

Affordable Housing and Homeownership

Securing adequate income, accumulating savings, and living in stable, economically viable neighborhoods through a combination of workforce development, family economic supports and community investment are the keystones of Family Economic Success.

Homeownership has proven to raise the quality of life for families. It also increases civic participation and investment in the community. Owning a home provides the greatest opportunity for low-income families to acquire wealth, join the middle class, and build equity that can serve as an asset for emergencies. As the second largest population group in the country, and the fastest growing, Latinos are quickly establishing households. Whether renter or owner occupied, there is growing need to meet the housing needs of the

Latino community. Although Latino buying power has been increasingly over the past few years, and is expected to hit one trillion dollars by 2010, for many Latino families the American dream of purchasing a home is still unreachable.

Latino families have among the lowest homeownership rates, just 48% compared to 73% of non-Hispanic whites. Unfortunately, at the same time Latinos are disproportionately represented in the sub-prime market. Low-income Latino families are 1.4 times more likely than whites to receive sub-prime mortgages. And sub-prime loans are 10 times more likely than conventional loans to go into foreclosure.

According to the Institute for Latino Studies at the University of Notre Dame, there are many factors contributing to



lower homeownership rates for Latinos. For example, many are non-citizens or foreign-born, and the community has a low educational attainment. Also, many Latinos live in residences in high-cost housing markets and often in multifamily dwellings. Demographically, the Latino community is also younger, with many Latinos having thin credit histories. Additionally, once Latinos are in the process of purchasing a home, they are less likely to receive information about different kinds of mortgages or to receive follow-up coaching on

What Can Policymakers Do?

Become champions for homeownership and affordable housing

Use your role as an elected or appointed official to inform the community and attract attention to the issue. As more families purchase homes, more investment is made to the local community, both economically and civically.

Provide alternative affordable housing strategies

Alternative programs, such as limited equity mortgages, community land trusts, cooperatives, self-help housing and manufactured housing, allow families to access homes at lower prices.

Expand Public Sector Investment

By reducing some of the red tape and regulatory barriers to building affordable homes, communities can expand the supply. Another tool is to provide incentives for the inclusion of affordable homes within new residential developments.

Engage the business community

With the increasing cost of housing, many businesses and organizations, including schools and public safety departments, cannot find employees who can afford to live near their workplace. Partner with employers to develop programs that create incentives for your constituents.

Promote homeownership counseling and financial education programs

Support municipal-based programs, or partner with community-based organizations to support families as they progress toward, access, and sustain homeownership. In many cases homeowner education and credit counseling can serve to both educate potential homeowners during pre-purchase and to prevent foreclosures in the future.

Senator Iris Y. Martinez

Illinois State Senator

Champion of Affordable Housing and Homeownership

State Senator Iris Y. Martinez has served in the Illinois Senate since 2003, representing a district on the North side of Chicago. She is the first Hispanic woman ever elected to the State Senate, and she made history again when she became the first Latina ever appointed to a Leadership position in January of 2007. In addition to serving as Assistant Majority Leader, Martinez is also the Vice-Chair of the Pensions and Investments Committee and is a member of the Executive, Labor, Housing and Community Affairs, and Public Health Committees. Senator Martinez has been recognized for her dedicated service to her constituents and families throughout the state, especially in the areas of healthcare, education, pension reform, and women's rights.

Throughout her time in the Senate, Senator Martinez has introduced legislation that addresses affordable housing, including Senate Bill 220, under which Illinois would provide affordable housing reimbursements to school districts based on the number of affordable housing units located within each district. To count toward the number of affordable homes, a housing unit must advance or preserve the goals of living near work and school that Illinois' Comprehensive Housing Plan aims to promote. The bill also includes a provision encouraging economic development to provide the additional funding for school districts. In the 2005-2006 session, Senator Martinez introduced SB 75 which created the Rental Housing Support Program to be administered by the Illinois Housing Development Authority. The Program, funded through a surcharge on real estate documents, administers grants to local administering agencies in four geographic regions of Illinois (Chicago, suburban counties, small cities, and rural areas). The percentage of funds awarded to each area is related to the number of low-income households in each. Senate Bill 2290 also passed in the 2005-2006 session; the bill codified a 2003 Executive Order that established a Task Force to develop Annual Comprehensive Housing Plans to address critical housing issues. The Plan coordinates the affordable housing and related support service resources of more than a dozen state agencies to produce the maximum benefit for Illinois residents. It focuses primarily on several underserved groups, including low-income seniors, low-income persons with disabilities, those at risk of homelessness, and very low-income households. The Comprehensive Housing Plan also suggests State actions to promote construction of affordable housing in the private and not-for-profit sector.

Senator Martinez believes "The right to an affordable home is fundamental. At a time when families are unable to find safe places to live near jobs, schools, and transportation, it is especially important for the State to continue its efforts to address the issue with appropriate legislation and ensure that the public's housing needs are met. Furthermore, by acting quickly to help eliminate mortgage fraud and predatory lending, we empower those families and individuals who are hoping to take the step toward homeownership. No one should ever be forced to live without a roof over their head, and I consider it major legislative priority to work to provide an affordable home for everyone."

Additional Resources

The Annie E. Casey Foundation

www.aecf.org/MajorInitiatives/FamilyEconomicSuccess.aspx

National Conference of State Legislatures

www.ncsl.org

NeighborWorks America

www.nw.org

Center for Housing Policy

www.nhc.org/housing/chp-index

Center for Responsible Lending

www.responsiblelending.org

The Enterprise Foundation

www.enterprisefoundation.org

Fannie Mae Foundation

www.fanniemaefoundation.org

Local Initiative Support Corporation

www.lisc.org

Homes for Working Families

www.homesforworkingfamilies.org

NALEO Educational Fund
1122 W. Washington Blvd., Third Floor
Los Angeles, CA 90015

www.naleo.org