2021 STATE OF HISPANIC WEALTH REPORT
Established in 2012, the NAHREP Foundation, dba the Hispanic Wealth Project™, is a non-profit charitable organization whose mission is to advance sustainable Hispanic homeownership through engagement in strategic efforts focused on Hispanic workforce participation in housing, small business development, and wealth building.

The National Association of Hispanic Real Estate Professionals® (NAHREP®) is a non-profit trade association founded in 1999. The association has a network of 40,000 real estate professionals and 100+ chapters that include real estate agents, brokers, mortgage professionals, and settlement service providers. NAHREP’s mission is to advance sustainable Hispanic homeownership in America by educating and empowering real estate professionals who serve Hispanic homebuyers and sellers, advocating for policy that supports the organization’s mission, and facilitating relationships between industry stakeholders and housing professionals.

The State of Hispanic Wealth Report is a publication of both NAHREP® and the Hispanic Wealth Project™.
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In 2014, the National Association of Hispanic Real Estate Professionals® (NAHREP®) established the Hispanic Wealth Project™ (HWP), an initiative born out of the wake of the Great Recession, when Latinos* lost up to two-thirds of their median household wealth. It was then that the organization set the audacious goal to triple Hispanic household wealth by 2024. To guide that goal, the HWP produced a blueprint outlining three primary areas of focus, along with a series of targeted component goals for building wealth: increasing homeownership, small business ownership and scaling, as well as growing savings and investments.

### Tripling Median Household Wealth: Benchmarking Progress on Component Goals

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>MOST RECENT DATA</th>
<th>2024 GOAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Homeownership Rate</strong></td>
<td>46.1%</td>
<td>48-49%</td>
<td>50%*</td>
</tr>
<tr>
<td><strong>Hispanic Employer Firms</strong></td>
<td>298,563</td>
<td>331,625</td>
<td>400,000*</td>
</tr>
<tr>
<td><strong>Retirement Account Participation</strong></td>
<td>25.1%</td>
<td>25.5%</td>
<td>37%*</td>
</tr>
<tr>
<td><strong>Total Median Household Wealth</strong></td>
<td>$15,150*</td>
<td>$36,050</td>
<td>$45,450</td>
</tr>
</tbody>
</table>

*Inflation-adjusted to 2019 dollars.

*For clarification, the terms “Hispanic” and “Latino” are used interchangeably throughout this document to refer to people of Mexican, Puerto Rican, Cuban, Central American, South American, Dominican, Spanish descent, and descent from other Spanish-speaking countries.
SECTION 2: REPORT METHODOLOGY

For the second year in a row, the Hispanic Wealth Project commissioned a nationwide survey to offer a more nuanced public understanding of Latinos in the U.S. and their experience with wealth creation. Together with an analysis of the newly released 2019 Federal Reserve’s Survey of Consumer Finances dataset, this report seeks to cast light on both the progress and setbacks Latinos have experienced in reaching the Hispanic Wealth Project’s goal of tripling median household wealth by 2024.

2021 Hispanic Wealth Project Survey

The 2021 Hispanic Wealth Project Survey, administered by Morning Consult, was conducted online between July 29 and August 1, 2021, surveying 6,000 individuals. The survey sample is weighted to be representative of the national population by age, race, gender, educational attainment, and region. All weight targets are based on American Community Survey (ACS) census demographic data.

2019 Survey of Consumer Finances

The Federal Reserve’s Survey of Consumer Finances (SCF), a triennial public dataset focused on U.S. household wealth, is considered the national gold standard for benchmarking household wealth trends. The SCF data utilized in this report includes analysis from both the summarized tables based on public data and microdata, using 2019 inflation-adjusted dollars. Microdata variables have been aggregated according to documentation on the SCF website and medians calculated in SQL by expanding the weights of all 5 implicates into a single table. Hispanic or Latino determinations are aligned with U.S. Census Bureau definition of race and ethnicity, comprising all individuals who identify as Hispanic or Latino regardless of race. Microdata analysis was conducted in partnership with Polygon Research.
EXECUTIVE SUMMARY

Seven years since the creation of the Hispanic Wealth Project (HWP) and two economic crises later, Latinos continue to tread forward with a level of resilience that has come to characterize the U.S. Hispanic community. By all measures, Latinos are on track to reach the HWP goal of obtaining a $45,450 median household wealth by 2024, and could possibly reach the HWP goal two years ahead of schedule. At $36,050, the median household wealth held by Latinos increased by 63.6 percent between 2016 and 2019, the highest wealth increase of all demographics. The growth in household wealth resulted in a narrowing of the non-Hispanic White/Latino wealth gap. However, Latinos continue to be acutely undiversified in their assets, a factor that once contributed to Latinos losing two-thirds of their household wealth following the Great Recession. Nonetheless, considering the role Latinos play in driving population, labor force participation, and entrepreneurial growth, how Latinos fare on their road toward wealth creation will determine the economic fate of the U.S. for the foreseeable future. Understanding the nuances of the Latino demographic offers a looking glass into the future American landscape.

WEALTH DRIVERS

Wealth gains mostly driven by real estate: Residential property values make up more than half (52 percent) of Latino assets, driven by both primary residence and investment property ownership. As of 2019, Latinos have a median of $95,000 in home equity. Between 2016 and 2019, there were 818,000 net new Latino-owner households, the highest three-year gain for Latinos since before the Great Recession. Young people have less wealth: With a median age of 29.8, Latinos have not yet reached prime wealth building years. In fact, across all demographics, wealth tends to be lower for those under 35. As of 2019, non-Hispanic White individuals under 35 had a median household wealth of $25,600, compared to $11,900 for Latinos, reducing the wealth gap to $13,700 or $1 for every $2.15. Lower rates of student debt and college degrees: At 14.3 percent, Latinos are the least likely to have student loan debt, compared to 36.9 percent of the non-Hispanic White population. However, Latinos are also less likely to be college educated, a variable that increases household wealth threefold. Only 17.6 percent of Latinos aged 25 and older have a bachelor’s degree, compared to 36.9 percent of non-Hispanic White and 22.5 percent of Black individuals.

WHERE DOES LATINO HOUSEHOLD WEALTH COME FROM?

<table>
<thead>
<tr>
<th>Home Equity</th>
<th>Business Equity</th>
<th>Retirement Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>33%</td>
<td>14%</td>
<td>15%</td>
</tr>
</tbody>
</table>

SOURCE: FEDERAL RESERVE
With a homeownership rate above 48 percent, Latinos are on track to reach a 50 percent homeownership rate over the next 5 years.

Homeowners have 28 times the wealth of renters: Latino homeowners have a net worth of $171,900, 28 times that of Latino renters at $6,210. The wealth gap between Latino families and their non-Hispanic White counterparts narrows considerably when comparing the household wealth of Latino homeowners ($171,900) to that of non-Hispanic White homeowners ($299,900), bringing the wealth gap ratio from around $1 for every $5 to just under $1 for every $2 in wealth held by non-Hispanic White households.

Pooling incomes to afford homeownership: Among 2021 HWP Survey respondents, Latinos were the most likely demographic to report living in a multigenerational household. Among those, 41 percent report having at least three incomes supporting their household. Half (50 percent) of Latinos living in multigenerational households reported pooling incomes to pay for all or at least some expenses, including rent or mortgages, the highest of any demographic.

Purchasing investment properties at faster rates: Between 2016 and 2019, Latinos increased their ownership of investment properties by 33.1 percent, the largest increase of any demographic. At the same time, the non-Hispanic White, non-Hispanic Black, and the general population all decreased their rates of investment property ownership during that time period.

Forbearance rates threaten homeownership sustainability: As of March 2021, 8.4 percent of Latino home loan borrowers were in forbearance, and 0.7 percent of Latino borrowers were at least 60 days delinquent, making them 2.3 times more likely to be in forbearance and 1.5 times more likely to be delinquent than non-Hispanic White borrowers. These trends coincide with the disproportionate impact of the COVID-19 pandemic on communities of color.

Down payment biggest perceived hurdle to homeownership: Over one in three Latino renters surveyed by the HWP (36 percent) reported not having enough saved for a down payment as their primary reason for not buying a home, the highest of any demographic. A recent survey conducted by the U.S. Mortgage Insurers (USMI) found that 30 percent of Latinos believed a 20 percent down payment was required to obtain a mortgage, and only 7 percent of Latinos accurately reported that less than 5 percent was the minimum required down payment to buy a home.

Homeownership as a tool for building generational wealth: Less than half (44 percent) of Latino respondents in the 2021 HWP Survey reported growing up in a house their family owned, compared to 57 percent of non-Hispanic White respondents. According to the Urban Institute, young adults who grow up in a home their parents owned are 7 to 8 percentage points more likely to become homeowners themselves. With only 7.2 percent of Latinos having received an inheritance, the lowest of all demographics, Hispanic homeownership growth over the past 6 years will be instrumental in building generational wealth.

Latinos are driving demand for real estate: More than half (53 percent) of Latino renters in the 2021 HWP Survey reported plans to buy a home in the next 5 years and more than a third (36 percent) of Latinos plan to buy an investment property in the next 5 years. The proportion of Latinos looking to buy an investment property this year was nearly three times that of non-Hispanic White buyers.
**Entrepreneurship**

With 331,625 Latino employer firms, Latinos are roughly one-third of the way toward reaching the HWP goal of 400,000 Latino employer firms by 2024.

Self-employment increases wealth fivefold: Self-employed Latinos have a median net worth of $174,920, five times that of Latinos overall. Even further, self-employed Latinos with business equity (such as those who have business assets) have a net worth of $314,380, almost nine times the wealth of Latinos overall.

**Engine of business growth:** Growth in Latina-owned employer businesses accounted for nearly all (93 percent) of the growth in women-owned employer businesses between 2017 and 2018, employing nearly 700,000 people. Latino/a-owned businesses overall grew faster than the national average in over 80 percent of U.S. states and in 13 out of 15 industry sectors where Latinos do business. Latinos in the 2021 HWP Survey were more than twice as likely as the non-Hispanic White population to express desires to open a business within the next five years, at 24 percent vs. 9 percent.

**Small businesses recovering from closures:** In the first few months of the pandemic between February and March of 2020, one in three (32 percent) Latino-owned businesses had to shut down, a reduction of nearly 700,000 businesses. Latina-owned businesses fared even worse, closing at twice the rate of Latino-owned businesses, and they were 42 percent more likely to have to lay off workers.

**Latinos have less access to capital:** All things being equal, Latino business owners are 60 percent less likely to be approved for a business loan than their non-Hispanic White counterparts, requiring them to rely on personal funds at higher rates than other business owners. In that same vein, Latino business owners who participated in the 2021 HWP Survey were twice as likely as Latinos who don’t own a business to report carrying a monthly balance on their credit cards, at 63 percent vs. 36 percent, suggesting that they could be funding their businesses partly through credit cards.

**Savings and Investments**

Between 2016 and 2019, Latinos reduced their retirement account participation by 14.1 percent, continuing the trend of having the lowest retirement account participation rate. Latinos are not likely to reach the 37 percent HWP retirement account participation rate goal by 2024.

Latinos with retirement accounts have ten times the wealth: Latinos with a retirement account have a median net worth of $133,300, nearly ten times the wealth of those who do not, highlighting why these tax-advantaged investments are so critical to driving up wealth for Latinos.
Retirement account participation trending down: With a Latino retirement account participation rate at 25.5 percent, HWP goal progress in this category has remained flat. Latinos are not ready for retirement, and those that are currently retired have a net worth of $14,001, less than half the wealth of Latinos overall. While Latinos are the least likely demographic to have access to employer-sponsored retirement accounts, they are also the least likely to participate when given the option. For Latino families with access to a retirement plan (44 percent), only 75 percent contribute, the lowest among all demographics.

Stock market confusion drives low participation rates: Latinos’ primary driver of low retirement account participation is not a lack of funds but rather unfamiliarity with how stock market-based investments work. Among 2021 HWP Survey respondents, 25 percent of Latinos report not knowing how to invest in retirement accounts, 10 percent report not thinking it is a safe investment, and 9 percent have never even heard of them. Conversely, Latinos were much less likely to say they couldn’t afford it (25 percent) than their non-Hispanic White counterparts (40 percent).

Most likely to expect to work beyond retirement: At 15 percent, Latinos in the 2021 HWP Survey were the most likely demographic to say they have no intention to ever retire or to permanently stop working, 50 percent higher than the general population. A pride in working, a desire to provide for the family, along with preconceived notions about what “retirement” looks like, could be deterring retirement account participation among Latinos. Further research on this is needed.

Lower capacity to save: As of 2019, 44.7 percent of Latino households reported that they had the capacity to save, compared to 58.6 percent of the general population, consistently the lowest among demographics over the past decade. Among the 2021 HWP Survey respondents, 39 percent of Latinos have less than $1,000 in savings.

Trust-based approach can boost investment rates: Investments in culturally relevant education coupled with development of a trusted advisor model could be the most effective strategies toward tackling the Latino retirement crisis. Latinos in the 2021 HWP Survey were most likely to say that in-person or virtual workshops (22 percent) or learning about retirement accounts through a trusted friend/family member (18 percent) would make them more likely to invest.

Conclusion

Despite the seismic impact of the COVID-19 pandemic, Latinos are on track to meet the overall HWP goal of tripling median Hispanic household wealth by 2024, primarily because of the growth in real estate acquisitions and the historic levels of home equity gains of the past few years.

While Latino real estate purchases and entrepreneurial starts have been robust, formidable challenges threaten future wealth gains. Latinos have trailed all other demographics in retirement account participation, small business owners are not accessing capital at the rates necessary to effectively scale their businesses, inventory shortages are slowing home purchases, and Latinos were disproportionately impacted by the pandemic. However, even with the setbacks, Latino household wealth is set to continue on an upward trajectory, with wealth derived from real estate acquisitions offsetting some of the losses in business equity and savings and investments.

As the economy continues on an unpredictable path, the demonstrated resiliency and work ethic of the Latino community remains an invaluable asset to America’s continued prosperity.
SECTION 4: STATE OF HOUSEHOLD WEALTH

Hispanic Wealth Project Goal: To triple median household wealth by 2024, from $15,150 to $45,450.

Latino households are nearly 70 percent of the way toward achieving the HWP goal of tripling median household wealth by 2024. According to the latest iteration of the Survey of Consumer Finances, Hispanic median household wealth increased in 2019 to $36,050, an increase of $14,010 or 63.6 percent from 2016, when adjusting for inflation. During this same time period, the general population saw only a 17.7 percent increase. Since 2010, Latino median household wealth has made a comeback, increasing by 84.9 percent and resulting in the most significant wealth increase of all demographics.

Since the inception of the Hispanic Wealth Project, Latino household wealth has increased by an average of 55 percent every three years according to the Survey of Consumer Finances. To meet the HWP 2024 wealth goal of reaching $45,450 in median household wealth, Latinos would need to increase their wealth by 26 percent or $9,400 between 2019 and 2025. Even when considering a likely wealth slowdown between 2019 and 2022 as a result of the pandemic, particularly given that business equity and savings and investments likely went down between 2020-2021, Latinos are comfortably on track to reach the HWP goal by 2024, primarily because of homeownership gains and other real estate investments.

With over 600,000 home purchase transactions, Latino saw a greater increase in homeownership between 2019 and 2020 than any other demographic, with mortgage activity up 13 percent from the year prior and 24.5 percent from 2018.
The average annual gain in home equity for all demographics was $51,500 per owner household as of Q2 2021, the largest average equity gain in the last 11 years and five times the gain from a year prior. Also, given that much has been said about the large number of borrowers currently in forbearance, particularly borrowers of color, most borrowers today who are behind on their mortgage payments have accumulated enough equity to refinance or sell their home at a gain, rather than lose it through foreclosure. As such, given that only a 26 percent wealth increase is required to reach the 2024 wealth goal over the course of 6 years, Latinos could even reach the goal by the next iteration of the Survey of Consumer Finances in 2022, two years ahead of schedule.

**Age as a factor in household wealth**

Overall, Latinos have not yet reached their prime wealth building years. With a median age of 29.8, Latinos are 8.7 years younger than the general population and nearly 14 years younger than the non-Hispanic White population. When comparing wealth across age groups, individuals who are under 35 have substantially less wealth across all demographics. Even among the non-Hispanic White population under 35, the median household wealth is $25,600, compared to $11,900 for Latinos, a wealth gap ratio of $1 for every $2.15.

**Latinos tend to carry less debt**

Debt is a double-edged sword. While a high debt burden can weigh down a household’s capacity to build wealth, not having enough debt can also be reflective of a poor or thin credit profile, a lack of access to traditional forms of lending, and/or a lack of assets. Latinos, by and large, have lower levels of debt than any other demographic, and are the least likely to have any form of debt. As of 2019, Latino median household debt was valued at $40,000, 49.3 percent less than that of non-Hispanic White households. However, since 2013, Latino median household debt increased by 45.7 percent, or $12,546, during a time when it decreased for most other demographics.

**Lower rates of student loans but fewer college degrees**

Historic levels of student loan debt followed the financial crisis of 2008 as universities increased tuition to cover budget shortfalls. As a result, many young people put off life events, such as homeownership. Latino households, however, have the least amount of student loan debt out of all demographics. Fewer Latino households have student loan debt at 14.3 percent, compared to 20 percent of non-Hispanic White and 30.2 percent of Black households. Latino households also tend to owe less overall, with a median debt of $17,600 compared to $23,000 for non-Hispanic White households and $30,000 for Black households.

Accordingly, Latinos also have some of the lowest college attainment rates in the country, with only 17.6 percent of Latinos aged 25 and older holding at least a bachelor’s degree, compared to 36.9 percent of non-Hispanic White and 22.5 percent of Black individuals.

**Higher rates of credit card and auto loan debt**

Latinos have the highest rates of credit card and auto loan debt of all demographics, two types of debt that are not usually tied to appreciating assets. Almost half (49.9 percent) of Latinos have credit card debt. And, when asked what type of debt they were most worried about, one quarter of Latinos in the 2021 HWP Survey pointed to credit card debt as the most worrisome.

Similarly, as of 2019, 40.1 percent of Latinos have auto debt, a 26.4 percent increase from 2016 and the highest rate of all demographics. While having auto debt is not concerning given that vehicles offer transportation to and from employment, Latino and Black consumers have been found to pay higher prices for vehicles. A study conducted by the National Consumer Law Center found that Latinos pay higher markups in service contracts across the board compared to non-Hispanics. Additionally, the Center for Responsible Lending found that 27 percent of Latinos were sold multiple add-ons compared to 16 percent of non-Hispanic Whites when purchasing a car.
CLOSING THE WEALTH GAP

The wealth gap

While the growth in household wealth is encouraging, a hefty wealth gap of $153,050 remains between Latino and non-Hispanic White households, albeit a modest decrease from $159,830 in 2016.

In 2010, Latinos held $1 in wealth for every $7.80 held by non-Hispanic White households. By 2019, that ratio had shrunk to $1 for every $5.20. This gap closes further when taking into account economic factors that contribute to Latino wealth, the most impactful being age, homeownership status, self-employment, retirement account participation, and education.

Drivers of wealth

As of 2019, Latinos have a median total asset value of $71,800, a 66.1 percent increase from 2013. Latino asset accumulation and growth have been primarily driven by real estate. Real estate values, including those for primary residence and investment properties, account for more than half (52 percent) of Latino assets in 2019, and home equity makes up one third of overall Latino household wealth.
Wealth drivers coincide with HWP wealth goals

Homeownership, self-employment, retirement account participation and education are some of the key drivers of Latino household wealth. Homeownership has long been categorized as the cornerstone of wealth creation. As such, Latino homeowners have a median household wealth of $171,900, compared to $6,210 for Latino renters.\(^4\) The wealth gap between Latino and non-Hispanic White families narrows considerably when comparing the household wealth of Latino homeowners ($171,900) to that of non-Hispanic White homeowners ($299,900), from around $1 for every $5 to just under $1 for every $2 in wealth held by non-Hispanic White households.

Additionally, self-employed Latinos have a median net worth of $174,920, five times that of Latinos overall. Latinos with a retirement account have a median net worth of $133,300 and the college educated are at $112,000. Even more, Latinos who own a retirement account have nearly ten times the wealth of those who do not.\(^4\)
## STATE OF HISPANIC WEALTH REPORT

### SECTION 5: AN OVERVIEW OF LATINOS IN THE U.S.

<table>
<thead>
<tr>
<th>Category</th>
<th>Statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population</strong></td>
<td></td>
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<tr>
<td>POPULATION</td>
<td>62.1 MILLION</td>
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<tr>
<td>Latinos in the U.S.</td>
<td></td>
</tr>
<tr>
<td>18.7% of the U.S. population</td>
<td></td>
</tr>
<tr>
<td>51.1% of U.S. population growth</td>
<td></td>
</tr>
<tr>
<td>between 2010 and 2020</td>
<td></td>
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<tr>
<td><strong>Age</strong></td>
<td>29.8</td>
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<tr>
<td>Latino median age</td>
<td></td>
</tr>
<tr>
<td>1 in 4 Americans under 18 is Latino</td>
<td></td>
</tr>
<tr>
<td>8.7 YEARS younger than general population</td>
<td></td>
</tr>
<tr>
<td><strong>Labor Force &amp; Unemployment Rate</strong></td>
<td></td>
</tr>
<tr>
<td>LABOR FORCE &amp; UNEMPLOYMENT RATE</td>
<td>65.6%</td>
</tr>
<tr>
<td>2020 Hispanic labor force participation rate, highest of any demographic</td>
<td></td>
</tr>
<tr>
<td>90.8%</td>
<td></td>
</tr>
<tr>
<td>Latinos are responsible for 90.8% of labor force growth since 2010</td>
<td></td>
</tr>
<tr>
<td>49.3%</td>
<td></td>
</tr>
<tr>
<td>Latinas were 49.3% more likely to be unemployed in 2020 than non-Hispanic White women</td>
<td></td>
</tr>
<tr>
<td><strong>Household Income &amp; Occupations</strong></td>
<td>$55,658</td>
</tr>
<tr>
<td>HOUSEHOLD INCOME &amp; OCCUPATIONS</td>
<td></td>
</tr>
<tr>
<td>Latino median household income in 2019</td>
<td>$55,658</td>
</tr>
<tr>
<td>38.6%</td>
<td></td>
</tr>
<tr>
<td>Increase in median Latino household income since 2010</td>
<td></td>
</tr>
<tr>
<td>25.5%</td>
<td></td>
</tr>
<tr>
<td>of Latinos were employed in management or professional occupations in 2020, now the top industry sector</td>
<td></td>
</tr>
<tr>
<td><strong>Credit</strong></td>
<td>688</td>
</tr>
<tr>
<td>CREDIT</td>
<td></td>
</tr>
<tr>
<td>Latino median credit score</td>
<td>688</td>
</tr>
<tr>
<td>51%</td>
<td></td>
</tr>
<tr>
<td>of Latinos have a credit score of 670 or above</td>
<td></td>
</tr>
<tr>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>of Latino renters have not purchased a home because they are concerned they won’t qualify</td>
<td></td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
</tr>
<tr>
<td>EDUCATION</td>
<td>17.6%</td>
</tr>
<tr>
<td>of Latinos over 25 have a bachelor’s degree or higher</td>
<td></td>
</tr>
<tr>
<td>73.1%</td>
<td></td>
</tr>
<tr>
<td>Latino increase in higher educational attainment since 2010</td>
<td></td>
</tr>
<tr>
<td>3x</td>
<td></td>
</tr>
<tr>
<td>Latinos with a college degree have 3 times the net worth of Latinos overall</td>
<td></td>
</tr>
<tr>
<td><strong>Purchasing Power</strong></td>
<td>$1.7 TRILLION</td>
</tr>
<tr>
<td>PURCHASING POWER</td>
<td></td>
</tr>
<tr>
<td>U.S. Latino purchasing power, growing 70% faster than non-Latinos</td>
<td>$1.7 TRILLION</td>
</tr>
<tr>
<td>$2.7 TRILLION total economic output (GDP) of Latinos in 2019</td>
<td></td>
</tr>
<tr>
<td>7TH</td>
<td></td>
</tr>
<tr>
<td>U.S. Latino GDP is the 7th largest economy in the world</td>
<td></td>
</tr>
</tbody>
</table>

**Sources:** 2021 HWP Survey, Bureau of Labor Statistics, Latino Donor Collaborative, Federal Reserve, Freddie Mac, U.S. Census Bureau
SECTION 6: HOMEOWNERSHIP

**Component Goal 1: Increase home equity wealth by achieving a Hispanic homeownership rate of 50 percent or greater.**

Latino households are mostly on track to reach the wealth goal set forth by the HWP, primarily due to the strides Latinos have made in acquiring real estate assets. For the sixth consecutive year, Latinos increased their homeownership rate in 2020 to between 48 and 49 percent,\textsuperscript{b} inching closer to the 50 percent homeownership goal set forth by the Hispanic Wealth Project.

Homeownership has undoubtedly been the most significant contributor to building household wealth for individual families. The median net worth of a Latino homeowner is $171,900, 28 times that of a Latino renter, at $6,210. Further, one third (33 percent) of Latino household wealth can be attributed to home equity.\textsuperscript{42}

Overall, the 63.6 percent increase in household wealth for Latino families can be largely attributed to the gains in homeownership acquisition. Between 2016 and 2019, there were 818,000 net new Latino-owner households, the highest three-year gain since before the Great Recession.\textsuperscript{43}

**Latinos are aging into prime home buying years**

At a median age of 29.8, Latinos are 8.7 years younger than the general population and nearly one in three Latinos is currently in their prime homebuying years of 25 to 44.\textsuperscript{44} As such, many Latinos are just now purchasing a home for the first time or are relatively recent first-time homebuyers. According to the 2021 HWP Survey, nearly three-quarters of Latino homeowners (72.6 percent) have owned their home for 15 years or less, with one in three (30 percent) owning their home for less than 5 years. In comparison, almost half (46 percent) of non-Hispanic White survey respondents have owned their home for 15 years or more.

Similar to homeowners, Latino investment property owners are relatively newer investors. One in three (34 percent) Latino investors purchased their first investment property less than 5 years ago, with 83.5 percent reporting 15 years or less.

\textsuperscript{a} NAHREP estimates that the Hispanic Homeownership rate in 2020 is between 48-49, a range based on Census homeownership trajectory over the past 10 years, internal real estate professional survey and HMDA data.
LATINOS ARE DRIVING DEMAND FOR REAL ESTATE

More than half of Latino renters plan to buy a house in the next 5 years

Between 2010 and 2019, Latinos accounted for more than half of overall U.S. homeownership growth and over 40 percent of household formation growth. Given that Latinos are aging into prime homebuying years (median age of 29.8), Latinos will undoubtedly play a significant role in sustaining growth in the real estate market for the decades to come.

More than half (53 percent) of Latino renters surveyed by the Hispanic Wealth Project reported planning to buy a home in the next 5 years. Latino renters were 36 percent more likely than the general population and more than twice as likely as non-Hispanic White renters to say the same. This trend is even more pronounced among Latino business owners (67 percent), and Latinos who currently live in multigenerational households (52 percent).

The 2021 HWP Survey results complement the projections made by Urban Institute earlier this year when they predicted that over the next 20 years, 70 percent of homeownership growth will come from the Latino cohort, and all homeownership growth will come from non-White households.45

**Only group to increase investment property ownership**

Not only are Latinos driving homeownership growth, but Latinos are increasingly investing in residential property outside of their primary residences. Between 2010 and 2019, the percentage of Latinos that owned residential investment properties increased by 24.2 percent, the largest increase of any demographic. More recently, between 2016 and 2019, Latinos increased their rate by 33.1 percent. Meanwhile, the general population, non-Hispanic White, and non-Hispanic Black households all saw declines in investment property ownership across those same time periods.46

Latino real estate investors in the 2021 HWP Survey were more likely than other demographics to own multiple units or doors. 70 percent of Latino real estate investors surveyed own at least 2 units, compared to 48 percent of the general population. Latino real estate investors were the most likely to own 5 or more units.

Furthermore, this trend is likely to continue. More than a third (36 percent) of Latinos in the 2021 HWP Survey plan to buy an investment property in the next 5 years, with one in five actively looking to buy in the next 12 months. The proportion of Latinos looking to buy this year is more than double that of the general population and nearly triple that of non-Hispanic White buyers.

It is therefore not surprising that when 2021 HWP Survey respondents were asked where they invest extra income, Latinos were the most likely of any demographic to say they invested extra money in real estate. Latinos were twice as likely to select real estate investments as their primary investment of choice than non-Hispanic White investors. This was especially true for Latino business owners (16 percent) compared to Latinos overall (9 percent) and non-business owners (7 percent).
BARRIERS TO SUSTAINING HOMEOWNERSHIP GROWTH

Housing inventory number one barrier

There are fewer homes available for purchase today than ever before. 2020 marked the lowest homeowner vacancy rate ever recorded by the U.S. Census Bureau, dropping for the seventh consecutive year to 1 percent. Meanwhile, housing prices have skyrocketed. In June 2021, national home prices grew more than 18 percent from the year prior. County-level data show that prices are growing faster than wages in three-quarters of the U.S., with the largest disparities occurring in places like Los Angeles, Harris County (Houston), Maricopa County (Phoenix), San Diego, and Orange County, CA, all areas with some of the highest concentrations of Latinos.

Biggest perceived barrier: down payment

The primary reason Latino renters in the 2021 HWP Survey gave for not currently owning a home is not having saved enough for a down payment. Over one in three Latino renters surveyed (36 percent) reported not having enough money for a down payment, the highest of any demographic. In second place, nearly one in five (19 percent) Latino renters reported that they cannot afford a house in their desired neighborhood. Latino renters were much less likely to say they had too much debt (7 percent) or didn’t think they’d qualify for a mortgage (14 percent).

While housing affordability is certainly a challenge, perceptions surrounding the minimum required down payment reveal misunderstandings. A recent survey conducted by the U.S. Mortgage Insurers (USMI) found that 21 percent of Latinos did not know the minimum down payment requirements to purchase a home, and 30 percent of Latinos believed a 20 percent down payment was required to obtain a mortgage, the most likely demographic to select this option. Only 7 percent of Latinos accurately reported that the minimum required down payment was 5 percent.

Forbearance rates threaten homeownership sustainability

COVID-19 hit the Latino community particularly hard and for many families, it has threatened the wealth built through home equity. Latinos were more likely to be laid off from their jobs, less likely to be able to work from home, and more likely to have contracted the virus than their non-Hispanic White counterparts. As a result, Latino homeowners have disproportionately struggled to keep up with their mortgage payments.

According to the Consumer Financial Protection Bureau (CFPB), Latino and Black borrowers made up 18 percent of all mortgage borrowers in 2020. However, these two communities make up a disproportionate share of mortgage borrowers in forbearance or delinquent. As of March 2021, 8.4 percent of Latino borrowers were in forbearance and 0.7 percent of Latino borrowers were at least 60 days delinquent, making them 2.3 times more likely to be in forbearance and 1.5 times more likely to be delinquent than non-Hispanic White borrowers. Measures to ensure a smooth transition out of forbearance and forclosure prevention programs will be critical to protecting the wealth derived from homeownership over the past few years.
Multiple incomes supporting housing costs

Nearly half (47 percent) of Latino 2021 HWP Survey respondents reported living in a multigenerational household, by far the most of any demographic and 51.6 percent more likely than the general population. Multigenerational living, or living with grandparents, aunts, or uncles in one household, is prevalent within Hispanic culture. With the rising cost of housing, multigenerational living has become even more important, and it is how many Latino households are able to afford homeownership.

Among those who practice multigenerational living, Latino survey respondents reported having more income-earning household members than other demographics. 41 percent of Latinos who live in multigenerational households reported having at least 3 incomes in their household. Latinos were also the most likely to say they pool money together for household expenses, such as the mortgage or rent. Two-thirds (62.9 percent) of Latino multigenerational households pool their incomes to pay for at least some household expenses.

The power of intergenerational Wealth

One of the primary contributors to the racial and ethnic wealth gap is the disparity in intergenerational wealth transfer, which goes beyond the simple transfer of money. Only 7.2 of Latinos have received an inheritance, the lowest out of all demographics. Equity built from real estate is one of the primary ways wealth is transferred from one generation to the next. Not only does home equity get passed down from generation to generation, but the children of homeowners are significantly more likely to have access to homeownership. Young adults who grew up in a home their parents owned are 7 to 8 percentage points more likely to become homeowners themselves. Parental homeownership plays a significant role in the homeownership gap and, subsequently, the wealth gap.

Among 2021 HWP Survey respondents, 44 percent of Latinos and 37 percent of Black survey participants grew up in an owned household compared to 57 percent of non-Hispanic White respondents. Only 24 percent of Latino renters grew up in an owned household.

Growing up in an owned household also influences other socioeconomic factors, including educational attainment and income. Two-thirds of Latinos in the 2021 HWP Survey with a bachelor’s degree or higher (63.4 percent) and Latinos earning an income of over $100,000 per year (66 percent) grew up in a house their parents owned. Latinos earning an income of over $100,000 were 83.3 percent more likely to have grown up in an owned household than Latinos earning under $50,000 annually.
SECTION 7: ENTREPRENEURSHIP

Component Goal 2: Increase the wealth generated from small businesses by increasing the number of Latino-owned employer firms to 400,000 or greater.

Latinos are roughly a third of the way toward meeting the goal set forth by the HWP of increasing Latino-owned employer firms to 400,000 or greater. This goal is based on the premise that employer businesses are exponentially more likely to be scaled businesses (or those generating more than 1 million in annual revenue) than those without employees.

As of 2018, there were 331,625 Latino-owned employer firms in the U.S., a 3 percent increase from the year prior. Latino-employer businesses account for 5.8 percent of all employer businesses and earn an estimated $455.6 billion in annual revenue. Latino employer firms employ 3 million people, an increase of nearly 100,000 from the year prior.56

LATINOS ARE THE ENGINE OF BUSINESS GROWTH IN AMERICA

Latino-owned businesses are growing faster than the general population

In 2019, 22.8 percent of new entrepreneurs were Latino.56 Latino-owned businesses are growing at faster rates than the national average in the vast majority of states and across industries. And, Latino-owned businesses are seeing revenue grow faster than their non-Hispanic White counterparts. According to the Stanford Latino Entrepreneurship Initiative, Latinos are 1.7 more likely to be entrepreneurs than any other racial or ethnic group. Additionally Latino-owned businesses grew faster than the national average in over 80 percent of U.S. states and in 13 out of 15 industry sectors where Latinos do business. Over the past two years, business revenue for Latinos has grown an average of 25 percent year over year, 32 percent faster than the revenue of non-Hispanic White-owned businesses.57
The top industries for Latino entrepreneurial growth are critical to U.S. infrastructure and financial services. The industries exhibiting the fastest entrepreneurial growth rates for Latinos are construction (32 percent), finance and insurance (27 percent), transportation and warehousing (25 percent), and real estate (22 percent).

Latina-owned businesses are outpacing those of Latinos and women overall.

As of 2019, there were 2.3 million Latina-owned businesses, with or without employees, representing 18 percent of all women-owned businesses. Latina-owned businesses grew at a rate of 40 percent, almost double the rate of women-owned businesses overall. Similarly, Latina-owned employer businesses have accounted for nearly all (93 percent) of the growth in women-owned employer businesses overall between 2017 and 2018, employing nearly 700,000 people.

Latina-owned employer firms are by and large outpacing their Latino counterparts. Between 2017 and 2018, Latina-owned employer firms grew by 7.6 percent, while Latino-owned employer firms grew by 1.4 percent. More than two-thirds of the growth in overall Latino/a-owned employer firms can be attributed to Latinas.
Small businesses recovering from closures

Between February and March of 2020, one in three (32 percent) Latino-owned businesses had to shut down, a reduction of 700,000 businesses. While some businesses were able to rebound as pandemic restrictions were lifted, revenue losses were large and disproportionate for Latino families.

Latina-owned businesses fared the worst, primarily due to the outsized role Latinas have played as caregivers to children and the elderly during the pandemic. Latina-owned businesses closed at twice the rate of Latino-owned businesses and were 42 percent more likely to have to lay off workers. Latinas were also less likely to be able to do the majority of their work from home (20 percent) than their Latino (34 percent) or non-Hispanic White male counterparts (48 percent).

Despite setbacks, Latino entrepreneurs remain optimistic

Latinos are more likely to have plans to open a business in the coming months and years than all other groups. Among 2021 HWP Survey respondents, Latinos were more than twice as likely as the non-Hispanic White population to say they planned to start a business this year (16 percent vs. 6 percent) and the next five years (24 percent vs. 9 percent). Among Latinos who already owned a business, more than half (55 percent) said they had plans to start an additional business within 5 years.

Growing wealth through business equity

One of the added wealth building benefits of business ownership is that a business, like a home, can accrue equity. **Business equity is the total resale value of a business and its assets, minus liabilities.** In 2019, 7 percent of Latino households had business equity, an increase of 30 percent from 2013, the fastest growth rate out of all demographics. To illustrate the power of building business equity, among Latinos who have business equity, the median net worth is $314,380, compared to a net worth of $174,920 for self-employed Latinos as a whole.

While business equity is growing fastest for Latinos, the median dollar value remains the lowest out of all groups. Latinos who owned business equity in 2019 had a median equity value of $52,000, compared to $89,000 for the general population. This is on trend with the notion that Latino-owned businesses overall tend to start small and remain small. However, between 2010 and 2019, Latinos saw a 73.1 percent increase in median value of business equity, the second highest increase next to non-Hispanic Black business owners.

Access to capital remains a key barrier toward a Latino-owned business’s ability to scale and build business equity. According to the Stanford Latino Entrepreneurship Initiative, if Latino-owned businesses generated, on average, equitable annual revenues to those of their non-Latino entrepreneurial counterparts, an additional $1.5 trillion in revenue would be created for Latino families.

DID YOU KNOW?

**Business equity** is the total resale value of a business and its assets, minus liabilities.

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**Entrepreneurship**

LATINO-OWNED BUSINESSES CLOSED DOWN DURING THE FIRST FEW MONTHS OF THE PANDEMIC.

A REDUCTION OF 700,000 LATINO-OWNED BUSINESSES.

SOURCE: NATIONAL BUREAU OF ECONOMIC RESEARCH
Access to capital

Meeting the second HWP component goal will be contingent upon significant capital investments to support Latino small businesses in order to accelerate the pace at which Latino businesses can scale.

One of the primary barriers Latinos face in scaling their businesses is a lack of access to traditional sources of capital. According to the Stanford Latino Entrepreneurship Initiative, Latino-owned businesses are denied loans from banks at a significantly higher rate than non-Hispanic White-owned businesses, regardless of underwriting criteria such as credit, profitability, liquidity and business age. All things being equal, the odds of being approved for a business loan is 60 percent lower for Latinos than their White-owned counterparts.69

Furthermore, the 2021 Small Business Credit Survey (SBCS) found that among those who did receive credit approval, only 20 percent of Latinos received the full amount of the loan they applied for, compared to 40 percent of non-Hispanic White business owners.70

Due to these challenges, Latino small businesses are more likely to use non-traditional sources of capital to fund their businesses, limiting their ability to scale. Latino small business owners are more likely to rely on personal funds (25 percent) as their main funding mechanism than non-Hispanic White business owners (17 percent).71 In line with these trends, Latino small business owners in the 2021 HWP Survey were twice as likely (63 percent) as Latino non-business owners (36 percent) to report carrying a balance on their personal credit cards, suggesting that they may be funding part of their businesses through credit cards.
Component Goal 3: Increase the wealth created from savings and investments by increasing the percentage of Hispanics who own a retirement account to 37% or greater.

As of 2019, 25.5 percent of Latino households own a retirement account, the lowest rate out of any demographic by a significant margin. While household wealth and homeownership rates are trending in a positive direction, the goals set forth by the Hispanic Wealth Project around savings and investments have remained flat. The latest iteration of the Survey of Consumer Finances highlights that Latinos continue to lack asset diversification and under-participate in stock market-based investments. The Hispanic Wealth Project survey has brought to light some possible reasons behind the low participation rates, many of which might have to do with cultural preferences and a lack of understanding. First, Latinos prefer physical investments they can touch and intuitively understand. Second, Latinos’ perceptions of retirement differ from those of non-Latinos.

Some of the trends, however, can be explained by socioeconomic drivers. Most notably, educational attainment, homeownership, business ownership, and income all play sizable roles in a Latino household’s predisposition to participate in the investment of non-cash financial assets.

Retirement account participation is decreasing

The HWP Component goal to reach a 37 percent retirement account participation rate is likely out of reach for the foreseeable future without significant interventions. Since the project goals were benchmarked in 2013, participation rates have remained relatively flat. Since 2016, participation rates have actually decreased by 14.1 percent, the largest decrease among all demographic groups.

A lack of progress in retirement account participation is alarming, given the tax advantages of retirement accounts, the financial safeguards asset diversification provide, and the benefits of compound interest. Additionally, Social Security benefits will likely become increasingly unreliable and insufficient to maintain standards of living through retirement age. Latinos with a retirement account have nearly ten times the wealth as those without one, underscoring the importance of retirement account ownership on the road toward wealth creation. Further highlighting the risks associated with the low Latino retirement account participation rate, as of 2019, Latinos who are currently retired have a median net worth of $14,001. If future retirement savings rates remain constant, the Employee Benefit Research Institute predicts that nearly half (48 percent) of Latinos between the ages of 35 and 39 today are likely to run out of money in retirement.

Two of the most significant factors driving retirement account participation for Latinos appear to be education and homeownership. Among 2021 HWP Survey respondents, 67 percent of Latinos with a bachelor’s degree or higher and more than half (51 percent) of Latino homeowners own and invest in a retirement account. Similarly, among wealthier Latinos, 71 percent of survey respondents earning $100,000 or more annually reported having a retirement account.

Least likely to contribute to employer provided retirement accounts

Even among those who have access to employer-provided retirement accounts, Latinos are the most hesitant to participate. The Federal Reserve found that Latinos were simultaneously the least likely to have access to employer-sponsored retirement accounts and the least likely to participate when given the option. For Latinos with access to a retirement plan (44 percent), only 75 percent contribute, the lowest among all demographics.
CULTURAL PERCEPTIONS AND EXPECTATIONS FOR RETIREMENT

Most likely to expect to work beyond retirement

Expectations around retirement and what it means to “retire,” or to stop working can vary across cultures. At 15 percent, Latinos in the 2021 HWP Survey were the most likely demographic to say they have no intention to ever retire or to permanently stop working, 50 percent more likely than the general population. This was particularly true for Latino renters (21 percent) and Latinos under the age of 35 (19 percent). The overwhelming response suggests a possible aversion to the term “retirement.” The pride Latinos have in working and providing for their families, coupled with possible preconceived notions about what retirement entails, or who it is meant for, could all contribute to a lack of planning for retirement. Further research is necessary on whether naming retirement accounts differently could possibly influence Latino participation rates.

Most likely demographic to expect to support a parent through retirement

Unplanned expenses, such as taking care of an elderly parent or sick family member, can adversely affect a household’s ability to build wealth. For 2021 HWP Survey respondents, 41 percent report that they will likely need to support a parent in retirement, nearly twice the rate of the general population and more than twice that of the non-Hispanic White population. Conversely, 70 percent of non-Hispanic White survey respondents do not expect to have to take care of a parent through retirement at all. Some of this can be explained by the fact that Latinos are younger, and more likely to have a parent who is still alive compared to the non-Hispanic White population. However, when compounded by already lower levels of preparedness for retirement, having the responsibility to support elderly family members further exacerbates disparities for younger households seeking to build wealth. Along those same lines, Latinos were the most likely demographic to expect that the majority of their retirement funds would be provided by their children in retirement, twice the rate of the general population.

Distrust and unfamiliarity are driving low investment participation

The primary driver of low retirement account participation for Latinos is not a lack of funds, but rather unfamiliarity with how stock market-based investments work. To underscore this point, when 2021 HWP Survey respondents were asked why they do not invest in a retirement account, Latinos were much more likely to select that they did not know how to invest in one (25 percent), they did not think it was a safe investment (10 percent), or that they had never heard of it (9 percent), compared to their non-Hispanic White counterparts. Conversely, Latinos were much less likely to say they couldn’t afford it, 25 percent of Latinos compared to 40 percent of non-Hispanic Whites.
Lower capacity to save

While more experienced investors will keep their savings in a liquid brokerage account to maximize yield, most Americans save money in a traditional savings account prior to making most investments. Having enough savings to survive income shocks, such as a loss of employment, is also critical to financial stability. This was exemplified through the market instability of 2020.

While Latino retirement planning trends are alarming, so are savings trends. According to the Survey of Consumer Finances, Latinos report having the lowest capacity to save out of any demographic. In 2019, 44.7 percent of Latino households reported that they saved, compared to 58.6 percent of the general population, and Latinos have consistently held the lowest rate since 2010. Among those who did save, Latino households had the second lowest median savings amount of $1,950, second to Black households.77 For the majority of Americans, 2020 marked the highest saving rate in decades, more than double the rates of previous years.78 Stimulus checks combined with staying home and fewer expenditures in travel and dinners out meant that the majority of Americans actually saw their savings increase. However, 42 percent of Hispanics and 44 percent of Black adults say they are saving less than they were before the pandemic, compared to only 26 percent of non-Hispanic White adults.79 Among the 2021 HWP Survey respondents, 39 percent of Latinos have less than $1,000 in savings.

Missing out on compound interest

For those who have the capacity to save each month, Latinos prefer to save extra money in non-interest-bearing accounts, such as a savings accounts, or outside of a financial institution, such as in their home or personal safe. Among 2021 HWP Survey respondents, 47 percent of Latinos reported that the primary place they invest extra money is in a standard bank account. Latinos were also the most likely of any demographic to say they keep their extra money at home. Of note, when asked how individuals prefer to invest money when they are able to save, Latino business owners are three times more likely than non-business owners to report keeping extra money at home (35 percent vs. 11 percent).

Underutilization of brokerage accounts

Similar to retirement account participation, Latinos are the least likely of any demographic to own stocks, bonds, and pooled investments. According to the Survey of Consumer Finances, only 4.3 percent of Latinos own stock and so few Latino households reported owning bonds and pooled investments that data is not available for analysis. Unlike retirement accounts, Latinos have made some improvements over the years in regards to stock participation rates. Since 2010, Latinos have increased their participation rate by 52.4 percent. For Latinos who do own stock, the median value increased sixfold between 2010 and 2019, bringing it on par with the general population of households who own stock.80

Youth and educational attainment correlated with stock investments

The resistance to invest is more pronounced among older Latinos. When asked, “where do you invest extra money,” 25.2 percent of Latinos in the 2021 HWP Survey under age 45 reported that they invest in a brokerage account as opposed to only 17.0 percent of Latinos aged 45 and above. Additionally, education plays a significant role. Latinos with a bachelor’s degree or higher are twice as likely as those without a college degree to report investing in a brokerage account (36.1 percent vs. 16.2 percent).
STRATEGIES TO INCREASE LATINO ASSET DIVERSIFICATION

1. Culturally relevant classes

2. Recruiting more Latinos to financial services

In order to effectively tackle the declining rate of retirement account participation, investments in culturally relevant education, coupled with investments in a trusted advisor model, will be the most effective strategies in tackling the Latino retirement crisis.

Latinos in the 2021 HWP Survey were the most likely to say that an in-person or virtual workshop (22 percent) or learning about retirement accounts through a trusted friend/family member (18 percent) would make them more likely to invest.

Personal relationships and trust play even more pronounced roles for brokerage accounts, with 24 percent of Latinos stating that having a trusted friend or family member walk them through the process would make them more likely to invest, the most popular answer and the highest of any demographic. Having someone who Latinos already trust walk them through the process of investing could alleviate some of the hesitancy and fear around stock-based investments.

Only 8.2 percent of financial advisors in the U.S. in 2020 identified as Latino. Latinos were the least likely of any demographic surveyed by the Hispanic Wealth Project to say that working with a financial advisor would make them more likely to invest in a retirement or brokerage account; however, that could change if the advisor were someone they already trusted. In that same spirit, for those who do invest, Latinos were the most likely to say they manage their investments on their own.

WHAT WOULD MAKE LATINOS MORE LIKELY TO INVEST IN A RETIREMENT ACCOUNT?

- 22% in-person or virtual workshop
- 18% trusted friend/family member

SOURCE: 2021 HWP SURVEY
It’s been such a blessing to be a part of the NAHREP 10 Certified Trainer Program! I’ve been most encouraged with my Zoom calls and seminars with younger Hispanics and Latinos, they are actually interested in learning about wealth and prosperity and are eager to know what they can do now to get on track.

COVID forced us all to embrace video presentations. I actually found participation to be better in this format! Why? I think Hispanics with questions about finances are more comfortable on video instead of in-person. The message that is resonating the most right now? NAHREP 10 principle #3! Live below your means and be ready for the next recession.”

- Bernie Miller, NAHREP 10 Certified Trainer
HR10
The Hispanic Wealth Project®

1. HAVE A MATURE UNDERSTANDING OF WEALTH AND PROSPERITY because the one with the most toys usually loses.

2. BE IN THE TOP 10% OF YOUR PROFESSION because being good is not good enough.

3. LIVE BELOW YOUR MEANS AND BE READY FOR THE NEXT RECESSION because downturns are a regular part of our economic cycles.

4. MINIMIZE DEBT because it is the biggest enemy to wealth.

5. INVEST AT LEAST 20% OF YOUR INCOME IN REAL ESTATE AND STOCKS because they are the best and safest ways to build wealth (investing in other businesses does not count).

6. KNOW YOUR NET WORTH INCLUDING THE VALUE OF YOUR BUSINESS because you can’t improve what you don’t measure.

7. BE POLITICALLY SAVVY because public policy matters.

8. BE PHYSICALLY FIT because wealth without health is meaningless.

9. BE GENEROUS WITH PEOPLE WHO ARE LESS FORTUNATE because philanthropy feeds your spirit and gives more purpose to your work.

10. BE ACTIVE IN THE LIVES OF YOUR FAMILY AND CHILDREN because familia is central to who we are and nothing will motivate you more.

SHARE THESE DISCIPLINES WITH YOUR FAMILY, FRIENDS, COLLEAGUES AND CLIENTS BECAUSE THAT’S HOW WE CHANGE THE WORLD.
The following section outlines the Hispanic Wealth Project’s blueprint for tripling Hispanic median household wealth by 2024.

**Component Goal 1:** Increase home equity wealth by achieving a Hispanic homeownership rate of 50% or greater

1. **An Increase in Housing Inventory Especially in the Stock of Affordable Homes**

   While the low supply of housing stock was exacerbated through the pandemic, there have been some legislative and executive actions taken to address the issue. California and Charlotte, NC, have recently joined the state of Oregon and the city of Minneapolis to expand access to multi-family zoning. At the Federal level, the White House released a sizable initiative to address housing supply in September of 2021 as part of their Build Back Better initiative.

2. **Down Payment Assistance and a Plan to Assist More Families with Access to Available Programs**

   In 2021, the U.S. Congress and the Administration joined together to draft the Downpayment Toward Equity Act of 2021, a Federal down payment assistance program that would serve first-generation, first-time home buyers.

3. **The Continuation of Government Policies, Including the Mortgage Interest Tax Deduction, That Favor Homeownership Outcomes**

   Federal interest rates reached record low levels in 2020. Additionally, the Consumer Financial Protect Bureau (CFPB) released a rule, moving the determination of Qualified Mortgage away from one solely based on debt-to-income ratio and toward a more holistic, price-based model. This model has the potential to expand access to credit for Latino borrowers. While the final rule has been put on hold, the Federal Finance Housing Agency (FHFA) has called on the Government Sponsored Enterprises (GSEs) to implement the pricing model in the meantime.
Component Goal 2: Increase the wealth generated from small businesses by increasing the number of Latino-owned employer firms to 400,000 or greater

1. Availability of Capital for Small Business Lending

With the COVID-19 pandemic came historic levels of stimulus investments, particularly to help support small businesses. The Paycheck Protection Program (PPP) forgivable loans injected more liquidity into the hands of small business owners than ever before.

Latino-owned businesses were among the hardest hit by pandemic closures, however, they also received disproportionately less funding. Moves have been made this year to target these funds to minority-owned businesses.

2. Mentorship Programs and Peer-to-Peer “Mastermind” Coaching Groups That Help Small Businesses to Scale

The Latino Business Action Network (LBAN), in collaboration with Stanford University, established a program called the Stanford Latino Entrepreneurship Initiative Education-Scaling Program to help Latino business owners scale their businesses. To date, the program has graduated 800 Latino business owners.


L’ATTITUDE VENTURES (LAT VC) is raising a target $100 million to invest in early-stage U.S.-based Latino entrepreneurs. In September 2021, L’ATTITUDE VENTURES will deploy $12.5 million across 20 to 25 Latino-led companies at L’ATTITUDE’s MATCH UP event.
Component Goal 3: Increase the wealth created from savings and investments by raising the percentage of Hispanics who own a retirement account to 37% or greater


Technology companies are developing apps that take the “fear” out of investing. Apps such as Robinhood have boosted investment participation among younger generations, including many young Latinos. Acorns, an investing and financial education platform, has partnered with over 10,000 companies—including Airbnb, Warby Parker, Walmart, Nike and Sephora, to give cash-back savings that can be invested automatically when purchasing from one of these stores.

Additionally, social media accounts, such as @Latina_Money and @inluzwetrust, have created social media platforms geared toward demystifying the process of investing and providing financial education in a culturally relevant way for Latinos.

There is still so much market opportunity in this space. Latinos are ripe for investments in products and social media accounts that speak directly to this demographic.

2. Training Programs for Employers to Drive Increases in Hispanic Participation in Retirement Programs

State-sponsored retirement programs in California and Oregon (CalSavers and Oregonsaves) use behavioral economics in order to boost participation rates. Note that these programs use the term “saving” as opposed to retirement and use automatic enrollment and auto-escalation through mobile devices. They have simplified the task of opening a retirement account. However, further research is required in order to determine how culture can play a role in behavioral economics in order to maximize effectiveness and have specific programs be targeted to boost Latino participation rates.

3. Tax Policies that Create Incentives for Diversified Financial Holdings

While there is an abundance of tax incentives available, there is little education available on how to take advantage of them.
ACKNOWLEDGEMENTS

The Hispanic Wealth Project™ (HWP™) is grateful for the outstanding commitments of the people and organizations whose contributions of time, thought leadership, and financial resources made our work possible.

Publication of the State of Hispanic Wealth Report has come to fruition through the generous financial and intellectual resources of the Hispanic Wealth Project annual partners and data contributors. The HWP is appreciative of the HWP Founding Board of Advisors and the HWP Board of Directors whose strategic guidance and leadership advance its efforts to triple median Hispanic household wealth by 2024.

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Established in 2012, the NAHREP Foundation, dba the Hispanic Wealth Project, is a non-profit charitable organization whose mission is to advance sustainable Hispanic homeownership through engagement in strategic efforts focused on Hispanic workforce participation in housing, small business development, and wealth building.
Endnotes


