

The Hispanic Housing Experience: A Perspective from Chile

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Abstract

This reaction article gathers six articles from “The Hispanic Housing Experience” in this issue of Cityscape to compare them with related housing topics in Chile. Those articles cover issues seen in the United States, including colonia settlements, Hispanic performance in assisted housing, Housing Choice Voucher (HCV) and homeownership programs, and young White cohorts replacing old Hispanic cohorts in central neighborhoods. In Chile, related topics are informal settlements, rental and purchase housing programs, social assistance to recipients, and gentrification. Hispanics in the United States and low-skilled immigrants in Chile show a lower score in their housing experience than the remaining social groups.

“The Hispanic Housing Experience” in this issue of *Cityscape* offers a series of empirical analyses based on up-to-date theories, methods, and reliable data. The report by Wiley, George, and Lipshutz uses spatial factorial analysis to observe “Colonias Investment Areas”—namely, those census tracts in the United States with more HUD-recognized Colonia settlements. Colonia communities are populated by Spanish speakers and their descendants. They show higher rates of unemployment and deprivation and lower rates of drinking water supply, water and sewer treatment services, paved streets, high-quality housing, and standard mortgage financing than non-Colonia areas. Colonia dwellers also have lower access to mortgage opportunities than do non-Colonia dwellers; however, federal and state policies are in place in an attempt to address their financial problems by increasing liquidity in mortgage lending markets for Colonia areas.

In Latin America, equivalent informal settlements surge during every housing crisis. They have existed since the foundation of cities, and they currently attract members of the immigrant rural or international low-skilled, homeless labor force and appear in public land or areas exposed to environmental risks. Latin American countries generally endure fiscal and monetary burdens in basic infrastructure for those areas (Fernandes, 2011). In Chile, informal settlements are populated by the lowest income quintile households or immigrant middle-income households.

Different from the United States, Chile's *campamentos* show higher rates of unemployment and deprivation, deficient drinking water supply, almost no water and sewer treatment services, no paved streets, no high-quality housing, and nearly zero standard mortgage financing compared with the rest of residents other than state vouchers to buy minimum-standard housing in segregated areas (Marcelo, Larenas, and López-Morales, 2019). Those problems are worse for settlers with irregular migratory status, for they are not on the list of potential voucher beneficiaries. *Campamento* immigrant dwellers usually do not have access to mortgage opportunities, as, besides their economic deprivation, immigrants spend a higher share in remittances abroad. Housing vouchers do not compensate for the cost of eradication and relocation in the lower opportunity areas for those recipients.

In another report, Newman and Holupka use a Blinder-Oaxaca decomposition to show the dramatic disparity in assisted-housing unit characteristics between Hispanic families and their Black and White counterparts. Across a range of measures of household size and housing overcrowding, Hispanic families in the United States have significantly less space in their housing units. As these authors claim, being a Hispanic household with children reduces the chances of receiving housing assistance by about one-third relative to Black and White families. Besides, Hispanic families are overrepresented in public housing and underrepresented in the multifamily and voucher programs.

The housing experience of Hispanics in the United States resembles that of low-skilled international immigrants in Chile; the difference is that in Chile, global immigration is very recent, as it increased from roughly 3 percent to 8 percent of the country's population between 2002 and 2017—the first sizable migratory wave into cities since the mid-20th century. Low-skilled immigrant families are overrepresented in the informal housing market and underrepresented in the formal voucher programs. Immigrants are concentrated more in the Santiago Metropolitan Region and Antofagasta in the north; they intensively experience residential segregation, housing overcrowding, and lower housing quality than other Chileans. The two most visible faces of immigrants' housing deficit are the increase in informal settlements, particularly in the north, and the surge of Santiago's overcrowded sublet housing market (Razmilic, 2019). Immigrants in Chile and Hispanics in the United States both score lower on socioeconomic and housing measurements.

McClure and Schwartz address social capital and residential mobility in the United States. In their article, households that receive the Housing Choice Voucher (HCV) are concentrated in low-opportunity areas—especially Hispanics, because they live in tracts where the household's racial or ethnic group is dominant. When they change residence while in the program, however, they often choose tracts at the same opportunity level instead of those in higher opportunity neighborhoods.

The U.S. HCV program looks like Chile's Rental Voucher Program (code DS52), which seeks to help immigrants and Chilean low-income households rent apartments or houses. The Chilean policy's maximum capped rent, however, is well below the rent prices found in the high-opportunity central areas where immigrants need to live (Soto, 2019). Thus, many DS52-eligible households, unattended by the state, are sent into informal housing arrangements and slums, whereas the less deprived ones share newly built apartments with other families. Unlike the HCV in the United States, Chile's DS52 voucher poorly assists deprived tenant households in finding a home.

In the United States, housing segregation connects with the Hispanic housing experience. Sanchez-Moyano confirms that Hispanic homebuyers often purchase homes in neighborhoods with fewer White neighbors, more economic disadvantages (as measured through poverty rates, median incomes, and median home values), and more significant racial change and economic decline. After the Great Recession, the number of Hispanics living in the suburbs grew by 33 percent. By contrast, during the same period, suburbs experienced profound changes in the nature and geography of work and new expansions of poverty. Sanchez-Moyano concludes that it is unclear what type of neighborhoods these new suburban homeowners create and to what extent discrimination, redlining, and structural inequalities limit their access to higher opportunity neighborhoods. Hence, more specific research into the outcomes of the assisted-housing purchase programs seems necessary.

Housing segregation in Chile, in a nutshell, means that the lowest income quintiles, I and II, depend on a state voucher to apply for homeownership, with minimum or no saving required (voucher code DS49). This voucher helps to buy the least expensive formal housing in very segregated spaces; however, the minimum size of those units is currently 62 square meters (667 square feet), and their construction quality has improved. Meanwhile, income quintiles III and IV—namely, lower-middle and middle classes with saving capacity—receive state vouchers to apply for bank credit and state-backed mortgages (code DS1). These groups live relatively less segregated than the previous group, but they rarely find a residence in central areas due to the soaring housing prices and often minimum dwelling size (Herrera and López-Morales, 2021). As central urban areas become exclusionary, low- and middle-income people struggle to find residences. Unlike the situation described in Sánchez-Moyano's report about the United States, suburbanization by low-skilled immigrants does not often happen in Chile.

In another report, Santiago and Leroux show the positive outcomes achieved by the HomeOwnership Program (HOP) among Hispanics in Denver, Colorado. The findings from a sample of 306 Hispanic homebuyers reveal that Hispanic HOP homeowners in the study purchased their homes with little to no downpayment, are more likely to hold 30-year fixed-rate mortgages at lower interest rates than are non-HOP homeowners, reside in larger homes with fewer maintenance issues, and live in residential neighborhoods with few rundown homes. One in five Hispanic homeowners, in Santiago and Leroux's study and nationally, had experienced a foreclosure by 2019; however, foreclosures and short sales were 25 percent higher among non-HOP Hispanic homeowners than HOP homeowners. These authors conclude that efforts by HOP to educate new buyers about desirable dwelling and neighborhood conditions, HOP's downpayment assistance, and its favorable mortgage financing at fixed rates have been successful policies among Hispanic dwellers.

Chile has no policy comparable to HOP. Still, the massive housing subsidy system begun in the 1970s draws on substantial economic discipline among voucher beneficiaries and housing debtors (Murphy, 2015). Current housing voucher programs consider the costs of social assistance to subsidized social dwellers.

Finally, whereas Sanchez-Moyano's report sees Hispanic low-income suburbanization, another report by Myers and Moctezuma reveals the opposite—namely, young Whites moving into

Hispanic central neighborhoods from which older Hispanic households now depart. Also, young Hispanic families move into areas that had been predominantly White as older White families age out of housing (due to either death or moving into communities centered on the elderly). This report's method observes 5-year data from the U.S. Census Bureau's 2015–2019 American Community Survey (ACS) to estimate changes over time that are consistent with a narrative of life-cycle progress. These authors consider data nationally and observe the Highland Park and Eagle Rock districts in the northeast areas of the City of Los Angeles showing gentrification—the opposite generational and racial dynamics playing out in the Los Angeles County region. Although Whites decline as a share of homeowners in the nation and Los Angeles County, their presence grows in Highland Park, Eagle Rock, and other districts of Los Angeles.

At a Latin American level, gentrification by the White population in central urban areas is occurring in Mexico City and in Rio de Janeiro, Brazil. Many state-funded infrastructure programs transform derelict quarters where poor indigenous or Black households live, seeking to attract White middle-class residents (López-Morales et al., 2021). In Santiago, Chile, gentrification is clearly due to socioeconomic reasons, as middle-income residents holding higher education degrees and sophisticated cultural consumption patterns arrive in several central districts (Marín et al., 2019).

This *Cityscape* issue offers an opportunity to address a comparative overview of housing policies in the United States and Chile. For the United States, reports here show a noticeably higher level of marginalization, informality, and risk exposure by Hispanic dwellers. This volume discusses several different housing policies and the variegated outcomes when they deliver housing support to Hispanics. The issue also describes an outward urban movement by Hispanics toward increasingly deprived peripheries, resembling traditional Latin American urbanization patterns. Both outcomes are currently unaddressed by existing policies. “The Hispanic Housing Experience” in *Cityscape* reveals the privileges Hispanics lack in the United States, as their residential experience data clearly shows. Despite its constraints, however, the housing experience for Hispanics in the United States is probably better than those in Chile and most Latin American cities, where housing marginality, extreme neighborhood violence, and the most basic deprivations supersede those of the United States. In Latin America, state policies sometimes reinforce housing informality and segregation.

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