs of immigrants and refugees to help create and build good credit histories. Community organizations will partner with financial institutions to offer credit builder products to immigrants and refugees. Include information about building credit and the importance of credit in financial education programs and materials. Financial institutions need to offer credit-building products that meet the needs of immigrants. This includes products such as secured credit cards or credit booster loans that have low limits, small monthly payments, and consideration for alternative credit sources like utility payments or personal references. Credit builder loan products should be designed so the loan amount is deposited in a reserved savings account and a small monthly payment gets reported to the credit bureaus. At the end of the loan term, the borrower is able to access the savings and has a higher credit score. All of these products need to accept ITIN or other inclusive forms of ID to open.

### **Down Payment Assistance Programs**

Down payment assistance programs are designed to help homebuyers purchase a home by providing funds to help make a down payment. This type of assistance greatly improves the lives of families because of the benefits of homeownership such as increased civic participation, increased educational attainment of children, and increased wealth of the family. Purchasing a home also provides a boost to the overall economy of the area. Unfortunately, many families do not have the capital to purchase a home because of rising costs and requirements for receiving a mortgage. However, recent research has demonstrated how down payment assistance programs are able to help many families purchase homes to improve their lives and the economy of the region. A study conducted by the Census Bureau found that

by providing a one-time \$10,000 subsidy, five million low-income and minority families would qualify for loans to purchase a home.<sup>12</sup>

*Barriers for Immigrants:* Most of the current programs in the St. Louis region that provide down payment assistance are funded through federal funding streams, which require documentation that may not be available to all immigrants, including those that have undocumented status. Current programs that include down-payment assistance funds offered through local government community development departments, include St. Louis County, the City of St. Louis, and St. Charles County. The Missouri Housing Development Corporation (MHDC) also operates a down payment assistance program for first time homebuyers, which requires no identification; however, the individual lenders of the program at times again require documentation that is not accessible to all immigrants. Additionally, a few local banks in the region are offering down payment assistance to qualified borrowers as part of a program to promote homeownership in underserved communities. Typically, these programs are administered by housing counseling agencies that include home buying education classes and counseling. Because most of these current programs are funded through federal dollars, only U.S. citizens and immigrants with legal status are eligible to participate.

“I am a single mom with three children. I spend over half of my monthly income to rent a two bedroom, one bathroom apartment. I have just enough to pay utilities, phone, and car insurance...My income is too low to buy a house.” - Linh Bui

*Housing Center Solution:* Encourage homebuyers by providing increased access to down payment assistance funds that everyone is eligible for, regardless of access to documentation or immigration status. Financial institutions can assist by offering down payment assistance to qualified borrowers as part of special financing programs. These programs can be facilitated in partnership with housing counseling agencies, between individual financial institutions, or as a collaborative fund. It is important that down payment assistance programs be matched with home mortgage products that accept ITIN numbers and other forms of identification specific to a section of immigrant households. Local governments can assist by matching federal down payment assistance funds with additional locally sourced funds to ensure assistance is available to everyone. Since many local governments already fund down payment assistance programs through federal community development grants, a similar amount of locally sourced funds could match existing programs and provide access to assistance for immigrants with undocumented status. The additional funds would be provided to housing counseling agencies to facilitate the program and housed within the housing center.

### Home Purchase Products

Qualifying for a home mortgage product is increasingly difficult for potential homebuyers, even those that are responsible and qualified borrowers. Lenders have the ability to offer specialized mortgage products that meet the needs of the community, including immigrants and refugees.

*Barrier for Immigrants:* Many immigrants struggle to obtain home loans due to the lack of traditional credit and the inability to obtain traditional forms of identification. Matricula Consular cards and ITINs are the documents that immigrants frequently use to get banking services, but many banks do not accept them for home loans.<sup>13</sup> In one survey, only 42 percent of banking institutions indicated that they accept the Matricular Consular card as a form of identification for banking services. Even if banks do accept the Matricula Consular card, many require additional identification, such as an ITIN or a Social

<sup>12</sup> Jacobus, R. & Abromowitz, D. (2010). A path to homeownership: Building a more sustainable strategy for expanding homeownership. *Journal of Affordable Housing & Community Development Law*, 19(3/4).

<sup>13</sup> Del Rio, Deyanira. (2010, Feb.) *Mortgage Lending and Foreclosures in Immigrant Communities: Expanding Fair Housing and Fair Lending Opportunity Among Low Income and Undocumented Immigrants*. Rep. The Ohio State University Kirwan Institute for the Study of Race and Ethnicity.

Security number.<sup>14</sup> Home purchase products for specific immigrant or cultural groups are a necessity for the immigrant housing market to grow. Some banks, such as Mitchell Bank, a small Milwaukee bank, was one of the first banks to accept ITINs and alternative forms of credit in lieu of more traditional forms for home mortgages. In the St. Louis region, The Bank of Edwardsville, serving the Metro East, developed a mortgage loan product that accepts ITINs, has lower credit score requirements, includes closing cost assistance, and other features that are designed to attract immigrant borrowers. Eagle Bank and Trust also accepts ITINs on mortgage loan products.

“One day I tried to look for credit to buy a house and the bank denied the credit. I did not have enough papers in order to be able to show and they continued to insist on it in order to see that I would be able to.”  
-Betty

*Housing Center Solution:* Promote mortgage products that accept ITINs, Matricula Consular cards, and other forms of identification in lieu of SSNs and other U.S. Government-issued IDs, and includes consideration of alternative forms of credit. Community organizations and groups can advocate banks to develop specific loan products that will meet the needs of the community. Community organizations can partner with lenders to promote the use of the product by providing outreach and connections to potential homebuyers. Lenders can create home loan products that include these features that meet the needs of immigrants and refugees.

### **Conclusion**

As St. Louis' foreign-born community grows it is vital to provide housing opportunities for full community integration. By the development and implementation of the housing center and its key components, foreign-born residents will have unrestricted access to homeownership. Through the new housing center, community organizations, financial institutions, and local governments have an exciting opportunity to support moving towards equity in homeownership opportunities that will benefit the area economically as well as encourage diversity. Key stakeholders will work together to develop resources that will be distributed via resource and welcoming centers, as well as develop educational programming and trainings that will be facilitated by community organizations.

This process will foster for a stronger community with positive economic and social effects. Homeownership provides a gateway to increased wealth, which research has shown to be correlated with increased levels of civic engagement, increased access to educational opportunities for children, as well as providing an economic boost to the areas where new homes are purchased. Making sure that all foreign-born have access to these opportunities through homeownership and the increase in associated wealth is a vital step the St. Louis region can take to make sure that the area is competitive in attracting foreign-born individuals and families that want to make St. Louis their home.

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<sup>14</sup> *Immigrant Banking: Reaching the Latino Population in Louisiana.* (2012, May) Rep. Louisiana Appleseed.

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