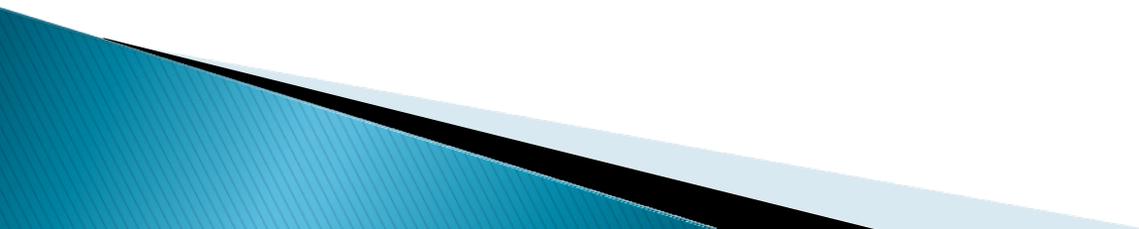


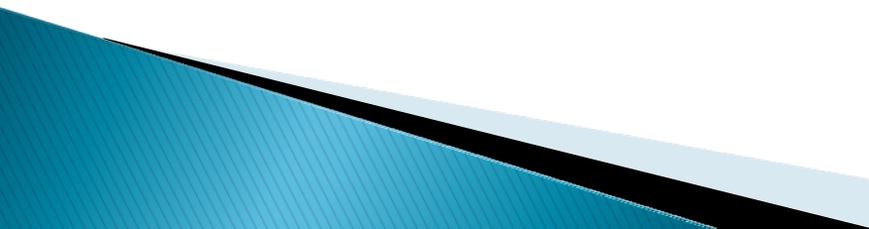
**Comments on: “Immigrant and Minority  
Homeownership through Recent Housing  
Boom and Bust” by Kusum Mundra**

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# Disclaimer

- ▶ The views expressed in this presentation do not represent those of the Federal Reserve Bank of Atlanta nor the Federal Reserve System.
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# Objectives of the Paper

1. Did the recent easing of the credit market help minority and immigrant groups to buy their first home ownership?
  2. Does it takes a significant longer time for immigrants and minorities to own their first home than to whites and natives? Is there also a time to homeownership gap between immigrants and natives? Minorities and whites?
  3. Is there a significant gap in the quality of housing across different race/ethnic groups?
  4. Is there any significant difference in housing cost between minorities and immigrants and the other groups?
  5. Was the loss of homeownership significantly disproportionately tilted towards minorities? And among immigrants, were Hispanics affected the most?
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# Data and Methodology

- ▶ 2007 American Housing Survey
- ▶ Two models:
  1. Probit model
    - ▶ Dependent variables:
      - a) whether the household head lives in his/her own home
      - b) did the homeowner lose his/her home?
    - ▶ Independent Variables: demographic and socio-economic characteristics (age, education, marital status, number of children, family income, net worth?), race/ethnicity, immigrant, and geographical variables.
  2. Hazard model
    - ▶ Probability of ownership (from renter to owner)
    - ▶ Hazard rates of losing their homes

# Comments

- ▶ Very ambitious paper!
- ▶ It still needs work in the evaluation of the information and econometric estimation.
- ▶ You mention predatory lending in your paper, however in your estimation you do not distinguish among types of mortgages.
- ▶ Number of square feet is not a good proxy for quality of the house. Maybe size. Instead, Is it energy-efficient? Type of materials? Is it in a flood-prone (or any other weather-related disaster) zone?
- ▶ What about age of the house?
- ▶ Divide period to buy a house: 1994–2003 and 2004–2007

# Comments on Results

1. “Immigrants do not show significantly lower homeownership than the natives, however Hispanic immigrants have significantly higher homeownership likelihood than White non-Hispanic immigrants.”
  - What about cultural factors? This is the first time they will own a house...
2. “All the minority groups have significantly lower housing quality than the White non-Hispanic group, similar relation between Hispanic immigrants and White non-Hispanic immigrants.”
  - Quality different from size
  - Income is not a good proxy, what about controlling for net worth? Or for other assets?
3. “Our preliminary look at the housing cost show that Hispanics are the only minority group that have a significantly higher monthly cost than the White non-Hispanic group. Immigrants also have a higher cost than natives, though Hispanic immigrants have a lower housing cost than White non-Hispanic immigrants.”
  - Is this a predatory lending issue? Is there a difference in the time of the mortgage?
  - What about financial literacy?

**Thank you!**