

2017

ANNUAL
report

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acknowledgements

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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.

table of contents

1	Executive Summary	p. 4
2	Homeownership	p. 8
	2.1 Overview of Hispanic Homeownership	
	2.2 Requirements to Achieve Component Goal #1	
	2.3 Key Tactics	
3	Entrepreneurship	p. 12
	3.1 State of Hispanic Small Business	
	3.2 Requirements to Achieve Component Goal #2	
	3.3 Key Findings	
4	Savings and Investment	p. 15
	4.1 Overview of Hispanic Participation in Non-Cash Financial Assets	
	4.2 Requirements to Achieve Component Goal #3	
	4.3 Key Tactics	
5	NAHREP-Supported Initiatives	p. 17
	5.1 Homeownership Commitments	
	5.2 Entrepreneurship Commitments	
	5.3 Savings & Investment Commitments	
6	NAHREP-Driven Initiatives	p. 19
	6.1 Homeownership Commitments	
	6.2 Entrepreneurship Commitments	
	6.3 Savings & Investment Commitments	
	6.3.1 NAHREP 10 Disciplines	
	6.3.2 1,000 NAHREP Millionaires	
7	Federal Policy	p. 21
8	Conclusion	p. 21
9	End Notes	p. 22

Overview

In 1931, James Truslow Adams coined the term “American Dream” in his book *The Epic of America*. Since that time, the notion of an American Dream has permeated American culture with the ideal that the country is indeed a place of “opportunity for each according to [their] ability or achievement.” However, the cognitive dissonance between the concept of the American Dream and the actual ability to achieve it is the impetus behind the Hispanic Wealth Project.

Today, Hispanics are responsible for a majority of the U.S. population growth, its small business starts and homeownership gains. Hispanics are fueling the U.S. economy and actively contributing to its achievements and doing so despite an unequal economic playing field. Hispanics are an increasingly vital constituency within the U.S. and their economic success is of critical importance to the country overall. The Hispanic Wealth Project seeks to level the playing field so that Hispanics have an equal opportunity to achieve prosperity and experience the American Dream.

“*(It is) that dream of a land in which life should be better and richer and fuller for everyone, with opportunity for each according to ability or achievement. It is not a dream of motor cars and high wages merely, but a dream of social order in which each man and each woman shall be able to attain to the fullest stature of which they are innately capable.*”

James Truslow Adams
The Epic of America

Project Background

In 2014, the National Association of Hispanic Real Estate Professionals® (NAHREP®) published the Hispanic Wealth Project™ (HWP) with an audacious goal to triple Hispanic household wealth within ten years. The HWP Blueprint outlined three primary areas of focus and a series of goals: homeownership, small business, and savings and investment. The plan additionally referenced two distinct types of initiatives: **NAHREP-recognized** and **NAHREP-driven**. NAHREP-recognized initiatives are efforts undertaken by industry partners which are monitored by the HWP. NAHREP-driven initiatives are undertaken by NAHREP or the HWP directly. In both cases, the resulting initiatives and their progress are included in the HWP Annual Report and are categorized by each component goal.

The HWP's initial concept included an expansive outline for all three key components. Project goals at the onset were generally focused on increasing the rate of Hispanic homeownership to 50 percent, improving the success of Hispanic small businesses and to increase by 25 percent the number of Hispanic households with non-cash financial assets. As the project has progressed those goals have developed to address targeted needs within the larger categories.

The refined component goals are noted as follows:

Component

Homeownership, because it is the primary vehicle for wealth creation for the middle class and core to NAHREP's mission.



Refined Goal

Increase home equity wealth by achieving a Hispanic homeownership rate of 50 percent or greater.

Entrepreneurship, because small business is the engine that drives the U.S. economy and NAHREP's membership is comprised of successful small business owners who have gained wealth by establishing and growing their businesses.



Increase the wealth generated from small businesses by improving the number of Hispanic-owned businesses with \$10 million or more in annual revenue.

Savings and investment, because the NAHREP membership is a microcosm of the professional Hispanic community for which an understanding of financial management and investment has not sufficiently materialized.



Increase the wealth created from savings and investments by achieving broad adoption of the NAHREP 10 Disciplines.

This project was born from a desire to address the devastating impact of the housing crisis which depleted the overall household wealth of Latino families. While the country as a whole was seriously affected by the recession, its impact was felt more profoundly by the Hispanic community, which lost two-thirds of household wealth between 2008 and 2012 according to a study by the Pew Research Center. Historically, a growing number of Hispanics have invested in homeownership as a primary vehicle for wealth creation but have neglected to focus on much else. This reliance on a single investment strategy left them especially vulnerable during the housing recession. Cultural misgivings about the appropriateness of actively pursuing wealth have also contributed to the lingering wealth gap for the Latino community.

Updated Project Approach

As the HWP has matured from concept to application the strategy has become more defined. The unique relationship that the HWP shares with the NAHREP network of real estate professionals and corporations provides a considerable platform to mobilize activities that can yield measurable results. Real estate professionals are influencers in their communities whose role frequently compels them to guide their clients to adopt certain financial behaviors in order to achieve their goal of becoming homeowners. Through their guidance, they can also direct their sphere of influence toward the related goal of building wealth. The original HWP Blueprint referenced initiatives that were supported by the organization, and initiatives that were to be directly driven by the organization. This strategy will continue moving forward as more companies and entities inspired by the goals of the HWP adapt initiatives that support specific components, while NAHREP will focus its efforts on initiatives that leverage its network of business professionals and its ability to influence public policy.

The HWP was always intended to be a dynamic plan remaining **committed to the overall goal to triple Latino household wealth in America while simultaneously maintaining the ability to adjust component goals and tactics in order to achieve the overall objective.** In the coming months and years, the HWP will focus more of its efforts around activities that it can measure and drive forward more directly.



The HWP intends to **triple Hispanic household** wealth by 2024.

Hispanic Wealth Data and Trends

Since its inception, the HWP identified a substantial disparity between the household wealth of Latinos as compared to that of non-Hispanic Whites. In 2011, the median White household had \$111,146 in household wealth while the median Hispanic household had only \$8,348.¹ In 2013, while both groups experienced gains, the gap further widened with median White household wealth at \$141,900 and Hispanic household wealth at \$13,700², making median White household wealth 10 times that of Hispanic households.

FAST FACTS

Median: The numeric value separating the higher half of a data set from the lower half; mid point.

Mean: The arithmetic average of a set of numbers.

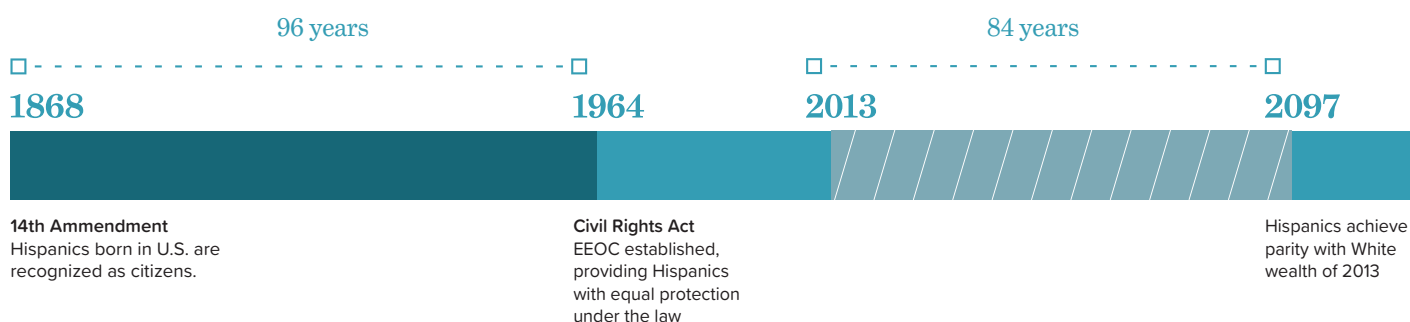
Research suggests that wealth disparities are rooted in historic inequalities and perpetuated by public policy that does not address systemic inequity.³ Individual accomplishments such as attending college, working full-time, managing personal spending and raising children in a two-person household do not necessarily advantage Latinos sufficiently to bridge the wealth divide. For example, in 1983, the average Latino household wealth was \$58,000 and the average White household wealth was \$355,000. By 2013, average Latino wealth grew to only \$98,000, while average White household wealth nearly doubled to \$656,000. Given the differences in their overall wealth, the average White household is more likely to receive assistance from family or inheritance to purchase their first home, while the average Latino family simply does not have the means to do so. This disproportionately benefits the average White household by enabling them to earn wealth through home equity more frequently and far sooner than the average Latino household.

Essentially, individual action alone will not close the gap but it can be improved substantially in concert with well applied public policy.

In the absence of public policy changes and other efforts, by 2043 the wealth divide between Hispanic and non-Hispanic White households will have doubled.⁴ **Assuming nothing changes within the current policy landscape, and Latino wealth continues to grow at the same pace as it has for the past 30 years, the wealth gap will never close, it will only continue to widen. In fact, it would take the average Latino household 84 years to achieve parity with White household wealth of 2013; that's almost as long as it took for Hispanics to go from first acknowledgement as U.S. citizens to obtaining equal rights under U.S. law (Figure 1.A).**⁵ Tax code currently disadvantages Hispanics and other communities of color as it relates to higher education, savings & investment, homeownership and retirement. Additionally, there is a causal relationship between the escalating expenses associated with health care costs and coverage gaps as a wealth-building impediment for Hispanic households.

Figure 1.A

Hispanic Wealth Disparity Timeline



component goal #1:

» Increase home equity wealth by achieving a Hispanic homeownership rate of 50 percent or greater

2.1 – Overview of Hispanic Homeownership

The current rate of homeownership for Hispanics stands at 46 percent while the overall U.S. rate of homeownership of 63.4 percent is at a 51-year low (Figure 2.A). Hispanics have made notable gains in homeownership over the past two years, while the rate of homeownership for the rest of the country continues to decline.

At the current rate of homeownership, the median Hispanic household is a renter. However, at a 50 percent Hispanic homeownership rate, the median Hispanic household would be an owner household, increasing access to home equity, which is often the source of seed funding for small business and college tuition for the children of homeowners.

Household Growth

As detailed in the 2016 State of Hispanic Homeownership Report, the U.S. Hispanic population reached the 57 million threshold and now comprises 18 percent of the overall population. In fact, Hispanics have accounted for 42.5 percent of new household formations over the past 16 years. **A household is simply a group of people living together** and can consist of four roommates, a nuclear family with a grandmother, a single person living alone or any number of other combinations of people. Hispanic households are typically comprised of two parents and at least one child, resulting in a household formation that is much more likely to become an owner household in the near term.

Indeed, for the second consecutive year, the rate of Hispanic homeownership increased while the overall U.S. homeownership rate continued to drop and currently stands at a 51-year low. **With a net increase of 209,000 owner households, Hispanics accounted for 74.9 percent of the total net growth in U.S. homeownership in 2016.** The current rate of Hispanic homeownership is 46 percent with the median Hispanic household noted as a renter household.

Fueled primarily by U.S. birth rates, the Hispanic population continues to increase at a substantial pace and is anticipated to account for 30 percent of the U.S. population by 2060.

FAST FACTS

Household: A group of people living together under one roof.

Owner Household: A household where the people living within it purchased the residence, either outright or with financing.

Capacity

Hispanics continue to drive U.S. employment growth, accounting for 76.4 percent of U.S. labor force growth from 2010 - 2016. As of January 2017, the Hispanic labor force participation rate of 66.1 percent was higher than that of any other ethnic demographic and 3.2 percentage points greater than the overall labor force participation rate of 62.9 percent. In March of 2017, the rate of unemployment for Hispanics was at its lowest since 2007 – 5.1 percent, only slightly higher than the overall U.S. unemployment rate of 4.6 percent.

Employment gains and increased labor force participation can be partially attributed to the relative youth of the Hispanic demographic that, at a median age of 29, is a full 14 years younger than non-Hispanic Whites. The labor force participation of Hispanics is expected to increase while that of non-Hispanic Whites is expected to continue to decrease as the population ages and boomers exit the workforce entering retirement.

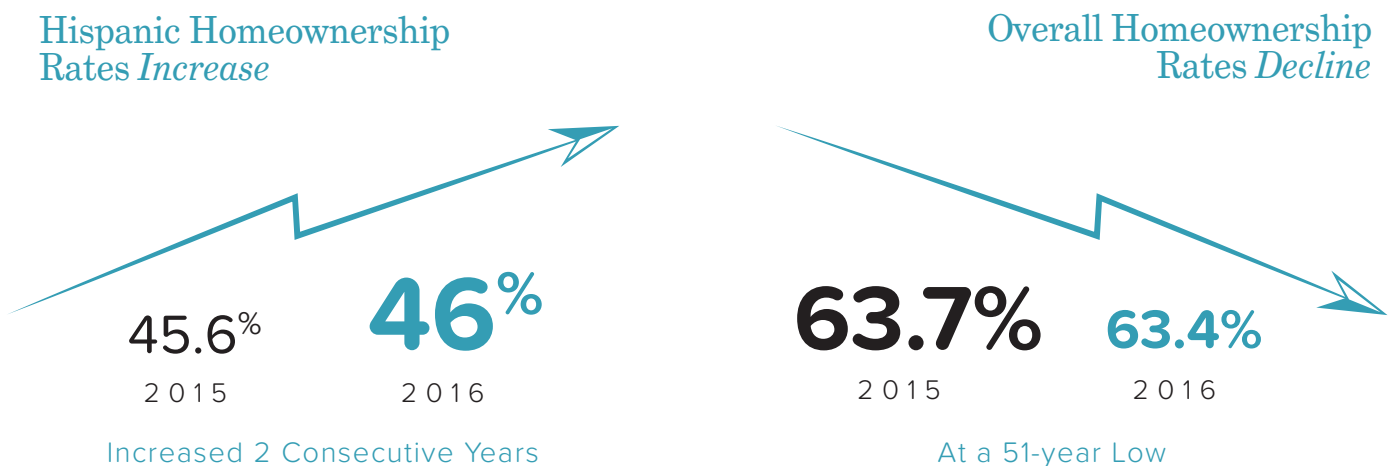
Educational attainment is increasingly linked to improved employment prospects and thus predictive of higher wage earning potential. Since 1971, the share of Hispanics with a bachelor's degree has tripled and 15 percent of Hispanics today have earned a college diploma. Given these trends, Hispanics are expected to be a primary driver of U.S. employment growth for the foreseeable future.

FAST FACTS

Labor Force Participation Rate: The percentage of the population over the age of 16 who are either working or actively seeking work. The overall labor force is made up of two categories, the employed and the unemployed. Consequently, people who are neither employed nor looking for employment are not in the labor force.

Unemployment Rate: The percentage of the population who are jobless, have actively looked for a job in the prior 4 weeks, and are available for work.

Figure 2.A



Origin: 2016 State of Hispanic Homeownership Report

2.2 Requirements to Achieve Component Goal #1

Component Goal Requirement (CGR)

Objective

Consistent access to low down payment mortgage financing.

1

Obtain commitments from additional lenders, government and other entities that will increase the supply of low down payment mortgages.

An increase in housing inventory especially in the stock of affordable homes.

2

Obtain commitments from government, builders, servicers and other entities to deploy and support programs that increase the supply of affordable housing stock.

An increase in the number of formally-trained Hispanics working in the mortgage and real estate industries.

3

Secure commitments from – and partnerships with – entities that can support the recruitment of Hispanics into the real estate and finance industries, and can support Hispanic professional growth through training and mentorship.

Practical consumer protection that reduces the risk for predatory activity while simultaneously promoting fair housing and improving credit access.

4

Foster and support programs and policies that ensure an appropriate balance between consumer protection and mortgage access.

Down payment assistance and a plan to assist more Hispanic families with access to available programs.

5

Increase the number of first-time buyers by supporting programs and policies that expand down payment assistance programs, increase awareness of program availability to Hispanic families and enhance Hispanic borrower access to first-time homebuyer mortgage programs.

Housing counseling that improves homeownership sustainability

6

Identify and support pre-purchase housing counseling programs for all first-time buyers, and specifically seeks to endorse programs that align with Hispanic cultural and demographic patterns and characteristics.

Strong Community Reinvestment Act (CRA) and affordable housing goals that are met through programs that truly serve communities and homebuyers.

7

Recognize and support innovative and successful CRA programs and to endorse policies that establish ambitious CRA and affordable housing goals that serve communities and homebuyers.

The continuation of government policies, including the mortgage interest tax deduction, that favor homeownership outcomes.

8

Support policymakers who will work to preserve the mortgage interest deduction and will otherwise advance initiatives that support homeownership outcomes.

Sentiment

Hispanics consistently rank homeownership as a primary goal noting benefits to financial well-being and family conditions. In a 2016 Fannie Mae consumer sentiment survey, 79 percent state they are better off owning than renting and 82 percent indicated it is the best way to build wealth.

Despite a strong desire for homeownership, lack of housing inventory, tight credit, and a shortage of culturally competent real estate professionals persist as barriers to homeownership for Hispanics.

Since the Hispanic population is also driving household formations and homeowner gains for the U.S. it is imperative for the housing industry to resolve these barriers. Failure to do so could make homeownership unattainable for many Hispanics, adversely impacting the health of the overall U.S. housing economy and further widening the wealth gap.

2.3 – Key Tactics

While each of the eight objectives attached to the homeownership component goal remain important, the areas of critical focus are relative to the need to address housing inventory shortages, a lack of culturally competent professionals, and improving access to credit.

Housing Inventory – With available housing stock at historic lows, a shortage of housing inventory continues to be a primary barrier to homeownership attainment. In its 2017 Policy Position statement, NAHREP notes inventory shortages as a concern and urges a decrease in the regulatory burdens and resulting costs to build affordable homes.

Culturally Competent Professionals – Hispanics were responsible for 74.9 percent of the U.S. homeownership gains in 2016 and are expected to account for 50 percent of first-time buyer activity nationwide in the coming years. In a recent survey of NAHREP members, nearly 40 percent of respondents indicated their clients required Spanish as a main language in the home purchase transaction.

Professional guidance from a culturally competent advisor is needed to help navigate the complicated home buying process for the burgeoning Hispanic market. However, estimates indicate that **only 7 percent of real estate agents and 4 percent of mortgage professionals are Hispanic.**

Access to Credit for First-Time Buyers – Nearly 40 percent of Hispanics who have owned their homes since 2012 purchased their home with a down payment of less than 5 percent, as compared to 29 percent for all U.S. households.

Access to affordable, low down payment financing continues to be a critical requirement to achieving a 50 percent rate of homeownership for Hispanics. Preserving and protecting Federal Housing Administration (FHA) programs is of vital importance to Hispanic homeownership gains and to the well-being of the overall U.S. housing economy. Low down payment conventional products like Fannie Mae's HomeReady® Mortgage or Freddie Mac's Home Possible Advantage® Mortgage allow for a 3 percent down payment, making mortgages affordable for first time homebuyers. Improving access and the affordability of low down payment mortgages is essential for accelerating the Hispanic homeownership rate.

component goal #2

» To increase the wealth generated from small businesses by improving the number of Hispanic-owned businesses with \$10 million or more in annual revenue.

3.1 – State of Hispanic Small Business

Entrepreneurship accounts for an increasing share of the country's job creation. This is especially true of Hispanic small businesses which doubled over the ten year period between 2002 – 2012. Interestingly, the number of Hispanic owned firms increased by 46.3 percent in the five year period of time following the housing crisis in contrast to a 2.1 percent decline for non-Hispanic owned firms. Also during this period between 2007 – 2012⁶, paid employees at Hispanic owned firms increased by 22.1 percent compared to an employment drop of 2.2 percent by non-Hispanic firms. Current estimates suggest Hispanics are responsible for 4.23 million of the country's small business firms.⁷

This data suggests that during the economic downturn, Hispanics created opportunity for themselves and for employees whose labor was needed to grow their budding businesses. In fact, since 2002 Hispanics consistently out-index any other ethnic demographic in small business starts (Figure 3.A).⁸

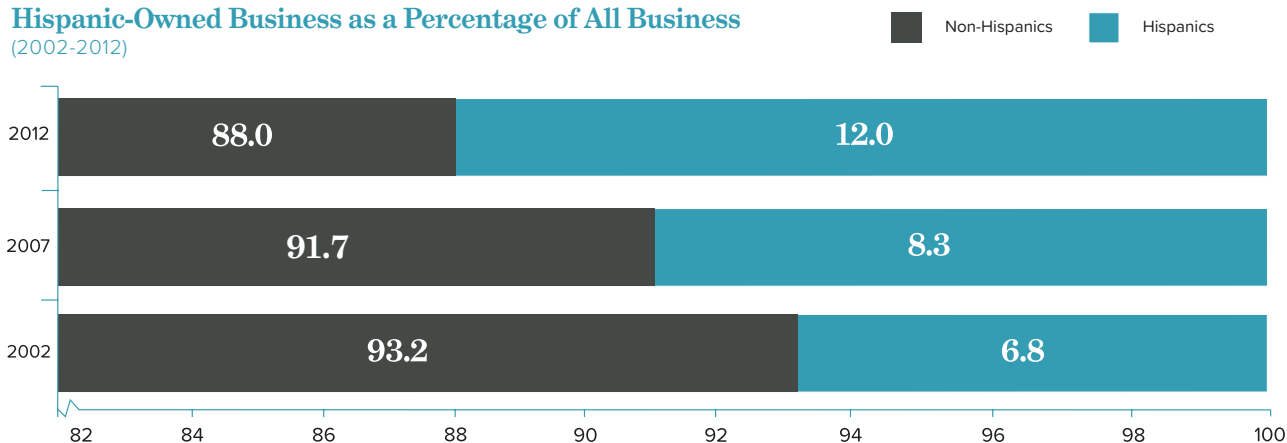
A recent study by the Stanford Latino Entrepreneurship Initiative (SLEI) illustrated common Hispanic small business firm characteristics as being owned primarily by U.S. born persons, about half of whom are Millennials and about half of whom have college degrees. This owner profile is somewhat surprising given Latino business owners tend to be younger than owners of U.S. small businesses overall.

While Hispanic firms in general tend to be concentrated in California, Texas, Florida and New York, scaled firms tend to be located in Florida, North Carolina, South Carolina, Georgia and Texas. Owner demographics for scaled firms are disproportionately immigrant and college educated.

Their study found a remarkable link in the success profile of Hispanic owned small businesses. For those that develop and maintain strong networks, including participation in trade associations like NAHREP, they tend to more easily scale and grow their businesses. Interestingly, this linkage is also the case for the success rate of Hispanic college students. Those who participate in networks and maintain active contact groups tend to have a greater propensity to complete college and improve their financial standing overall.⁹

Figure 3.A

Hispanic-Owned Business as a Percentage of All Business (2002-2012)



Origin: NERA

3.2 Requirements to Achieve Component Goal #2

Component Goal Requirement (CGR)

Objective

Education programs that create awareness of small business formation opportunities and guide formation activities.

1

- (1) Identify existing education programs with Spanish-language content that can be accessed via the Internet.
- (2) Support curriculum development that offers learning on small business fundamentals, and to make such curriculum available for use by a wide variety of public and private institutions.

Mentorship, by which successful Hispanic small business owners provide visible and tangible evidence and support for success, and peer-to-peer groups that offer “mastermind” coaching.

2

- (1) Identify business leaders who have worked through many of the startup challenges faced by Hispanic businesses and encourage such leaders to share their stories.
- (2) Be a forum for the exchange of ideas and for matching mentors and protégés in program aimed to give Hispanic entrepreneurs clearer roadmaps for business success.

Incubators for technology and financial services entrepreneurship that allow small business owners to collaborate.

3

- Build and sustain forums for collaboration where entrepreneurs can gather, examine business challenges and learn to apply proven solutions.

Availability of capital for small business lending.

4

- Identify, foster and publicize lending programs that address specific community, cultural and economic patterns.

Hispanic access to small business lending programs.

5

- Close the gap between lenders and would-be borrowers through outreach programs that encourage small business lenders to reach deeply into Hispanic communities, and that provide Hispanic entrepreneurs with the confidence and capability to apply for business financing.

3.3 – Key Tactics

Research – Hispanic businesses are growing at a faster rate than any other demographic and face unique challenges (Figure 3.B).¹⁰ In general, information about Hispanic small business is available sporadically and the absence of a consistent data set over time makes tracking long term trends difficult. Additional research is required to better understand scalability challenges and to ultimately recommend appropriate solutions. Mentorship, education and other programs, including capital funding, are critical elements of any suite of solutions.

Figure 3.B



Origin: Stanford Latino Entrepreneurship Initiative

Business Education & Mentorship – SLEI is a research initiative within the Stanford Graduate School of Business which offers a program aimed at Hispanic small business owners with revenues in excess of \$1 million who matriculate through an intensive educational program and are subsequently matched with mentors who are themselves successful entrepreneurs. Given a substantial number of Hispanic businesses exist in Texas, California, New York, Florida and Georgia, additional proactive efforts should be made to spur the creation of these kinds of programs across those specific geographies.

Access to Capital – Irrespective of size or success, Hispanic owned firms tend to utilize external funding sources far less frequently than non-Hispanic owned firms. Additional resources are needed for Hispanic entrepreneurs in both credit education and in identifying sources of funding for their burgeoning businesses. The refined HWP focus on helping successful businesses scale intensifies the need for capital in order to grow a business to greater than 50 employees or to generate \$1 million or more in annual revenues.

component goal #3

» Increase the wealth created from savings and investments by achieving broad adoption of the NAHREP 10 Disciplines.

4.1 – Overview of Hispanic Participation in Non-Cash Financial Assets

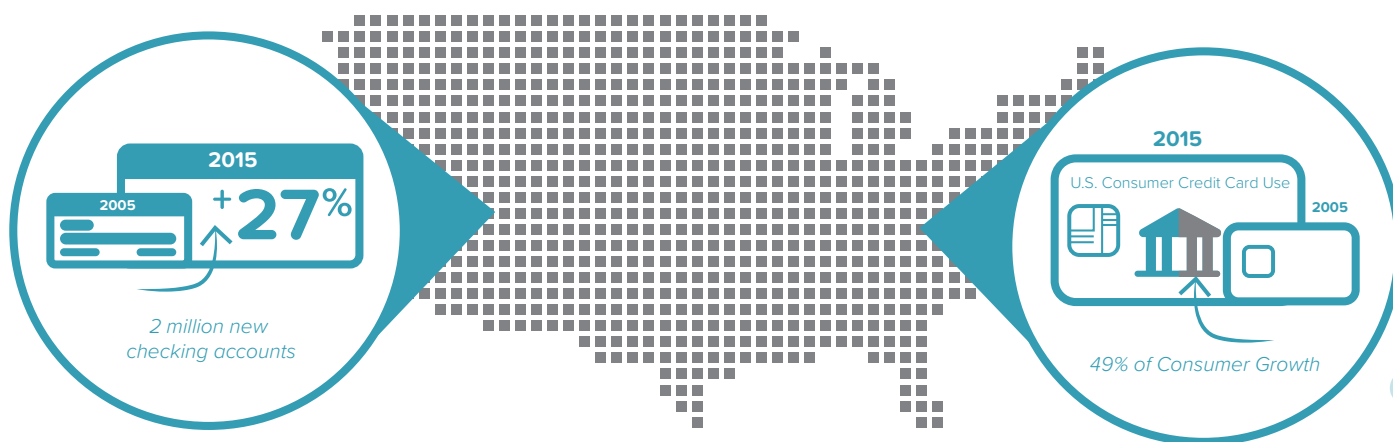
In general, Hispanic incomes and participation in financial services vehicles are improving. The number of Hispanics with checking accounts increased by 27 percent between 2005 – 2015, representing 2 million new consumer bank accounts. In the same time period, Hispanics were responsible for 49 percent of the U.S. growth in consumer credit card use (Figure 4.A).¹¹ This increased adoption of financial services tools was evident as Hispanics substantially increased their expenditures on various types of insurance products including vehicle, health, life and personal insurance.

As it relates to household income, Hispanics represent a growing segment of households in the middle- and upper- income tiers. Between 2005 - 2014 Hispanics represented 39 percent of the growth in incomes between \$75,000 - \$100,000. During this same timeframe, Hispanic households with incomes in excess of \$100,000 more than doubled while overall U.S. household incomes in this range increased by only 53 percent.

These income gains and increased participation in financial services are necessary precursors to more complex engagement in investment vehicles. In a study of Hispanic business owners, MassMutual identified that 51 percent of owners are invested in a retirement savings plan, such as a 401k.¹² While these figures are on par with the general population of business owners, Hispanics overall continue to under-invest in retirement and under-participate in other non-cash financial instruments.

Figure 4.A

Financial Service Trends for Hispanics



Origin: Packaged Facts

4.2 Requirements to Achieve Component Goal #3

Component Goal Requirement (CGR)

Objective

Investment education for small business owners.

1

Identify, endorse and deploy investment education that creates awareness and understanding of various investment instruments (e.g. stocks, bonds), explains the concepts underlying portfolio diversification, introduces channels for accessing investments, and provides tools for tracking and measuring investment risks and returns.

Training programs for employers to drive increases in Hispanic participation in retirement programs.

2

Identify and highlight consumer education materials that make investments intriguing for a Hispanic audience.

Tax policies that create incentives for diversified financial holdings.

3

Advocate for policies that create incentives for consumers who participate in employer-sponsored retirement programs (e.g. 401k), make investments (e.g. mutual funds) and otherwise diversify the repositories for their household wealth.

Awareness programs (including technology-based social media) that engender investment curiosity and offer clear paths for taking first steps.

4

Identify and support programs that make investing interesting and accessible, that lower minimum account balance requirements for the opening of an investment account, that allow small-dollar trades for low-risk investment experimentation, and that attach high-touch multi-lingual customer support to the process of establishing and sustaining an investment-firm relationship.

4.3 – Key Tactics

Engagement – Hispanics across all income brackets and educational attainment levels continue to under participate in use of non-cash financial instruments. Notably, Hispanics out-index all other demographics in participation on social media with 75 percent of all Hispanics who use the internet participating on Facebook, and 28 percent active on Twitter making a social strategy a critical element of success for any company working to engage Hispanic consumers.¹³ With respect to language, use of Spanish as a primary language has shifted to a bilingual or primarily English focus for most U.S. born Hispanics. In-culture communication is still an important factor and could be helpful in designing an engagement strategy for this consumer segment.

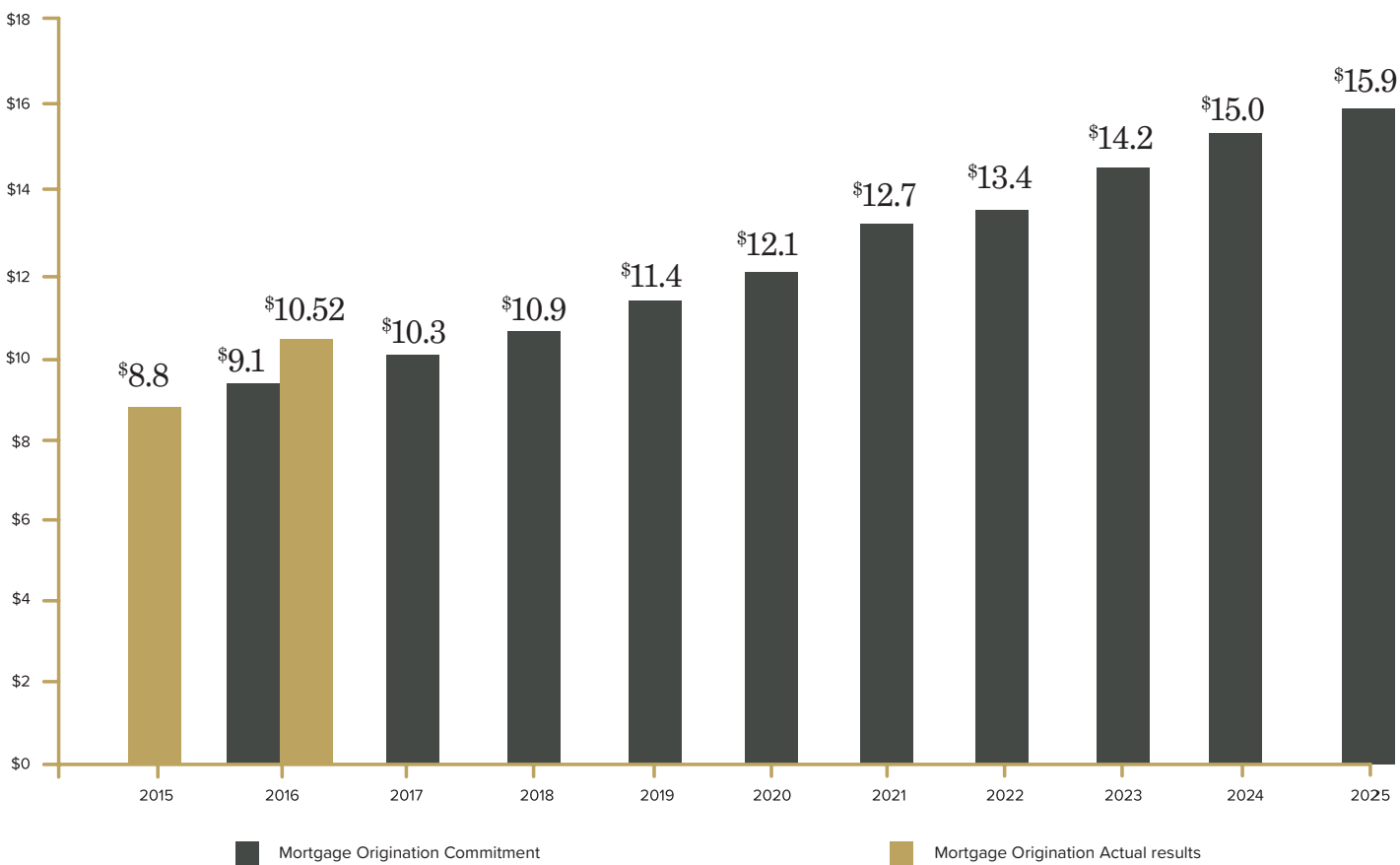
NAHREP-Supported INITIATIVES

The commitments that follow are led by entities external to NAHREP in which NAHREP or the HWP may participate but which are driven by the respective company. In all cases the HWP remains engaged with the company to stay abreast of progress toward their end goal in support of the overall HWP project.

5.1 – Component Goal #1: Homeownership Commitments

- **Alterra Home Loans** made three key commitments toward the HWP overall goal of achieving a Hispanic homeownership rate of 50 percent, two of which are focused on increasing the number of Hispanic professionals in the mortgage banking and real estate industries.
 - ◊ Provide 40,000 new homeowners with financing for their home by 2024.
 - ◊ Commencing in 2017 Alterra Home Loans will:
 - » Launch an internship program coordinated with a college or university. The effort provides current students with real world exposure to the financial services industry during the course of their college education with the intent of grooming them for a career in the mortgage banking industry.
 - » Create an internal, structured career development program as a means of attracting and retaining Latino talent. The program will provide intentional development opportunity for individuals to grow within Alterra Home Loans and experience career prospects and progression not as readily available to them in other parts of the industry.
- **Bank of America** continued a partnership with Down Payment Resource providing an online tool that consumers or real estate professionals can utilize to identify available down payment assistance programs for borrowers. Its accompanying Affordable Loan Solution™ Mortgage allows for a 3 percent down payment tailored for low-to moderate-income borrowers. Additional data regarding progress is forthcoming.
- **Freddie Mac** continues its support via a partnership with NAHREP in an event series aimed at increasing real estate agent awareness of products which meet the needs of Hispanics and other first-time homebuyers, including the Home Possible® Mortgage.
- **New American Funding** (NAF) identified two key commitment areas relative to homeownership growth specifically. Beginning in 2017:
 - ◊ NAF commits to lending \$25 billion in new mortgages to Hispanic borrowers by 2024.
 - ◊ NAF commits to recruiting, training and providing employment opportunities for at least 1,000 Hispanic individuals who have no previous experience in the mortgage industry by 2024.
- **Wells Fargo** continues to make progress in three key areas since its commitment in September 2015:
 - ◊ \$125 billion in mortgage originations for Hispanics and other low-to moderate- income borrowers.
 - » In 2016, Wells Fargo issued \$10.5 billion in home loans to Hispanic borrowers, an increase of \$1.7 billion over 2015, surpassing their year-one goal of \$9.1 billion toward the overall goal of \$125 billion in mortgage originations by 2024.
 - ◊ A commitment to increase the number of Hispanic home mortgage consultants on its sales team.
 - » In 2016, Wells Fargo experienced 16.2 percent growth in the Hispanic sales producers, an increase of 150 Hispanic home mortgage consultants. Based on these and other efforts, Wells Fargo currently has 13.5 percent Hispanic mortgage professionals, a full 9.5 percentage points higher than the industry average.
 - ◊ \$10 million to support a variety of initiatives that promote financial education and counseling for Hispanic homebuyers.
 - » As part of a larger strategic effort associated with their yourFirst Mortgage loan program, Wells Fargo began offering home loan borrowers a \$500 credit for completing financial education associated with the purchase of a home. Developed in association with Fannie Mae, Wells Fargo originated 18,000 loans under this program in 2016, 14.3 percent of which were to Hispanic borrowers. This program is unique in its approach of offering financial education with an incentive as opposed to requiring it as part of a purchase.

Wells Fargo HWP Commitment Summary — 2016 Results



5.2 – Component Goal #2: Entrepreneurship Commitments

Opportunities exist for additional companies to self-identify programmatic efforts in support of this goal.

- **New American Funding** (NAF) is developing a direct mentorship program with a goal to reach 500 Hispanic-owned small businesses by 2024. They will host an annual Hispanic Small Business Summit at the NAF HQ each year. The summit will feature speakers and business leaders who will provide direct guidance, insight and support to a select group of Hispanic business owners who are chosen to participate. Hispanic business owners need not be from within the real estate, housing or finance industries in order to participate.
- **Realogy Franchise Group** is deploying broker-specific training to select NAHREP brokers which provides instruction on succession planning, business valuation and other topics designed to help small business owners protect their company as an investment.

5.3 – Component Goal #3: Savings & Investment Commitments

- In 2017, **MassMutual** will engage in a series of market specific events tailored to educate real estate and mortgage professionals on financial topics to help improve the economic well-being of their members and communities.
- Beginning in 2017, **Ten-X** will engage in strategic market focused deployment of its Auction.com platform as a vehicle for investment and investor participation. The intent is to illustrate to real estate agents how they can grow their income and graduate to participating in the platform as investors, utilizing the additional stream of revenue as part of an overall investment strategy.

NAHREP-Driven INITIATIVES

6.1 – Component Goal #1:

Homeownership Commitments

- NAHREP and the Mortgage Bankers Association (MBA) continue a partnership to deploy Mortgage Banking Bound curriculum to colleges and universities with a substantial Hispanic constituency. The goal is to introduce mortgage banking as a career to graduates and place them in internships with industry partners with the intended outcome of increasing the number of Hispanic entry level hires into the mortgage banking industry.

6.2 – Component Goal #2:

Entrepreneurship Commitments

- NAHREP continues its partnership with SLEI to work collaboratively to study Hispanic small business owners in order to acquire a better understanding of the status, goals and challenges of Latino real estate professionals and entrepreneurs. NAHREP and SLEI will also work together to increase participation in this program by successful entrepreneurs from within the NAHREP membership.

6.3 – Component Goal #3:

Savings & Investment Commitments

6.3.1 – NAHREP 10 Disciplines

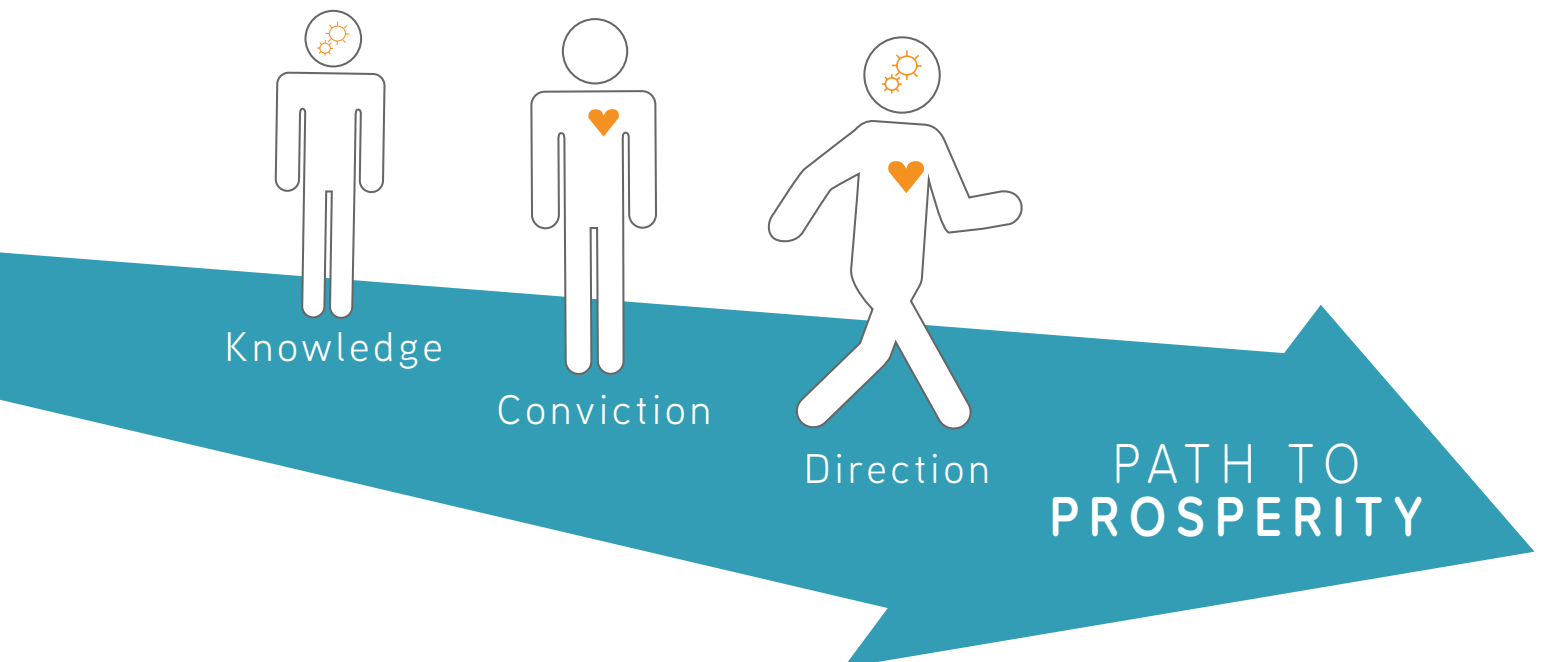
- In 2016, NAHREP developed 10 core principles to help reshape the definition of wealth and prosperity amongst its membership and by extension, transform their clients, family members and contacts. Roll-out of the principles was met with broad enthusiasm within the NAHREP network.
 - ◊ Chapter events – NAHREP chapters conducted events with a specific HWP theme or focus and incorporated NAHREP 10 into the event programming to increase adoption by NAHREP members.
 - ◊ National events – At its primary national events, the association included educational tracks and programming specifically focused on principles within the NAHREP 10 and incorporated elements of the NAHREP 10 into its general event programming.



- ◊ In 2017, NAHREP will launch an initiative to certify a cohort of trainers in the NAHREP 10 disciplines for the purpose of providing an available resource of professionally trained individuals who are able to serve as a public speaking and content delivery resource on any or all of the areas relative to the NAHREP 10. Initially intended as an internal resource to its growing chapter network, NAHREP 10 certified trainers will have the capability of serving as an external resource in the future.

6.3.2 – 1,000 NAHREP Millionaires

- ◊ In Q1 2017, NAHREP expanded its educational offerings to include an Investor's Retreat pilot program. The retreat featured content focused on mindset and investment strategy and was geared toward successful business owners who do not currently participate in a varied investment strategy. The content focused on mindset is especially critical as it is geared toward dealing with gaps in knowledge, conviction and direction for Hispanics. These three elements inform a behavioral shift and create path to prosperity. NAHREP and the HWP plan to expand the offering as an **Embrace Wealth Intensive** and explore providing content via webinar to reach a broader audience.



7.0 – Federal Policy

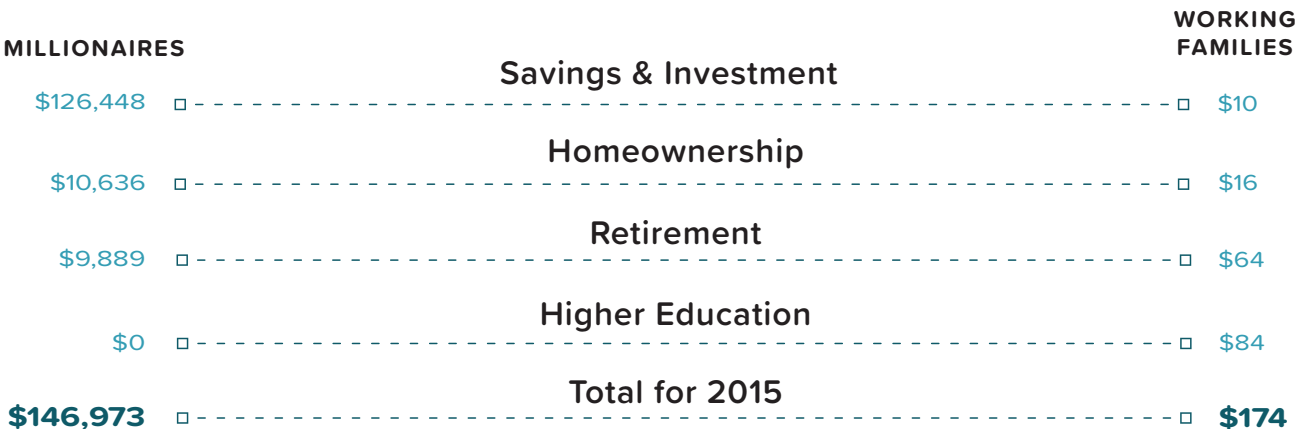
Historical inequities promulgated by federal policy over the course of U.S. history are well documented. The inherited effects in today’s policy landscape present themselves as wealth-building policies that disproportionately favor wealthy, primarily White households. The U.S. currently spends more than a half trillion dollars on tax related benefits that help households build wealth.¹⁴

Specifically, the typical millionaire receives public tax benefits affecting savings & investment, homeownership, retirement and higher education which amount to more than \$145,000 while the average working family receives \$174 across the same categories (Figure 7.A).¹⁵

Additional efforts are required to examine the tax code and make recommended changes so that Hispanics and others also receive tax related benefits to build household wealth.

Figure 7.A

Tax Benefits: Millionaires vs. Working Families



Origin: CFED

8.0 – Conclusion

Given the existing wealth gap and legitimate concerns impeding greater wealth gains by Hispanic households, the project goal to triple Hispanic household wealth is achievable under certain provisos. Hispanic households must continue to experience average household wealth gains achieved in the past 30 years accompanied by public policy and tax code changes which afford Hispanics the same benefits as non-Hispanic Whites in higher income brackets.

Additionally, intentional engagement from industry participants is critical to offer programs which allow Hispanics to achieve homeownership gains, grow small businesses and participate in savings and investment vehicles.

Household wealth data is not produced as regularly as homeownership data, which is available annually from organizations like the U.S. Census Bureau. Since the growing wealth gap persists as a concern for the entire country, further research is needed to generate more regular data sets and conduct ongoing analysis.

- ¹ Demos and IASP, “The Racial Wealth Gap, Why Policy Matters,” Demos and Institute for Assets & Social Policy, Brandeis University, 2015. http://www.demos.org/sites/default/files/publications/RacialWealthGap_1.pdf
- ² Rakesh Kochhar and Richard Fry, “Wealth inequality has widened along racial, ethnic lines since end of Great Recession,” Pew Research Center. December 12, 2014. <http://www.pewresearch.org/fact-tank/2014/12/12/racial-wealth-gaps-great-recession/>
- ³ Demos and IASP, “The Asset Value of Whiteness,” Demos and Institute for Assets & Social Policy, Brandeis University, 2017. http://www.demos.org/sites/default/files/publications/Asset%20Value%20of%20Whiteness_0.pdf
- ⁴ CFED & Institute for Policy Studies, “The Ever-Growing Gap. Without Change, African-American and Latino Families Won’t Match White Wealth for Centuries,” 2016. http://cfed.org/policy/federal/The_Ever_Growing_Gap-CFED_IPS-Final.pdf
- ⁵ CFED & Institute for Policy Studies.
- ⁶ Packaged Facts. Hispanics: Demographic and Consumer Spending Trends. June 2016. <https://www.packagedfacts.com/Hispanics-Demographic-Consumer-10124772/>
- ⁷ Stanford Latino Entrepreneurship Initiative, “State of Latino Entrepreneurship 2016,” Stanford Graduate School of Business, 2016. https://www.gsb.stanford.edu/sites/gsb/files/publication-pdf/report-slei-state-latino-entrepreneurship-2016_0.pdf
- ⁸ Jeffrey A. Eisenach, “Making America Rich Again: The Latino Effect on Economic Growth,” NERA. December 2016. http://www.nera.com/content/dam/nera/publications/2016/PUB_LDC_Prospersity_1216.pdf
- ⁹ Demos and IASP. 2017.
- ¹⁰ SLEI
- ¹¹ Packaged Facts.
- ¹² MassMutual. “In Pursuit of the American Dream. The fiscal practices of today’s Hispanic business owners,” Business Owner Perspectives Study. 2015 https://www.massmutual.com/mmfg/pdf/execsummary_hispanic.pdf
- ¹³ Maeve Duggan, “The Demographics of Social Media Users,” Pew Center, August 19, 2015. <http://www.pewinternet.org/2015/08/19/the-demographics-of-social-media-users/>
- ¹⁴ Ezra Levin, “Congress Keeps Spending More To Make Wealth Inequality Worse,” CFED, May 6, 2016. https://cfed.org/blog/inclusiveeconomy/congress_keeps_spending_more_to_make_wealth_inequality_worse
- ¹⁵ CFED & Institute for Policy Studies.

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