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Latino Homeownership and Wealth Accumulation

Challenges to affordability, wealth creation, and
economic mobility in the Chicago region

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Executive Summary

This report examines Latino homeownership and its potential role in closing the wealth gap¹. The report is divided into three sections. The first section offers a comparative macro-level analysis of Latino homeownership in the Chicago area (i.e., the city of Chicago and the counties of Cook, Will, Kendall, DuPage, Lake, Kane, and McHenry). The growth in Latino homeownership and areas of increasing affordability is documented. The second section analyzes qualitative data gathered in community conversations and in-depth interviews conducted throughout the region. That data illustrates that homeownership is [not necessarily viewed as the pathway to wealth accumulation² for many Latinos](#). This perspective is congruent with research showing that when Latinos purchase a home, they are more likely than Whites to start with [less equity and economic cushion and less access to family financial support](#) and attractive [mortgage terms](#). The final section identifies themes and policy areas where action should be taken. The themes and policy areas identified aim to enhance wealth accumulation opportunities for those who struggle to narrow the wealth gap through homeownership.

Highlights of the report include:

- Between 2017 and 2022, the percentage of Latino homeowners who are cost-burdened decreased from 30% to 27%.
- The percentage of multi-generational Latino households that were cost- or rent-burdened decreased from 36% in 2017 to 29% in 2022.
- In census tracts where Latino homeownership increased between 2017 and 2022, slightly less than half (44%) were tracts where homes were more affordable than average and where home values were appreciating more than average, which we refer to as “favorable economic conditions.”
- Qualitative data paints a very nuanced picture of the economics of home ownership. Some interview participants noted the importance of inter-generational financial contributions.
- Policy implications of the report include the importance of access to low-cost loans, particularly for home maintenance and repairs; expanded access to financial literacy classes; and incentivizing housing production in areas of the region that are well-served by transit.

1 This report is designed to challenge assumptions about homeownership and wealth accumulation. Although our primary focus is on Latinos, findings from the report could also apply to other racial and ethnic populations, such as Black families. We know that there are commonly shared barriers and opportunities for homeownership and wealth accumulation among the Latino and Black populations. Still, we also understand that each of those groups faces unique challenges and opportunities. While this report focuses on the Latino population, we believe companion reports focusing on Black and other unique racial and ethnic populations are useful. Any policy interventions designed to enhance equity and opportunities as well as reduce the wealth gap must take into account both the common and unique challenges and opportunities facing Latinos, Blacks, and other racial and ethnic groups in the Chicago region.

2 For a fuller discussion of wealth, wealth accumulation, and the challenges and barriers facing Latinos please see <https://www.brookings.edu/articles/closing-the-latino-wealth-gap-exploring-regional-differences-and-lived-experiences/>

SECTION 1

Introduction

Latinos have long been the driver of growth for the city of Chicago and the Chicagoland region. As our [previous work](#) has shown, if not for the growth of the Latino population, the region would be shrinking. Latinos make critical contributions to the [economic health and vitality](#) of the region through strong workforce participation and consumer spending, in addition to an immense cultural footprint. However, there is an incongruity between the Latino contributions to the economic strength and growth in the region and the degree to which Latinos experience economic opportunity, gains, and mobility. Much has been written about the [increases in homeownership Latinos have made](#) in the past decade. [Latino homeownership rates](#) have grown more since 2012 than every racial and ethnic group except Asians, and some progress has been made in closing the large homeownership gap to White households.

However, this report shows that Latino homeownership gains don't automatically translate to affordability and wealth creation. The Chicago region has little documentation about whether recent Latino gains in homeownership are sustainable avenues for wealth-building and economic mobility. As Latinos continue to find new housing opportunities in suburbs across the country, there are some reasons to question whether yesterday's suburban pathways to wealth and economic mobility still exist for those entering the homeownership market in the suburbs. [Recent work](#) has documented how many suburbs transitioning from predominantly White to multi-racial are struggling with budget and infrastructure challenges not seen in decades past, in the bygone post-war suburban era.

Because [discriminatory housing policies](#) (e.g., redlining) policies and ongoing structural racism have long been identified as significant contributors to the gap in wealth between Whites on the one side and Latinos and Blacks on the other, it is often suggested that housing could also be a significant factor in erasing those gaps, especially as more Latinos continue to capitalize on homeownership opportunities and pass homes on to the next generation. There is a [widely held assumption](#) that owning a home is one of the most critical components of wealth accumulation. The "American Dream" scenario of transferring wealth across generations through homeownership has played out for countless White families, but as one Latina told us in an interview:

"We bought a house for the American Dream, and it is nothing more than a dream."

This report provides a Latino lens on regional housing trends to better understand Latinos' unique challenges in attaining this "American Dream." We provide a nuanced analysis by using both quantitative and qualitative data. Specifically, this report provides a macro-level quantitative analysis of Latinos, where they live, and how housing outcomes in the Chicago region have changed in the past five years³ and the last decade. In addition, analyses of micro-level qualitative data allow for exploring and understanding why and how Latinos come to own and view homeownership in the context of wealth accumulation.

This mixed-method approach illuminates the complex, nuanced story of Latino homeownership, economic stability, and wealth accumulation. The report also provides a set of policy priority areas for state and local officials to consider, further emphasizing the relevance and significance of the information presented.

This report's findings are of significant importance, as they shed light on the complexities of homeownership for Latinos in the Chicagoland area.

³ American Community Survey 2017, 2022 one-year estimates

Latino Housing Trends in Chicagoland

Homeowners

When examining Latino housing trends across the region from multiple angles, we find a story of nuance and complexity. Our report from 2023, [Latinos in the Suburbs](#), discussed several trends related to Latinos in the Chicago region. One of which was that Latino homeownership fell slightly between 2010 and 2020. However, this decline was less for Latinos than for many other groups, including Black families, which hints at a modest ability to weather economic headwinds in the Chicago suburbs. Second, Latinos, in the most recent decade, have dispersed across the region's municipalities more so than in previous decades. Still, just ten suburbs accounted for 55% of all suburban Latino homeowners in 2020, even though Latinos are slowly spreading out across the region.⁴

As the Latino population continues to increase, the growth of Latino homeowner households has outpaced renter households since 2000. In 2022, 58% of Latino households in the Chicago region owned their home⁵. However, homeowner growth rates slowed between 2010-2020 compared to the previous decade (2000-2010). For example, the growth of homeowner households slowed in all of the region's counties, but more so in Kane, DuPage, and Lake Counties. Much of this is explained by slowed growth in just a handful of places like Aurora, Joliet, Bolingbrook, and Romeoville.⁶

Renters

Looking at macro trends among Latino renters, the growth of Latino renter households has also been more dispersed than in the previous decade. Although most suburbs gained Latino renter households, growth slowed notably in a handful of traditional Latino destination suburbs (e.g., Aurora, Melrose Park, and Berwyn). It is important to note, however, that while between 2010 and 2020, ten suburbs accounted for 33% of suburban-wide net increase of Latino renters, a handful of traditional Latino destination suburbs have also seen a slowing of growth in Latino renter households. The reasons behind these trends are unclear but are likely multi-faceted.

Are Housing Conditions Improving for Latinos, in General?

At a high level, when viewing things from the perspective of the average Latino family, much of the region's housing stock appears affordable to both Latino homeowners and renters. Figure 1 on the following page shows that a large share of the region's census tracts (median home price) were affordable to the median Latino homeowner between 2000 and 2022 (87% of the region's census tracts). In other words, the average home price was, in theory, affordable (paying 30% or less of income on housing) for the average Latino household. For Latino renters, much of the region's rental housing stock was already affordable to the average renter household in 2000 (90% of all census tracts). By 2022, that percentage increased to 93%. However, the second set of maps shows that the median White homeowner or renter household experiences much less of a challenge affording a place to live.⁷ These maps paint a picture of general improving housing affordability for the average (in terms of income) Latino household; However, there are nuances about Latino households that this snapshot cannot capture, which can be found throughout the rest of the report.

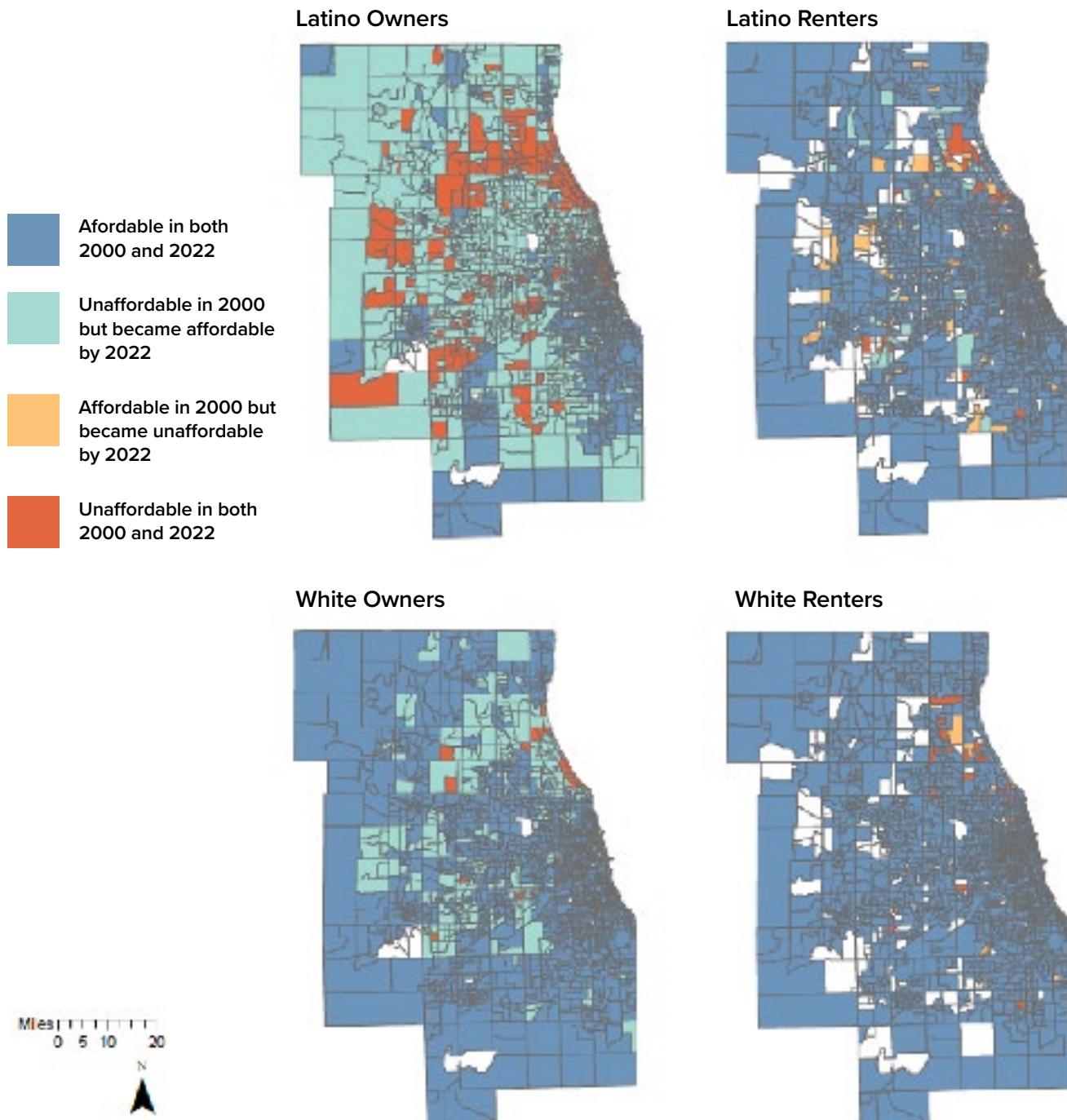
⁴ Source: 2020 census, share of all households identifying as Hispanic and homeowner. Top ten suburbs in order of number of Hispanic households are: Aurora, Cicero, Joliet, Elgin, Waukegan, Berwyn, Bolingbrook, Carpentersville, Oak Lawn, Romeoville.

⁵ American Community Survey 2022 one-year estimates

⁶ Author analysis of 2000, 2010, 2020 census, households identifying as Hispanic and homeowner or renter

⁷ See the appendix for a detailed methodology used to calculate affordability

Figure 1. Regional Affordability Changes for Latino vs. White Households

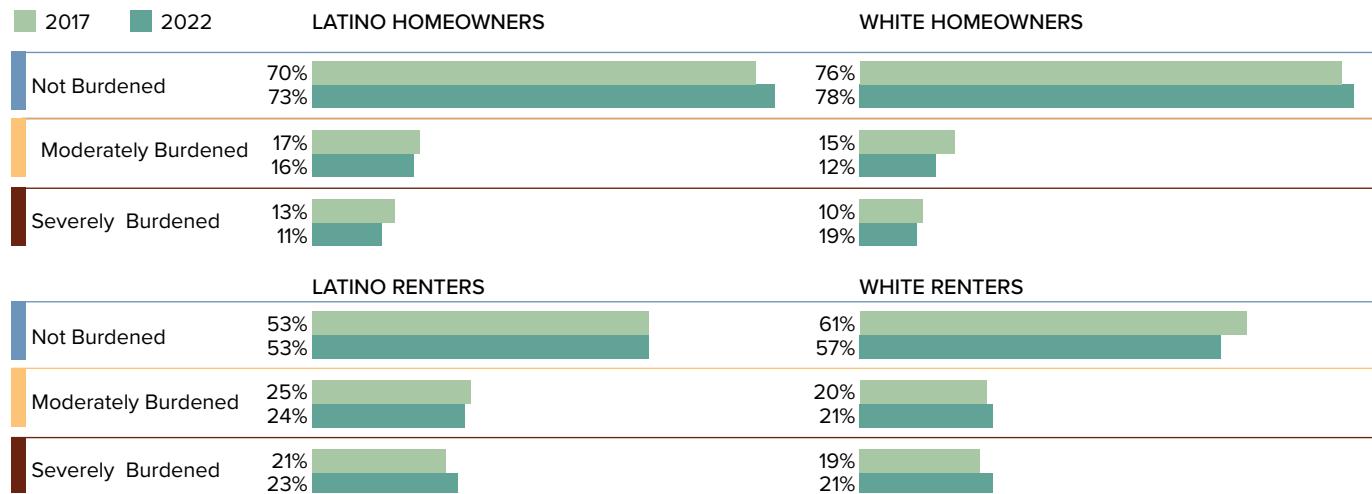


When households spend more than 30% of their income on housing, they are considered “burdened,” or spending more than what is considered affordable. When looking at how the housing burden has changed in recent years, the story of complexity continues. On the one hand, the percentage of Latino homeowners who are housing cost-burdened (i.e., moderately burdened if spending between 30-50% of household income on housing costs; severely burdened if spending over 50%) somewhat decreased between 2017 and 2022. Specifically, 30% were housing cost-burdened in 2017 and 27% in 2022.⁸ This suggests a slight economic improvement for Latino homeowners, with the share of burdened Latino households declining at a faster rate than for White homeowners.

⁸ This analysis utilized 2017 and 2022 one-year ACS estimates. Full description is in appendix.

On the other hand, there was no change for renters over the same period; nearly half of the renters experienced some housing cost burden. This points to significant differences in the economic position of Latino homeowners and renters. In addition, there is a considerable gap between the percentage of Latino renters and White renters experiencing some form of housing cost burden, with more Latino renters being housing cost-burdened than their White counterparts. For example, in 2022, the percentage of Latino renters who were housing cost-burdened was about 9% greater than for Whites.

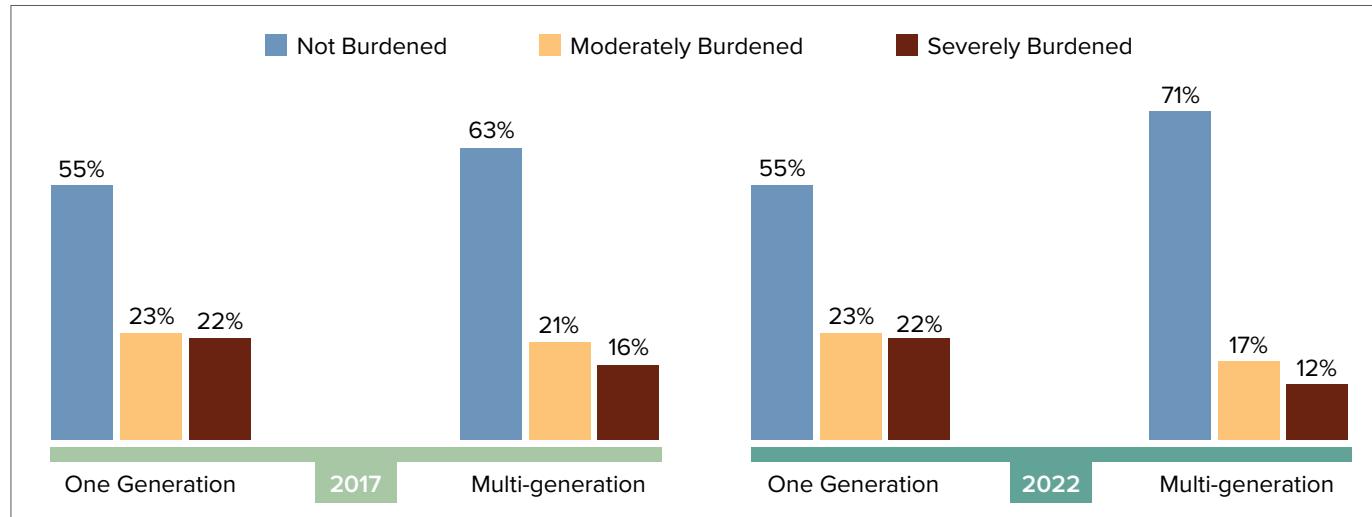
Figure 2. Homeowner and Renter Burden Changes (Latino and White) 2017-2022



Some interesting trends emerge when looking more closely at the housing burden across the region's different types of Latino households. About 61%⁹ of Latino households are multi-generational, compared with approximately 35% of White households. This is even more pronounced for Latino homeowning families, where 69% are multi-generational compared to 51% of renter households. A higher percentage of Latino households also contain more than one family¹⁰ compared to White households (11% for homeowners vs. 4% for renters). Both types of households—renter and homeowner—experience much less burden than single-generation and one-family households.

Figure 3 below shows that nearly two-thirds of multi-generational families living in one home were not housing cost-burdened in 2017, and that percentage increased to 71% in 2022. When multiple generations share a home, there are likely to be multiple income streams for that household¹¹.

Figure 3. Latino Housing Burden by Single Family vs. Multiple Family Household, All Latino-Headed Households



9 ACS one-year estimates, 2022

10 That is, people who are related to each other but not part of the same nuclear family.

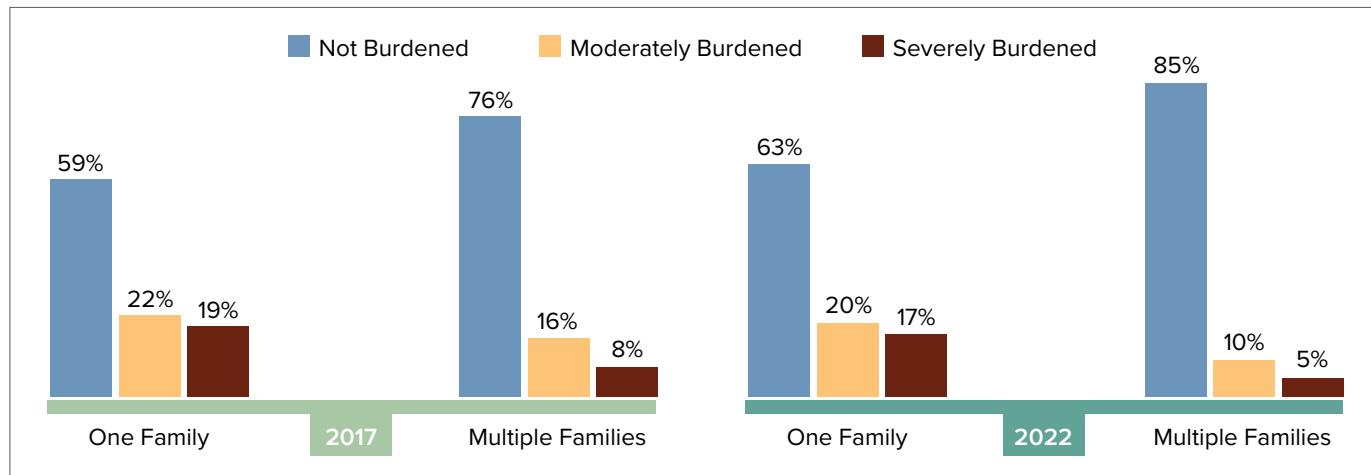
11 2017 and 2022 ACS one-year estimates. All households including both renter and homeowner headed.

One participant in the community conversations told a story representative of the economic interdependency in multi-generational Latino households. She described how her sister could purchase a big house, but only because her parents moved in and paid many of the bills. She was clear that if her parents moved or could not work that her sister would lose the house.

Multi-generational households are less burdened with housing costs than single-generational households. Specifically, the burden profile has improved over the last five years for multi-generational households while staying the same for single-generational families.

A similar trend can be witnessed in households with multiple unrelated families living together (Figure 4 below). Over three-quarters of households with more than one family did not experience a housing burden in 2017, and that percentage increased nearly ten points by 2022.

Figure 4. Latino Housing Burden by Single Family vs. Multiple Family Household, All Latino-Headed Households



However, the higher percentage of Latino households where more than one family or multiple generations of the same family share the home does mean that some space trade-offs are being made. In both cases, households have more people per bedroom, which can sometimes indicate crowded conditions¹² (Figures 5 and 6 below). On the positive side, both multi-family and multi-generational households saw decreases in such potentially crowded conditions between 2017 and 2022. These trends could simply reflect cultural norms around living arrangements—and ultimately be understood as assets for Latino households—but could also hint at trade-offs in space being made to afford housing.

During a series of community conversations, stories of how crowded it was to live with parents or in-laws were common. The desire for more space was on display, as was the economic necessity of shared living arrangements. One Latina said that until she and her husband moved out, she did not realize how crowded living with her in-laws was. But she also noted that if they had not lived with them, they would not have been able to save money; the cost of renting is just too high.

Figure 5. Latino Crowded Households by Single Generation vs. Multi-generational Household, All Latino-headed households

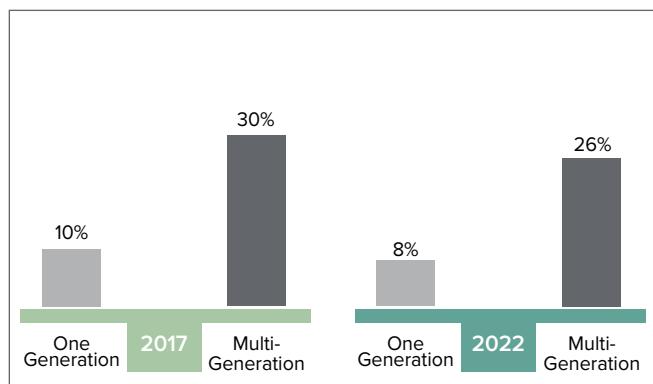
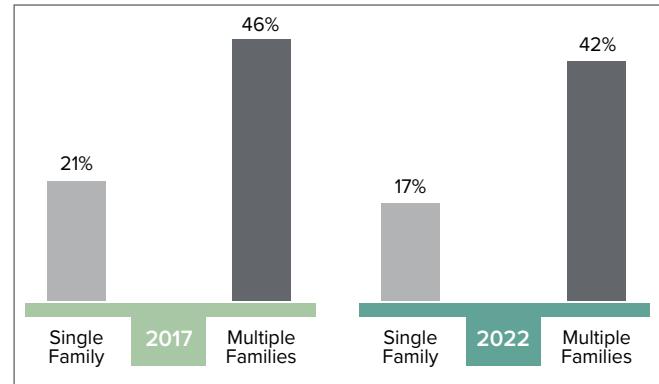


Figure 6. Latino Crowded Households by Single Family vs. Multiple Families



¹² Following other scholars in the housing space, we use the term “crowding” simply to describe more than one person per bedroom; however, this should not be seen as a normative statement about an optimal or normal ratio of people to bedrooms

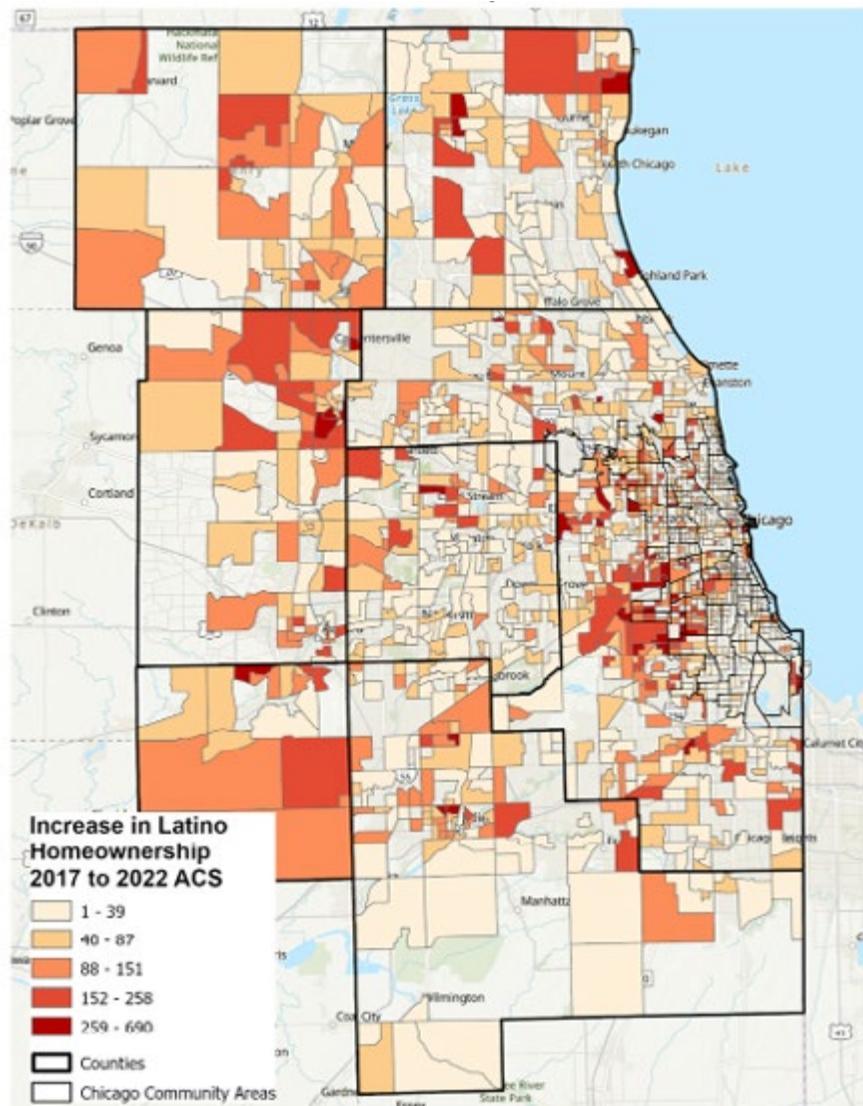
A Deeper Look at Latino Homeownership

Where are Latinos Finding Homeownership Opportunities?

In examining homeownership trends, it is crucial to remember that the Chicago region has long been one of the nation's most [racially and economically segregated areas](#). Moreover, policymakers and researchers have long understood [geography's role](#) in the inequality and inequity found throughout the US. There is abundant research [documenting](#) the harmful impacts of differential investment and opportunity creation among communities—the consequences of which only perpetuate inequalities and inequities. [Disparate investment and pathways](#) to opportunity are what drive the significant social, economic, educational, and occupational gaps between Whites on the one hand and Latinos and Blacks on the other.

Latino homeownership continues to grow in the majority of places. In the Chicago region, nearly two-thirds¹³ (62%) of census tracts have seen an increase in Latino homeowners between 2017 and 2022 (See Figure 7). In 46% of tracts, there was a greater increase in Latino homeowners than Whites, and 43% of tracts saw more Latino homeowners than Blacks. In general, Latino homeownership increased on the southwest side of Chicago and inner-ring western suburbs while decreasing in areas of the city along Lake Michigan on the north and south sides. We also see clusters of increased homeownership in northern Kane County, McHenry County, and northern Lake County.

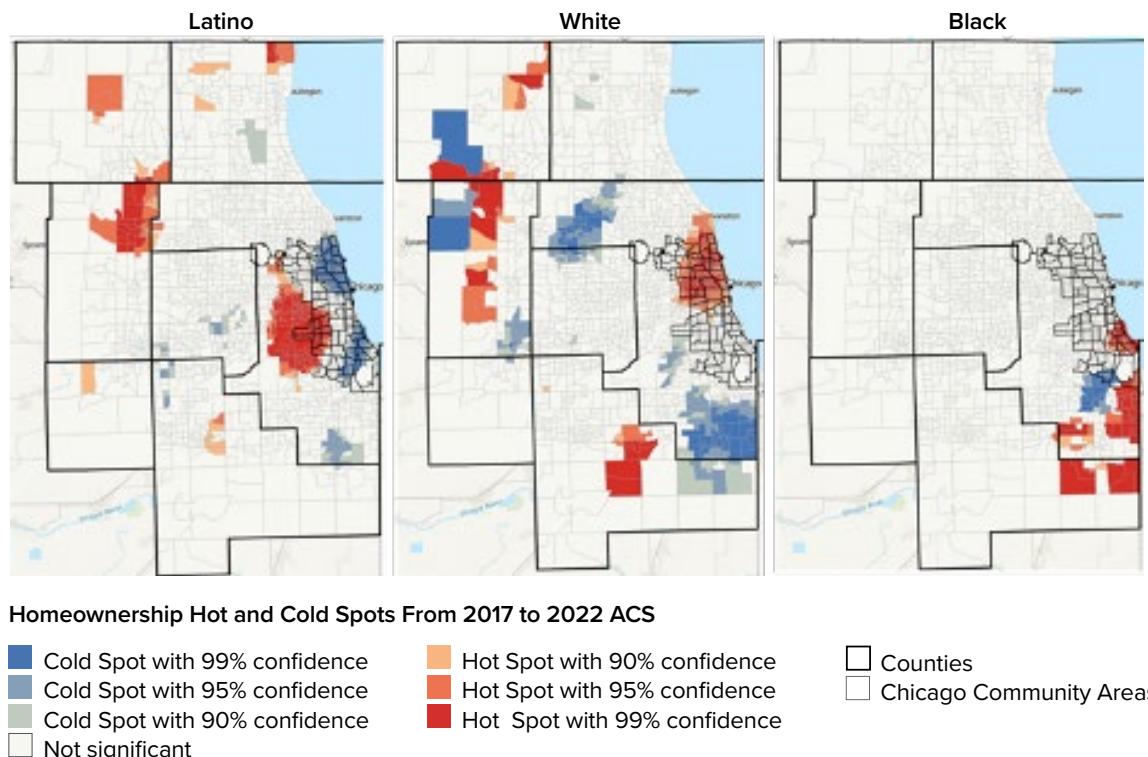
Figure 7. Latino Homeownership Increases in Last Five Years in Chicago Region Census Tracts



13 ACS one-year estimates

These data underscore the trend that Latinos have been spreading across the region more so in the recent decade than in the past; however, these increases in homeownership are not uniform. A “hot spot” analysis can tell us the extent to which these changes (both net increases and decreases) are clustered geographically—in other words, where we are more likely to see gains and losses of Latino homeowners (Figure 8).

Figure 8. Latino Homeownership “Hotspots” Relative to Other Racial and Ethnic Groups (2017-2022)



Another way of looking at increases in homeowner shares is a hotspot analysis¹⁴. Latino homeownership gains were clustered in western Cook County and a few pockets in the outer ring counties.

Notably, except for some parts of northern Kane County, the far west side of the city of Chicago, and inner-ring portions of Cook County bordering Chicago, there is minimal overlap of “hot spots”—where homeownership was most likely to increase for each racial and ethnic group. As illustrated above, there is almost no overlap in the areas of the region where Latino, White, and Black homeownership is increasing. On the contrary, the data highlight that in recent years, Latino, White, and Black homeownership increased in geographically unique areas. This raises the question of whether homeownership trends are longstanding patterns of segregation.

Are Latinos Improving Economic Outcomes Through Homeownership?

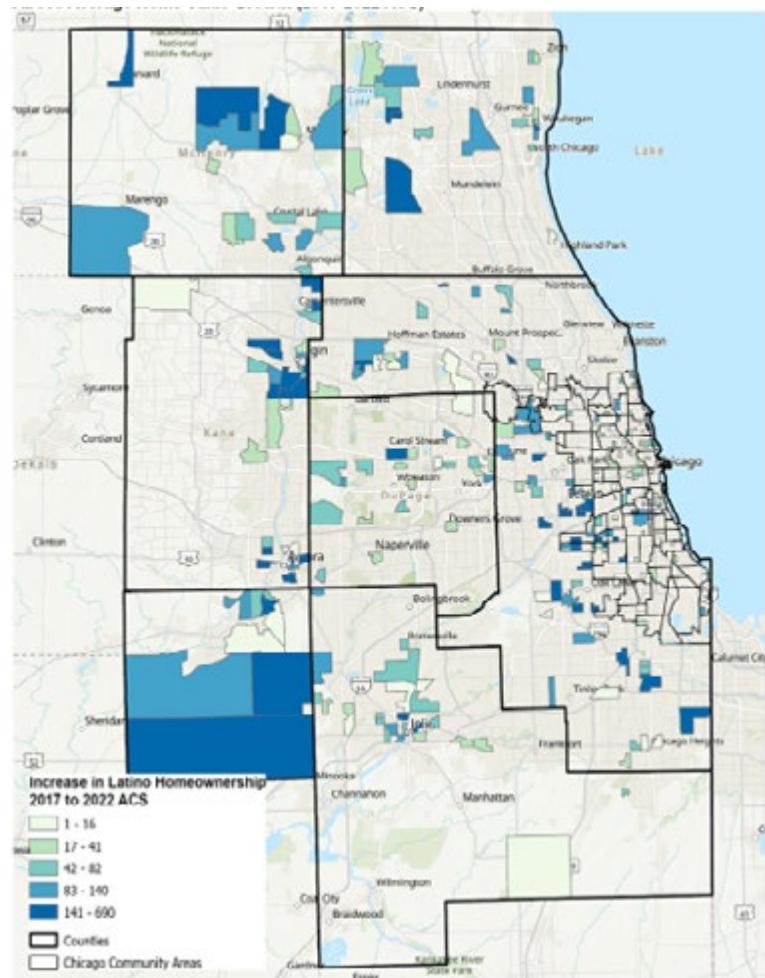
Given how segregated the region is, historically, and the fact that so many researchers and officials believe that homeownership is the most important vehicle for wealth accumulation and closing the wealth gap, it is imperative to examine if Latinos are experiencing improved economic outcomes through homeownership.

To begin answering that question, we split tracts where Latino homeownership increased over the past 5-year survey periods into two simple categories. First, to indicate “favorable economic opportunity conditions” for accumulating wealth through homeownership, tracts were defined as having below-average cost burdens among households and above-average increases in home values. Second, with above-average household cost burden and a below-average increases in home values to indicate “economic hardship conditions.” This simple metric allows us to examine whether Latino homeowner gains over five years, 2017-2022, were more likely to occur where conditions are economically favorable for homeowners. Critically, this simple metric only examines homeownership in relation to affordability and price appreciation. It does not consider the broader socioeconomic conditions of surrounding neighborhoods.

¹⁴ “Hot spots” indicate high spatial clustering of homeownership increases, whereas “cold spots” indicate little to no clustering

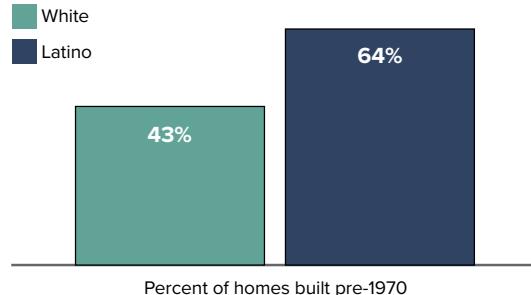
The map and chart below indicate that slightly less than half, about 44%, of Latino homeownership increases were in tracts with favorable economic conditions (homes more affordable than average and values increasing more than average), compared to 29% with unfavorable economic conditions (homes less affordable than average and values increasing less than average).¹⁵ Thus, more Latinos are finding homeownership in areas with better-than-average chances for both affordability and value appreciation.

Figure 9. Increases in Latino Homeownership Relative to More Affordable Areas with Rising Home Prices (2017-2022) areas with potential for wealth accumulation



It is important to note that our [previous work](#) found that about 70% of Latinos in the Chicagoland area lived in “high hardship” communities, which is indicative of a broader set of trends that include area poverty and unemployment. Although this latter point is true, it is also true that some of these same areas are potentially advantageous for affordable homeownership and future home price appreciation. Affordability and home price appreciation may sometimes come at the expense of the amenities and conditions of surrounding neighborhoods. Further, home prices often rise faster in “higher hardship” areas because they are much lower relative to areas with less socioeconomic hardship. As Figure 10 below illustrates, homes that Latinos purchase are also typically older homes than, for example, White homeowner households. This trade-off means that areas with greater affordability and price appreciation carry additional maintenance costs and are not likely to be sustainable¹⁶.

Figure 10. Latino Homeowners Are More Likely to Purchase Older Homes



The current macro-level analysis indicates that Latino homeownership is increasing more in places with favorable economic conditions for homeowners rather than unfavorable conditions. However, it does not definitively tell us whether Latino homeowner households have improved their financial condition¹⁷.

¹⁵ The remainder of census tracts can be thought of as “mixed-economic conditions for homeownership,” where home values are increasing less than average and burden is low, or where home values are increasing more than average and burden is higher than average.

¹⁶ One question that is beyond the scope of this report but needs to be addressed: if there was an adequate amount, or at least a more extensive supply than currently exists, of affordable housing, would prices in the census tracts identified in this study continue to increase, especially those tracts in high-hardship communities?

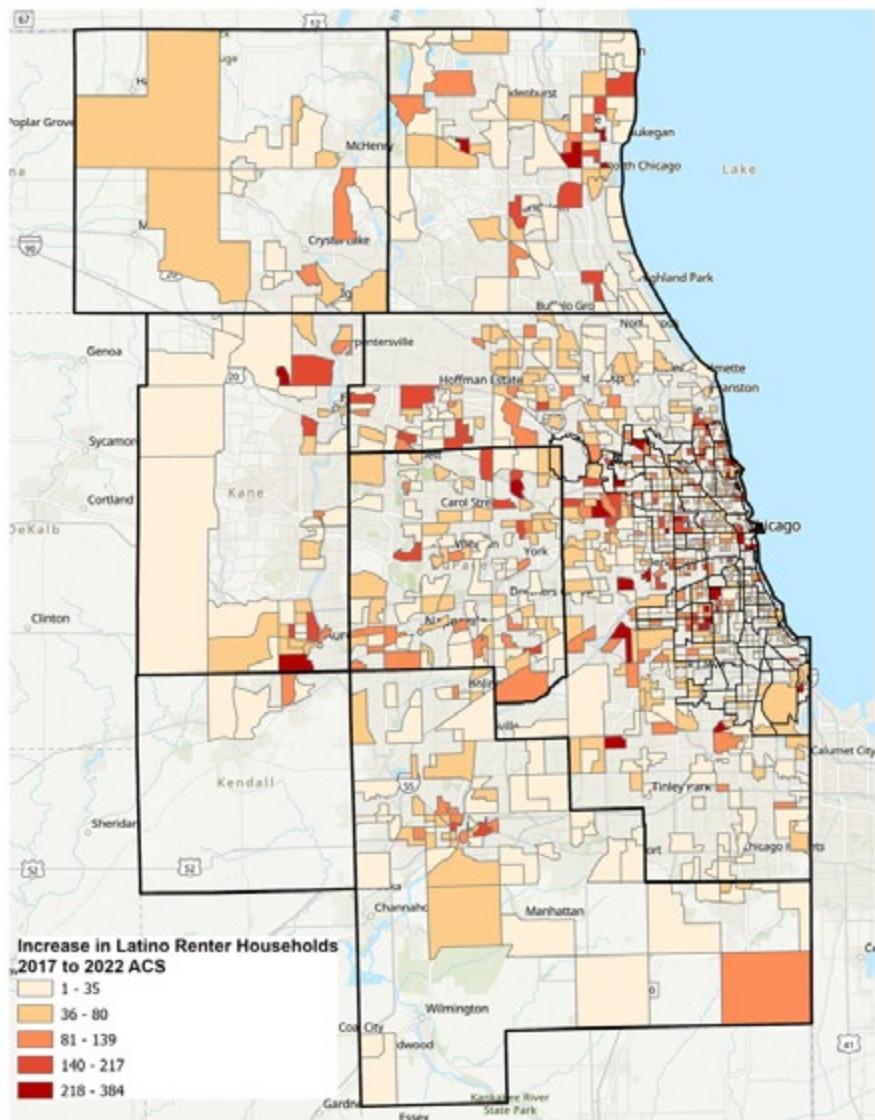
¹⁷ This is a common, albeit significant, limitation of conducting secondary data analysis.

Deeper Dive Into Latino Renter Trends

In recent years, [rental prices have increased](#) across the Chicago area; those increases have been more significant than the [increase in housing prices](#). Therefore, as noted earlier, renters are more likely to be burdened with housing costs than homeowners. Aside from the immediate and pressing economic stability challenges that renters face, the increasing costs of renting are also likely to limit the ability of renters to enter the pipeline to buy a home. A critical long-term question is whether the rental market and its high costs are becoming a structural barrier to homeownership. A more immediate question is how the landscape of Latino renters is shifting in the region.

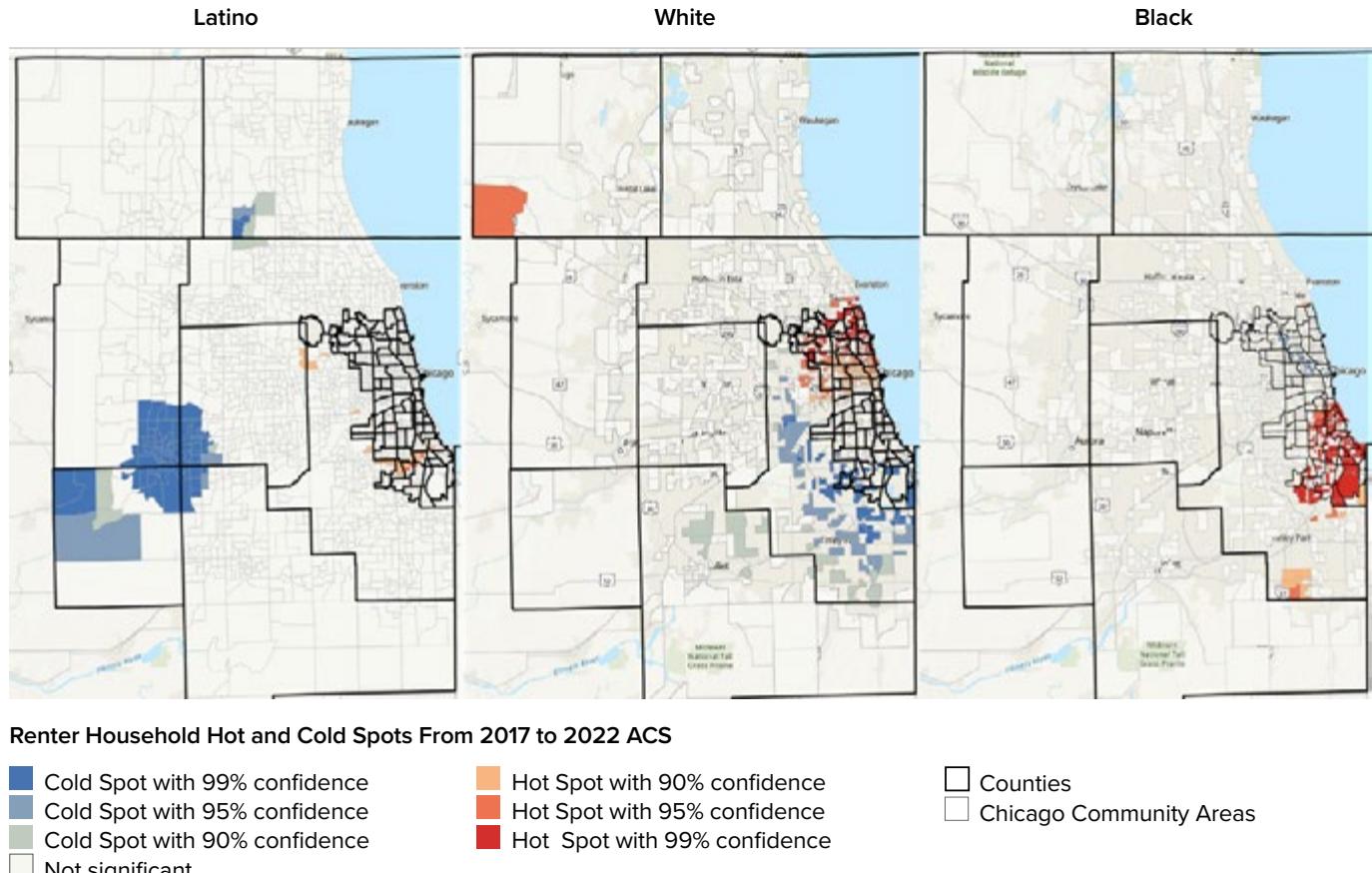
Nearly half of the Chicago region's census tracts (46%) witnessed an increase in Latino renter households between 2017 and 2022¹⁸. While Latino renters and homeowners have similar movement patterns, it is essential to highlight that there was much more movement of Latino homeowners to the outer ring suburbs than renters (See Figure 11).

Figure 11. Increasing Latino Renter Households 2017-2022



18 ACS five-year average survey period

A hotspot analysis comparing changes across Latino, White, and Black renters over the past five-year survey periods shows that similar to homeowners, segregation patterns are evident but to a somewhat lesser extent for Latinos. In other words, Latino renters do not have as much of an explicit spatial clustering pattern, except for one cold spot (which represents declining Latino renters) in the Aurora/Naperville area and some hot spots on Chicago's southwest side where renter population was increasing. The implication is that Latino renters are trending away from the Aurora/Naperville area and to some Chicago areas but are otherwise dispersing more across the region. On the other hand, White renters are showing strong growth on most of the City's north side and trending away from south and southwest suburban Cook County. Finally, the growth of Black renter households was greatest on the City's south side.



Latino Renter Trends in Context

Overall, macro-level quantitative data show that Latinos are doing relatively well. Homeownership rates continue to grow, albeit slower than in previous years. The number and percentage of Latino homeowners who are housing cost-burdened are decreasing, and Latino homeownership is rising more in areas where housing values are increasing—indicating at least some potential for economic gains from homeownership.

But that is only part of the story. The macro-level story is a feel-good story; Latinos are buying homes in areas where wealth accumulation seems possible. A common belief is that successful homeownership is a significant factor in closing the wealth gap; and Latinos are making homeownership gains in places where conditions appear favorable for property value increases.

Qualitative data provides a different perspective and adds more nuance to the story of Latino homeownership. As we pivot from quantitative data to a qualitative investigation into the socio-economic conditions of Latino homeowners and renters, the story becomes less rosy and more complicated. One striking finding was that of all the reasons Latinos listed for buying a home, participants in the community conversations and interviews did not cite monetary gain or wealth accumulation. This was true across the age continuum and regardless of gender.

This leads to two questions: **Why do Latinos in Chicago and Chicagoland buy homes? And is homeownership propelling Latino families to accumulate wealth?**

SECTION 2

The Quantitative Story Is a Partial Story: Expanding the Story

The macro-level narrative is, for the most part, uplifting; Latino homeownership is growing in areas where wealth accumulation seems attainable. The quantitative data show that Latinos are seemingly doing well. Homeownership rates continue to grow, albeit slower than in previous years. The number and percentage of Latino homeowners who are housing cost-burdened has decreased, and they are more likely to live in communities where housing values are increasing.

A widely held belief is that successful homeownership is crucial in bridging the wealth gap; therefore, more than half of Latino households are on the pathway to closing this gap. But that is only part of the story. Understanding Latino homeownership and wealth accumulation requires understanding why Latinos purchase a home, the steps they take to do so, and, perhaps most importantly, the barriers many Latinos face.

Qualitative data offers a distinct perspective and adds nuance to the narrative of Latino homeownership. As we shift from quantitative data to a qualitative exploration of the socio-economic conditions faced by Latino homeowners and renters, the narrative becomes less optimistic and more complex. One striking finding was that among all the reasons Latinos provided for purchasing a home, participants in the community conversations and interviews did not mention financial gain or wealth accumulation. This holds across the age continuum and regardless of gender.

This raises two questions: Why do Latinos in Chicago and the surrounding Chicagoland area purchase homes? Does homeownership enable Latino families to build wealth?

Intergenerational Wealth Transfers

To better understand the complex economic narrative that depicts the story of many Latinos, it is necessary to consider the role of intergenerational wealth transfers.

When the intergenerational transfer of wealth is discussed, it is assumed that the [transfer is from parents/grandparents to children](#). That is historically the model for White families, and it is the model that drives the discussions and assumptions about such transfers. It also is the model that defines the theoretical orientation and parameters for research around wealth transfer. Intergenerational transfer of wealth is assumed to make it easier for young people to, for example, acquire an education, buy a home, invest, start a business, or travel.

For Latinos, intergenerational wealth transfer from the older to the younger generation is uncommon for various reasons. These reasons include the lack of retirement security, the concentration of Latinos in low-wage jobs, and [structural barriers that block wealth accumulation](#).

Because wealth is not typically passed down from older generations to younger Latinos, as is the case for White populations, there are specific economic barriers for young Latinos to buy homes. Not only do young Latinos not receive as much financial support from older generations when compared to White residents, but young Latinos also tend to provide financial support for older generations.

One participant noted,

“...I borrow from my brother, and my parents ask me for money.”

One respondent in a community forum said

“...my husband was out of work and we needed to pay off the house...my son lent us \$16,000. He has always been good at saving, he works two or three jobs.”

Another participant noted

“One {of my two sons} doesn’t live with us but he still pays the expenses he used to.”

Another respondent told us that they had paid off their mortgage, but they still have to help their parents, and “... sometimes it is difficult.” They say they “...try not to ask the children,” but that is an option they exercise, albeit reluctantly.

One participant used equity in her home to help her children but then described how the children had to pay the loan off as the participant could not afford to do so.

One theme that arises is that giving money to parents, that is, transferring the wealth to the older generation, is not seen as transferring wealth. It is seen as “taking care of parents...they gave us so much.” However, caretaking responsibility means that younger generations cannot save and accumulate wealth as they might if such responsibility and upward transfer of wealth were absent.

Two Latinas living in the suburbs and renting were in the same community conversation, telling a similar story about intergenerational wealth transfers.

“I have my mom, she's 80 years old. She lives in Mexico, and I send her money for medicine. I have two older daughters there who take care of her, and I have to pitch in as much as I can. It's not a matter of responsibility; it's about giving her back what she gave me.”

"I have my mom in Mexico, too; she's also 80 years old. It's not that I have to send her money because she asks, but as they say, 'When you honor your parents, God blesses you more.' And I don't do it so that God blesses me, but because my mom only has me. We were five siblings, but three were killed, so now I only have one brother left; I'm the oldest and live in the United States. I send her money once or twice a month."

It is unclear to what extent this intergenerational economic interdependence impacts capacity to maintain or pay off a home, but it could be a potential constraint.

Latino Homeowners and Wealth Accumulation

All respondents agree that buying a home is expensive and complicated. Most expressed how much information and knowledge they lack concerning purchasing a home. Respondents frequently mentioned the uncertainty surrounding the necessary steps and preparations for buying a home. Those participants who were homeowners discussed the complicated, overwhelming, and confusing steps and preparations involved in purchasing a house.

The first step in buying a home is securing a down payment. One of the most [important forms of intergenerational wealth transfers](#) is providing children or grandchildren with substantial financial assistance to purchase a house.

However, for many Latinos, it is often difficult, or even impossible, to secure a down payment because they do [not have family members who can provide significant cash assistance](#). While some respondents observed that parents offered some financial support, it fell significantly short of the financial support many White homebuyers, especially first-time buyers, receive from family.

Thus, many Latinos start their homeownership journey with less economic support and reserves than they need to leverage their homes for wealth accumulation.

This can be a major barrier to homeownership in general. As one housing industry professional notes,

"The bigger [problem](#) is that young Americans who don't have family money are often shut out of homeownership," Fairweather of Redfin wrote in a recent report. **"They don't have a pot of family money to dip into. This contributes to wealth inequality and often prevents young people from gaining economic ground on**

their peers who come from more privileged backgrounds."

For many Latino respondents, receiving help to buy a house often involved multiple people, some of whom also lived with them, which allowed for shared housing costs. Many found it impractical to buy a home alone or with their partner. One Latina described how she, her husband, and her daughter all work, and it was only through "...a combination of incomes" that they could secure a mortgage.

A Latina described her family's economic situation, reflecting a narrative shared repeatedly by many respondents.

"In my house, we have a joint account, so from that account, we pay for things like water and electricity. There's no 'yours' and 'mine', it's all the same. Right now, I don't work, but when I was working, my money always went into that account. For example, my older children, one takes care of paying the electricity bill and the other the water bill. We all contribute to groceries."

This situation raises the question of how eventual equity in the home is shared. When multiple families or individuals live in a house and contribute to the cost of homeownership, it creates the potential for distribution of the shared equity. Allocating such equity among several families can dilute the wealth accumulation potential for all. The arrangement of shared living and cost-sharing is common in the Latino community. Therefore, it is both a facilitator of homeownership and a barrier to wealth accumulation.

Once a potential buyer has their down payment, the complicated steps to secure a mortgage come next. The lack of information about how to negotiate with real estate agents and banks and who to trust can, and often does, produce financially risky situations. One respondent's story of buying a home without significant information about the process and how to protect your self-interest can be treacherous and almost cost her everything. These situations underscore the need to couple financial literacy with "home buying and homeownership literacy."

High [mortgage denial rates, insufficient down payments](#), and the prevalence of [non-conventional mortgages](#) are common challenges faced by Latinos. However, even when they successfully obtain a mortgage with favorable terms, the financial complexities often result in them owning a home with little to no equity. Starting without equity is a significant obstacle to building wealth through homeownership. The story of one suburban homeowner vividly illustrates this situation.

"We were able to buy a home at a good rate, no down payment, no closing costs, and we even left the closing with a \$300 check."

When asked how they had no out-of-pocket expenses, she explained that they had two mortgages, which meant all costs were covered. Another way to view their situation is that they had no home equity. When asked what they would do if they needed a new roof or other major repairs, she responded, “If we couldn’t refinance and take money out of the house, we would have to find another loan.”

Finally, because many Latinos are often the first in their families or social circles to purchase a home, they are established as trailblazers, and, therefore, they frequently lack an accessible network for information. As trailblazers in this area, they may make costly errors due to the insufficient detailed information necessary to prioritize their personal and financial best interests. The lack of knowledge about how to navigate the rough terrain of purchasing a home, being unaware of significant “not-so-obvious costs” (e.g., closing costs), not budgeting for the need to furnish a house, and facing continually increasing taxes and utility costs, often at unanticipated rates, puts many Latino buyers in a position where they must take on more debt.

One young couple in an interview described how it would take them three years to pay off the credit card debt from buying appliances, furniture, and necessities like a mattress. As the respondents noted, they didn’t budget for furniture, appliances, or closing costs. They had no one to help create a checklist with them, which forced them to take on additional debt.

The Cost of Owning a Home: A Barrier to Wealth Accumulation

As documented in earlier sections of this report, many Latinos can purchase a home and not be housing cost-burdened. However, all too often, that does not translate into accumulating equity and wealth nor necessarily allows them to leave money to their children. Respondents expressed numerous concerns about the high cost of homeownership, noting that they often have to borrow to pay for home repairs or maintenance or else forgo all but the most essential. When they do the essential repairs or maintenance, they often refinance their homes if they have equity or look for alternative loans.

Respondents referred to deferring repairs or needed upkeep, but they “...did what they could.” Many respondents talked about the difficulty of having enough money to maintain a home. As one person so aptly noted:

“When you begin homeownership with little to no equity and a lot of bills related to moving into your home, you start at a disadvantage.”

The following [story](#) provides a vivid example of why accumulating wealth is challenging, if not impossible, for many Latino homeowners.

“King...and her husband...make about \$115,000 a year. Still, she says, the \$2,200 monthly mortgage payments will be a stretch

for their budget after the \$1,500 a month they spend on childcare for their two young children.

“My husband and I never thought we could buy a house, especially with daycare. It’s so wildly expensive and impossible to save any money,” she said. **“The only reason we were able to afford this is because of the state it’s in—no A/C, no dishwasher, with a septic tank and a well.”**

So Why Buy a House?

City and Suburbs: Stability & Family Gatherings

When asked why they purchased their homes, whether in the city or the suburbs, no respondent mentioned investment, rising property values, or the opportunity to build savings and achieve favorable economic returns. If homeownership is viewed as a means to build wealth and pass it down to future generations, it is not widely understood among many Latino homeowners. Instead, they emphasized other reasons for buying a house and selecting their current locality.

They, too, talked about the idea that you have space, family can gather, and their children have consistent education. As one respondent noted:

“[I] moved so much as a kid that my education suffered. I was not going to let that happen to my kids. We own the home and we will not sell, where would we go? It needs work and we cannot afford to do the work but we live with it and it’s OK.”

One Latina’s story highlights the importance of stability as a reason to buy a house.

“...my memory of moving a lot had to do more with my mom not being able to afford housing, feeling pretty bad and seeing her feeling a lot of despair and sadness regarding she couldn’t come up with the rent and would have to leave and not finish paying her rent for the month or two, and feeling really bad about it... And it was very difficult. And because, you know, I had to give up a lot of my little things that I had, you know, some things we just had to leave behind and couldn’t take them with. I just want to raise my kids in a home where we don’t have to move, like, where I could just raise them.”

City of Chicago vs. Suburbs

The city of Chicago has many advantages. It is walkable and dense with jobs, community resources, grocery stores, public transportation and other amenities. Participants in the community forums who live in the city were very clear about the advantages, especially those related to public transportation. The three quotes below illustrate this point.

“I like the easiness of transportation in the city. Many people don't need to drive their vehicles, there are trains, buses. That's what I like about the city.”

“Likewise, I believe public transportation in the city is more affordable. You can move more easily and economically from one place to another.”

“If you live in the city, there are stores you can walk to compared to the suburbs where you have to drive everywhere.”

Those who prefer suburban living cite the quality of life, better schools, safety, and closeness to family. It's not surprising that the decision to choose the suburbs for family reasons is prevalent, given that over 50% of Latinos in the Chicagoland area live there. A Latina mother of three who moved from the city to the suburbs summed the importance of the safety issue that most participants talked about.

“It is so nice in the suburbs, it is quiet. We do not constantly hear sirens or gunshots. My kids can go out and play, and I do not worry.”

She also complained about no Mexican grocery stores near her, requiring her to shop in the city for what she needed.

At the same time, living in the suburbs had its downsides. Respondents often mentioned the lack of public transportation. Several participants in community forums voiced concerns about the absence of sidewalks and ethnic food stores. The difficulty in finding essential ingredients for their traditional cooking meant some suburban residents had to either travel to nearby suburbs with ethnic stores, like Cicero, or head into the city to obtain what they needed staples.

Better Schools in The Suburbs, But That Does Not Always Translate to Inclusion

“Many a Latino parent has felt the shroud of racial prejudice hovering over their children.”

Hector Tobar, Our Migrant Souls

In the community forums and interviews, the importance of schools and opportunities for their children was a looming theme. Many buyers were concerned about living in a place with better schools. They envisioned their children having more opportunities in a better school district. However, what was discovered is that the opportunities for less affluent families in more affluent school districts differed significantly from the opportunities for families in school districts with less economic diversity or inequity.

Unlike many school district boundaries in the city of Chicago, suburban school district boundaries are often large and economically diverse and include both low and high-income households. Thus, suburban Latino students and parents are potentially exposed to different opportunity sets than students in more homogeneous districts.

In a suburban school district without significant economic diversity or inequity, one mother noted that the suburban school extracurriculars were better than those they experienced in Chicago. She noted that the costs were reasonable, and she was glad her kids had opportunities. In the particular south suburb where she lives, she noted that no child was excluded from activities because their family could not pay the fees; it was affordable and reasonable for almost all, and the school seemed to ensure no student was left out of participating in extra-curricular activities if they could not pay the fees. Moreover, she was pleasantly surprised that the school cared for all the students and that she and her children were not experiencing prejudice or discrimination.

Like many other respondents, she noted that there was a community of moms who helped each other, whether it was giving a ride to someone, feeding them when they came to play, or taking care of a child if one or both parents were stuck at work, in traffic, or just not able to make a pick-up on time. Respondents described it as being part of a community where you and your family are made to feel welcome, and you do not feel isolated or left out. This was important to many respondents; they wanted it for themselves and their children.

In contrast to the Latina who reported that her more economically homogeneous school district fostered a community where children were included and parents supported one another, the following captures a recurring narrative shared by parents in economically diverse school districts.

“They don’t have friends, but they have acquaintances at school. We go to the park, and they like to say hi to everyone play with everyone. But sometimes it depends on the kids; some give them a stink face, and others want to play. It’s better if they play among themselves.”

The respondents reported how much they liked living in their community, although, for many, it was barely affordable. They reported feeling at home and part of their community. Their children could attend school in a well-funded, highly-ranked district offering many extracurricular options. On initial consideration, this was a positive. However, respondents told us discrimination, differential treatment, and the inability to afford extra-curriculars described their experiences with the school district. In other words, the parents liked their community but had a less positive attitude toward the wealthy school district to which their lower-income suburb belonged.

One mother’s story captures what a number of respondents communicated.

“I have felt racism at school. The kids in the school are mostly White. Even with the teachers, there are teachers who discriminate against Latino kids. They don’t give the same treatment as the White kids. The district also did something like a community discussion where they asked why we felt that way, if we had an experience like this. The principal of the school, I told her that it shows, if a White child comes in they are given attention right away. But if a Latino child arrives they are told wait till

they can back to them. But still, it’s something that we have to live with. These things that happen to you, is part of being a Hispanic that lives here. I’m used to that treatment, but I try to avoid but I try to prevent them from experiencing it, my children. It’s not that I forbid them to play with other kids, but I try to teach them if you feel like this, it’s better to stay away. With my one son the school called me because he threw something at a White boy, the White boy took his ball. My son should not have thrown something at him but they only called me not the White boy’s mother and it is only my son who has it on his record.”

Latino parents reported that because of the fees and other expenses the school requires parents to pay, their children could not take advantage of all the school district offers. One mother told us that her child wanted to play sports, but she could not afford the school fees.

“Yes, it’s expensive. They would like to be in soccer, on a school team. But they charge too much, so we’re just looking for a Boys and Girls Club, maybe they can accept them.”

While the respondents admitted the school their children attended was good and the education was good, there was a heightened awareness that their children were not treated the same and were not afforded the same opportunities, something they did not know how to rectify.

While moving to a community with good schools was a priority, it is clear that not all parents and students benefit equally from the schools. That opportunity gap bothers the parents, but too many are not socially or economically equipped to change the situation.

SECTION 3

Future Research

When taken together, the quantitative and qualitative data on the Latino housing situation, especially homeownership, in the region challenges us to design a more comprehensive approach to advocacy and policy related to housing. We must understand and address the broad quantitatively derived economic and mobility trends associated with renting, buying, and maintaining a home. However, that is only part of what should inform the policy process. The lived experiences of renting, buying, owning, and maintaining a home are complicated and not well represented in the quantitative data. The data on that lived experience must also be infused into the policy process if the policies are to successfully address the barriers facing Latinos. The policy areas and directions recommended below are based on analyzing and conjoining the quantitative and qualitative data.

However, before discussing policy directions, it is important to highlight areas and issues requiring additional study but also immediate attention to their importance as advocacy and policy priorities and strategies are designed and implemented.

Transportation and Jobs

An overlooked aspect of housing is the degree to which a home location provides access to jobs and shorter commute times. Both significantly factor into the costs of owning a home or renting, as the costs of owning a car and driving a far distance to work can negate any economic benefits of owning a home in the first place.

Participants in the community conversations talk about the difficulty of transportation in the suburbs.

One Latino noted:

“{An} advantage of living in Chicago might be public transportation, here, what's really hitting us is the cost of gasoline. [So you drive to work?] Yes, there's no public transportation to get to work, and if there is, it only runs for a certain time, and you have to walk half an hour to catch the bus.”

Another Latina describes the exhaustion of having to walk to work because the other options are too expensive.

“I used to drive half an hour from my house to work and back. I work here at a store. But we only have one car, my brother and I use it to go to work. And well, Uber is expensive for a one-way trip, \$20 – \$25 or more, so I walk. I leave 45 minutes earlier, and even though I arrive tired, I go.”

Our analyses show no significant correlation between areas with increases in Latino homeowners and travel times to work. Although travel time to work is a challenge for many Latinos, particularly those in far-flung suburbs, no discernible trend in the data would point to growth in Latino homeownership necessarily coming at the expense of commute time.

Proximity to transit is a critical feature that can mitigate the costs of commuting to a job. When examining population trends relative to transit-served areas, i.e., living within a mile of a train station, we find that Latinos showed the highest growth of any other group within a station area over the past decade. Whereas both White and Black populations living within proximity to a train station declined between 2010 and 2020, the share of the Latino population living near a transit station increased from 20% to 23%¹⁹, a positive finding provided that the region's transit system is well-funded and functioning.

Immigrants and Refugees

It is important to emphasize that not all immigrants are Latino and that not all undocumented immigrants are Latino. However, by concentrating on Latinos, we can gather information and insights that can serve as catalysts for creating and implementing housing policies and options that benefit everyone. Although immigrants participated in the focus groups and interviews, the data on immigrants and housing was not a primary focus of this report. However, we did learn some things that support committing to additional and more purposeful research, analysis, advocacy, and policy development related to immigrants and homeownership.

19 Data from 2000 and 2020 Census

One consistent theme was that one of the most significant barriers to homeownership for immigrants is being able to secure a mortgage, and for those who are undocumented, in a mixed-status household, or otherwise, using an Individual Taxpayer Identification Number (ITIN)²⁰ is extremely difficult, if not impossible for many to secure a mortgage.

One community participant in the suburbs noted:

“Because we don't have a work permit, we also have to deal with that problem. It takes away the opportunity to look for housing. If your finances are not very good, you are not going to be able to make the down payment that they want with an ITIN number.”

Research detailing the housing options for the new arrivals of immigrants, migrants, and asylum seekers from Latin America is needed. The shrinking availability of affordable housing and the increasing demand for stable, safe housing justifies more focused work on immigrants and housing. That work can catalyze the opportunity to develop policies, programs, and initiatives that hopefully result in fairer and more equitable access to housing for all.

Displacement and Gentrification

Displacement and gentrification and their intersectionality must be thoroughly examined in light of the data presented in this report. A more robust regional analysis of how gentrification and displacement function to support and reify continued segregation in the Chicago region must be undertaken. Our preliminary analyses show that Latino homeownership growth is greater in areas not facing displacement pressures and growing less in the city of Chicago.

Displacement is likely an important driver of Latino mobility and homeownership decisions, but more work is needed to fully understand its true impact. Through such analyses, the policies, incentives, and programmatic solutions designed to mitigate and address the continued housing segregation can best be developed and implemented.

Policy Considerations

This section outlines key policy considerations that have the potential to improve home affordability for Latino populations. These range from direct education and economic assistance to incentivizing housing development near transit, which could help reduce both home and transit expenditures.

1. *Homebuyer and Financial Education Paired with Down Payment Assistance and Enhanced Access to Credit*

Policies focusing on economic education need to extend beyond just financial literacy and credit score education; they must also include improved access to credit, beneficial financial products, and down payment assistance. Such programs can be vital in informing homebuyers, particularly first-time buyers, about all facets of the home buying process, including the “less obvious costs” (e.g., closing costs) and the ongoing expenses expected to rise over time. Funding for these programs is essential. Nevertheless, they are insufficient on their own. State funding must prioritize homeowner education strategically aligned with down payment assistance and access to competitive lending products. Bridging the lending gaps between White and Latino households necessitates Federal and State policies that encourage fair lending and reward lenders who broaden their offerings to Latino families.

2. *Economic Assistance to Renters Wanting to Buy*

The continual increase in rental prices often poses a barrier to saving for homeownership. Policies that offer rental assistance can benefit many individuals striving to purchase a home. The Urban Institute estimates that

...“there are 14.5 million renting households who are potential first-time homebuyers who might benefit from assistance. These households are in the prime homebuying age range—ages 25 to 54—and earn less than 150 percent of the area median income (AMI)²¹ but more than 40 percent of the AMI, as there are very few homebuyers below that income level.”

Targeting assistance to the 14.5 million households, of which 31% are Latino, is a step toward helping more first-time buyers transition from renting to owning so that they may access some of the economic benefits associated with homeownership.

²⁰ The IRS defines ITIN as “However, because suburban community boundaries do not necessarily define school districts, with some districts serving both high and lower income communities. Some serve wealthy and not-so-wealthy communities. The economic diversity of homeowners and renters who live in a suburb with a large Latino population, where there are more renters and home values are far below those in the other suburban areas with whom they share a school district, means that the experiences of less economically advantaged the poorer Latino students and parents, as well as the opportunities, were orthogonal to those of Latino parents and students in more economically homogeneous school districts.

²¹ Area median income—often referred to as simply AMI—is a key metric in affordable housing. Area median income is defined as the midpoint of a specific area's income distribution and is calculated on an annual basis by the Department of Housing and Urban Development. HUD refers to the figure as MFI, or median family income, based on a four-person household.

3. Low-interest Loans For Home Maintenance and Repairs

A common theme in community forums and interviews was the cost of repairing, renovating, and maintaining a home, particularly when it involves significant expenditures (e.g., a new roof or a new heating and air conditioning system). Many buyers have little or no equity in their homes, limited access to extended family members who can provide substantial cash, or they may opt to refinance and cash out the equity. Therefore, accessing very low-interest loans for renovations or repairs—such as for a flood control system or a roof—would be beneficial in avoiding the need to refinance. As one respondent explained, access to low-interest loans that do not require cashing out equity helps prevent extending a 30-year mortgage into a 50-year mortgage.

4. Housing Production, Particularly Near Transit

Housing production, especially affordable housing production, is a crucial element in addressing housing affordability. While the City of Chicago is currently launching an initiative to streamline the development of affordable housing, these efforts need to be expanded throughout the entire region. Key components should include incentives for development near transit, relaxed zoning regulations, and a more efficient permitting process for affordable housing.

Conclusion

Recognizing that homeownership is one path for closing the wealth gap, this report calls for developing policy solutions that facilitate closing the Latino wealth gap through homeownership. Policies must accurately address the barriers to and challenges many Latinos face regarding homeownership.

The story of Latino homeownership is complex and nuanced. The policy recommendations in this report aim to address some of the complexities and nuances. They aim to facilitate an increase in the number of Latinos who can buy rather than rent, provide equitable access to lending, enhance the availability of affordable housing, and address the costs of maintaining a house without falling into an endless cycle of debt. Beyond the ability to purchase and maintain a home, it is essential to prioritize policies that promote easy access to good jobs and reliable, affordable public transportation.

Appendix

Background Work

The analysis for this project is grounded in an extensive literature review in sociology, public policy, political science, and urban studies. In addition, a wide range of local, state, and national reports provided background information that helped shape this project. Governmental entities (e.g., The State of Illinois), think tanks (The Pew Foundation, The Brookings Institution), university research institutes (e.g., The Urban Labs at the University of Chicago), or foundations (e.g., The Chicago Community Trust) published these reports. In addition, the issues and concerns highlighted in this report are grounded in knowledge gathered through the policy and advocacy work of the Latino Policy Forum and the research and policy work of the Metropolitan Planning Council.

Quantitative Data

All analyses in the report used data from the 2000 US Census, the 2020 Census, and the 2017 and 2022 American Community Survey one-year estimates.

The analysis related to Figure 1 calculated “affordability” using the following method and variables. First, the median family income for the seven-county region was calculated for White, Black, and Latino families using data from the 2000 Census and 2022 ACS. Next, for each census tract, 2000 and 2022 yearly homeowner costs were calculated by multiplying median owner monthly costs by 12, and yearly rental costs were calculated by multiplying median gross rent by 12. Finally, each tract was coded as affordable if monthly rental or owner costs were equal to or less than the 30% of median family income for each demographic group.

Qualitative Data

In addition to the quantitative analysis, we conducted community conversations and interviews with over 50 suburban Latinos and 20 Latino Chicago residents. Those interviews were conducted in both English and Spanish by bilingual interviewers and note-takers, who transcribed all notes into English. The quotes and notes were then coded following the best practices for analyzing qualitative data.

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