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BE IT EVER SO HUMBLE, THERE’S NO PLACE LIKE HOME: THE  
EXPERIENCES OF LOW-INCOME, MINORITY HOMEBUYERS<sup>1</sup>

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*Introduction*

Since the 1940s, federal housing policies have encouraged owner-occupancy over rental tenure using Federal Housing Administration (FHA) and Veteran’s Administration (VA) mortgage loans as major catalysts of the post-World War II housing boom in suburban America (Stegman et al. 1991; Galster and Daniell 1996; Shlay 2006; Galster 2008). Over the last 30 years, however, federal policies have explicitly extended this encouragement to households of increasingly-lower incomes (Shlay 2006; Rohe and Watson 2007). During the Reagan Administration in the 1980s, the U.S. Department of Housing and Urban Development (HUD) piloted a homeownership program that sold public housing units to their occupants. In an attempt to ease liquidity, stability and affordability constraints in low-income and minority-occupied urban neighborhoods, Congress imposed goals for Fannie Mae and Freddie Mac as part of the Federal Housing

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Enterprises Financial Safety and Soundness Act of 1992 that required them to buy a minimum share of mortgages originated in these neighborhoods and to offer mortgages to low-income borrowers regardless of location. Soon thereafter, many innovations in mortgage instruments appeared that expanded access to low-income borrowers (Listokin et al. 2002; Gramlich 2007; Bostic and Lee 2008; Immergluck 2008). During the 1990s, the Clinton Administration set a national homeownership goal and in the 2000s the Bush Administration followed suit by making the expansion of low-income and minority homeownership a cornerstone of HUD's mission (U.S. Department of Housing and Urban Development 2002; Retsinas and Belsky 2002). Since the 1990s, Congress has enacted pilot programs for homeownership education and counseling, individual development accounts for asset building, and the use of Housing Choice Vouchers for home-buying (Rohe et al. 2002; Locke et al. 2006; Grinstein-Weiss et al. 2008). Most recently, the fiscal stimulus package adopted under the Obama Administration in 2009 provided refundable tax credits for home purchases by low- and moderate-income households.

This consistent political and institutional emphasis, coupled with a generally favorable macroeconomic climate, produced remarkable increases in homeownership rates among low-income households and minority households from the mid-1980s through the first five years of the 21<sup>st</sup> century (Retsinas and Belsky 2002; Boehm and Schlottman 2003; Pitcoff 2003; Wiranowski 2003; Nothaft and Chang 2005; Kochar et al. 2009). In the 1990s, about 800,000 low-income households bought their first home (Retsinas and Belsky 2002), raising the homeownership rates of non-elderly, households in the lowest income quintile, from 22 percent in 1989 to 28 percent in 2001 (Nothaft and

Chang 2005). Mortgage loans to low-income borrowers almost doubled between 1993 and 1999 (Pitcoff 2003), raising their share of all home-purchase loans from 14 to 19 percent during this period (Wiranowski 2003). The average real value of home equity held by households with incomes below 80 percent of their metropolitan area's median increased rapidly, from \$67,683 in 1985 to \$76,505 in 1995 to \$96,011 by 2001 (Nothhaft and Chang 2005).

The rationale for expanding homeownership has been multifaceted (Rohe, van Zandt and McCarthy 2002; Shlay 2006). Some have viewed the benefits as primarily accruing to low-income homeowners themselves. These have included increased: wealth, status, security of tenure, control over dwelling, pride, life satisfaction, and well-being (Rohe and Stegman 1994; Rohe and Stewart 1996; Rossi and Weber 1996; Rohe and Basolo 1997; Rohe et al. 2000; McCarthy et al. 2001; Rohe et al. 2003; Rohe and Watson 2007; Christy-McMullin et al. 2009). Others have seen benefits to children who are able to live in homes owned by their parents (Haurin 1992; Green and White 1997; Mayer 1997; Boehm and Schlottmann 1999; Aaronson 2000; Harkness and Newman 2002; 2003; Haurin et al. 2002a; 2002b; Dietz and Haurin 2003; Galster et al. 2007). Still others have emphasized external benefits to the larger society, such as enhanced home maintenance, civic engagement, and attachment to community (Cox 1982; Galster 1983; 1987; DiPasquale and Glaeser 1999; Rohe, McCarthy and van Zandt 2000; McCarthy et al. 2001; Rohe et al. 2002; Hoff and Sen 2005; Englehardt et al. 2010).

A variant of the pro-homeownership rationale focuses on its anti-poverty effects. Beginning in the early 1990s, advocates and analysts began re-framing the anti-poverty debate as one of asset acquisition instead of merely income support (Sherraden 1991;

Blank 2002; McKernan and Sherraden 2008; Christy-McMullin et al. 2009). Given that a downpayment is typically highly leveraged by mortgage money, even modest appreciation of the home can produce substantial rates of return on the initial investment by the buyer. Add to this the favorable federal tax treatment of housing capital gains and potential deductibility of mortgage interest and local property taxes, and the wealth-building potential of homeownership appears even more powerful (Retsinas and Belsky 2005). Home equity is the most important and often only component of most low-income households' wealth. The 2001 Survey of Consumer Finances shows, for example, that the median net worth of homeowners earning less than \$20,000 was \$72,750, whereas that of renters in this income range was only \$900 (Belsky et al. 2005). During the 1990s, low-income, minority homeowners saw their average home equity rise by \$1,712 annually, but non-housing wealth of low-income, minority owners and renters alike did not change, on average (Boehm and Schlottmann 2003; 2004).

Owning a home is not necessarily an unmitigated financial benefit for minority households, of course. Five major limitations have been identified. First, minority home buyers may invest more in housing than is optimal compared to other assets, given the risk and return characteristics of various assets and the fact that the household's effective marginal federal tax rate is likely zero (Ambrose and Goetzmann 1998; Goetzmann and Spiegel 2002). Second, low-income minority homeowners are much less likely to pre-pay their mortgages (typically with refinancing) when interest rate declines make such options profitable (Van Order and Zorn 2002; Nothaft and Chang 2005), thereby foregoing potential gains in wealth. Third, unexpected major home repairs or loss of income through illness, injury, or layoff raise the specter of unsustainable financial

stresses that potentially could culminate in mortgage delinquency and default, with concomitant psychological damages, loss of home equity, and destruction of consumer credit ratings (Haurin and Rosenthal 2005). Fourth, the homes purchased by minority buyers may not appreciate and may even decline in value, especially if they are located in troubled, declining neighborhoods (Harkness and Newman 2002; Ding and Knapp 2003; Woldoff and Ovandia 2008). Though there is no consensus on whether there are differential home appreciation rates at different price points (cf. Kiel and Carson 1990; Pollakowski et al. 1991; Poterba 1991; Seward et al. 1991; Delaney and Smith 1992; Mayer 1993; Case and Schiller 1994; Smith and Ho 1996; Quercia et al. 2000; Case and Marychenko 2002), simulation models consistently show the financial returns from homeownership and the probability of the borrower exercising the default option are highly sensitive to interest rates and price movements between purchase and sale dates (Haurin 1988; Belsky and Duda 2002; Boehm and Schlottmann 2004; Belsky et al. 2005; Haurin and Rosenthal 2005; Turner and Smith 2009). Fifth, minority homeowners may be more subject to victimization by predatory lenders, leading to erosion of equity through excessive refinancing fees or, in the worst case, default and foreclosure (Renuart 2004; Bowdler et al. 2010).

The latter three issues have been of pre-eminent concern (Meyer et al. 1994; Pitcoff 2003), because they challenge the premise that homeownership actually does lead to increased stability of tenure and the wealth acquisition associated with it. Boehm and Schlottmann (2004) found that once homeownership was attained, low-income and minority households were much less likely than higher-income White ones to maintain their homeownership status (Turner and Smith 2009). Haurin and Rosenthal (2005) found

that disproportionate shares of low-income homeowners switch back into renting years after their home purchase: seven percent after three years, five percent more after five years, and two percent more after ten years. Thus, increasingly the policy discussion has evolved from considering only how more low-income households can *attain* homeownership (e.g., Galster et al. 1999; Nesslein 2000; Listokin et al. 2002) to also considering how more low-income and minority households can *sustain* homeownership (Wiranowski 2003; Shlay 2006; Herbert and Belsky 2008).

It is to this rising concern over the sustainability of minority homeownership that our chapter aims to contribute. In addition to examining administrative data from 152 low-income, minority homebuyers, we use in-depth quantitative and qualitative data gathered from retrospective surveys with 126 of these homeowners who purchased their homes in the period between 1995 and 2008 after participating in an extensive asset-building and homeownership education-counseling program offered by the Housing Authority of the City and County of Denver (DHA), called HOP. Our information comes from retrospective telephone surveys and focus group discussions with both program graduates and program dropouts, which elicit these new homeowners' experiences with the benefits and costs of homeownership and the challenges of sustaining this tenure.

In this chapter, we investigate the following questions. What are the perceived benefits of homeownership? Have the original worries about homeownership held by these recent, low-income Latino and Black<sup>2</sup> homebuyers been justified after several years of experience owning a home? What do they perceive as the major challenges to their continued ownership? What are their expectations regarding neighborhood quality and

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<sup>2</sup> For the purpose of this study, we use the term Black to refer to program participants who are African American or who are foreign born of African ancestry and identify themselves as Black.

the value of their homes? How much have they maintained and improved their homes? To what extent have they been able to build assets? Have they experienced severe financial stresses and increased indebtedness? What have been their experiences with delinquent mortgage payments, foreclosures, refinancing, predatory lenders, and other purveyors of debt? Are there significant Latino-Black differences for any of the aforementioned questions?

We begin the chapter with a review of the scanty extant evidence regarding low-income, minority homeowners' experiences, concerns, perceptions, and expectations. We then describe the DHA's Home Ownership Program (HOP) in which our all of our subjects participated as a means of buying their first home, although not all completed the program. We briefly describe the DHA administrative data employed as well as the surveys and focus groups we conducted in Denver. The bulk of the chapter then reports on the comprehensive battery of information we have collected from our sample of low-income, minority homebuyers. We conclude with a discussion of the implications of our findings for U.S. housing policy and directions for continued research.

### *Literature Review*

Virtually all extant research related to the issue of low-income homeownership has been conducted by secondary analyses of general purpose surveys, such as the Panel Study of Income Dynamics (e.g., Boehm and Schlottmann 2004), the National Longitudinal Survey of Youth (Haurin and Rosenthal 2005; Reid 2004), the Survey of Income and Program Participation (Galster et al. 1999), the American Housing Survey (Belsky and Duda 2002; Flippen 2004), or the Survey of Consumer Finances (Nothaft and Chang 2005). Two notable exceptions, however, provide the context for the research

presented here because they involve surveys of low-income households who recently purchased housing.

Mitchell and Warren (1998) interviewed 95 homeowners who had purchased their homes by participating in one of 19 Habitat for Humanity development efforts across the nation during the 1990s. Among this study's major findings:

- Monthly costs (mortgage, insurance and taxes) were generally not burdensome (averaging only 12% of buyers' incomes at time of closing), even though 77% of the Habitat homebuyers earned less than 80% of area median income and 43% earned less than 50% of area median income; the same held when maintenance and utility costs were included (7% of average income).
- Two-thirds of homebuyers saw their incomes increase since purchasing, though all housing costs currently consumed more of their income (27%, on average) than at time of purchase.
- Despite the low average expense burdens, over one-third of respondents reported that they had found it difficult to meet financial obligations at some point and one-fifth believed that they needed ongoing financial support from Habitat in order to continue as homeowners.
- Reported incidences of difficulties paying mortgages on time were inversely related to income (38% with incomes below 80% of area median vs. 14% with incomes above).
- Few homebuyers invested heavily in maintenance and repairs (which the authors attributed to the fact that respondents occupied homes that recently were substantially rehabilitated or newly constructed by Habitat).

- Before moving into homeownership, respondents perceived responsibility for maintenance and repairs as the greatest burden; many perceived no disadvantages from homeownership.
- The most common benefit from homeownership perceived by respondents was pride and increased stability and feelings of security of their tenure, though most also experienced a substantial increase in dwelling size as a consequence of buying.
- All agreed that advantages to homeownership outweighed disadvantages and that they would buy again.
- One in five believed that they were inadequately prepared for homeownership, and these were preponderantly lower-income families.
- Most believed that homeownership was having a positive impact on their families, especially through increased stability and privacy for children.

The second study was conducted by Rohe and Quercia (2003), who surveyed 477 persons who completed homeownership training classes in eight Neighbor Works organizations conducting pilot programs in 1999-2000, and then surveyed them again in 2002. The authors compared responses of those completing the program and buying a home within the prior two years to those who did not. Among their salient findings:

- Very few homebuyers (less than one percent) within the first two years of home purchase experienced delinquent payments on their mortgages; 15% took out a home-equity loan and 15% refinanced; however, eight percent of those who refinanced did so to catch up on mortgage payments.

- 48% of respondents had experienced major unexpected costs associated with the home.
- 63% of homebuyers reported that the greatest advantage of homeownership was building equity through house appreciation; the next most-frequent response was “sense of independence” (19%).
- The greatest challenges reported (by roughly a quarter of homebuyers) were increases in monthly housing-related expenses and finding time for maintenance; 16% perceived no challenges.
- Homebuyers were more satisfied with their lives and had larger social-support networks than continuing renters, controlling for other background characteristics, though there were no differences in levels of participation in voluntary associations, neighborhood satisfaction, self-esteem, or perceptions of opportunity.
- Homebuyers were more likely to see gains in the size of their residences, be more likely employed and more likely to have health insurance than otherwise-comparable continuing renters, though there were no differences in housing quality, housing payments, assets, income, and debts.

In sum, these two studies suggest that, for most low-income, minority families surveyed, owning a home proves to be a positive experience psychologically, socially, and economically. Potential challenges lurk, however, as nontrivial percentages of homeowners find themselves strapped by unstable incomes, rising housing expenses, and unexpected major repair needs.

Our research aims to expand our knowledge base by investigating similar sorts of issues with recent, low-income minority homebuyers in Denver. Unlike the Mitchell and Warren (1998) and Rohe and Quercia (2003) studies, however, our sample consists of: (1) former long-term recipients of public housing or rental subsidies, who (2) participated in a comprehensive, multi-year homeownership counseling and asset-building program run by a local housing authority, and (3) are comprised disproportionately of Latino and Black families. We next turn to a description of this program.

#### *The Denver Housing Authority's Homeownership Program*

The DHA has operated its Homeownership Program since 1995, in conjunction with its federally funded Family Self-Sufficiency (FSS) program and since 2001, their Resident Opportunities for Self-Sufficiency (ROSS) program. The goal of HOP is to assist DHA tenants in enhancing their human, financial, and social capital, with the ultimate goal of buying their own home. All current DHA residents and Housing Choice Voucher (HCV) recipients are eligible to participate in HOP, regardless of whether they are living in DHA's conventional public housing, scattered-site units, or HCV subsidized units. Program participants are eligible for: homeownership assessments, free credit reports, credit repair and money management counseling, classes on a wide variety of topics (e.g., housing finance, home repairs, shopping for real estate and mortgages), individual development accounts with 1:1 matches up to \$1,500, and for FSS Program participants, rent escrow accounts where increments in DHA rents associated with increasing tenant income are placed into escrow for use for a downpayment. Participants, working with program case management staff, develop individual training and services plans outlining their goals. Participants file monthly updates with their HOP technician

and their overall plans are reassessed quarterly to ascertain client progress toward goals and compliance with program requirements.

During the final stage of the HOP program, eligible participants (i.e., those who are within a year of being able to purchase a home, have at least \$500 in savings, and have employment stability) are invited to join the Home Buyer's Club. The primary purpose of the Club is to prepare participants for the purchase of a home. Participants are required to attend monthly Club classes, which provide intensive real estate and finance training, presentations by housing industry representatives, and peer support. Individuals with three absences or more in the 12-month period or who lose their jobs are terminated from the Club. Membership in the Club can provide special benefits such as low interest rates, discount fees, downpayment and closing cost assistance, and second mortgage assistance.

In any given year, between five and ten percent of HOP participants are in the Home Buyers Club. By 2008, a total of 270 participants reached this stage of the HOP. As of 2008, slightly more than half (N=136) of the participants had graduated from the program and purchased homes; approximately 13 percent had dropped out and purchased homes outside of the program; 27 percent had dropped out and did not purchase homes and 10 percent were still participating in the program.

Historically, the majority of HOP participants also participated (generally concurrently) in the FSS program. In 2001, the program was expanded to include non-FSS participants under the new, at the time, Resident Opportunities and Self-Sufficiency (ROSS) program. The two versions of HOP are similar in most respects, with the notable exception that the ROSS program does not involve rent escrow accounts. However, the

ROSS program provides \$1,000 in scholarship monies to program participants that can be applied to educational expenses and any related costs (e.g., child care, transportation expenses associated with attending school). At this writing, there were 329 DHA residents participating in the program, 88% of whom were receiving benefits from both the FSS and ROSS programs. Approximately 10% of the program participants were only in the ROSS program, and less than 2% were only in the FSS program.

Given that it is voluntary, it is not surprising that DHA's HOP program has attracted participants who differ systematically from other DHA tenants. In particular, significantly higher percentages of participants are under age 40 heads of mother-only, never-married families with children. Current and former HOP participants are less likely to be of Latino (38%) and more likely to be Black (34%) than the overall DHA population. They also are less likely to be non-citizens, disabled, or unable to speak English well.

#### *Data Collection Procedures*

Three different sources of data were utilized to examine the experiences of low-income homebuyers in Denver. These include: administrative data from the Denver Housing Authority and Real Property Offices; a Retrospective Homeowner Survey that was administered as part of the *Denver Housing Study*, a longitudinal study of approximately 450 households who have participated in the HOP Program; and five years of data derived from focus group discussions with homebuyers. Each of these data sources are described in more detail below.

#### *Administrative Data*

The Denver Housing Authority provided information for all 109 Latino and Black individuals who participated in the HOP program during the period between 1995 and 2007. Comparable data for 43 HOP program dropouts<sup>3</sup> were obtained from other DHA and HOP administrative sources. These administrative data include detailed information about the home purchase as well as household demographic and income characteristics of homebuyers at time of home purchase. We use these data as baseline information for homeowners who are part of our longitudinal study as well as to estimate the extent to which our survey respondents are representative of the larger group of HOP homebuyers. Additional information about the home purchase transaction as well as current ownership and home values was obtained from on-line records for the Real Property and Tax Assessors Offices in the counties where HOP homebuyers bought their homes.

Finally, data on pre- and post-purchase neighborhood characteristics were obtained from the Geolytics *Neighborhood Change Database* for census tracts.

#### *Retrospective Homeowner Survey*

All individuals who entered the Home Buyers Club during the period between January 1995 and December 2007 (N=270) were contacted and invited to participate in the longitudinal study by completing a 90-minute telephone interview. For this study, we restricted our analysis to the 109 Latino and Black homebuyers who purchased their homes through the HOP Program and the 43 Latino and Black HOP dropout homebuyers. From this group of minority homebuyers a total of 114 (75%) completed surveys which

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<sup>3</sup> For the most part, HOP program dropouts were individuals who had completed many of the requirements of the Home Buyers Club but did not purchase homes through HOP. For some of these individuals, dropping out prior to completion reflected loss of job stability or income, decisions to defer home purchase until after schooling was completed or due to family problems such as illness or marital disruption. For others, the decision to drop out of HOP was associated with their impatience with program duration: they simply did not want to wait to purchase a home. Finally, some were terminated from the program because of noncompliance issues. Most of the HOP dropouts in our study came from the first two categories of dropouts. For further information on HOP program dropouts see Santiago et. al. 2009.

were administered between 2006 and 2009. Both groups of homeowners were asked about any financial assistance obtained for downpayments and closing costs; their concerns and experiences as recent homebuyers; their life satisfaction, goals and expectations, education and employment since becoming homeowners, household income and assets, child outcomes and social networks in their new neighborhoods.

### *Focus Group Discussions*

Between 2002 and 2006, we conducted annual focus group interviews with HOP program homeowners. In 2006, we held several groups with HOP program dropouts who nevertheless became homebuyers as well. A total of eight groups involving 37 Latino and Black homeowners were conducted. These minority homebuyers were asked to reflect upon the things that enabled them to buy their homes, their initial experiences – positive and negative – with homeownership, their major worries as homeowners, mortgage payment histories, and their perceptions regarding how homeownership has affected them and their families. In addition, these new homeowners were asked to describe their current neighborhood conditions and relationships with neighbors relative to those experienced in their old neighborhoods. Further, they were asked to reflect on anticipated short-term changes within their new neighborhoods. Subsequent focus group discussions included questions on major issues homeowners have faced, asset building strategies and the threats to maintaining their financial assets, and their perceptions regarding how living in their neighborhood positively or negatively affects them and their children, and strategies employed to either reinforce positive effects or counteract negative effects.

Table 1 summarizes the home purchase and household characteristics of the full study sample of 152 HOP graduate and drop-out homebuyers at the time of home

purchase, distinguished by ethnicity. Approximately seven out of ten minority homebuyers in the study graduated and purchased their homes as part of the HOP Program. More than six out of ten of study participants (63%) were Latino; 37% were Black. The average age of our homebuyers at time of home purchase was 38.1 years. Approximately 88% of the Latino and 85% of Black homebuyers were female (not shown). One out of five Latino and one out of four Black homebuyers were immigrants. Approximately 71% of Black and 55% of Latino homebuying households were headed by single parents. The average number of children or grandchildren under 18 residing in the household was 2.5 for Latinos and 2.1 for Blacks. At time of home purchase, Latino homebuyers had slightly higher median household incomes than Black homebuyers (\$35,748 vs. \$35,003). Latino homebuyers held higher median assets (\$13,000) at time of purchase than Blacks (\$6,500). However, neither of these ethnic differences in economic characteristics was statistically significant. HOP Program participants were more likely to have participated in the Housing Choice Voucher Program or dispersed (scattered-site) public housing programs instead of the conventional DHA public housing (not shown). Finally, HOP Program participants had resided in DHA housing for an extended period of time: nearly 81 months for Latino homebuyers and 84 months for Black homebuyers.

[TABLE 1 ABOUT HERE]

The median purchase price that respondents paid for their homes was \$149,950 for Latinos and \$148,750 for Blacks. When compared to Black homebuyers, Latinos were more likely to live in older, single-family detached homes. Approximately half of Black and one-third of Latino homebuyers purchased homes located outside of Denver. Both Latino and Black homebuyers moved considerable distance away from their DHA

neighborhoods averaging 7.2 and 8.2 miles, respectively. Nonetheless, about twice as many Latino (8%) than Black (4%) homebuyers bought homes within a mile of their previous neighborhoods.

We recognize that our sample for this study is limited in its generality. Since our sample represents low-income, minority parents who have: (1) received subsidized housing through a housing authority for an extended period; (2) chosen to participate in voluntary self-sufficiency and homeownership programs; and (3) purchased a home, there undoubtedly is a good deal of self-selection present here. Nevertheless, we believe that our sample can provide valid insights that can be generalized to the sort of households that represent the ‘cutting edge’ of public and non-profit efforts to expand homeownership opportunities via enhanced homeownership counseling and mortgage innovations (Listokin et al. 2002).

*Experiences, Perceptions and Expectations of Low-Income, Minority Homebuyers*

As shown in Table 2, low-income Latino buyers experienced significant gains in neighborhood quality with the purchase of their homes, when compared to the neighborhoods they experienced as a resident of DHA public housing or a holder of a Housing Choice Voucher. In addition to moving to more ethnically diverse neighborhoods with higher fractions of Anglo neighbors, Latino homeowners also moved to neighborhoods with fewer children per household and smaller shares of households headed by females. Further, Latino buyers moved into higher income neighborhoods comprised of higher percentages of homeowners, college graduates, and newer housing construction, and lower rates of poverty, unemployment, and housing vacancies. While Black homebuyers also generally experienced gains in neighborhood quality, these gains

were more modest. Black buyers also moved into neighborhoods characterized by proportionately more homeowners, newer homes, lower poverty rates, and fewer female-headed households. However, homeownership for Black buyers did not result in appreciable improvements in neighborhood ethnic diversity or economic conditions. If we look at ethnic differences in the gains made in post-purchase neighborhood quality, we see that Blacks resided in post-purchase neighborhoods that contained higher fractions of Black residents and lower fractions of Latino and White residents. Relative to Latino buyers, Black homebuyers also purchased in neighborhoods with higher fractions of female-headed households.

Neighborhood quality also varied by HOP Program status (data not shown). When compared to Latino dropouts, vacancy rates were higher in neighborhoods where Latino HOP graduates purchased homes. Average household income in post-purchase neighborhoods was significantly lower for Latino HOP graduates. Latino HOP dropouts purchased homes in neighborhoods with significantly lower poverty rates. Black HOP graduates were residing in neighborhoods with higher fractions of single parent households than were Latino HOP graduates.

The improved quality of life in post-purchase neighborhoods was noted by our minority homebuyers. Nearly 75% of Latino and 60% of Black buyers reported that their post-purchase neighborhoods were somewhat or much better than the neighborhoods they lived in while in the DHA. When asked to identify what was better about their new neighborhoods, respondents stated that they were safer (27%) and quieter (22%). Slightly less than one-quarter said that the neighborhoods where they purchased homes were about the same. Of note, however, one out of five Black homebuyers reported that their

post-purchase neighborhood was somewhat or much worse than where they lived prior to purchase. This is not surprising since particular housing subsidies, such as the Housing Choice Vouchers or assignments to scattered-site DHA housing units, enabled numerous minority families to reside in neighborhoods with housing that was priced substantially higher than what they could afford without assistance to purchase or rent in the private market.

[TABLE 2 ABOUT HERE]

Table 3 examines the experiences of our 152 minority homebuyers relative to the sustainability of homeownership.<sup>4</sup> When appropriate, statistics have been annualized to control for variations in the length of homeownership. By 2008, approximately 79% of Latinos and 83% of Blacks had sustained their homeownership status. Further, Latino and Black homebuyers had resided in their homes 23 quarters and 21 quarters, respectively, on average. By the third quarter of 2008, median home values were \$165,264 for Latino homebuyers and \$175,450 for Black homebuyers. Over the course of their housing tenure, Latinos experienced a median gain of \$28,832 in home value while Blacks saw a median increase of \$20,200. These gains translated into median annualized home appreciation of \$4,471 (3.5%) for Latino homebuyers; \$3,963 (2.7%) for Blacks. By 2008, about one-quarter of Latino and one-third of Black homeowners owed more on their homes than what they were worth. These home financial characteristics indicators do not systematically favor one ethnic group over the other; moreover, none of the differences was statistically significant.

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<sup>4</sup> For a further discussion of the sustainability of homeownership, see Santiago, et al. forthcoming article in *Housing Policy Debate*.

By 2008, approximately 8% of Latino and 5% of Black homebuyers had become landlords – keeping their original homes and generally trading up to more expensive homes. Yet, obtaining additional real estate was less frequent among minority homebuyers than witnessing the loss of homeownership through deliberate decisions to return to renting or via foreclosure. Nearly 8% of Latino and 2% of Black homebuyers had exited homeownership by the end of 2008, selling their homes and returning to renting. Another 17% of Latinos and 15% of Blacks had lost their homes to foreclosures.

[TABLE 3 ABOUT HERE]

As in the case of pre-/post-purchase differences in neighborhood quality, there were statistically significant differences in sustainability by HOP Program status. In analyses not presented here, Latino HOP graduates had longer homeownership tenures than HOP dropouts. Compared to HOP dropouts, median annualized home appreciation rates were significantly higher for Latino HOP graduates. Median annualized home appreciation values were significantly higher for Black HOP graduates than HOP dropouts. Latino HOP graduates were significantly less likely to have negative equity in their homes than Black or Latino HOP dropouts.

*Perceived benefits of homeownership -- Retrospective Homeowner Survey and Focus Group Data*

The 114 minority participants in our *Retrospective Homeowner Survey* and 38 homeowners participating in our focus groups were, on the whole, very happy with their experiences as new homeowners. They described a number of benefits associated with homeownership (Table 4) and gave us some insight into their largest challenges both in

buying their home (Table 5) and in sustaining homeownership (Table 6). These are described in detail below.

The overriding perceived benefit of homeownership falls under pride in becoming homeowners and, in particular, reaching their goal of homeownership. Approximately four out of ten minority homebuyers identified this as one of the best dimensions of homeownership. One Black single parent of two described this sense of pride in accomplishing something that had never been done before in her family:

And it's really yours. And for me it was really, really nice because of five siblings all of them, except for one, has been the first at doing something, even if it was something like having the first baby or first grandchild or something. But, of five siblings, I'm the *very, very first one* to own my own home. So, I mean to me that's better than getting a college degree or buying a brand new car. I got something big, I got a house!

According to our respondents, this sense of pride percolated to every member of the household, particularly the children. A Latino homeowner describes how owning a home has influenced his four children:

I think that it kinda let's them know that they don't have to be caught up in a cycle of poverty. And that there is a way out if they work towards it. And by seeing how we went through it, you know, starting off \$5 hour, having a bunch of little kids running around, and working my way up and stuff. Finally achieving this goal of getting myself a house, it gave them something to look at and say you know, we don't have to be project kids. And I don't have to raise my kids in the projects. And, uh so they look at it like that and I think they also get a great sense of pride that we were able to, to pull ourselves out of it. I think that it makes them realize that they can move towards their goals as well. It seems like that's what I'm getting from my kids.

Additionally they see the effects of these feelings of pride extending beyond themselves to their extended families and their friends. As one recent homebuyer – a

Latina mother of three – recounts: "My family is real proud. That was my dream to own a home. I never thought I was gonna be able to do it on my own."

Moreover, as several participants explained, the DHA homeownership program in which they participated is seen as so powerful that they feel it should be extended to other low income families across the country. One of the Black homebuyers, a single parent, recalls:

I was real excited to be in this program. I think it's very interesting. I think that it can be helpful for other people, if it can spread. There's people that have been in the same situation that we were in, that think there's no hope, then why should I? You know we need to give people hope, and who better to give it to them, than folks who've been where they're at.

Further, participants recognize how the program has instilled pride, especially among single parents who have been able to realize homeownership. As one of the Latino homebuyers – a father of four – asserts:

But this program has made it possible for them (single mothers) to get a greater sense of pride - to be confident and feel like they have accomplished something themselves. And to me that is the best benefit of this program. If there's any other reason for it to go to every other state in America - that's it!

The economic benefits attributed to homeownership, such as increased equity or the house as an investment, were of lesser importance than the perceived non-economic benefits. As shown in Table 4, slightly less than 30% cited economic considerations as the primary benefit of homeownership. One out of five cited the tax benefits associated with homeownership. Although this emphasis on the non-economic benefits of homeownership is in line with those of recent Habitat for Humanity purchasers (Mitchell and Warren 1998), they are strongly at odds with those produced by Rohe and Quercia

(2003), who found that almost two-thirds of recent homebuyers graduating from Neighbor Works training cited increased home equity as the primary benefit.

[TABLE 4 ABOUT HERE]

This downplaying of economic benefits in our sample may seem odd, given the characteristics of the housing market in Denver, where homeowners have become accustomed to substantial and sustained home price appreciation since 1992 (Galster et al. 2003:ch. 5). Thus, one might reasonably expect that new homeowners would assume these economic benefits will continue for the indefinite future as a normal state of affairs.

However, the focus on non-economic benefits by our minority homebuyers may be more readily understood when placed within the context of subsidized housing environments. It is understandable that our sample of low-income homebuyers, who have spent considerable time in subsidized housing, would overwhelmingly cite control over one's dwelling, increased pride and self-esteem associated with realizing the goal of homeownership, increased privacy, and security of tenure as the primary benefits accrued with the purchase of their homes. Thus, it is not surprising that approximately three out of ten respondents cited control over their dwellings as the most important benefit of homeownership, given their recent experience with the rigorously monitored environment of public housing in Denver.

One of the most enjoyable experiences described by our low-income homeowners is the ability to personalize their own space without having to ask permission of the housing authority or landlord. Indeed, one out of six study participants expressed great satisfaction that they no longer had to respond to a landlord (in most cases, this was the DHA). There is a deep personal satisfaction expressed regarding decorating their own

home and, most commonly, painting the walls any color they want. As one Black homebuyer who has owned her home for several years explains, "Well for me the most wonderful thing is knowing that I now get to explore my sense of style and decorating. Because I can redo stuff the way I want to."

This enjoyment extends to the rest of the family. According to one of the Latino homebuyers:

It's nice. Its made my family feel good because they can personalize their house now. They can personalize their room....When we were living in DHA you can't do nothing to 'em.

Another recent homebuyer – a Latino father of two – concurs: "Just painting the color you want, instead of being stuck with more eggshell – so I'm pretty happy."

This perceived benefit remains primary in the minds of homeowners not only during the initial years of homeownership but also in subsequent years of homeownership. Our respondents expressed this sense of control in a variety of ways:

"Knowing that it's yours and need no one's permission to make changes."

"Just being able to do anything, anytime we want."

"No inspections. Being able to do whatever in my own home."

Privacy was another perceived benefit of homeownership, cited by nearly one out of ten minority homebuyers. In contrast to their experiences in public housing, where DHA staff had access to housing units to conduct mandatory inspections or maintenance tasks, homeowners reveled in the degree to which they could maintain a sense of privacy. As a Black homeowner notes, "I don't have to answer the door. You know, no more inspections. It's a pleasure knowing that not every year, someone is going to call me and come inspect my house, and I have to be there."

The sense of stability or security associated with homeownership was also identified as an important benefit of homeownership. Approximately 14% of the homeowners identified housing stability or security as a major benefit derived from their home. The importance of this, particularly for households that have experienced significant housing instability and frequent moves, cannot be underestimated. A Black mother of two describes the benefit of homeownership over renting:

[Renting] -- That's not stability, that's not security. That's somebody else's stuff. They can say get out any day. And that's the other thing, you know, that as long as you are able to work, that [the house] it's yours. Nobody can tell you I don't want to rent to you anymore [and] you need to move.

Finally, 11% of the homeowners noted the heightened sense of freedom their children experienced because they now had their own backyards to play in.

#### *Homeowner Expectations about Property Values and Neighborhood Quality of Life*

Confirming the quantitative data presented earlier, many of the 114 survey participants describe homeownership as an opportunity to move into a better neighborhood than where they lived with DHA. They speak of their new neighborhoods as benefitting them by providing a better environment to raise their children, greater safety, better schools, more space, more privacy, and shopping areas close by. Several participants referred to their neighborhoods as “up and coming” and they expressed optimism and hope that their neighborhoods will provide a more inspiring environment for their children. With regard to changes in the neighborhood environment, one Latino father describes his family's move to Montbello, on Denver's Northeast side:

I think mine is improving especially because the schools, for instance, are a really good sign of improvement because when your schools start improving, the kids in the neighborhood have something more to work with and to look forward to.

Some tell of the lengthy commutes they must endure in order to afford a house in a safer neighborhood, which they say is well worth it. According to a Black owner who purchased a home in Aurora (a suburb of Denver):

It's just totally disciplined where I live. I mean, it's a nice neighborhood. And I left from my neighborhood. I needed to get out of that neighborhood. I lived in that neighborhood for a very long time and I've got a son that's a product of his environment, you know what I'm saying? And when he comes in my house, you know, he's out of there, he doesn't have to be over in the 'hood, you know. And where I live now, yeah, I have to drive a long distance to work. The job was only like ten minutes away before, and now I'm like 45 minutes away and there are three highways to get there. But I don't mind because I know when I go home it's like peace and quiet.

Some of the benefits associated with living in the new neighborhood have been expressed in terms of home maintenance and general neighborhood upkeep. According to our study participants, 85% of the homes in their neighborhood were well maintained and repaired. Further, they estimated that approximately 40% of neighboring homeowners had made major improvements to their homes within the past few years. As a result, most minority homeowners expressed considerable optimism about increasing property values and quality of life within their neighborhoods (see bottom panel of Table 4). Prior to the downturn of the regional housing market in 2008, nearly eight out of ten Black and six out of ten Latino homebuyers expected that property values in their neighborhood would continue to rise over the next several years. Indeed, a number of the homeowners reported a doubling of their property values within a year or two of purchase. Their observations are confirmed by Galster et al.'s (2003) findings, which suggest that even

the poorest neighborhoods in Denver witnessed substantial gains in property values during the decade immediately preceding the recent retrenchment in the housing market. Reasons cited by respondents for the anticipated as well as actual growth in property values include the quality and upkeep of homes, the benefits of a strong local economy, and substantial economic development activities occurring both within as well as in close proximity to the neighborhood.

When asked about their expectations regarding neighborhood quality of life at time of survey, six out of ten minority homeowners expressed optimism. This varied considerably by ethnicity: while nearly 80% of Black homeowners expected quality of life to improve in the neighborhood, only 49% of Latino homebuyers believed it would. In contrast, about 40% of Latinos and 20% of Blacks thought it would stay the same, and 10% of Latinos felt that it would decline. This suggests that minority homebuyers were not economically constrained to purchase only in distressed and declining neighborhoods.

#### *Challenges of Homeownership*

While there are several common challenges to homeownership for low-income, minority homebuyers, those most often cited by minority participants are the need for costly repairs to the house, worries about the precarious nature of their employment accompanied by the potential inability to pay their mortgages, and ongoing concerns about the rising costs of utilities. When asked about what worried them the most as homeowners, nearly 80% of the study participants expressed being concerned about their ability to keep up with rapidly rising utility costs (see Table 5). The frequency of this concern is substantially higher than in prior studies (cf. Rohe and Quercia's 2003 estimate of only 25%). For a number of HOP homebuyers, utility costs were significantly

higher than what they had anticipated. As one of the Latino homeowners who bought a spacious house to accommodate his large and growing family remarks:

I had never expected a Public Service bill quite as large as this big house would give me. I mean, my Public Service bills are averaging \$250 bucks a month. And so that was a little bit of surprise. I didn't expect the water bill to be quite as much as it was either.

For some, these unexpected additional costs have led them to prioritize payments or to engage in what this Latino homeowner describes as “creative budgeting”:

There have been times when I have missed paying a Public Service bill. You go through [them] and you say, ‘OK, throw them up in the air and whichever one God takes, we take. He didn't take none of them so I didn't pay that month at all. I just had to figure out another way of budgeting it. There were times when I had to skip a payment and make it up later, but I never gave up the mortgage. I never gave up the important things. The Public Service is important but you can kinda get away with sliding a month here and there with them. As long as you go make it up. And so I've had to do that, a little bit of, I guess you can call it, creative budgeting to make it work. I'm just living and hoping that my next raise comes up as soon as possible.

[TABLE 5 ABOUT HERE]

The second most frequently cited worry concerned home maintenance and repairs, particularly in terms of the ability to address any unexpected, emergency home repairs. These new homeowners were particularly aware of the devastating financial consequences that such emergency repairs could have on their households. Indeed, one-third of first- and second-year homeowners had experienced unexpected problems, particularly with heating and plumbing systems. As one Black homeowner related, “The first week I moved in, the downstairs flooded. This [recurred] six times in one year.”

Other minority homeowners recount their rude introduction to home repairs:

The second day, my toilet backed up, the microwave died, the heater broke and the washer plugs didn't fit the circuit.

I moved in December and in January, my heater went out. It was inspected and it was checked out as being good but it was the main board and you can't really check that out you know, so that went out. So here I am ... heater's out, it's January, freezing cold and I have to do something to get it fixed. So right away I have to go into the savings that I had set aside to live off of in case I was ever to get unemployed for any reason. The first thing I did after the furnace went out was went out and found me a really good home warranty program where they would cover all of my appliances and heater, air conditioning all that good stuff and uh, and as far as paying on that right away and that's helped me a lot because everything has gone out since then.

Such worries about repairs were exacerbated because homeowners could not pass them on to someone else, as they could when they were renting. As one Black homebuyer describes:

For [my worry] it's just the usual stuff -- home repairs. God, I hope something doesn't break because I can't afford to fix it. It's something important, too, like the hot water heater or the furnace.... It doesn't change that I'm happy. I own my own place. But, you can't just call the landlord and say, 'Look, its broke, it needs to be fixed.' It's like we can't not pay these house repairs. You have to figure out, where do I pull this money from? How do I pay for this?

Another Black homeowner – a single mother of two -- expressed concerns about home repairs within the context of job security:

Do I want to get myself into that debt, do I want to put myself out there? If I feel like that right now even if I take out a loan to pay for that stuff (repairs) right now, what if I don't have a job? Am I going to be able to pay for that, am I going to be able to keep my job, and keep my place? You know, that's my biggest worry.

Other homeowners echoed concerns about the ability to pay for such real or anticipated emergency repairs, underscoring the vulnerability of their homeownership. Alternatively, they are confronted with the challenge of making necessary repairs while keeping their mortgage payments current. As one Latino homeowner relates, “The

biggest challenge for me has been to replace my furnace and pay my mortgage at the same time.”

Concern over their ability to keep up with mortgage payments both in the short- and long-term was expressed by 62% of homeowners. This Black homeowner described the sense of financial insecurity experienced by low-income homeowners:

One of my big worries right now is, um, am I gonna be able to keep it. Right now I still have some money for backup. But, when my money runs out, am I gonna have enough money, because I was getting like, child support, you know. Eight hundred dollars, about \$850 dollars a month, you know, which, you know, enabled me to qualify for buying my house.

For a number of our homeowners, concerns about timely mortgage payments were accentuated by fears of actual or impending job loss. Several Latino homeowners highlight these concerns:

It’s hard, yeah. I was unemployed for two months. And during that whole two months it was pretty stressful just trying to make sure I got my mortgage payment paid and all my bills.

I work for the city, and it’s kinda shaky. We may have to be laid off... What if I don’t have a job? Am I going to be able to pay for that? Am I going to be able to keep my job, and keep my place? You know, that’s my biggest worry.

Many of the homeowners we interviewed identified that making mortgage and utility payments on time were major challenges. For some of our respondents, making timely mortgage payments had become a juggling act, choosing among creditors. As one Black homeowner underscores:

Not the mortgage payment because that’s the first thing I pay now. Everybody else might be on hold. The cable, the phone ...somebody but, I’ll always make sure I pay my mortgage and my HOA [Home Owner Association fees] on time every month. Everybody else, they might get a piece or a portion but that’s what I make sure I pay.

Concerns about rising property taxes and concomitant increases to insurance and house payments were expressed by 54% of our homeowners. Just as homeowners were pleasantly aware of increasing property values, they were painfully aware of the consequences in terms of higher property tax burdens. One homeowner describes her experience of rising house payments on a home that has nearly doubled in value since time of purchase:

So it goes up [the house payment] ...that's automatic. It went up because they didn't take enough for my property insurance. Now I'm having to pay \$32 more because of that. So now my house payment went up. Well, you guys are going to laugh, but to me it's a lot of money, you know.

Other concerns articulated by minority homeowners were the inability to handle the stress of homeownership (51%) and worries about declining property values (36%) – both concerns were expressed in interviews conducted prior to the recent deflation of the housing market.

When asked about the challenges that they faced in keeping their homes, one out of six homebuyers stressed that they had not encountered any challenges. Among buyers who found homeownership to be challenging, the challenges that were mentioned closely matched the concerns expressed by homebuyers. Approximately 30% of the participants reported that their biggest challenges were associated with the expense as well as effort needed to maintain their homes. Nearly one out of five talked about the challenges of making their mortgage payments. Slightly less than one out of six indicated that paying their utilities was the biggest challenge they faced as homeowners. As one might expect, all of these issues were mentioned as the major costs associated with homeownership.

Nonetheless, these were costs minority homebuyers were willing to incur in order to purchase and then keep their homes.

Given the economic vulnerability of our sample homebuyers, we asked them to identify the factors that contributed to the sustainability of homeownership. Their responses are summarized in Table 6. One out of five minority homebuyers cited employment stability – having and keeping their jobs – as the primary factor enabling them to sustain homeownership. Slightly less than one out of ten reported that continuing homeownership status was tied to paying their mortgage on time or even accelerating their mortgage repayment. Yet there were several noneconomic factors that study participants recounted as enhancing the sustainability of homeownership. For about 17% of the homebuyers, the sense of ownership was critical to keeping them in their homes. This sense of ownership was linked to their strong desire to keep their homes. Further, this desire often was motivated by the interest in leaving an inheritance for their children.

[TABLE 6 ABOUT HERE]

#### *Making the Transition from Subsidized Householder to Homeowner*

Perhaps one of the more difficult aspects of homeownership for some low-income homebuyers was the dramatic shift in status, particularly as it related to their ability to access alternative sources of support, even though one's economic status might not have changed sufficiently to foster complete autonomy. This situation is eloquently described by one of the Latino homeowners:

We're all struggling to get to this point where we can buy our house and then when we finally buy our house it's like you just get dropped and no longer get assistance from anybody. Like you were with your, with these people who could help you get your plumbing fixed. They're looking at you no longer as somebody who is a low-income housing tenant. Now they're looking at you as a homeowner and an employed homeowner, which obviously you have to be. So, therefore you don't qualify for a lot of this stuff anymore when in actuality we are still struggling and are still barely living off of our income. In other words, we're still trying to make ends meet. We're still trying to keep paying those bills and we basically are still low income. It's just that now we're low income with our own house.

We're a homeowner so therefore you don't qualify anymore. You know I mean it happens with everything, with everything you can think of. Like, for instance, even assistance for kids going to classes, going to school and stuff. You don't qualify. You know, for getting help to fix your house you don't qualify. You know, so for a lot of us, and I think especially a lot of the single women that are trying to make it on their own, they still need that help. They still need that assistance to have somebody come in and fix their plumbing or do some drywall work for them. Or replace a toilet. You know, stuff like that. There's things that are gonna go wrong with your house. And you know we succeeded, we got us a house. But ...does that really mean that we are so completely free of being a low-income family that we no longer should qualify for any type of help? But you know to have some (neighborhood development corporation) or any of these other ones available to say, 'OK. Yeah, this is a person who just got into their house. They're not rich. You know they're still struggling. They still need assistance. And just because they've got a house doesn't mean they can afford to go out and pay a couple of thousand bucks to get their plumbing fixed.'

In sum, our respondents were well attuned to the challenges they faced as low-income homeowners. Although many of them have had to weather some substantial difficulties during their tenure as homeowners, they also have demonstrated resiliency and creativity in their responses to these challenges. Nonetheless, their experiences underscore their vulnerability, particularly in times of unanticipated or additional housing expenses. However, aside from adjusting to the financial costs of homeownership, including mortgages and home repairs, the transition from public housing to

homeownership generally has been a positive one. Our participants have expressed the sheer joy in being homeowners in the following passages:

So far its been a really good experience you know (moving from housing to homeownership), and that was something that needed change because when you're around people who live differently and see life through a different perspective and you know, have different values and, sometimes it does make a difference on your children because they think 'well, why can't I do that?' So for us it's not really secluding them from that, but getting in a better environment. (Latina homeowner)

So far it's a blessing. It's wonderful. It's divine. It's so great because I've been living in low housing ever since my son was 6 months old and then we got into Section 8 just when I got laid off my job. And so now to own a home it's like it is grand, it's glorious, it's audacious. I mean, you just can't put words to it. It's like it swells you up inside because it's saying like yes, you know, 'I did this you know through the grace of God. I did this in order to better my lifestyle to better my son's lifestyle to let him know that whatever you set your mind to, whatever goal you have, you can accomplish it.' (Black homeowner)

### *Housing Maintenance, Upkeep and Improvements*

Given their heightened economic vulnerability, one might expect that these low-income homeowners would often forego home maintenance and repairs. However, we discovered that, despite their financial constraints, our homeowners were committed to maintaining and often remodeling their homes. Further, these stated commitments were backed by specific actions. The results of their activities are summarized in Table 7.

[TABLE 7 ABOUT HERE]

When asked about home maintenance expenses, 91% of homeowners indicated they had incurred such expenses during the 12 months prior to their interview. These homeowners had paid, on average, \$500 on home maintenance during that time period. The median expenditure for such home maintenance costs since time of purchase was \$1,000. When we control for homeownership tenure, we find that the median annualized

expenditure for home maintenance was only \$195. Nonetheless, more than one in five homeowners had significantly higher expenditures that forced them to seek loans to finance these home maintenance costs. For those who did borrow money for these expenses, the average amount borrowed was \$25,000. These higher-end borrowers needed to cash in on the equity accrued on their homes; securing home equity lines of credit was the primary source of monies for these maintenance costs.

Plumbing was the most frequently cited home maintenance item, where more than half of the study participants replaced plumbing during their homeownership tenure. Repairing or replacing windows and doors was the next-most common post-purchase maintenance activity. Such repairs were cited by 42% of the homeowners. One out of five homeowners reported repairing or replacing water heaters, roofs and gutters, heating systems or driveways since purchasing their homes. About one in six replaced cooling systems or porches.

Minor home repairs also were consistently made by study homeowners. During the 12 months prior to the survey, nearly 60% of the homeowners had made minor home repairs. The median amount spent on such repairs during that 12-month period, as reported by survey respondents, was \$700. Interior painting (64%), flooring (45%) and exterior painting (29%) were the most common repairs made by study participants. However, when we assessed the itemized home repair costs made during their homeownership tenure, we found that these costs actually averaged \$365; the median annualized expenditures for minor home repairs were \$82. However, 4% of the homeowners reported borrowing to pay for these expenses, and for them the average

amount borrowed was sizeable (\$27,500). As in the case of home maintenance, the primary source of financing for home repairs was home equity loans.

About 12% of the homeowners in our study made major improvements to their homes since time of purchase. Improvements ranged from additional bedrooms or bathrooms, to decks, patios, garages, driveways, and fences, to water treatment systems. On average, the median home improvement expenditure over the course of homeownership was \$1,750; the annualized median expenditure on home improvements was \$164. Slightly more than one out of ten borrowed money to finance these major home improvements. Of those borrowing or refinancing for such improvements, the median amount borrowed was \$25,000 and financing was secured by drawing down on home equity.

The investments made to maintain, repair and improve the home by our minority homebuyers are indeed significant when put into context. Combining all these expenditures, we find that the minority homebuyers in our study invested, on average, \$2,501 on the upkeep of their homes since purchase. Slightly less than one in four had invested less than \$500 over the entire period of homeownership. The comparable percentage for a 1998-1999 national sample of very low-income homeowners was 45%, (Belsky 2002). Indeed, the median *annualized* investment in maintenance, repairs, or major improvements was \$500 for minority homeowners in the study.

Thus, among this group of minority homeowners there is clear evidence that they have invested considerable effort and resources in the maintenance and improvement of their homes. Nonetheless, this has come at significant financial strain to many of these homeowners, who have found themselves borrowing against current and future equity of

their homes in order to finance these endeavors. The incidence of debt financing of these home investments appears on par with that observed by Rohe and Quercia (2003), however.

### *Growth of Non-Housing Assets*

For most minority homeowners participating in the survey, their primary asset was their home. Indeed, for nearly one in five homeowners, their home was the only asset they held. Median housing wealth for survey participants was \$24,950 but varied considerably by ethnicity. Median housing wealth was \$20,100 for Black homeowners but \$32,500 for Latino homeowners. Since becoming homeowners, 80% of our study respondents did accrue some, albeit modest, amounts of non-housing assets. Minority homeowners accrued, on average, \$3,350 in non-housing assets since time of home purchase. The median value of the assets held by Latinos was \$4,250; the comparable figure for Blacks was \$2,665. The annualized median value of these non-housing assets was \$551, ranging from \$433 for Black to \$686 for Latino homebuyers.

*What constitutes these non-housing assets?* As shown in Table 8, the vast majority of minority homeowners (93%) held checking accounts with relatively modest median deposits (\$425). Approximately two-thirds of all minority households had savings accounts, although the median amounts in their savings accounts also were quite modest (\$400). Almost two-thirds of the homeowners had retirement or pension benefits valued at \$8,750. Approximately one in five homeowners held stocks, bonds, or mutual funds, with a median value of \$1,860.

Outside of home equity and bank accounts, life insurance policies and vehicles were the most commonly held assets by our minority homeowners. Nearly 65% of Black

and Latino homeowners had life insurance; the median value of the policy was \$95,000. One out of ten homeowners owned their vehicles free and clear. The median value of vehicles owned by these homeowners was \$5,000. Less than 10% of our homeowners – all of them Latino HOP graduate homebuyers-- held other assets, such as additional real estate or business accounts. In contrast, none of the Black homeowners in our study had other real estate or business accounts.

[TABLE 8 ABOUT HERE]

### *Growing Indebtedness beyond Mortgages*

According to our survey respondents, nearly half of the Latino homeowners reported that their financial situation had improved during the three years prior to their interview. By contrast, a significantly smaller share (37%) of Black homebuyers had such good fortune. Moreover, a sizable fraction of Black homebuyers (38%) but significantly fewer Latinos (8%) reported that their financial situations had gotten much worse over the past three years. For those experiencing worsening financial situations, growing indebtedness was one of the main contributors. Not surprisingly, Black homebuyers in the study had difficulties paying their monthly bills at a significantly higher rate than Latinos (14% compared to 5%).

As noted earlier, approximately one out of four minority homebuyers in our study incurred additional mortgage debt in the process of maintaining or repairing their home, and one in ten incurred more of the same by undertaking home improvements. Yet, an even more worrisome finding for our sample of minority homeowners has been their increasing consumer indebtedness in addition to their mortgages (see Table 9). More than

eight out of ten Latino and Black homeowners reported holding non-housing debt at the time of their interview. Median consumer debt was \$6,900 and varied from \$5,000 for Latinos to \$9,100 for Blacks. The median annualized debt was \$1,000 -- \$925 for Latinos and \$1,624 for Blacks. The estimated median monthly consumer debt payment was \$250 at the time of the survey; slightly higher for Black homebuyers.

As part of the *Retrospective Homeowner Survey*, respondents were asked detailed questions about the debts they had accumulated over the course of their homeownership. We found that a large fraction of increased indebtedness was associated with items that would be considered investments (e.g., automobiles, business loans, educational loans); such accounted for 69% of the total debt amount. However, we also found substantial post-purchase increases in consumer debt: credit cards (72%) were the most frequently mentioned sources of additional debt. Loans from family or friends were reported as outstanding debts by 12% of the HOP homeowners. With this increased debt burden, it is not surprising that some homeowners had difficulty paying all of their debts in a timely manner. Nearly four out of ten homebuyers in the study reported that they had been late in making a consumer debt payment during the 12 months prior to the interview. Nearly one in ten reported finding it difficult to pay their monthly bills most or all of the time. In analyses not show here, that was particularly the case for Black HOP dropouts.

We investigated whether there were any statistically significant relationships between a homebuyer's increase in consumer debt and their debts incurred for either home repairs or for home improvements, but could identify none. This suggests that growing consumer debt was a general phenomenon in our sample that was not contingent on the voluntary or involuntary investments made in the home.

Thus, a sizable fraction of our sample of minority homeowners has acquired significant consumer debts in a relatively short period of time. In addition to initial mortgage payments that, for many, were on the high end of mortgage qualifying amounts, these homeowners were often burdened by mortgage debt associated with unexpected home maintenance and repair costs that further inflated their monthly mortgage payments. It is no wonder, then, that a number of these homeowners expressed concern about their ability to pay for their mortgage and their other expenses. Nor is it surprising that they were forced at times to make choices about which bills, in addition to the mortgage, were to be paid.

[TABLE 9 ABOUT HERE]

Rising debt has eroded the home equity of minority homebuyers. In analyses not presented here, we found that for those whose homes continued to appreciate in value through 2008 (representing three out of four homebuyers in the study), existing consumer debt was about double the amount held in non-housing assets (\$6,950 in debts; \$3,300 in assets). Among the nearly 25% of homebuyers whose homes had negative equity, this nearly 2:1 consumer debt/asset ratio remains (\$6,600 in debts; \$3,450 in assets). Their consumer debts are exacerbating the financial precariousness of these households.

#### *Mortgage Delinquencies, Foreclosures, Refinancing, and Predation*

Previous studies underscore significantly higher rates of exits from homeownership and mortgage defaults among minority and low-income homeowners – both of which have been linked not only to economic vulnerability but also to the lack of financial literacy and victimization by predatory lenders (see the review in Galster and Santiago 2008). In this section, we summarize the experiences of our Denver

homebuyers, which illustrate that, despite the financial strains they do experience, these adverse consequences proved rarely the case.

*Mortgage Delinquencies.* Approximately one-third of the study participants made at least one late mortgage payment during the 12 months prior to their interview; only 2% of the sample reported making late payments every month during that same time period. One in eight homeowners made one delinquent payment that was more than 30 days late; almost one out of ten homeowners reported making two or more delinquent payments during the 12 months prior to the survey. This relatively low rate of delinquencies is comparable to the findings of Rohe and Quercia (2003). Although a sizable fraction of homeowners had difficulties paying their mortgages on time, only two of the homeowners who had made delinquent payments reported they had restructured their mortgage to alleviate this problem. However, only two of the respondents reported seeking assistance from DHA to address the underlying issues associated with these late payments. Others reported they were “too embarrassed to contact the authority.” In the cases where the respondents sought DHA assistance, the authority helped support the homeowners with partial payments and foreclosure prevention assistance.

*Foreclosures and Exits from Homeownership.* Prior to 2007, there were only a handful of foreclosures directed against the 152 minority homeowners in the study. During the past several years, foreclosures increased dramatically in Denver with the downturn of the mortgage finance and housing markets. Approximately three-quarters of foreclosures occurred to homebuyers in 2007 and 2008 – periods when the mortgage crisis was at its peak in Denver. By the end of 2008, 16% of the homeowners in the study had already experienced a foreclosure. Moreover, an additional 7% of all survey

respondents who were still homeowners reported being threatened with foreclosure, underscoring their economic vulnerability. Despite this heightened vulnerability and the sizeable fraction of homeowners who have made late payments on their mortgages in the past, approximately 85% of minority homeowners reported that they had not developed any strategies to prevent foreclosures. For the few homeowners who did, their self-styled strategies involved: “paying the mortgage on time,” “making sure they maintained their employment,” “budgeting,” and “selling their homes.” However, about 9% of Latino homebuyers and 4% of Black homebuyers reported restructuring their debt in regards to averting foreclosure.

*Refinancing.* By 2008, 28% of Latino and 20% of Black homeowners in our study had refinanced their homes. While home repairs and major improvements drove part of this refinancing -- about one in three respondents borrowed to finance these repairs -- other homeowners used refinancing as a means of obtaining lower interest rates or paying off second mortgages to DHA or other home purchase programs. As we will see below, none of these refinancings was unnecessarily undertaken at the urging of predatory lenders.

*“Predatory Lenders” and Debt Purveyors.*

We included several questions regarding exposure to predatory lenders and other purveyors of debt in the Retrospective Homeowner Survey and our focus groups with homeowners (Renuart 2004). All of the homeowners who responded to our survey reported receiving numerous unsolicited offers for loans, refinancing, and/or additional credit, or offers to purchase their homes. Other unsolicited offers were for debt or credit

consolidation, second mortgages and mortgage insurance. All of the homeowners in the sample reported that they threw away or refused these unsolicited offers.

Homeownership has expanded and improved credit for the majority of the homebuyers in the study. For many, better credit has been liberating (as one Latino homebuyer exclaims: "Qualify for credit cards, oh yeah!") and has allowed them to make necessary improvements to their homes, seek further education, and refinance their homes with lower interest rates. Others, however, express consternation at the flood of unsolicited offers of credit that tempt them to get into consumer debt. In some cases, the increased access to credit is portrayed as a benefit to low income homeowners who have previously experienced very few options. In worst-case scenarios, expensive or even predatory lending practices can penetrate their precarious financial positions and harm their homeownership sustainability. For example, one Black homeowner reported that she was given the offer of overdraft protection that she could use in case she didn't get paid and was at risk of being late on her bills. She was not aware that the practice of offering overdraft protection has been used to charge greater fees to bank customers:

I got called in on my checking account to check something and they offered me a VISA through my bank for overdraft protection on my checking account. So I was so excited (and thought) hopefully they'll give a \$1000 credit limit so that I can at least cover my mortgage and HOA [Home Owners Association fees] for a month in case of some big snafu happens and I don't get my check right away. You know it won't bounce, so I won't be late. I looked up. They done gave me one for 3 grand.

Homeowners also are susceptible to predators who disguise their scams behind refinancing offers. As one Black homeowner – and HOP dropout -- describes:

The ARM matured; went up like \$300 on the \$112,000 [mortgage]. Somebody called claiming to be the original financier and asked if I wanted to refinance. Turned out to be a scam. I got behind [in my mortgage payments] because of the alleged refinance. Paid for an appraisal and didn't make the August or September payment because I had the appraisal done.

Another Black homeowner described how her new access to credit has substantial risks for increased consumer debt: "Oh, the credit cards be coming. You read that fine print, you know that ... first 6 months zero interest, and then all of a sudden after that it's like ..."

Others also acknowledged the powerful enticement of easy access to credit that opened up as a result of homeownership. As one Black homeowner remarked,

Before I got into the [HOP] program. I couldn't even go into Sears and get a department store credit card. Please -- I get a new credit card offer in the mail every other day. I have people offering to sell me new cars. I've got lenders calling me. Every week I get at least ten offers in the mail to refinance my mortgage. We finance this, we finance that. We'll finance yours, we'll finance the kids.

As part of pre-purchase counseling, HOP program participants received extensive training regarding "safe debt."<sup>5</sup> Nevertheless, as one Black homeowner describes, the relative ease by which one could fall into the trap of getting into unsafe debt:

Well, they sent me a \$5,000 check in the mail. It was a real check. I looked at it and I said this is a trick and I looked at it. It said 29% interest. \$5,000 with that interest, you'll end up paying back almost \$9000 and it's those types of things. If I wouldn't be smart, I would be caught up. You know what I mean. I'd be locked in. I'd be paying up the butt for that. Education that needs to go on because they give you so much credit now.

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<sup>5</sup> Safe debt refers to debt acquisition processes that are intended to keep the debt ratio sound. HOP participants are taught to focus on acquiring things that will actually make more money than what was spent on them (e.g., real estate) instead of purchasing items that do not (e.g., shopping sprees, vacations). Participants also are taught to carefully scrutinize the types of loans that are being offered, to prefer fixed rate loans over variable rate loans, and to avoid more exotic loans (e.g., loans with balloon payments, interest-only loans).

However, because of the HOP training, even the newest homeowners are aware when offers are too good to be true: “Sometimes you think you want to, but then you don’t. I know I don’t because I know they’re gonna rip you off. I already know it.”

We observed another form of predation, likely confined to inflating real estate markets like Denver, which sought to exploit a perceived lack of information on the part of our recent homebuyers. Our homebuyers received unsolicited offers to purchase their homes, generally at prices well below current property values. As one of the longer-term Black owners -- a mother of three -- reports:

The funny thing is, they want to buy your house, like in my case. They want to buy my house for what I paid for it almost six years ago. I don’t think so! It’s worth twice as much now!

Thus, the evidence here suggests that the often-cited financial pitfalls awaiting minority homebuyers have largely been avoided. Most of our homebuyers either ignored the various solicitations offered to them or questioned their authenticity. However, the homebuyers in our study repeatedly acknowledged that temptations of various sorts lurked in their environs and remarked on the ease with which less knowledgeable homeowners might be seduced into predatory loans.

#### *Conclusions, Implications and Future Directions*

Federal programs have long been encouraging increasingly lower-income and minority households to buy homes. But questions have been raised concerning the long-term sustainability and desirability of this impetus. Our study has attempted to engage these concerns by investigating the homeownership experiences of low-income Latino and Black homebuyers who participated in the Denver Housing Authority’s Homeownership Program, where 70% of them ultimately purchased their homes through the program.

This sample of homebuyers is unique in the literature insofar as it is comprised of former recipients of housing subsidies who voluntarily undertook a multi-year homeownership counseling and asset-building program. Our findings give rise to cautious optimism, even though we recognize that our sample is selective.

Our primary conclusion based on the experiences of these participants is that most conventionally articulated, worst-case fears about low-income, minority homebuyers have largely been absent. They have *not* been forced to purchase homes in severely distressed, declining neighborhoods. Even in the midst of the current housing downturn, most have not suffered depreciation of their property values and relatively few have defaulted on their mortgages. They have not let the physical conditions of their homes deteriorate. They have taken advantage of refinancing options and avoided various and numerous credit card and predatory solicitations. Few see homeownership as a negative experience or erroneous decision in retrospect. We observed no statistically significant differences in any of these outcomes between Latino and Black homebuyers in our study.

Moreover, our low-income, minority homebuyers overwhelmingly have found that the best thing about their experience has been socio-psychological, not financial (even though most have witnessed home equity gains). Indeed, the non-economic benefits of homeownership--enhanced senses of control, pride, security and privacy--are apparently very important for a population that society views as on the margins. This dimension of benefit has been largely absent from prior discussions of low-income homeownership (e.g., Shlay 2006).

Nevertheless, it is also abundantly clear that owning a home is not an easy, challenge-free experience for low-income, minority homebuyers. The homebuyers in our

study were surprised by the degree of unexpected maintenance and repairs that their homes required. Yet, they were tenacious in responding to these issues even when financially burdened. Many voluntarily invested in substantial home improvements. Unlike similar responses from higher-income homeowners, however, for our sample there is limited ability to incur these extra costs without taking out additional loans or refinancing mortgage debt. This creates legitimate concerns regarding longer-term financial sustainability. Such concerns are only intensified by our finding that a nontrivial segment of the homebuyers in our study drew down their home equity and increased their levels of consumer debt.

We caution the reader that our results are not likely generalizable to a broader, generic set of low-income minority homebuyers. We suspect that the generally favorable experiences reported by Latino and Black homebuyers in our sample can be partly attributed to the asset-building and pre-purchase counseling provided through the DHA's HOP program and partly to self-selection effects. It is thus premature for us to draw firm evaluative conclusions about HOP. In a forthcoming strand of our research we shall evaluate comprehensively this program, following strategies pioneered by Rohe and Kleit (1997) and Rohe and Quercia (2003). However, at this point in our investigation some extensions of the program can be appropriately suggested.

Our HOP participants have indicated that the transition from subsidized tenant to homeowner is a difficult one, and several have suggested that the current program is too abrupt in assuming that participants can switch instantaneously into a regime of no supports once they sign the deed on their new home. We believe that post-purchase follow-up, training in home maintenance techniques, and financial counseling would pay

handsome dividends. Numerous dangers continue to confront minority homebuyers, so sustainability remains an ongoing challenge to which public policy must pay attention.

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**Table 1: Selected home purchase and homeowner characteristics at time of purchase, by ethnicity (All HOP Home Buyer’s Club participants during study period)**

	<b>All Homebuyers (N=152)</b>	<b>Latino Homebuyers (N=96)</b>	<b>Black Homebuyers (N=56)</b>
<i>Household Characteristics of Time of Purchase</i>			
Average age of head of household (in years)	38.1	36.8	38.8
Percent single parent households <sup>a</sup>	61.0	54.6	70.7
Average number of children in household <sup>b</sup>	2.3	2.5	2.1
Percent immigrant	21.9	21.4	24.1
Median household income	\$35,322	\$35,748	\$35,003
Median assets	\$11,114	\$13,000	\$6,500
HOP Program status (percent HOP graduates)	70.5	71.1	69.6
Median months residing in DHA	80.9	80.8	84.0
<i>Characteristics of Home Purchase</i>			
Median purchase price	\$149,900	\$149,950	\$148,750
Average distance in miles	7.6	7.2	8.2
Percent of homes purchased within 1 mile of last DHA address	6.2	8.3	3.6
Percent of homes purchased outside of the City and County of Denver <sup>c</sup>	42.5	36.5	48.2
Percent single-family, detached homes <sup>d</sup>	84.2	91.3	75.9
Median square footage	1121	1121	1117
Median year built <sup>e</sup>	1967	1958	1974

Sources: Real Property records from the respective county real estate offices were used to assess property values at time of purchase as well as in 2008 or time of sale or foreclosure. Detailed homeowner demographic and financial characteristics were derived from DHA administrative records.

Notes: All of the following differences across groups are statistically significant at the  $p < .05$  level. Please note that while median values are reported here for selected variables, difference in means tests also were estimated for these indicators.

(a) The percentage of single parent households was significantly higher for Black homebuyers relative to Latino homebuyers.

(b) The average number of children at time of home purchase was significantly higher for Latino homebuyers relative to Black homebuyers.

(c) The percentage of homes located in the suburbs is significantly higher for Latino homebuyers relative to Black homebuyers.

(d) The percentage of single-family detached homes owned by Latino homebuyers is significantly higher than that for Black homebuyers.

(e) The age of the dwelling is significantly older for Latino homes.

**Table 2: Selected pre- and post-purchase neighborhood characteristics by ethnicity (All HOP Home Buyer’s Club participants during study period)**

Neighborhood Characteristic	All Homebuyers (N=152)		Latino Homebuyers (N=96)		Black Homebuyers (N=56)	
	Pre	Post	Pre	Post	Pre	Post
Vacancy rate	3.0	2.6*	3.4	2.7*	2.4	2.3
Percent of owner-occupied housing units	53.6	67.2*	53.8	66.1*	53.6	68.2*
Percent of housing units built before 1940	25.5	13.5*	27.0	15.3*	23.2	10.8*
Average household income	\$43,241	\$49,138*	\$42,242	\$48,881	\$51,327	\$51,332
Total poverty rate	21.6	12.7*	22.9	13.3*	19.6	12.4*
Percent of college graduates	18.4	18.9	13.7	22.4*	26.0	20.2
Unemployment rate	8.7	7.0*	9.6	7.1*	7.4	6.9
Percent Black <sup>a</sup>	16.2	17.2	7.7	9.4	29.7	29.6
Percent Latino <sup>b</sup>	48.0	38.1*	56.6	42.2*	34.2	31.6
Percent White <sup>c</sup>	53.6	59.2*	56.3	64.3*	49.2	50.8
Percent foreign born	22.8	22.2	24.4	22.3	20.4	21.9
Percent female-headed households <sup>d</sup>	36.9	28.6*	35.6	24.4	39.0	31.7*
Percent children 0-18	29.2	28.5	30.3	28.0*	27.4	29.4
Percent moved in last year	25.5	24.8	25.2	23.7	26.0	26.5

Sources: Census tract level neighborhood data were derived from the Geolytics *Neighborhood Change Database* for 1990 and 2000.

Intercensal year data were interpolated between 1990 and 2000; extrapolated through 2007.

Notes: \* Pre- and post-purchase paired sample t-tests for each specific ethnic group are significant at the  $p < .05$  level where noted. Ethnic group comparisons also were estimated using independent samples t-tests for post-purchase indicators to assess the extent to which post-purchase neighborhood quality differed for Latino and Black homebuyers. These differences are summarized as follows:

- (a) The difference in mean percentage Black in post-purchase neighborhoods was significantly higher for Black homebuyers relative to Latino homebuyers.
- (b) The difference in mean percentage Latino in post-purchase neighborhoods was significantly higher for Latino homebuyers relative to Black homebuyers.
- (c) The difference in mean percentage White in post-purchase neighborhoods was significantly higher for Latino homebuyers relative to Black homebuyers.
- (d) The percentage of female-headed households residing in post-purchase neighborhoods was significantly higher for Black homebuyers relative to Latino homebuyers.

**Table 3: Homeownership characteristics, 2008 (All HOP Home Buyer’s Club participants during study period)**

	<b>All Homebuyers (N=152)</b>	<b>Latino (N=96)</b>	<b>Black (N=56)</b>
Average number of quarters of homeownership from TOP to 2008Q3	22.7	23.3	21.8
Median home value as of 2008Q3	\$168,541	\$162,901	\$175,450
Median home appreciation as of 2008Q3	\$25,100	\$28,382	\$20,200
Median annualized home appreciation as of 2008Q3	\$4,200	\$4,471	\$3,963
Median annualized appreciation rate	3.1	3.5	2.7
Percent experiencing negative home appreciation by 2008Q3	26.8	22.2	32.1
Percent still in homeownership as of 2008Q3	79.0	78.6	82.7
Percent of homeowners returning to renting by 2008 via foreclosures	15.7	16.6	15.3
Percent of homeowners returning to renting by 2008 via home sales	5.3	7.8	1.8

Sources: Real Property records from the respective county real estate offices were used to assess property values at time of purchase and 2008Q3 or time of sale or foreclosure.

Note: None of the differences across groups was significant at the p.05 level

**Table 4: Perceived benefits of homeownership and anticipated neighborhood changes (All HOP Home Buyer’s Club participants completing surveys)**

	Percent of all survey respondents		
	All Minority Homeowners (N=114)	Latino Homeowners (N=68)	Black Homeowners (N=46)
<i>Best Dimensions of Homeownership</i>			
Pride of Ownership	42.1	38.2	47.8
Control Over Dwelling	33.3	42.6	19.6
Stability or Security that Homeownership Provides	14.0	16.2	10.9
Privacy	14.0	13.23	15.2
Having outdoor space for children	11.4	11.8	10.9
<i>Major Benefits of Homeownership</i>			
Control Over Dwelling	30.7	32.4	28.2
Equity Gain or Investment	29.8	23.5	39.1
Tax Benefits	20.2	13.2	30.4
Not Having a Landlord	14.9	10.3	21.7
<i>Anticipated Changes in Neighborhood</i>			
Improved Neighborhood Quality of Life	60.2	49.2	75.6
Increased Property Values	68.7	59.7	77.8

Source: *Denver Housing Study* Retrospective Homeowner Survey. Statistics compiled by authors.

Notes: Percentages based on the number of respondents identifying a particular feature or benefit. Respondents could enumerate more than one feature or benefit to homeownership. None of the differences across groups was statistically significant.

**Table 5: Anticipated concerns and actual challenges about homeownership (All HOP Home Buyer’s Club participants completing surveys)**

	<b>All Minority Homebuyers (N=114)</b>	<b>Latino Homebuyers (N=68)</b>	<b>Black Homebuyers (N=46)</b>
<i>Anticipated Concerns re: Homeownership</i>			
Rising Utility Costs	77.0	80.6	71.1
Home Maintenance and Repairs	74.0	77.6	68.9
Paying Mortgage on Time	62.0	62.7	53.3
Declining Quality of Life in the Neighborhood	58.0	58.0	62.2
Rising Property Taxes	54.0	49.3	57.8
Stress of Homeownership	51.0	53.7	37.7
Declining Property Values	36.0	38.8	33.4
<i>Actual Challenges re: Homeownership</i>			
Cost/Efforts Associated with Regular Maintenance and Upkeep	28.9	25.0	34.8
Paying Mortgage Payments	18.4	19.1	17.4
Paying Utility Payments	13.2	16.2	8.7
None	14.0	16.2	10.9
<i>Major Costs Associated with Homeownership</i>			
Upkeep of Home	27.2	29.4	23.9
Remodeling/Home Improvements	26.3	25.0	28.3
Paying Mortgage	20.2	22.0	17.4
Paying Utilities	14.0	11.8	17.4
None	7.9	7.3	8.7

Source: *Denver Housing Study* Retrospective Homeowner Survey. Statistics compiled by authors.

Notes: Percentages based on the number of respondents identifying a particular concern, challenge or cost. Respondents could enumerate more than one feature or benefit to homeownership.

None of the differences across groups was statistically significant.

**Table 6: Factors contributing to the sustainability of homeownership (All HOP Home Buyer’s Club participants completing surveys)**

	Percent of all respondents		
	All Minority Homeowners (N=114)	Latino Homeowners (N=68)	Black Homeowners (N=46)
<i>Factors Contributing to Sustainability</i>			
Employment Stability	20.0	22.6	20.3
Sense of Ownership	16.6	14.0	20.3
Making Payments on Time/Making Extra Payments	8.9	8.6	9.4
Inheritance for Children	7.6	14.0	1.3
Desire to Keep Home	6.4	5.3	7.8

Source: *Denver Housing Study* Retrospective Homeowner Survey. Statistics compiled by authors.

Notes: Percentages based on the number of respondents identifying a particular factor contributing to sustainability. Respondents could enumerate more than one factor. None of the differences across groups was statistically significant.

**Table 7: Post-purchase maintenance, repairs and home improvement expenditures (All HOP Home Buyer’s Club participants completing surveys)**

	<b>All Minority Homeowners (N=114)</b>	<b>Latino Homeowners (N=68)</b>	<b>Black Homeowners (N=46)</b>
<i>Home Maintenance</i>			
Median expenditures for home maintenance over the duration of homeownership	\$1,000	\$1,275	\$2,638
Median annualized expenditures for home maintenance	\$195	\$147	\$325
Percent who incurred home maintenance costs during the 12 months prior to interview	90.8	89.5	90.5
Average amount spent on home maintenance during the 12 months prior to interview	\$500	\$500	\$600
Percent who borrowed or refinanced these home maintenance costs	22.0	22.8	20.9
Average amount borrowed for home maintenance costs	\$25,000	\$26,000	\$20,000
<i>Percent of homeowners who replaced:</i>			
Plumbing	56.0	59.6	51.2
Windows and doors	42.0	45.6	37.2
Water heaters	21.0	21.1	20.9
Roofs and gutters	21.0	24.6	16.3
Heating systems	20.0	22.8	16.3
Driveways	19.0	24.6	11.6
Cooling systems	17.0	15.8	18.6
Porches	15.0	15.8	14.0
<i>Minor Home Repairs</i>			
Median expenditures for minor home repairs over the duration of homeownership	\$365	\$450	\$235
Median annualized expenditures for home repair costs	\$82	\$84	\$71
Percent who incurred minor home repair costs during the 12 months prior to interview	57.9	61.4	53.1
Average amount spent on home repairs during the 12 months prior to interview	\$700	\$650	\$700
Percent who borrowed or refinanced to make these minor home repairs	4.0	5.3	2.3

	<b>All Minority Homeowners (N=114)</b>	<b>Latino Homeowners (N=68)</b>	<b>Black Homeowners (N=46)</b>
<i>Minor Home Repairs</i>			
Average amount borrowed for minor home repairs	\$27,500	\$30,000	\$25,000
<i>Percent making the following minor repairs:</i>			
Interior painting	64.0	66.7	60.5
Flooring	45.0	47.4	41.9
Exterior painting	29.0	38.6	16.3
Other interior repairs	22.0	22.8	20.9
Other exterior repairs	12.0	15.8	7.0
<i>Major Home Improvements</i>			
Percent who made major home improvements since home purchase	12.2	14.5	9.3
Median expenditure on major home improvements	\$1,750	\$1,350	\$2,250
Annualized median expenditure on major home improvements	\$164	\$148	\$186
Percent who borrowed or refinanced to make major home improvements	11.1	12.5	9.1
Median amount borrowed or refinanced to make major home improvements	\$25,000	\$14,500	\$25,000

Source: *Denver Housing Study* Retrospective Homeowner Survey. Statistics compiled by authors.

Notes: Differences across groups were not statistically significant.

**Table 8: Housing and Non-housing assets held by minority homeowners at time of Survey (All HOP Home Buyer’s Club participants completing surveys)**

<b>Type of Assets</b>	<b>All Homebuyers (N=114)</b>	<b>Latino Homebuyers (N=68)</b>	<b>Black Homebuyers (N=46)</b>
Median home value as of 2008Q3	\$174,250	\$172,600	\$176,400
Annualized median home appreciation as of 2008Q3	\$4,249	\$4,671	\$4,148
<i>Percent who have ...</i>			
Any non-housing assets	82.6	82.1	81.0
Percent with personal checking accounts	92.9	89.3	97.6
Median value of checking account	\$425	\$400	\$431
Percent with personal savings accounts	68.4	67.9	69.0
Median value of savings account	\$400	\$300	\$650
Percent with retirement or pension plans	64.3	62.5	66.7
Median value of retirement or pension plan	\$8,750	\$9,000	\$10,000
Percent with money in stocks, bonds or mutual funds	20.4	14.3	28.6
Median value of stocks, bonds or mutual funds	\$1,860	\$2,000	\$1,710
Percent with life insurance policies	64.3	66.1	61.9
Median value of life insurance policies	\$95,000	\$100,000	\$105,000
Percent with vehicles owned free and clear*	70.4	75.0	64.3
Median value of vehicles owned free and clear	\$5,000	\$5,000	\$5,000
Percent with additional real estate*	6.1	10.7	0.0
Median value of additional real estate	\$217,000	\$217,000	\$0.0
Percent with other financial assets	4.1	3.6	4.8
Median value of other assets	\$13,000	\$11,750	\$13,000
Median value of non-housing assets (excluding pensions and life insurance)	\$3,350	\$4,250	\$2,665
Median annualized value of non-housing assets	\$551	\$686	\$433

Source: *Denver Housing Study* Retrospective Homeowner Survey. Statistics compiled by authors.

Notes: \* Group differences in the percentage who own additional real estate or vehicles owned free and clear are significantly different at the  $p < .01$  level.

**Table 9: Post-purchase debt burdens of minority homebuyers by ethnicity (All HOP Home Buyer’s Club participants completing surveys)**

	<b>All Homebuyers</b>	<b>Latino Homebuyers (N=68)</b>	<b>Black Homebuyers (N=46)</b>
<i>Post-purchase changes in housing debt</i>			
Median value of mortgage at time of survey	\$124,000	\$110,000	\$133,000
Median monthly mortgage payment at time of survey	\$1,079	\$1,064	\$1,086
Percent who refinanced their home	25.0	28.1	20.9
Percent who acquired a second mortgage	15.0	19.3	9.3
Percent who obtained a home equity line of credit	15.0	17.5	11.6
Percent who consolidated debt	28.0	38.6	14.0
Percent who secured home improvement loans	12.0	12.3	11.6
Percent who incurred credit card debt to finance home repairs	24.0	21.0	27.9
Percent who made a late mortgage payment in 12 months prior to survey	31.0	29.8	32.6
Percent who were 30+ days late on mortgage payment in 12 months prior to survey	13.0	12.3	14.0
Percent with 2+ delinquent mortgage payments in 12 months prior to survey	8.0	5.3	11.7
Percent of current homeowners who have been threatened with foreclosure	7.0	3.5	11.6
<i>Post-purchase consumer debt</i>			
Percent who have additional debts outside of mortgage	83.4	84.2	83.3
Median consumer debt at time of survey	\$6,900	\$5,000	\$9,100
Median annualized debt since time of purchase	\$1,000	\$925	\$1,624
Median monthly debt payment at time of survey	\$250	\$250	\$300
<i>Type of non-housing debt</i>			
Percent with vehicle loans	50.6	47.9	54.3
Median balance on vehicle loans	\$7,000	\$6,000	\$7,000

Percent with credit card debts	72.3	70.8	74.3
Median balance on credit cards	\$2,050	\$2,000	\$2,550
Percent with personal loans	10.8	14.6	5.7
Median balance on personal loans	\$4,000	\$5,000	\$2,300
Percent with student loans	33.7	27.1	42.9
Median balance on student loans	\$12,000	\$10,000	\$12,000
Percent with medical bills	24.1	20.8	28.6
Median balance on medical bills	\$1,000	\$350	\$1,750
Percent with legal bills	1.2	0.0	2.9
Median balance on legal bills	\$2,000	\$0.0	\$2,000
Percent with loans from family or friends	12.0	10.4	14.3
Median balance on loans from family or friends	\$800	\$250	\$1,400
Percent with store loans	12.0	12.5	11.4
Median balance on store loans	\$1,050	\$1,050	\$1,625
Percent with other loans	10.8	12.5	8.6
Median balance on other loans	\$9,000	\$5,150	\$10,000
Percent having difficulty paying monthly bills most or all of the time*	9.0	5.3	14.0
Percent whose financial situation improved over the few years prior to the survey*	43.0	47.4	37.2
Percent whose financial situation worsened over the few years prior to the survey*	22.0	8.8	39.5

Source: *Denver Housing Study* Retrospective Homeowner Survey. Statistics compiled by authors.

Notes: \*Differences across ethnic groups are significant at the  $p < .05$  level.