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SECTION: REAL ESTATE;Pg. I-1**LENGTH:** 2647 words**HEADLINE:** Slow progress; More Latinos joining the ranks of homeowners**BYLINE:** Lori Weisberg and Leonel Sanchez; STAFF WRITERS**BODY:**

The children of Mexican immigrants, Ulysses Andrade and Rosa Imelda Herrera are about to reach two milestones in their young lives: an April wedding and the purchase of their first home. Their new three-bedroom house in Otay Ranch, brags Andrade, will have a loft, two-car garage, upgraded tile floors and miniature palm trees in the back yard.

A recent boost in their incomes, along with help from their parents, made it possible for the U.S.-born couple to buy the \$280,000 house in a gated Chula Vista community in one of San Diego County's newest suburbs.

Recent home buyers Yadira and Efrain Garcia are starting out far more modestly, having bought their first house in a dense, urban **neighborhood** of City Heights. Shortly after moving in, the immigrant couple, just back from their wedding in Mexico, discovered that thieves had broken in and stolen all their belongings. They briefly considered selling the \$170,000 house they barely could afford but quickly abandoned the idea. Efrain, a restaurant cook, instead rigged his own security system: He installed a large lamp near their home's entrance and bought a pit bull.

"It's not our dream home," acknowledged Yadira, 24, a medical assistant. "But someday we're going to get something better."

To be sure, San Diego County's mushrooming Latino population is slowly but surely making gains in homeownership, from recent immigrants saving for starter homes in older, inner-city neighborhoods to second-generation Hispanics trading up to more spacious homes in upscale suburbs.

Still, the American dream remains elusive for most Latinos, who, despite their standing as the county's fastest-growing population, continue to lag behind white households and the region as a whole in becoming homeowners. Data from the 2000 census paint a portrait of a population that tends to own homes in neighborhoods that are segregated from non-Hispanic whites and where home prices are considerably less expensive than the median-priced home of \$289,000.

While the homeownership rates for both Hispanics and the overall population each rose by a mere 1.6 percentage points during the '90s, the gulf in homeownership between the two groups is still wide -- although not as wide as the national gap of 20 percentage points.

As of 2000, 39.5 percent of Hispanic households were homeowners, compared with 55.4 percent homeownership rate for the county as a whole. A substantially higher proportion of non-Hispanic whites -- 62.4 percent -- own homes.

Increasingly, it will be hard for the real estate industry to ignore Hispanics, whose population grew at a breakneck speed of 47 percent during the '90s, compared with the county's overall population increase of 12.6 percent. While San Diego County shares a border with Mexico, Latinos make up a smaller proportion of the population than in California as a whole.

Locally, Hispanics represent nearly 27 percent of the county's 2.9 million people, while in the state as a whole, they account for more than 32 percent of the population.

The county's public school enrollment, however, foretells a more realistic future: 37.8 percent of the students are Latino. By 2020, regional planners forecast that Hispanics will account for one-third of the overall population.

Immigration as a factor

Inroads in homeownership have been slowed, in part, by a continued flow of poor immigrants from Mexico who, upon arriving here, are ill-equipped to buy homes. The region's skyrocketing cost of housing and unequal access to home financing only add to the challenges they face in becoming homeowners.

"Sometimes, it's really sad for them," says Soraya Cordero, who works for the San Diego Home Loan Counseling Service and deals almost exclusively with Spanish-speaking clients. "Once they're done with everything they have to do, like saving and working on credit, they look for properties and realize there's nothing they can afford.

"Some people dream about really nice neighborhoods, but I tell them, 'You know, buy whatever you can afford and in a few years you'll have a better income and you can use your equity to buy a better house.' "

On the bright side, there are a number of factors that promise to fuel a continuing surge in homeownership within segments of the population, including a small but rising middle class and a large number of young Latino adults who are approaching the prime years for home buying. In San Diego County, the median age of Hispanics is 24.7, compared with 33.2 for the population as a whole.

Gains in education and income among second-generation Hispanics, as well as culturally sensitive lenders and government-funded assistance programs, are helping many Latinos realize their American dream of owning a home.

"The homeownership rate among Latinos is still low because you've had a lot of recent immigration," said researcher Hans Johnson of the nonprofit Public Policy Institute of California, a think tank based in San Francisco. "Among U.S.-born Latinos, the homeownership rate is undoubtedly higher than among foreign-born Latinos, and as the population establishes itself, just as previous immigrant groups have, the homeownership rates should go up.

"They'll experience some economic mobility, but the big increase will occur between them and their children. They will do much better than their parents, which is the typical immigrant story."

Better outreach

In communities throughout San Diego County, some immigrants are not waiting to become homeowners, partly because of rising rents, but also because there is better outreach by real estate agents and lending officers.

"As the Hispanic population has grown, so have the number of realty professionals," said Mariana Adan, branch manager of McMillin Realty in Chula Vista, where nearly half of the 60 real estate agents are bilingual.

"Providing services in Spanish is the obvious first step in the process of accommodating Hispanic residents. Companies are moving fast to implement this."

At Mission Home Loans in San Marcos, 90 percent of the clients are immigrants, including landscapers and workers in hotels, factories and restaurants.

Although Hispanic homeowners are increasingly dispersed in neighborhoods throughout San Diego County -- and much more so than Hispanic renters -- they still tend to live in areas where there are larger

concentrations of Latinos, 2000 census data show.

Not surprisingly, some of the county's most populous Latino communities, including San Ysidro, Barrio Logan, City Heights, parts of Chula Vista and Otay Mesa, are also where there are the greatest concentrations of Hispanic homeowners. And they also are some of San Diego's most affordable neighborhoods.

Further, the census shows Hispanic homeowners experience moderate levels of segregation from whites, according to a statistical measure of segregation called the "dissimilarity index." In 2000, the index for Hispanic homeowners was a little more than 42, meaning that 42 percent of Latino homeowners would have to move to new neighborhoods to make the county's homeowners fully integrated.

Housing costs, point out demographers, is not the only factor fueling the concentration of Hispanic homeowners in Latino neighborhoods. Many of the areas where Hispanics have settled are traditional receiving communities for immigrants who continue to be replenished every decade by newer arrivals.

But a closer look at the census data reveals that homeownership and the economic wealth that accrues from it has been a vehicle for Hispanics expanding into neighborhoods throughout San Diego County.

For instance, in 2000, the average Hispanic household that owned a home in San Diego County lived in a neighborhood that was 30 percent Latino, while Hispanic renters typically resided in neighborhoods where 36 percent of the households were Hispanic. That's based on an analysis of census data prepared for The San Diego Union-Tribune by sociology professor John Logan of the State University of New York at Albany.

The San Diego stats, he said, are in keeping with what he's found to be true for the rest of California.

"(Hispanic) renters and owners in San Diego are still very much concentrated in Latino neighborhoods," said Logan, director of the Lewis Mumford Center for Comparative Urban and Regional Research. "But that's more true for renters than owners. Homeownership is a mechanism for socioeconomic mobility because it gets them out of the typical Latino neighborhood, and some live in some very non-Latino and affluent areas."

Move-up component

Mirna and Carlos Orellana, both college-educated professionals from Central America, bought their first home eight years ago for \$200,000 in the San Fernando Valley and have traded up twice since then. Last November, the couple, who have four children, bought an ocean-view, hilltop house for \$700,000 in an upscale San Marcos neighborhood.

Even working-class immigrants are moving up the real estate ladder -- albeit modestly -- and in the process leaving behind affordably priced homes for other Latinos.

Alfredo and Rosa Valdez, who legalized their immigration status during the federal amnesty period of the 1980s, bought their first house in Oceanside in 1993 for \$126,000 and recently sold it to another Hispanic family for \$235,000. They just moved into a \$268,000 house in Vista that is larger and better suited for their two children, who attend college.

"I have friends who are cooks and busboys at restaurants. I serve as a role model to them," said Alfredo Valdez, 45, a factory worker. "I'm living proof of what a homeowner is vs. a renter. They come to my house. They see for themselves."

A good example of the growing spending power of Latino homeowners and their dispersion into non-Hispanic neighborhoods is the Eastlake area of Chula Vista, a fairly diverse community where nearly one in three homeowners was Hispanic in 2000. Then, the median price of a home in that ZIP code -- 91914 -- was a relatively unaffordable \$325,000, still much higher than the median-priced home in San Diego County.

In many ways, the travails of Latinos are not unlike what most aspiring homeowners face in breaking into the San Diego housing market: rapidly escalating prices and incomes that do not keep pace with inflation.

But add to that language barriers, historically lower levels of education and ill-paying jobs and you have a recipe for low homeownership rates.

Looking at the census data by ZIP codes, San Diego State geography professor John Weeks found that in areas where there was the greatest concentration of Hispanic homeowners, the median price of a home was

\$222,000, while in those ZIP codes where there are relatively low percentages of Latino homeowners, the median price was nearly \$100,000 higher.

That shouldn't be surprising given that the vast majority of Hispanic buyers are first-timers. For many, buying a home is a race to find something affordable in an area where they can feel comfortable raising a family and that is close to friends and family.

A long search

Ulysses Andrade and Rosa Imelda Herrera, the couple who bought a house in Otay Ranch, looked around for a house under \$200,000 for more than a year, mostly in the South Bay where they grew up, but went for something pricier after he got promoted to full-time maintenance supervisor in the Sweetwater Union High School District and she graduated from fashion school and opened a fabric store in Chula Vista.

The couple, who both currently live with their parents, spent six months saving up \$10,000 for their \$20,000 down payment, with the remainder a gift from Rosa's parents.

"I've lived in the South Bay my whole life. If we have kids, we want them to go to good schools," said Ulysses.

Other Latinos are buying simply to escape rising rents.

Yadira and Efrain Garcia were discouraged by \$1,000 rents in North Park and Golden Hill where they originally planned to live.

With a combined annual income of a little more than \$40,000, the couple and their 6-year-old daughter bought an aging 900-square-foot house in City Heights near a police station and several apartment complexes in a largely Latino neighborhood.

Efrain had to forgo his plans to someday return to his native Mexico where he owns a house, but the reality, he said, is "crime is bad there, too, so here we are." The economic statistics speak for themselves. In San Diego County, the median household income for Hispanics is \$36,132, compared with \$51,518 for the population as a whole, according to a survey conducted by Scarborough Research, a market research firm.

"The Latino population tends to be a population that has lower incomes associated with it, and the easiest thing to point to is the kind of employment they have, which is tied to educational attainment," said Cal State San Marcos Professor Fernando Soriano, who also sits on the Census Bureau's race and ethnicity advisory committee. "When you have a 50 percent dropout rate at schools and the percentage going to college is so small, it does have a definite consequence in income, which is tied to what we're able to afford."

Hispanic advocacy groups, however, are quick to point out that income is not the key barrier to homeownership. Rather, it is a lack of consumer education about the home-buying process.

"Barriers to educating Hispanics, such as cultural and language differences, impede the dissemination of mortgage and other homeownership knowledge," concludes the National Council of La Raza, which will be issuing a brief that looks at ways to increase Hispanic homeownership. It points out that the hurdles Latinos face "are exacerbated by the housing industry's lack of professionals who are Spanish-speaking and bicultural."

Further, discrimination in lending remains a problem for minorities, who continue to experience inequalities in obtaining home financing, according to the Association of Community Organizations for Reform Now (ACORN), an advocacy group for low- and moderate-income families that analyzed last year's lending data in 60 metropolitan areas.

In San Diego County, it found that one in four Latino applicants was rejected while just one in seven white applicants was turned down in 2000. Even controlling for income, Latinos still were more likely to be denied loans than whites, the study concluded.

"We have to recognize the fact that the increases we've had are just due to favorable market conditions," insists Gary Acosta, CEO of the National Association of Hispanic Real Estate Professionals, based in San Diego. "There hasn't been enough energy or direction in creating new products that serve Latino home buyers, who are different."

"Fifty percent of Hispanics in this country speak Spanish so we're going to miss a lot of the outreach for homeownership made by banks and national real estate franchises. The percentage of marketing dollars they invest toward Spanish-language marketing is very minute."

Freddie Mac, one of the nation's largest suppliers of mortgage money, is well aware of the explosive growth in the Hispanic population and has taken steps to tailor programs for minorities and immigrants.

"The reality is that 65 percent of all new household formations over the next decade will be minority and new immigrant families," said Craig Nickerson, Freddie Mac vice president of community lending. "The Hispanic community does represent a tremendous opportunity to increase homeownership."

"There used to be a rule in the mortgage industry that you had to have obtained a green card (to get a mortgage). That's no longer the case. Last year, we said as long as you're in the country legally, for instance, on a work visa, you could buy a home. The key is we're opening up to a broader segment."

GRAPHIC: 3 PICS | 2 CHARTS | 1 GRAPHIC; 1,4. Charlie Neuman / Union-Tribune 2. SOURCE: U.S. Census Bureau, Data analysis by David Washburn / Union-Tribune | UNION-TRIBUNE 5. SOURCE: Census Bureau data compiled by demographer Karen Lamphere of San Diego Association of Governments | UNION-TRIBUNE 6. Chris Salerno.; 1. Angel Aguilar Sr. takes a break from painting to kiss his wife, Eulalia. Their home in Escondido was purchased for \$222,000 with an FHA loan that factored in the incomes of the couple's working teen-age children, who are co-signers. 2. Growing ownership -- Among urbanized ZIP codes, the gains in Hispanic homeownership between 1990 and 2000 were in Escondido, San Marcos, San Diego's urban core and the South Bay. -- CHANGE IN HISPANIC HOMEOWNERSHIP FROM 1990 TO 2000 -- GROWTH IN THE SOUTH 3. Latino homeownership -- Hispanic homeownership rates among households for the nation's 10 most populous cities 4. The Orellana family -- Carlos and wife Mirna, with kids Jose (in front) and Carlos -- can proudly call this \$700,000 San Marcos house its own. They have traded up twice since buying their first home eight years ago. (I-6) 5. Growing diversity -- Percent of Hispanic and white households who owned homes in 1990 and 2000 (I-6) 6. First-time buyers Ulysses Andrade and fiance Rosa Imelda Herrera finalize paperwork for purchasing their \$280,000 home in Otay Ranch. A combination of savings and help from parents made the purchase possible. (I-7)

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