



ISSUES AND IDEAS

Opportunities, Challenges, Lessons



Henry Cisneros



Pedro Marin



Raul Yzaguirre

PHOTOS BY SEAN BENNETT

Defining the New Americana: Latinos' Growing Presence

BY JULIE KURZWEIL

“Latinos are 20 different countries but are very diverse. Some have been in the country before it was a country, some just arrived recently. To some, salsa is music; to others, salsa is a sauce. No matter where we are from, we are Americanos defining the new Americana.”

These words of Pedro Marin, a Georgia state representative and one of its first Hispanic lawmakers, highlight the diversity of the U.S. Latino population and the opportunities for positive change in Latino communities. Marin, a native of Puerto Rico, addressed 150 community development professionals, business representatives, and community leaders at the Neighborhood Reinvestment Training Institute in Atlanta during a symposium, “The New Americana: Impacts of the Increasing Latino Presence in Housing and Community Development.”

The symposium was sponsored by State Farm Bank, State Farm Insurance Companies, PMI Group, Freddie Mac, Martinez Communications, and Florida State Hispanic Chamber of Commerce. Event endorsers included Atlanta Neighborhood Development Partnership, Georgia Hispanic Chamber of Commerce, International City/County Management Association (ICMA), Hispanic Network, Latin American Association, National Council of La Raza, National Hispanic Housing Council, and The Coca-Cola Company.

The growing presence of Latinos in the United States demands careful attention from those in the housing and community development field as well as policymakers, public officials, and even marketers. Although the U.S. Hispanic population is experiencing tremendous growth – skyrocketing 58 percent between 1990 and 2000, according to the U.S. Census Bureau – it lags behind in many socioeconomic indicators. The symposium focused on exploring vanguard approaches and solutions to addressing the needs of the

growing and diverse Latino population.

Setting the tone at the opening plenary, Don Phoenix, director of the Southern District of Neighborhood Reinvestment, remarked that the growing Latino population, now the largest minority group in the United States, presents a “diversity of culture, custom and character, but also a diversity of challenges – economic, education and home ownership. We hope this symposium will provide new strategies, new approaches to addressing some challenges within our communities.”

Another speaker at the opening plenary, Rodney Fernandez, executive director of **Cabrillo Economic Development Corporation**, a Saticoy, California, NeighborWorks® organization, challenged symposium participants to think outside the box in finding new and better ways to address the needs of the growing Latino population in this era of change.

The Latino Home-Ownership Gap

Citing a significant gap between Latino and non-Latino white home-ownership rates, luncheon keynote speaker Henry Cisneros, former U.S. Secretary of Housing and Urban Development and now chairman and CEO of American CityVista, called for policies and practices to aggressively address Latino housing needs.

Cisneros presented statistics that show that no other population will grow at the rate at which the Latino population is growing. However, a significant gap in the home-ownership rate of Latinos in the United States persists. According to *State of the Nation's Housing: 2002*, while the overall home-ownership rate in the United States is at a record-breaking 68 percent and the non-Latino white home-ownership rate stands at 74.2 percent, the home-ownership rate for Hispanics is 46.4 percent. The rate for non-Latino blacks is 48.4 percent.

Reflecting on the need to increase home ownership among Latinos, Cisneros remarked, “It’s virtually impossible to articulate how strongly I feel about the need to supply production of housing and financial products – [such as] mortgages [and] credit counseling. ... Housing is much more than a strategy of shelter – it is the beginnings of the accumulations of wealth.”

Cisneros presented a number of strategies for including Latinos in the nation’s housing system, such as:

- ▶ Housing advocates deciding as policy and

practice that they will aggressively address Latino housing needs;

- ▶ Educating Latinos about the financial prerequisites for homebuying;
- ▶ Increasing bilingual staffing and efforts in cultural understanding; and
- ▶ Creating new support systems to provide ongoing financial planning and counseling.

Raul Yzaguirre of the National Council of La Raza emphasized increasing home ownership among Latinos as not only the key to building intergenerational wealth, but also as a key to building credit histories, building community pride, promoting dignity, and in general, increasing social capital.

Yzaguirre noted that one of the challenges in serving the Latino community is the segregation and discrimination that still exists, which have contributed to Latinos having one of the lowest home-ownership rates. Compounding the challenge of overcoming these barriers, he said, is the scarcity of Latino-devoted community development corporations (CDCs). Thus, it’s critical that CDCs refocus their efforts at serving the Latino community and explore new ways to meet the challenges, he said.

In a breakout session on “The Dream of Home Ownership in Latino Communities,” Christina Diaz-Malone, business development manager at Freddie Mac, discussed some of the obstacles to Latino home ownership, such as lack of education about the homebuying process, lack of down payment, lack of affordable housing, and language barriers. She offered some remedies for addressing these challenges, including seeking new ways to communicate with the Latino population; translating marketing materials so they are straight-forward and easy to understand; and partnering with local groups such as churches and local municipalities.

Education Is a Key

Education is a key piece of the puzzle in closing the Latino home-ownership gap, and it has several components: educating Latinos in our communities, educating those who serve them and those who market to them, and educating public officials.

Cisneros advocated that we need to invest in financial education of Latinos to create the market for the long run; specifically, educating Latinos about the financial prerequisites to home ownership and the credit-record preparation that is involved. Research has shown that Latinos lack confidence



Isabel Valdés speaks at a breakout session.

PHOTO BY SEAN BENNETT

about the homebuying process; providing greater education upfront can help to increase Latinos' confidence and help them realize that the dream of home ownership is within their reach.

A success story on the benefits of educating Latinos on home ownership was presented at the breakout session on "The Dream of Home Ownership in Latino Communities." One of the panelists, Lupe Hernandez, home-ownership manager for **Neighborhood Housing Services of Orange County**, California, described her organization's efforts at Latino home-ownership education, in an area that has a median home price of \$407,000.

For NHS of Orange County, Hernandez said, the key to increasing home ownership among Latinos is through education and getting involved and networked within the community to reach these potential homeowners. To accomplish this, NHS goes out into the community – to PTAs, churches, and even to large employers – to conduct short homebuyer orientation sessions. Additionally, it offers full, eight-hour homebuyer education seminars in both Spanish and English. NHS's efforts have paid off. Of the 670 families that recently received homebuyer education, 237 became homeowners. NHS sees only a 2 percent delinquency rate among homeowners. Part of a key to this success is postpurchase counseling.

In an effort to provide education and training to

Latinos and those serving Latino communities, Neighborhood Reinvestment is translating more of its home-ownership courses into Spanish. The course "Homebuyer Education Methods: Training the Trainer," for example, will be offered in Spanish at the August 18-22 training institute in Washington, D.C.

We must educate ourselves and those serving Latino communities not just about the Spanish language but, just as importantly, about Latino culture. This is a prerequisite for addressing the needs of Latinos as well as marketing to them. According to Isabel Valdés, author of *Marketing to American Latinos: A Guide to the In-Culture Approach*, we must educate ourselves on the cultural sensitivities and cultural imperatives among Latinos, such as the importance of family unity, when creating a marketing message targeting Latinos.

Public officials should also be educated for the future. According to Yzaguirre, "The most important challenge is convincing the public, the Congress, and the administration that our work is worthy of their attention. More important than a tax cut, it is the best homeland security measure we can invest in. Nothing protects like safe, vibrant neighborhoods where families own their own homes."

Partnering and Beyond

The importance of developing strategic part-



nerships was echoed throughout the day in symposium breakout sessions. Cisneros suggested that housing advocates build new support systems by developing working relationships with community organizations. To ensure access to the best and most effective resources, community development organizations that work with Latino populations should consider partnering with organizations such as government agencies and Latino community development credit unions, as well as lenders and banks.

However, it is important for organizations serving the Latino population to choose partners strategically. During the breakout session on Latino home ownership, Cynthia Allison, affordable housing manager at PMI Mortgage Insurance Company, said organizations should seek partners that have a passion and vision in line with that of the organization. For these partnerships to be effective, organizations must work to build trust among partners.

As with most community development issues, no one-size-fits-all approach exists for dealing with the housing and community development needs of Latinos. Each community has different needs, and communities thus should use multiple tools to address them.

Several creative approaches emerged from the breakout sessions:

- ▶ Go “back to basics” by focusing on traditional resident leadership to influence public policy;
- ▶ Challenge conventional banks to create products and services that meet the needs of both documented and undocumented customers;
- ▶ Explore use of non-traditional (alternative) credit, such as utility bills; and
- ▶ Explore use of individual taxpayer identification numbers (ITINs) in lieu of Social Security numbers as verification for undocumented workers seeking to buy homes.

The symposium concluded with a productive and insightful town hall session in which participants discussed lessons learned from the various breakout sessions and debated some of the hot issues affecting Latino housing and community development needs. ■

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For additional resources, please visit www.nw.org and click on Community Development.

The Power Is in the Numbers

The number of Latinos in the United States has skyrocketed to 37 million. This explosive growth comes hand in hand with increased marketing, economic, and purchasing power of Latinos. According to *Hispanic Business* magazine, the purchasing power of Hispanics in 2002 reached \$540 billion. And the influence of Latinos on the U.S. economy will continue to grow – their purchasing power will reach \$1 trillion in 10 years. It is abundantly clear that the influence of the Latino market cannot be ignored.

In a sign of the times, Proctor & Gamble Company for the first time aired an advertisement in Spanish on national television during prime time. The ad, for toothpaste, aired during February’s Grammy Awards, and showed that marketers are experimenting with new ways to reach the growing Latino population.

Latinos will be the reason many industries continue to grow, according to Latino symposium keynoter Henry Cisneros, former U.S. Secretary of Housing and Urban Development. He called their market power a win-win situation for businesses and the Latino community. As an example, he cited Toyota’s recent announcement of its decision to locate a new plant in San Antonio. Toyota benefits from this location, Cisneros said, because of the strategic proximity to a large U.S. Latino market as well as to Mexico. At the same time, San Antonio will benefit from the addition of new jobs in a relatively low-income part of the city. Without Latinos, said Cisneros, by 2010 the auto market will be flat, but adding them will result in the market’s growth.

Although Latinos number 37 million, they are an extremely diverse group, and the same marketing message is not appropriate for all Latino consumers. During one of the symposium’s breakout sessions, “Marketing to Latino Communities,” Isabel Valdés, author of *Marketing to American Latinos: A Guide to the In-Culture Approach*, discussed the various Latino population segments and the importance of tailoring messages appropriately when marketing to them. ■