

KEY FINDINGS:

Sueño Incompleto: A History of the Latino Wealth Gap in the U.S.

Understanding the Historical Roots of the Latino Wealth Gap

As of 2022, Latino households held just 22 cents for every \$1 of wealth held by white households, with median wealth at \$62,000 compared to \$284,000.¹ This Latino wealth gap reflects decades of U.S. policy decisions across **FIVE KEY DOMAINS** that have shaped Latino access to wealth-building opportunities.

IMMIGRATION

HOMEOWNERSHIP

LABOR

SOCIAL BENEFITS

EDUCATION

HOMEOWNERSHIP

LAND LOSS AND HOMEOWNERSHIP BARRIERS shaped wealth by determining who can own property, how it's valued, and who can access affordable financing to build home equity. In practice, unequal access has meant that Latino households are more likely to lose land, be excluded from high-value housing markets, rely on high-cost credit, and see reduced homeownership rates.

KEY STATISTICS:



From 2015-2020, homes in Latino-majority neighborhoods were **twice as likely** to be appraised below contract price as homes in white-majorities (**15.4% vs. 7.4%**).²



As of 2023, **only 51%** of Latino U.S. households were homeowners, compared to 73% of white households.³



As of 2022, Latino and Black homeowners paid about **11% more** in property taxes than comparable white households.⁴

¹ UCLA LPPI analysis of Federal Reserve, "Survey of Consumer Finances, 2022."

² Freddie Mac, Research Note: Racial and Ethnic Valuation Gaps in Home Purchase Appraisals (Washington, D.C.: Freddie Mac, 2021), [available online](#).

³ UCLA LPPI analysis of U.S. Census IPUMS USA 2023 1-year ACS.

⁴ Carlos F. Avenancio-León and Troup Howard, "The Assessment Gap: Racial Inequalities in Property Taxation," *The Quarterly Journal of Economics* 137, no. 3 (2022): 1383-1434, [available online](#).

POLICY DRIVERS

Recurring Policy Designs in Homeownership That Shape Latino Wealth Across Generations

POLICY SYSTEM #1

Property Loss through State Regulation and Fiscal Policy

HOW IT SHAPES WEALTH? Strips Latino property ownership through legal, taxation, and debt enforcement systems, which prevent Latinos from building home equity and long-term property appreciation.

Policy Dimension	THEN: Great Depression Tax Foreclosures (1930s)	NOW: Tax Lien Sales Policies
Purpose of Program	Local governments used property taxes, assessments, and municipal debt collection to finance infrastructure and recover unpaid public revenue	Local governments recover unpaid property taxes by selling tax debt to private investors or initiating foreclosure proceedings
High Taxes & Debt Creation	Cities expanded infrastructure financing through property taxes, special assessments, and municipal bonds, creating household debt burdens	Latino and Black homeowners are more likely to be over-assessed and overtaxed, increasing exposure to delinquency and tax debt
Privatization of debt collection	Local governments transferred delinquent tax debt to private stakeholders who forced sales or property seizures as repayment	Twenty-nine states allow tax debt to be sold to private investors who can charge interest, fees, and pursue foreclosure
Property Loss & Forced Sales	Tax delinquency led to foreclosure auctions and municipal property seizures	Tax lien sales increase foreclosure risk and forced property transfers or sales
Wealth-Building Impact	Property tax enforcement systems transformed temporary financial hardship into long-term property loss, stripping Latino households of home equity, destabilizing communities, and limiting intergenerational wealth accumulation	

POLICY SYSTEM #2

Race and Ethnicity as a Variable in Property Value

HOW IT SHAPES WEALTH? Devalues Latino neighborhoods and restricts access to high-opportunity housing markets, limiting home equity growth and returns on property ownership.

Policy Dimension	THEN: Federal Housing Administration (FHA) and Home Owners' Loan Corporation (HOLC) Redlining Maps	NOW: Modern Home Appraisals & Property Valuation
Purpose of Program	Assess residential areas for mortgage risks and identify "desirable" neighborhoods for federal mortgage insurance and lending	Estimate home value to determine mortgage lending, refinancing, taxation, and sales prices in neighborhoods
Racial Coding of Property Value	HOLC maps and FHA guidelines labeled many Black and Latino neighborhoods as "hazardous," using racial composition to determine lending risk and property value	Modern appraisal systems reproduce lower valuations in Latino and Black neighborhoods through sales and market assessments that are shaped by historic disinvestment and segregation
Segregation & Underinvestment	Redlining restricted mortgage access and concentrated public and private investment in white neighborhoods while excluding many communities from affordable credit	Persistent undervaluation reduces lending capacity, limits reinvestment, and contributes to lower home appreciation and neighborhood wealth
Displacement & Development Pressures	Disinvestment weakened neighborhood stability and made many communities more vulnerable to redevelopment, and property acquisition	Undervaluation and uneven investment continue to shape gentrification pressures, speculative purchasing, and displacement
Wealth-Building Impact	Housing valuation systems have systematically reduced Latino property values and limited access to mortgage credit, suppressing home equity growth, neighborhood investment, and the ability to build and transfer intergenerational wealth	

POLICY SYSTEM #3

The Racialization of Credit and Capital

HOW IT SHAPES WEALTH? Restricts Latino access to safe, affordable credit while steering families into high-cost and insecure financing, limiting their ability to build stable home equity, and withstand financial shocks.

Policy Dimension	THEN: Contract-for-Deed Agreements (1950s-1970s)	NOW: Subprime Lending (Early 2000s)
Purpose of Program	Expand home purchasing opportunities for households racially excluded from conventional lending	Expand mortgage lending for households with limited access to traditional credit
Predatory Rates & Conditions	Buyers offered inflated prices relative to home value through installment contracts with unfavorable repayment terms	Borrowers disproportionately steered into high-cost subprime loans with adjustable rates and unaffordable loan terms
Weak Borrower Protections & Oversight	Buyers made payments without receiving legal title or the legal protections associated with traditional mortgages	Borrowers faced opaque loan terms, weak regulatory oversight, and limited protections against abusive lending
High Foreclosure & Equity Loss	Missed payments could trigger eviction and loss of accumulated payments without ownership rights or equity recovery	Adjustable-rate loan resets caused monthly payments to spike, pushing many borrowers into foreclosure
Wealth-Building Impact	Predatory financing systems expanded access to housing while denying Latino households the protections, equity growth, and financial stability associated with traditional homeownership, limiting long-term wealth accumulation	

CASE STUDIES

Using Latino Stories to Document Impact

DEBT AS A MECHANISM OF DISPOSSESSION

Don Pío Pico

Don Pío Pico, a prominent Californio leader and former governor of Mexican California, spent his later years navigating mounting debt and legal disputes that targeted his landholdings. Despite efforts to protect his estates, he was repeatedly defrauded, sued, and foreclosed upon, ultimately losing his land and wealth.



A photograph of Don Pio Pico with his wife, Maria Ignacia Alvarado, and two nieces, Maraneto Alvarado and Trinidad de la Guerra (before 1854). **Source:** C.C. Pierce, "Don Pio Pico, His Wife Maria Ignacia Alvarado, and Two Nieces, Maraneto Alvarado and Trinidad de la Guerra," Photographs, Huntington Digital Library, [available online](#).

Gisela Morales

Gisela Morales and her husband built stable homeownership in Stockton, California, before becoming trapped in a subprime mortgage ahead of the 2008 housing crash. As loan payments increased and refinancing options disappeared, they fell into foreclosure, ultimately losing their home and years of accumulated equity during the Great Recession.



A photograph of homes along Catanzaro Way in Antioch, California display real estate signs after going into foreclosure in 2007. **Source:** David Dayen, "An Enemy of the Wall Street Foreclosure Machine Is Running to Unseat a GOP Lawmaker in California," *The Intercept*, April 4, 2017, [available online](#).

LOOKING FORWARD

How We Close the Latino Wealth Gap

Latino communities are the youngest and fastest-growing segment of the U.S. workforce. Closing the Latino wealth gap is essential to the nation's long-term economic stability.

01

EXPAND ACCESS TO AFFORDABLE HOUSING. ENABLES MORE FAMILIES TO PURCHASE HOMES AND BEGIN BUILDING LONG-TERM WEALTH THROUGH PROPERTY OWNERSHIP.

02

EXPAND ACCESS TO CREDIT AND CAPITAL FOR FIRST-TIME HOMEOWNERSHIP. ALLOWS FAMILIES TO ENTER THE HOUSING MARKET, SECURE STABLE FINANCING, AND CONVERT INCOME INTO WEALTH THROUGH HOME EQUITY.

03

PROTECT HOMEOWNERSHIP LEGACY AND SAFEGUARD LATINO HOMEOWNERSHIP WEALTH. STRENGTHENING PROTECTIONS AGAINST TAX BURDENS, DISPLACEMENT, AND UNDERVALUATION ENSURES MORE HOMEOWNERS CAN RETAIN, GROW, AND PASS ON HOUSING WEALTH.



This visual companion to the full report was authored by Ana Lua Martel, Gabriella Noemi Carmona, Mariah Bonilla, and Dr. Rodrigo Dominguez-Villegas, and designed by Maritza Hernandez.

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