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NAHREP: Immigration reform would boost housing

Industry group says increased demand could boost real estate commissions by \$28B over 5 years

By: Teke Wiggin – May 20, 2013

Proposed immigration reform could pump more than half a trillion dollars into the U.S. economy by paving the way for about 3 million Hispanics to buy homes over a five-year period, according to an estimate released by the National Association of Hispanic Real Estate Professionals (NAHREP).

In addition to generating \$500 billion in home sales, income and spending, immigration reform would also create demand for an additional \$233 billion in loan origination fees, real estate commissions and consumer spending associated with homeownership, NAHREP said.

Real estate agents would collect an additional \$28 billion in commissions as a result of home purchases sparked by immigration reform, NAHREP estimates.

NAHREP said it based its projections on updated data and methodology used for a 2004 study, “The Potential for Homeownership Among Undocumented Workers.”

“Foreign-born householders have a high value and strong desire for homeownership,” NAHREP President Juan Martinez said in a statement. “They have been here in our midst for years, working and participating in our economy. Legitimizing them through immigration reforms would finally give them the access and the confidence to buy homes.”

Hispanic buyers are a significant and growing source of demand for housing. The number of Hispanic homeowners grew 58 percent between 2000 and 2012, from 4.24 million to 6.69 million, compared with a net increase of 5 percent for the remainder of the U.S. population, according to a report released by NAHREP in March.

Researchers with the Joint Center for Housing Studies of Harvard University have documented how a sharp decrease in immigration — coupled with a decline in household formation, particularly among those under age 35 — helped keep a lid on household growth between 2007 and 2011.

NAHREP estimates Hispanics accounted for 51 percent of all household formation in

2012, generating 355,000 new households. In 2010, 10.4 percent of all U.S. homeowners were Hispanic, NAHREP reported.

Alex Nowrasteh, an immigration policy analyst at the Cato Institute, said that the role of immigration in real estate prices is “an often ignored component” of the housing market.

For example, he said that immigration laws passed in Arizona in recent years exacerbated the state’s housing collapse by sweeping undocumented workers out of their homes. Though most undocumented workers rent, both renter and homeowner vacancy rates shot up after passage of these laws, helping to drive down home prices, according to a paper he authored on the topic.

NAHREP’s recent estimate, which assumes that past purchase trends among foreign-born householders will remain consistent, predicts that about 6 million of 11 million undocumented workers would pursue legalization. Of those, up to 3 million would seek to purchase a home after obtaining legal status, NAHREP said.

Many foreign-born, undocumented households have age and income characteristics associated with homeownership, NAHREP said. With incomes averaging about \$40,000 a year, up to 3 million could afford homes worth \$173,600, the national median sales price of a home, the trade group said.

“If we can get past the anti-immigrant sentiment that has so strongly colored the national conversation around immigration reform, we will see just how much our U.S. economy has to gain by legitimizing these people,” Martinez said.

Opponents of more lenient immigration policies say that an influx of new citizens could strain programs like Social Security and Medicare, although those claims are hotly debated.