

Harvard Study Shows Impact of Immigration On Housing

The number of legal immigrants into the U.S. is about one million annually, and between 300,000 and 500,000 illegal immigrants move into the U.S., too, says research gathered by the Joint Center For Housing Studies at Harvard University for its yearly report, *The State Of The Nation's Housing*. Over 10.5 million illegal immigrants resided in the U.S. as of January 2007.

California, Texas, Florida, Georgia and Arizona are among the states with the fastest-growing foreign-born populations, with California adding about 750,000 immigrants between 2000 and 2005. One-quarter of the nation's immigrants live in California and 62 percent of foreign-born populations live in just five states. One out of every five people in the 25-34 age group, which are the peak years for household formation, are foreign-born.

Household formation helps drive housing growth. The foreign-born "contributed over 40 percent of the net household formations between 2000 and 2005, up from less than 30 percent in the 1990s and a little over 15 percent in the 1980s," says the report. In some parts of the nation, minority growth has been significant. Hispanic households are four out of ten new households in the Northeast and the West. In some areas, minority population growth is offsetting white declines. In Los Angeles ... the number of minorities increased by 2.5 million while that of whites declined by nearly 700,000 between 1990 and 2000.

In California, New York, New Jersey and Florida, the foreign-born made up 20 percent of homebuyers and 25 percent of renters. They are expanding the number of "gateways," those areas with the largest foreign-born populations in 1990, to include another 27 large metro gateways, which means these cities have become favorite destinations of the foreign-born.

Not only are minorities major consumers of housing -- they help build houses. In California, Texas and Arizona, construction forces were over 38 percent foreign-born, and in states where minorities aren't the majority, such as North Carolina and Colorado, immigrants still made up more than 25 percent of construction labor.

How will the growth of minority households impact housing demand?

The Joint Center finds that minorities will account for 68 percent of 14.6 million new households between 2007 and 2015. Hispanics will account for 35 percent of that growth. Among echo-boomers (those born between 1985 and 2004), minorities will make up 40 percent of household growth and Hispanics will drive nearly 20 percent of household growth through 2015.

Hispanics will be the major focus for starter home, move-up, and entry-level apartment

homes.

Meanwhile, the number of white households will continue to decline about 3.4 million between 2007 and 2015 as the younger and much smaller GenX generation replaces the youngest of the baby boomers in the 40 to 49 age range. The number of minority household heads aged 40 to 49 will grow by 1.4 million, with Hispanics accounting for 1.1 million of the increase.

Money will have an impact on housing. Households with lower net wealth, including minorities, renters and those who buy homes later in life, are at a disadvantage in the housing market. In 2006, median net wealth for homeowners was \$184,560 compared with only \$4,050 for renters and \$2,600 for minority renters. Making matters worse, construction is likely to remain weighted toward luxury homes, major remodeling projects, seniors housing and second homes.

Working families, younger households and minorities will continue to face affordability challenges, and some of their needs will be met by existing housing stock owned by older generations in inner-ring suburbs being turned over to younger buyers. And in some areas, existing stock will not be adequate.

by Blanche Evans