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Minority homeownership suffers in latest trend

By Matt O'Brien
Contra Costa Times

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Minorities gained the most but now have lost the most from a historic homeownership boom that turned to a bust.

The number of Americans who own their homes rose to 69 percent in 2004 from 64 percent in 1994, the fastest growth since just after World War II.

During that recent housing boom, "minorities and immigrants were key parts of the story line," chipping away at long-standing racial and ethnic housing disparities, said Rakesh Kochhar, a researcher with the Pew Hispanic Center.

But as the economic crisis caused homeownership rates to drop back down to 67.8 since 2004, African-Americans

and native-born Latinos were the hardest hit, eroding some but not all of the gains they made in the past 15 years, according to a report released Tuesday by the center.

Subprime lending, according to the study, helped fuel the rapid growth in minority homeownership while also contributing to the foreclosure crisis and subsequent homeownership declines.

While the racial and ethnic gaps in ownership are not as great as they were a decade ago, a substantial disparity remains and has begun to widen again since 2004. Almost 75 percent of whites owned homes in 2008, compared with 59.1 percent of Asians, 48.9 percent of African-Americans and 47.5 percent of Latinos.

The impacts of what Pew researchers describe as a boom-and-bust "rollercoaster" have been especially felt in places such as Contra Costa County.

About half of African-Americans and Latinos who bought or refinanced a home in Contra Costa County in 2006 took out "high cost" loans, meaning the loans were most likely subprime, while about 14 percent of their white counterparts took

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out high cost home loans that year.

The trends documented by the Pew center correlate with what local housing advocates say they have witnessed in the East Bay. Apolonio Morales, an organizer with the Contra Costa Interfaith Supporting Community Organization, said that local African-Americans and Latinos were more likely to be targeted for higher-priced loans and received higher interest rates than what white residents were asked to pay.

"It put them even deeper in the hole," Morales said. "Traditionally, these folks were never given credit and — out of nowhere — they were allowed to buy homes."

Contra Costa County's homeownership rate was 72 percent in 2008. Seventy-seven percent of the county's white residents owned homes, compared with 66.8 percent of Latinos and 45.8 percent of African-Americans.

The county reported a 5.5 percent foreclosure rate last year, numbering 28 out of more than 3,100 counties nationwide.

After analyzing housing trends in regions

throughout the country, Kochhar said that counties with a high proportion of immigrants are more likely to have a high foreclosure rate, but he also said that immigration is not necessarily a cause of that trend. A confluence of economic factors such as high housing costs, high unemployment rates and a prevalence of subprime lending play a greater role, Kochhar said.

Alameda County, which was not included in the Pew report, had a homeownership rate of 57.5 percent last year. Nearly 66 percent of the county's white residents owned homes, compared with 52.3 percent of Latinos and 34.2 percent of African-Americans.

The county reported a 3.1 percent foreclosure rate last year to rank 89 among counties nationwide.

Immigrants, though far less likely than native-born residents to own homes, appear to have deflected some of the recent crisis.

"Losses for immigrants in recent years have been modest compared to the native-born," Kochhar said.

The homeownership rate of Latino

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immigrants nationwide rose from 36.9 percent in 1995 to about 44.7 percent today. Foreign-born Latinos maintained relatively steady rates of homeownership in recent years as other groups saw sharp declines.

Kochhar said that after a few decades living in the United States, immigrants integrate into the American economy and become more likely to own a home.

"If you were to take a group (of immigrants) about 30 years old in 1995 and looked at them today, you'd find they're 40-something, they've advanced in their careers," he said. "They're much more likely to be homeowners."

The full report is available at pewhispanic.org/.

Staff Writer Chris Metinko contributed to this report. Matt O'Brien covers immigration.

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