

Homeownership Aspirations and Experiences: Immigrant Koreans and Dominicans in Northern Queens, New York City

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Abstract

The culture and traditions of immigrant families can influence both their views of homeownership and their success in purchasing a home. The study described here examines the homeownership and home financing experience of Korean and Dominican immigrant families living in northern Queens neighborhoods of New York City. Using ethnographic methods, the study team investigated the cultural attitudes and experiences that affect the homebuying process. This article discusses the barriers that may hinder immigrants from becoming homeowners during each of the four phases of the homebuying process: presearch, search, purchase, and postpurchase. It concludes with policy recommendations for lending institutions and public agencies that would enable more immigrant households to become homeowners.

This article presents the results of an investigation of the homeownership and home financing experiences of immigrant families from South Korea and the Dominican Republic who now live in New York City. The research was conducted in four adjacent multiethnic communities in the northern portion of Queens County, one of New York City's five counties, or boroughs. The primary goals of the study were to investigate the effect of the immigrants' cultural attitudes and experiences on the homebuying process and to identify barriers that may hinder their abilities to become homeowners. This knowledge is intended to give lending institutions and public agencies a better understanding of the ways in which culture influences homeownership.

Figure 1

Location of Study Area



This study of cultural attitudes, expectations, and experiences was carried out through a research collaboration between Neighborhood Housing Services of New York City (NHS), a community-based organization, and the Department of Urban Affairs and Planning of Hunter College of the City University of New York. The research team studied issues of culture and homeownership through an ethnographic approach based primarily on indepth interviews. Interviews were conducted with selected residents of Korean and Dominican heritage in order to obtain an “immigrant’s-eye view” of the homebuying process. Our research also included contacts with representatives of community-based

organizations, local lenders, and real estate brokers. We spoke at least briefly with dozens of people in the area. Thirty-three individuals are included in the full (20-minute minimum) interview sample: 25 members of immigrant households, 3 bankers, 3 real estate agents, and 2 representatives of community-based organizations. To protect their confidentiality, pseudonyms are used for all of the persons interviewed and, with the exception of NHS, no institution is referred to by its actual name. While most interviewees were comfortable being tape-recorded during the interviews, about one-third declined.

The following two sections of this article describe the study area and present background information on Korean and Dominican immigrants. Succeeding sections analyze the four stages of the homebuying process as experienced by members of the two immigrant groups. The report concludes with a summary of findings and policy recommendations.

The Site: Northern Queens

The brakes screeched and the subway car lurched as the #7 train slowed on the elevated track above Roosevelt Avenue in Corona. When the doors opened at the station, Jorge Mendez stepped out of the train, descended to the sidewalk, and was carried along as part of a human wave—the morning rush-hour crush. Mr. Mendez always enjoyed the short walk from the elevated subway station to his office. He liked the energy of hundreds of people hurrying to start their days. He especially liked the variety of the people—their colorful clothing, the snippets of conversation in many languages, and the aromas wafting out of the many restaurants and ethnic fast-food shops. On the buildings and in the store windows within a single block he counted three languages—Chinese, Korean, and English—in addition to his native Spanish. Mr. Mendez basked in the energy and variety of his neighborhood, reflecting briefly how lucky he was to be living in the midst of people from so many corners of the world. He looked forward to the afterwork meeting of the new nonprofit community organization that his hard work had helped get under way. He had great hopes that it would produce significant benefits for his fellow Dominican immigrants in the community.

Mr. Mendez is one of more than 370,000 people who live or work in the four adjacent communities dubbed “northern Queens” for the purposes of this study. He also represents one of the more than 29,000 Dominican immigrants in northern Queens who, with about 25,000 Korean immigrants, are the focus of the study.

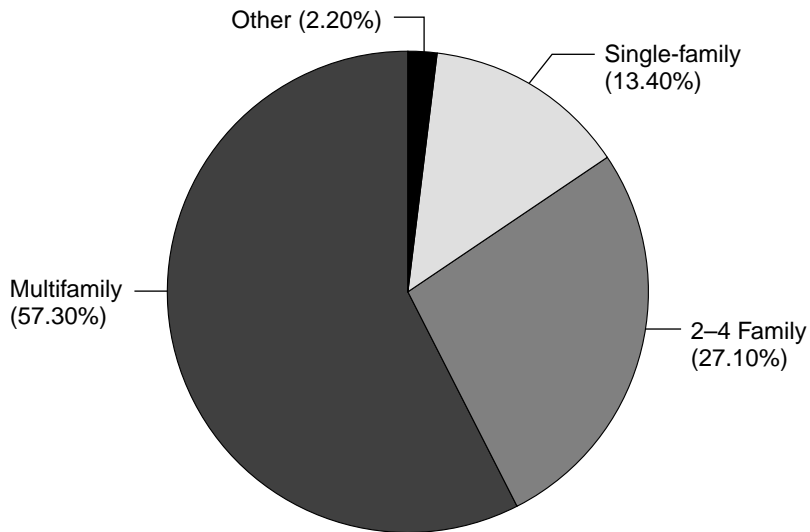
Physical Characteristics

Geographically, Queens is the largest of the five boroughs that make up New York City. Its sprawling, 119-square-mile area is characterized by a remarkable diversity of land uses and housing densities. According to the 1990 housing census, there are more than 750,000 dwelling units in Queens County—more than 25 percent of all dwelling units in New York City. Structure types range from single-family homes to highrise apartment buildings with elevators. Local residential densities vary according to the predominant structure type.

Our study site, a 10-square-mile area in the northern portion of Queens (see figure 1), contains four ethnically diverse communities: Elmhurst, Jackson Heights, Corona, and Flushing. Housing and population data from the 1990 census are based on subtotals for the 88 census tracts (out of 673 in all of Queens) that roughly correspond to the study area. The study area includes nearly 140,000 dwelling units, only 13 percent of which are single-family structures. Two- to four-unit structures comprise 27 percent of the units, 57 percent are in multifamily structures, and 2 percent are classified as *other* (see figure 2). Of the occupied dwelling units in all of Queens, 43 percent are owner occupied.

Figure 2

Dwelling Units in Northern Queens



Source: 1990 Census of Housing.

Within the study area, the owner-occupancy rate is only 29 percent, and it varies by race and ethnicity. The ownership rate for whites is 33 percent; for African-Americans, 24 percent; for Asians, 31 percent; and for Hispanics, 17 percent.

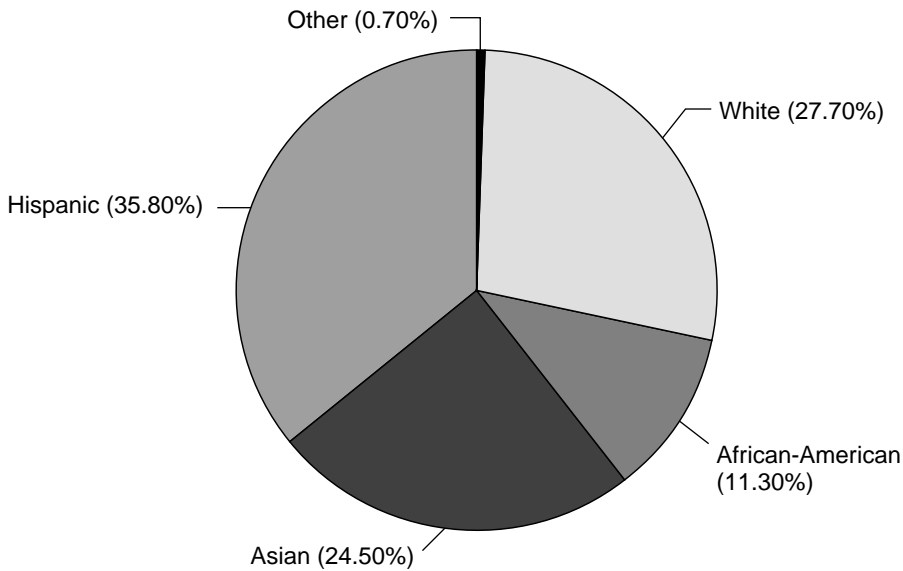
A continuing influx of mainly immigrant new residents has increased the demand for housing in northern Queens, but the housing supply has remained relatively constant. Consequently, the price of one- to four-family houses has increased disproportionately in comparison to income. The median value of owner-occupied units in the study area is \$168,200. Although high by national standards, it is lower than the median in many Queens neighborhoods. Median values of the owner-occupied units in the study area's 88 census tracts range from \$158,000 to \$275,000. Thus the median for even the least-expensive tract is expensive in relation to other types of housing in the study area. For example, many cooperative apartments are available in the \$40,000 to \$80,000 range, but are less sought after than the single-family houses. In general, the quality of the least-expensive housing is quite poor.

Hidden homelessness exists in some portions of the area: hidden because it takes the form of overcrowding. In addition to large families squeezing into small apartments, several families sometimes pool resources to buy and share a single-family house. In addition, some homeowners illegally subdivide their homes or rent basements or attics to meet the demand for housing.

Transportation between northern Queens and the rest of New York City is convenient and efficient. Two major subway routes, nearly 20 city bus routes, and a network of major highways provide excellent access to Manhattan, Brooklyn, and Long Island. The crucial transportation link to Manhattan for many residents is the #7 subway line, which is sometimes called the "International Express" because of the ethnic diversity of the neighborhoods through which it passes.

Figure 3

Race and Ethnicity in Northern Queens



Source: 1990 Census of Population.

Social Structure

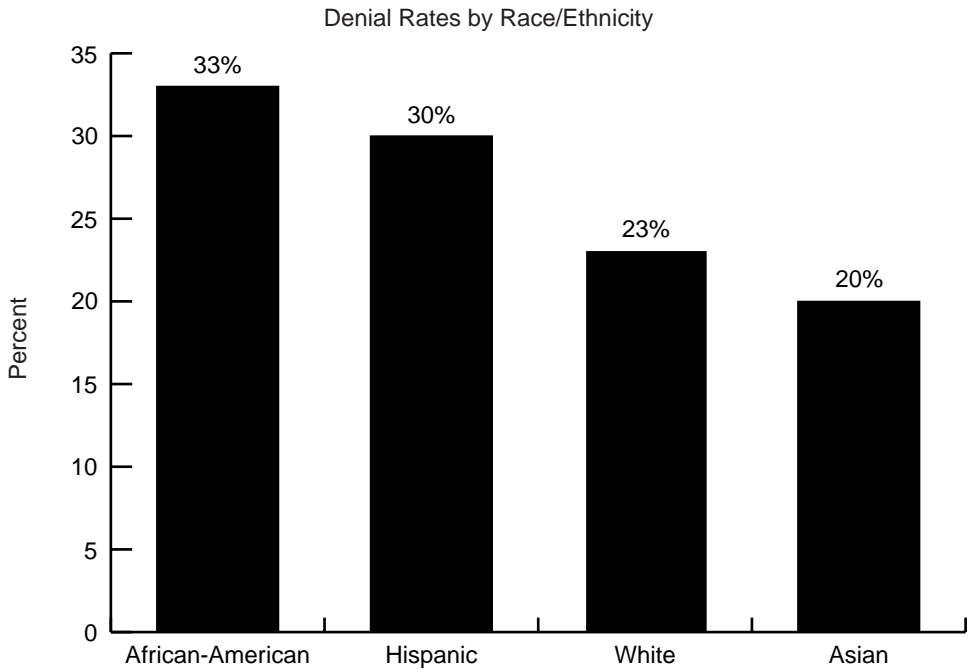
The 1990 census reports the population of Queens—the ninth-most-populous county in the United States—at almost two million, representing more than 25 percent of New York City’s population. The northern Queens study area’s official census count was 372,460 people, and the area was home to high proportions of Asians and Hispanics. Non-Hispanic whites make up 28 percent of the population; African-Americans, 11 percent; and Asians, 24 percent. Hispanics (who can belong to any of the census race categories) account for 36 percent of the study area’s population (see figure 3). Actual numbers of immigrant residents may be higher than the official census figures would indicate, since many undocumented immigrants are not counted by census takers.

The study area has long been a prime residential location for immigrants from many parts of the world. Asians and Latin Americans represent the largest numbers of residents, with most immigrants coming from China, Colombia, the Dominican Republic, Ecuador, India, Korea, and Puerto Rico. Like many Queens neighborhoods, the study area does not have a dominant ethnic group. Instead, there are many locally dominant cultures. The most recent large inflow of ethnicity is a rapidly growing Russian community, much of which has developed since the 1990 census.

An important aspect of the cultural heritage that immigrant groups bring to their new countries is their religion. Many immigrant families use their churches, mosques, and synagogues as socialization and social service resources, as well as for traditional religious activities. Religious institutions in northern Queens provide clear examples of the cultural diversity of the area. On one block a Jehovah’s Witnesses church and a mosque occupy adjacent lots, and in the next community a Methodist church has four full-time ministers serving the English, Spanish, Chinese, and Korean communities.

Figure 4

Mortgage Application Denials



Source: 1993 Home Mortgage Disclosure Act data for Northern Queens.

Economy of the Area

Northern Queens is home to many factory buildings (most of them small) that provide local employment and generally coexist well with the surrounding residential neighborhoods. Most retail shopping is located along several long commercial streets. At various times of the day and week, the dense commercial strips are busy pedestrian areas with storefront displays of ethnic clothing, food, and other products. Sidewalks are crowded with shoppers and street vendors; the streets are filled with cars and double-parked delivery vans. Most shoppers use mass transit or walk, with higher levels of automobile use in areas not as well served by public transit.

As in many predominantly immigrant communities, portions of northern Queens operate within an informal economy. Many of the employers pay their employees “off the books,” supporting a business environment in which a great many financial transactions are conducted in cash. Immigrants who have language difficulties and/or dubious legal status have trouble finding well-paying, stable employment. The diversity within the study area is reflected in the variability of household income from one neighborhood to another. Median household incomes for the area’s 88 census tracts range from \$16,935 to \$45,757.

Banking and Finance

Northern Queens has approximately 70 bank branches within its borders, many of which are foreign owned and cater to specific immigrant populations. These include the Amerasia Bank, Asia Bank, Banco Central, Banco Popular, China Trust Bank, Chinese-American

Bank, Habib Bank (Pakistani), Hong Kong and Shanghai Banking Company, First Bank of the Americas, Great Eastern Bank, Korea Commercial Bank, Korean Exchange Bank, Korean First Bank, and State Bank of India.

Despite the presence of foreign banks opened specifically to provide services to first-generation immigrants, northern Queens has been affected by the continuing industrywide pattern of branch closings in lower income neighborhoods. In response to these closings and other bank service cuts, more and more financial activities are taking place at check-cashing services or bank-like stores that offer some financial services, including money-order sales and utility or telephone bill payments.

Data collected under the Home Mortgage Disclosure Act (HMDA)¹ and analyzed by Hunter College researchers give an indication of the dynamics of home purchasing in northern Queens. A total of 7,430 mortgage applications were submitted to HMDA-reporting institutions during the 1990–93 period. Of the 6,834 applications that were properly completed and not withdrawn, 24 percent were denied mortgages by the financial institutions. The denial rate varied somewhat by racial/ethnic group: 33 percent for African-Americans; 30 percent for Hispanics; 23 percent for whites; and 20 percent for Asians (see figure 4). Of the 4,572 “originations,” or approved loans, almost half (48 percent) went to Asian households. The remainder went, in descending order, to Hispanics (20 percent), whites (18 percent), and African-Americans (5 percent). The remaining 9 percent is attributable to other races.

Two Immigrant Groups: Koreans and Dominicans

Korean Immigration

Through much of this century, an important reason for Korean immigration to the United States has been dissatisfaction with conditions at home. Many Koreans felt constrained by domestic conditions that limited opportunities for economic advancement; by war or threat of war; and, more recently, by the pressures of rapid urbanization. At the same time, Koreans have been attracted to the relative economic and political stability in the United States.

The first sizable Korean immigration to the United States began in 1903, when about 7,000 largely uneducated, young male Koreans were taken to Hawaii to work on sugar plantations (Kim, 1981). When their contracts ended, many moved to the West Coast of the United States and gradually arranged for their wives and families to join them. Migration levels were modest during the first half of the century, but a number of South Koreans arrived immediately after the Korean War. This increase included war orphans and Korean wives of American servicemen.

A second surge of Korean immigration followed the Immigration and Naturalization Act of 1965. The act—which allowed immigrants from any individual country to migrate legally, based on profession—attracted professionals and skilled workers, especially from Korea and other Asian countries. Another wave of Korean immigrants arrived in the 1980s, partly as the result of a dramatic loosening of South Korean government restrictions on cash that emigrants could legally remove from the country. Prior to 1979 Koreans had been limited to \$1,000 per emigrant. During the 1980s the limit was raised to \$200,000 per family (Park, 1990). This new policy encouraged wealthy Koreans to emigrate, and many came to the United States.

The Korean immigrant stream also has contained many people of modest means. While pre-1979 immigrants were largely middle-class professionals or highly skilled workers,

members of the later wave were much more diverse in terms of background and educational level. The rich came to invest money they already possessed, while the poor came for a different kind of economic opportunity. Mixed into the varied circumstances and experiences of the potential emigrants was an excitement that Koreans call “American fever”: an obsession to live in this country. The United States was perceived to be the land of freedom, equality, opportunity, and stability. An immigrant Korean interviewed by anthropologist Kyeyoung Park put it succinctly:

Without my deep thought, I was just eager to go to America. I was told again and again that America is a wonderful and beautiful country, full of gold, indeed paradise in this world. In a word, I had the American fever (*migukpyong*) (Park, 1990).

But the reality of living in the United States has not always lived up to the dream. Some South Koreans, especially those from lower class backgrounds, have found that life here can be difficult. Since the 1980s, as Korean immigration has gradually declined, the number of those repatriating has gradually increased. In 1987, the peak year for Korean immigration to the United States, 1 Korean moved back for roughly every 10 who received immigration visas. In 1994 one person returned to Korea for about every two who came to the United States (*New York Times*, August 22, 1995).

Korean Rentals and the Korean Way of Buying a Home. Renting a dwelling place in Korea is based on an unusual system called *chonsei*, translated as “total renting.” In a *chonsei* arrangement, a renter gives the landlord a very large, refundable deposit at the beginning of the rental period. The deposit is held—and usually invested—by the landlord during the term of the rental period, typically 2 or 3 years. The landlord’s financial gain comes solely from income on the invested deposit, because the renter pays only for utilities during the rental period. A typical *chonsei* deposit for a good apartment in Seoul could be well over \$100,000. At the end of the rental period, the tenant and landlord can renew the lease, in which case the deposit is retained by the landlord; or the lease may be terminated, in which case the landlord returns the entire deposit.

The alternative to *chonsei* is the less common monthly rental system, called *se*, which is similar to American-style renting. *Se*, used by those who cannot provide the large deposit required by a *chonsei* arrangement, is a step down from *chonsei* in several respects. The monthly cost per square foot may be higher; the quality of the housing may be inferior; and the arrangement carries a social stigma. Thus the very structure of the rental housing market in South Korea includes a powerful social incentive for Koreans to save as much money as possible. One of our interviewees summarized the Korean saving ethic with the observation, “Koreans eat at home a lot.”

Another important aspect of the financial environment in Korea is the tradition of extremely high downpayments for the purchase of homes. Several sources report that most homes are paid for in cash. Moreover, when a house *is* financed, the loan amount is usually only 20 percent of the home’s value. During his interview, Reverend Lin said that in Korea virtually all families own their homes, and most homes are purchased without financing. When he was a boy in Korea, he continued, the housing stock consisted largely of single-family homes. Now the dominant housing type is the highrise apartment building, but people still own their homes as cooperatives. Until recently, Korean banks were very conservative and would lend money only to persons who had excellent credit records and could find two respectable citizens to cosign the loan. During the past decade the banking system in Korea has been deregulated, and the banks have become much more like those in the United States. They now offer more services to more people and have begun to grant loans under less-demanding conditions.

Koreans in New York City: The Korean-American Dream—*Anjong*. In a study of Korean immigrants in Queens, Park describes the notion of *anjong*, which refers to a general sequence of life-situations that many immigrant Koreans follow. *Anjong* does not exist in Korea; it is an adaptation of traditional values by people who have moved to a new cultural environment. Here is Park's description:

For a single man, *anjong* means primarily marriage and beginning a family. At the next stage, for a couple, *anjong* means establishing their own business. By the time a couple is operating their business successfully, *anjong* means having children and inviting parents from Korea to join them in America. In the final stage, *anjong* means buying a house in a "good" suburban neighborhood (Park, 1990).

Responding vigorously to the precepts of *anjong*, a striking number of Korean immigrants have started their own businesses. Koreans dominate many kinds of small businesses, including dry-cleaning shops, fish markets, greengroceries, and nail salons. In the late 1980s, 1,400 of the 1,500 greengroceries in New York City were operated by Koreans, as well as 2,000 dry cleaners out of a total of 3,000 and an estimated 1,500 nail salons (*Daily News*, January 22, 1989; *New York Times*, February 21, 1989). Korean immigrants have gravitated to independent small businesses in low-income communities. Kim (1981) and Park (1990) found that at least 70 percent of all Korean immigrants in New York City are involved in small businesses, either as employers or employees or as dependent family members.

Koreans in Queens. According to the 1990 Census of Population, about two-thirds of the nearly 70,000 Koreans in New York City live in Queens County, and about one-half of those live in northern Queens, primarily in Flushing and Elmhurst. The 25,024 Koreans who live in northern Queens represent almost 7 percent of the study area's total population and about 27 percent of its Asian population.

As in many New York City neighborhoods, commercial strips in Queens are often filled by Korean-owned stores. One study participant, Mrs. Lee, has had close association with family-owned businesses. Years ago, she and her husband owned a greengrocery in Brooklyn. Now he runs a successful dry-cleaning business in Bayside, a Queens neighborhood near the study area. Mrs. Lee suggests that language and other cultural differences have created barriers that drive Korean immigrants to become small-business owners. As a further insight into the typical Korean mindset about a new business, Mrs. Lee explains that in Korea people are often willing to work for a minimum salary or even without pay until the company turns a profit.

Companies, in turn, are not hesitant to pay triple or quadruple salaries once the firms become profitable. She adds that people "trust their lives with the boss." Korean workers would not leave an employer until they felt they had learned the business well; then they would establish a similar business in another area. According to Mrs. Lee, Koreans in America prefer businesses that require minimal language skills and concentrate on areas already penetrated by other Koreans.

Korean small-business owners in northern Queens have begun to face competition from the increasing number of Asian-Indians and Chinese (among others) who are opening small businesses in Elmhurst, Jackson Heights, and Corona. In light of this competition and a decline in the number of poorly educated Korean immigrants who will work for low wages, more Korean business owners are hiring non-Korean employees. Moreover, conditions for establishing successful businesses in South Korea have improved dramatically in recent years, resulting in a lower migration rate and an increase in the number of Koreans returning to their native country to set up businesses.

Dominican Immigration

Large-scale immigration from the Dominican Republic, which began in the 1940s, was composed mainly of refugees who came for greater economic and political opportunities. A second wave of immigrants arrived in the 1960s, propelled by political unrest that included a 1963 coup and repeated election debacles, as well as unsuccessful industrial policies.

Dominican immigration grew throughout the 1970s and 1980s, with New York City the most common destination. Many of those who immigrated legally did so under the family reunification provisions of the 1965 Immigration and Naturalization Act. Some Dominicans, who did not have family members already in New York, entered as tourists and intentionally overstayed their visas. Others established residency in Puerto Rico and then migrated to the mainland. It is estimated that about one-third of all Dominicans in New York City may have been illegal residents at some point (Ugalde et al., 1979).

The most recent wave of emigration from the Dominican Republic began in the 1980s and intensified after 1985. For years it was popular wisdom that most of the immigrants came from poor, rural locations, but more recent studies suggest that middle-income, urban Dominicans represent an increasing portion of the immigration flow. Many have college educations and hope to pursue professional opportunities not available at home. Grasmuck (1984) suggests that the recent educated cohort is a significant part of both the legal and illegal immigration streams.

Moving Back Home: Repatriation and Circulatory Migration. In almost all cases of international migration, some of the immigrants eventually return to their homelands, a process known as “repatriation.” In other situations, however, large numbers of people move back and forth between two countries, both as whole families and as parts of families. This kind of cyclical movement, called “circulatory migration,” is a characteristic component of Dominican Republic-United States immigration. Many Dominicans migrate repeatedly between the United States and their homeland. One study participant noted that Dominicans involved in circulatory migration often call themselves New Yorkericans. Such back-and-forth movement is possible, even for families with modest budgets, because the cost of travel is relatively low. In addition to the frequent travel, Dominicans in the United States send a substantial amount of money to families at home.

Nearly all of the study’s Dominican participants reported repatriation and/or circulatory migration stories involving their immediate families. For example, Mr. Colon’s parents, who once owned a home in the Corona area of Queens, have retired to Santo Domingo. Ms. Torres’ grandmother lived in Queens for decades, but when she retired she sold the house and bought one in the Dominican Republic, as she had always planned to do. In classic circulatory migration style, two of the participants moved here with their families twice as children.

The Dominican Way of Buying a Home. Banking in the Dominican Republic is similar to that of the United States, in that Dominicans rely on banks for certain financial transactions. The use of checking accounts and credit cards, however, is less common there than in the United States. Families generally buy their houses with the help of bank-supplied mortgage loans, but it is quite common to build houses incrementally. A family may buy or build a small house and add to it as money becomes available or there is need for additional space. According to some participants, family, friends, and neighbors frequently help with such construction projects. Although the structures may be quite modest, most residents of the Dominican Republic own their own homes. The Dominican rental system is quite similar to the U.S. system, with regular monthly payments.

Dominicans in Queens. Dominicans in the study area comprise almost 8 percent of the total population and 22 percent of the Hispanic population. They are especially concentrated in the Corona neighborhood. Per capita income among Dominicans in New York City is very low (\$6,336), largely because of educational limitations. Nearly two-thirds of the Dominicans 25 years of age or older lack a high school diploma, and more than 36 percent live in a household that is below the poverty line. During the decade of the 1980s, the number of Dominicans in the city who were employed in the manufacturing sector fell from almost 50 percent to only 25 percent.

But not all Dominican immigrants are poor. In a research project on family networks, Patricia Pessar found that many of the Dominicans in her Queens study group had come from urban, middle-class backgrounds and either had once owned or still owned homes or land in the Dominican Republic (Pessar, 1987). Because our interviews focused on individuals who were homeowners or had the potential to become homeowners in the near future, the Dominican participants were similar to those of Pessar's study group in that they were better educated, had higher incomes, and were more likely to be the children of property owners than were members of the northern Queens Dominican population as a whole.

The Presearch Phase: To Rent or To Buy?

In many ways, homeownership holds the same importance for immigrant families that it does for nonimmigrants. Owning a home provides shelter and a sense of prestige. The house is also the family's largest expenditure and usually its primary mechanism for accumulating wealth. But for immigrant families, it can have additional significance. For example, it may be viewed as a symbol of permanency in their adopted country. This is usually a positive incentive for families to save and to invest in housing. We found, however, that for some Dominicans, a desire to move back to their homeland in the future has delayed or prevented the purchase of a home in the United States.

Both of the immigrant groups represented in this study, Koreans and Dominicans, indicated strong aspirations for eventual homeownership. Many of the participants viewed the paying of rent as a waste of their money. Families from both cultures seem to view homeownership as an integral part of personal and family fulfillment.

Ideal Homes, Ideal Neighborhoods

A primary housing-choice consideration for most families is structure type. In broadest terms, this choice is between buying a single-family house or an apartment (cooperative or condominium) in a multifamily structure. While many immigrants feel comfortable in a dense urban environment, perhaps surrounded by people like themselves, most of the interviewees expressed a desire for single-family living. Several participants said they were attracted to the physical distance from neighbors and the privacy afforded by a single-family house. Participants offered a variety of reasons for wanting to buy single-family houses, ranging from generalized privacy considerations or a desire for outdoor play space for the children to the very specific condition that there was "a golf course down the street" from one of the houses. The comments of Mrs. Rivera, a Dominican, summarize the attitude of many families:

We want to have a house in the suburbs because my son would like a back yard where he can play basketball, and my husband wants to be able to put a nail in the wall without worrying about it.... I would love to be able to entertain and have barbecues during the summer.

The second broad choice pertaining to house purchase is that of location. By far the most frequently mentioned location consideration was the quality of the local public school system. Many comments, from both Korean and Dominican participants, contained the near-magical phrase, “District 26,” referring to New York City’s top-scoring elementary school district, which is adjacent to the study area in northern Queens and includes the nearby Bayside community.

Another common housing location consideration for immigrants is whether to live in or near an ethnic enclave; that is, a concentration of residents and commercial/social activities that reflect their ethnic background. Living in an ethnically familiar neighborhood can be critical for recent immigrants who have limited language and social skills. But after a period of time, most immigrants (or at least their children) learn to cope with the language and the larger society. Some families choose to remain in such supportive enclaves, while others decide to move to what they sometimes refer to as “American” neighborhoods, where very few ethnic-minority families reside. Our interviews produced a wide range of responses to the enclave issue. Many people said that a location in or near an ethnic enclave would be a major consideration in their housing choice. Others said they could be happy without much access to an ethnic enclave or that they would be willing to make special efforts to return to the old neighborhood if they were to move away.

Korean Housing Aspirations: Determination and Some Resignation

The traditional American dream of a single-family house with private outdoor space in a low-density neighborhood has been enthusiastically adopted by most Korean immigrant families. This attitude can be attributed in part to the pervasive social impact of *anjong*, which explicitly lists a single-family house as the final rung on the ladder of a successful life. Another support for the goal of homeownership is the negative perception of paying rent, which does not permit accumulation of capital. Thus a number of Korean participants who clearly understand the equity-building component of homeownership referred to paying rent as “throwing money away.” Reverend Lin, a renter, expressed his preference for homebuying over renting in a succinct way: “It’s the same amount each month, for rent or for mortgage.... After 30 years, you own the house.”

Except for two people who live alone, all of the Koreans we interviewed expressed a preference for single-family homes. Many stated explicitly that they would not even consider buying an apartment. An interesting cultural reason for this feeling was cited by Mrs. Lee, who said that she and her husband held out for a single-family house in part because the physical separation of structures “lets me cook Korean food without worrying about bothering my neighbors.”

Mrs. Lee was part of a middle-class family in Korea and grew up in a single-family house. When she and her husband came to the United States in 1975, they rented an apartment in Elmhurst. For 10 years they worked long hours in their grocery store in Brooklyn and saved a large percentage of their income. After they decided that they could afford a house, they focused exclusively on Bayside because of the excellent reputation of its public schools. In her interview Mrs. Lee boasted that “District 26 has the best public schools in the city.” Coincidentally, an article in the local newspaper the day after the interview confirmed that students in District 26 had achieved, for yet another year, the city’s highest reading scores.

In a similar vein, Mrs. Park ranked the quality of the local public school system as her primary concern in neighborhood selection. She explained her attitude with a personal anecdote: Her sister lives in a suburban neighborhood near New York City that has only mediocre public schools, with the result that the sister spends large sums of money on

private schools for her children. Mrs. Park would even consider moving far away—“Connecticut, maybe”—as long as the schools are good.

Many of the Koreans interviewed claimed to be indifferent to living in a Korean enclave. The renters seemed comfortable with the prospect of buying homes in non-Korean neighborhoods, and families that have purchased homes away from their ethnic Korean neighborhoods said they are satisfied with the decision. Mrs. Park, who rents an apartment across the street from Reverend Lin’s church and is very active in the church, said that proximity to Korean cultural and social facilities would not be important for her family. She would be willing to drive back to the old neighborhood for Korean restaurants, church services, and other activities.

Another participant, Mrs. Chu, also said that living in an ethnic enclave would not be important for her and, because her husband and children are in Korea, she feels no need to consider buying a house or condominium in the near future. If she *were* to become a homeowner, she said she would buy a two-bedroom condominium in Connecticut:

I would like to live in Connecticut because Connecticut is a real American city that is clean, safe, and full of “American” people. In New York City, there are *all* people—it is not America.

In contrast to the stories of relatively successful professionals and entrepreneurs presented above, most of the less-educated, lower income Korean participants seem to recognize that they are unlikely to become homeowners in the foreseeable future. For example, Mrs. Hoon and her husband are extremely hard working but seem unable to move toward homeowner status. Mrs. Hoon was born in Korea and grew up in a house that her family had owned for generations. When she and her husband arrived in New York City in 1983, they settled in Flushing. They had heard about Flushing from Mrs. Hoon’s brother-in-law and from friends while they still lived in Korea. Mrs. Hoon is a manicurist who works very long hours, including weekends, and her husband also puts in long hours as a taxi driver. Although they would like to become homeowners, they feel that they cannot afford it. Mrs. Hoon said they do not even have time to discuss homebuying, because they prefer to spend whatever free time they have with their two daughters. Mrs. Hoon said she would prefer to buy a house in Seattle in order to be near her sisters, but she is apprehensive about leaving Queens. Because she is afraid that her husband might not find work in Seattle, they have decided to stay in Queens until their “luck” changes. Her views on homeownership were realistic but resigned:

We’re trying to save. We must save as much as possible before we can think of buying a house.... You shouldn’t even dream of buying a house when you are having difficulties saving money.

Dominican Housing Aspirations: Long-Term Plans Tempered With Caution

Our Dominican participants generally agreed that homeownership is highly desirable. As a group, they indicated a preference for single-family housing but seemed less rigid than the Koreans about avoiding the purchase of a cooperative or condominium apartment.

One of the Dominican renters who hopes to own a single-family house someday is our subway rider, Mr. Mendez. Born to a working class family in the Dominican Republic, he came to the United States with his family in 1978 when he was 11 years old. In 1983, when he was 16, his parents decided to take the family back to Santo Domingo. Mr. Mendez completed high school there and then returned to the United States. Recently

married, he lives with his wife and child in a rented apartment in a house owned by a Dominican family. Mr. Mendez expressed a clear desire to become a homeowner eventually but said he was currently preoccupied with other priorities, especially his job and his Dominican-community civic activities. He has set a personal goal of savings accumulation before his home purchase: enough to cover the downpayment, closing costs, and six monthly mortgage payments. He explained his conservative stance by saying that he knows people who have lost their houses because they could not keep up the mortgage payments.

While a desire for homeownership is widespread among our Dominican participants, they also indicate a hesitation to embark on home purchase because of fear that future financial difficulties could lead to loss of the house. Mr. Cruz, for example, said that he is familiar with the many available mortgages and has a good credit history. He believed he could qualify for either conventional or special loans but had no plan, now or in the near future, to buy a house. He was very concerned about not being able to make the monthly mortgage payments, fearing that he might lose his house and his life savings.

Mr. Velez lived in northern Queens for years but now rents an apartment in Manhattan, where he works as a doorman. He owns a two-family house in Santo Domingo where he stays when he goes back to visit but plans to sell it when he retires in order to finance a small, single-family house for himself and his wife. He is considering only two locations: Corona, where his brother still lives, and Florida, where he has friends and relatives. Although Mr. Velez stated that living in a Dominican enclave is “not very important” to him or his wife, the fact that he goes to Corona every Sunday during the summer to play baseball with his brother and Dominican friends suggests that frequent, convenient ethnic contact may be more important than he realizes.

The repatriation urge has been an important and sometimes divisive issue in the home-purchasing decisions of several generations of Dominicans. As Mr. Cruz explained, there is a long-standing cultural attitude among immigrant Dominicans that they might one day return to the Dominican Republic: “In general, Dominicans in Queens want to earn a living, save and accumulate enough money, and finally buy a house in Santo Domingo.” Other participants spoke of firm plans to move back to the Dominican Republic. Some nationalistic parents have aspirations that their U.S.-born and -educated children will apply the skills and knowledge acquired in the United States to help improve conditions in the parents’ native land. However, Mr. Mendez called the desire to return to the Dominican Republic a myth. He estimated that only 20 percent of those who plan to repatriate ever do, and that about one-half of those who do repatriate eventually return to the United States. He described the widespread desire to return to the Dominican Republic as a major obstacle to more extensive Dominican homeownership in New York City.

The Search Phase: Finding the Right Home

Due to its accessibility to Manhattan and the rest of New York City and its popularity with a wide range of immigrant groups, northern Queens is an increasingly expensive place in which to live. Although there has been some recent downward pressure on house prices, owners have been reluctant to lower their asking price to the point that they will suffer losses on real estate purchased 5 or 10 years ago, when prices were generally higher. Another part of the problem is that a significant number of one- and two-family houses were purchased as investments and are maintained as rental units. The high demand for housing in northern Queens and the consequent high prices mean that relatively few one- and two-family homes are affordable to low- and moderate-income families. The high rental costs and the even greater expenses of homebuying have caused many families to

relocate outside the neighborhood. Comparable housing is less expensive on the fringes of the New York metropolitan region, where access to Manhattan is not as convenient.

House-Hunting: Sometimes Methodical, Sometimes Abrupt

Many of the Korean and Dominican homeowners interviewed for the study carried out methodical, well-organized home searches. They considered home purchase for a considerable period, thought through their preferences and, when financially able, set out to look at homes they might be interested in buying. But the interviews also revealed instances in which serendipity became a factor in the homebuying process. For example, two families, the Colons and the Dongs, were generally content with their rental status until their landlords decided to sell the houses in which they were living. In both cases, the families quickly marshalled resources and purchased their units. The Jee family approached the house they eventually purchased with the intention of renting it. And the Rivera family's request that the landlord fix water damage in the apartment led to eviction, which in turn resulted in an emergency house purchase that required them to sell property they owned in the Dominican Republic.

Real Estate Agents

The northern Queens study area is amply served by real estate agents. A variety of real estate offices (large/small, commercial/residential, ethnic/nonethnic) are located along major commercial streets. A review of the 1995 Queens Yellow Pages yielded about 250 listings within the study area. We interviewed three estate agents who operate in northern Queens. Two, Mr. Patel and Mr. Garcia, showed genuine interest in helping new residents enter the ranks of homeowners. The third, Mr. Ortiz, had a decidedly less positive perspective regarding both housing in northern Queens and his clients.

Mr. Patel came to Queens from southern India with his wife and two children in 1985. After 5 years as a successful real estate agent, he purchased a franchise from a large national real estate company. He described the study area as a "mixed community—Indians, Pakistanis, Asians...and Spanish." His impression is that most of the people have a similar goal: "Their aim is to buy their own house. Indians, Chinese, Koreans—they want to own their own house, because they don't want to throw their money out." He believes that many of the residents are interested in providing a better life for their children:

They want their kids to grow up in a nice environment. Our Indian people take care of their children. Asians prefer to live in a one-family house in a nice quiet area, because they want the kids to go outside freely where there is no crime or drug addicts.

Some of his clients are interested in the investment aspects of real estate. They ask him to help them find two- or three-family houses, "so they can rent out one or two apartments and cover their mortgage."

Mr. Patel told us that housing discrimination is not a problem in the study area. He said of landlords, "If they have an apartment, they rent it. They're not looking for color or anything. They are good people. They look at credit and income [of prospective tenants]." According to Mr. Patel, the real housing problem in the area today is price. Prices for some properties are high, he said, because people who bought houses a number of years ago have seen their investments decline due to a general drop in real estate values. "Ten or 12 years ago, they bought at high price and high mortgage. Now the price is down. They are asking \$250,000, and the buyer is going to give you an offer of \$175,000."

A final problem indicated by Mr. Patel is that many of the newer residents who are looking for housing have a problem with income verification, because “today people are getting paid in cash.”

Mr. Garcia is from Ecuador. He came to northern Queens in 1985 and worked in a restaurant for several years before starting work as a real estate agent. Much of his time is spent helping Hispanic families find apartments to rent. In terms of sales, he described himself as one of the few agents to concentrate on “handyman specials.” Many clients who come to him are looking specifically for buildings in need of repair. They often combine resources with other families so that they can buy with cash and have enough money left to complete the required repairs. The cash purchase is necessary, he said, because “no bank is going to give money to buy a house that needs a lot of work. They’re only going to lend you money to buy a house that you can live in right away.”

Mr. Garcia described northern Queens as an area of immigrant neighborhoods. He said the people who live there dream of owning a house, and he is in business to help them achieve that dream. Indeed, his business card bears the slogan “We’ll help you get your dream.” Mr. Garcia’s regular business includes listings in most of the communities in the study area. However, he is more than willing to assist clients who are looking for a home in other parts of Queens, or even in other States. “Let’s say you come here to my office to look for a house in Florida. I would call somebody I know in Florida, and they’ll show you what you’re looking for,” he said.

Mr. Garcia believes that low-income people can afford to buy houses in the area, although some sacrifices and/or special arrangements may be needed. For example, he said it was common for many people, especially Hispanics, to pool money with their adult children in order to purchase a two-family house.

Our third interview was with Mr. Ortiz, a real estate agent who came to the United States from Colombia in 1969 and has lived in Queens since the early 1970s. He speaks English without an accent and works for a well-established “American” agency in the study area. Even though he owns six houses in the area, Mr. Ortiz remarked that “houses here are garbage.” He is waiting for the right time to sell his properties and move to another part of the United States where there “are good places to raise my children, and people live more normally.” He seems to view the immigrants’ newcomer status as a weakness and a vulnerability. In a somewhat condescending tone, he said that many new residents “don’t know anything about the country. They come here, see a house that looks good, and they buy it without knowing anything about structures or the tax system.”

Speaking quite freely near the end of the interview, Mr. Ortiz exhibited few scruples about taking advantage of these newcomers. Although he believes that many houses in the area are worth less than their advertised price, he is quite happy to conclude a deal if a “sucker” wants to buy a house at the listed price. Like Mr. Patel, Mr. Ortiz has many clients who regard real estate in the area as an investment. He admitted that he generally advises these clients to list their houses for sale at inflated prices as soon as they buy them.

All three of the real estate agents we interviewed are immigrants themselves. Although each asserted that he deals with all of the ethnic groups in the community, there are clear ethnic patterns in their clients: Each agent does much more business with people who share his language and other cultural characteristics. We found a clear difference between Koreans and Dominicans in their use of real estate agents. Only a few Dominicans reported any interest in using real estate agents, while two-thirds of the Korean homeowners said

they had contacted agents and about one-half of the Korean renters said they intend to do so. Furthermore, most of the Korean renters plan to use Korean-speaking agents. The higher reliance on real estate agents by Korean immigrants in the study may be due to the fact that, as a group, they have been in this country approximately half as long as the Dominicans who were interviewed.

Korean Home Search Experiences

The Korean homeowners who were interviewed had varied, and often remarkable, home search experiences. Mr. Chong and his wife, who belonged to upper-middle-class families in Korea, came to the United States in 1985 as a young couple with no children. They rented an apartment in an area of Flushing where there were many other Koreans. After a year, Mr. Chong started to work for a Korean-owned bank as a supervisor in the mortgage department. In 1987, realizing that their rent money was building no equity, the couple began searching for a condominium. They wanted to buy an apartment close to their workplaces and to the Korean community. Mr. Chong educated himself about how to buy a condominium. He purchased “how-to” books on buying and selling real estate and searched for his ideal condominium by walking through neighborhoods he liked. To reduce his costs, Mr. Chong avoided properties listed by Realtors, looking only at apartments sold by owners and advertised through property signs or newspaper notices. The Chongs’ experiences are further described in the Korean Home Purchases section below.

Mrs. Lee and her husband, whom we met earlier, commented that their child’s education was the driving force in their homebuying timetable. Mrs. Lee said they “started to look for a house when my son reached fifth grade.” At the beginning of their search, they became frustrated when they lost out on homes they were interested in because they hesitated too long before making a commitment. They considered three houses and, to their chagrin, the first two were sold within 2 weeks. They grew so frustrated that they decided to say yes to the next suitable house. When the situation arose, they made their decision literally overnight, without waiting for a thorough inspection, because they were afraid of missing another opportunity.

Our interview with Mr. Kwok illustrates the overlapping of the presearch and search phases of homeownership. Mr. Kwok, from an upper-middle-class family, came to the United States on his honeymoon in 1982 and he and his bride decided to stay. Mr. Kwok has several university degrees from Korea, including one in computer engineering. He is the sole proprietor of a computer-skills tutoring business where he teaches computer and mathematics skills to students on a one-to-one basis.

The Kwoks are very proud of their two daughters’ academic achievements. The older girl attends a prestigious public high school in Manhattan that admits students on a competitive basis, and the younger one is in a program for gifted students at the local elementary school in Flushing. While currently a renter—and planning to continue renting for at least several years—Mr. Kwok is very involved in the home search phase of homeownership. His long-term plan is to buy a house in a quiet suburban neighborhood where the quality of public schools is high. He is very knowledgeable about the home-financing process and says he has enough money for the downpayment on a house. But, because of his concern about his daughters’ education, he is saving as much as he can so that they can attend excellent schools. He also wants to expand and solidify his business. Mr. Kwok said that he and his wife will continue to rent in Flushing, even though they do not like the neighborhood. He called Flushing too noisy and too urban but admitted that it is very convenient. He can walk to work, and his girls attend some of the best schools in the city without having to pay private school tuition.

Dominican Home Search Experiences

Among the Dominican homeowners interviewed for this study, few had what might be considered typical or standard home search experiences. Most found their homes through established relationships or because of unusual circumstances. The 30-year-old Mr. Ramirez, for example, acquired his first apartment in Queens in 1987 when he learned that a rental apartment building was being converted to cooperative ownership. He found that the price of a studio apartment was within his means and decided to buy it.

The home search phase for the Colon family was also nonstandard. Mr. Colon, who is 43 years old, came to the United States with his family when he was 10 years of age. He has a college degree in psychology and works as an assistant to a New York City government official. He was renting an apartment in a house when his landlord approached him and asked if he would be interested in buying the house. Mr. Colon liked the area and felt he could not pass up the opportunity. With considerable effort he was able to arrange financing and purchase the home.

Another decidedly unconventional home search story is told by Mrs. Rivera. Now 40 years old, she came to the United States in 1961 at the age of 5 with her parents and seven siblings. She has been married for 20 years and has two children. Although she has a background in social work, she is currently a full-time homemaker. She and her husband never intended to buy a home in the United States. Instead, they chose to rent while they saved money to buy a piece of land in the Dominican Republic. After achieving that goal, they continued to rent and save money in order to build on their property. They believed they would soon be able to return “home” for good. When they asked their landlord of 14 years to repair a bathroom ceiling that had been water-damaged, he told them that their lease would not be renewed and they would have to vacate the property within 2 months. In a state of panic, Mrs. Rivera and her husband consulted neighbors and friends about available apartments in the neighborhood. They were told that an apartment building in a nice area about three blocks from their home in Corona was turning cooperative. Although they liked the area and the building, they did not have enough savings to make the downpayment. The outcome of their search is described in the following section.

The Purchase Phase: Actually Buying the House

Until a decade or two ago, the vast majority of home mortgages in the United States were quite similar to one another. The standard mortgage included a 10- to 15-percent downpayment, a 30-year term, a credit check, and verification of income and employment. During recent years, however, many variations on the traditional mortgage have developed. One of the most dramatic changes is the increased flexibility about the size of downpayments. A major barrier for many low-income families is accumulating enough money to meet traditional downpayment and closing costs. Government-subsidized loan products, such as those offered by the Veterans Administration or insured by the Federal Housing Administration, historically had downpayments of 5 percent or less that allowed low- and moderate-income families with limited savings to acquire a mortgage. More recently, banks have also offered very low downpayment loans to qualified homebuyers, in northern Queens and elsewhere.

Another loan product commonly offered in northern Queens is the low-documentation or no-documentation loan, for which very little income or asset verification is required of the borrower. Under these “low-doc/no-doc” lending arrangements, a borrower makes a high downpayment—typically at least 25 percent—and receives a slightly higher interest rate. Such loans are attractive to households that have accumulated significant funds but are unwilling (or unable) to document the sources of their money. In some cases the funds

have been obtained through work done in the informal economy or through undocumented (and perhaps untaxed) business profits. For other households, the low-doc/no-doc loans are attractive because of ingrained caution about sharing financial information. A local banker who originates many no-doc loans explained their popularity among immigrants in these terms: “When you give someone an application that says ‘tell us your life history,’ the people don’t want to deal with that.”

Even if the downpayment is relatively small, the combined downpayment and closing costs represent a significant outlay for the average household. Most survey participants indicated that these funds came primarily from personal savings. Other significant sources were loans or gifts from family and friends. Many middle-class Korean participants mentioned that they had received significant sums of money from their parents in Korea.

Another possible source of downpayment funds is a revolving credit association or loan fund to which members contribute monthly and from which they serially receive the combined deposits. Among the Korean and Dominican survey participants, there was near universal familiarity with such associations, termed *kye* in Korean and *san* among Dominicans, and many households reported regular participation. However, revolving credit associations appear to play only a minor role in home purchase. Although one Dominican participant said he used a \$6,000 *san* to finance his wedding, none reported using *san*-generated funds as a downpayment. Korean participants mentioned that while *kye* often played a significant role in business purchases or expansions, the use of *kye*-accumulated funds for home purchase was rare in northern Queens.

Banks and Bankers

Team members conducted interviews with three loan officers who work at bank branches in the study area. In each case the parent bank was a local or regional American-owned bank with branches in Queens and adjacent counties, but none outside the New York City region. To preserve anonymity, the banks have been renamed: First National Bank, Second National Bank, and Third National Bank.

Owen Garvey is a senior vice-president of First National Bank, which has about 10 branches in Queens. It has been his experience that many immigrants distrust banks and are often reluctant to complete application forms that require personal information. He says that many immigrants are fearful of applying for home mortgage loans because of their immigration status. Many of these people, he asserts, are “unbankable.” It concerns him that First National cannot serve them better, but he says he understands the circumstances under which they live:

The people—the immigrants—whether they’re Asian or from South America, there’s a distrust of the banks. We know that there are a lot of illegal immigrants. Unless they’re going to buy a house for cash, they don’t want to get involved in it.

First National Bank is primarily a portfolio lender, in that it uses its depositors’ money to finance mortgage loans rather than selling the loans it originates on the secondary market. Prior to the 1980s, most of First National’s home mortgage loans were similar to those that were originated throughout the country. During the 1980s, however, in response to the influx of immigrants from Asia “who pride themselves on privacy,” First National created a no-income-verification loan product. The bank would make a loan if the applicant could put down at least 25 percent of the purchase price and demonstrate a near-perfect credit history, and if the price of the property was no greater than the appraised value. By 1995 more than 80 percent of the bank’s home loans in northern Queens were no-income-verification loans.

Mr. Garvey cited the high cost of single-family homes as a serious problem. The average price of a house in Queens, at more than \$150,000, is well beyond the means of most low- and moderate-income families. Programs that encourage low-income families to buy these homes, said Garvey, do not help the people or the communities. People in lower income categories, he noted, cannot consistently make the mortgage payments, and many of the loans to this group will end in foreclosure.

Garvey suggested that a better approach for most low-income families would be to focus efforts on cooperative apartments, as there are many for sale in northern Queens for less than \$50,000. "Co-op apartments would be good for lower income people in [high-cost] New York City," he said, "but none of the [government] agencies can get sensible co-op lending through their heads." In other words, the agencies fail to promote programs that encourage low-income households to buy cooperative apartments or assist them in doing so.

Ms. Joan Duffin, an executive in the mortgage department of the Second National Bank, discussed her bank's lending program. Second National is a regional bank with more than 20 branches in the New York City area, including several in Queens. Like First National Bank, Second National is largely a portfolio lender, with about 90 percent of its loans held by the bank. About 70 percent of the bank's mortgage loans are for single-family structures, with the remaining 30 percent split more or less evenly among commercial, multi-family, and condominium loans. In the area of single-family loans, the bank's niche is no-documentation loans. Ms. Duffin estimated that 90 percent of Second National's residential loans in northern Queens are no-doc loans. These are particularly popular with Asian borrowers, who "almost always choose no-doc or low-doc loans. Culturally, they like to pay cash. They're not used to using credit." She also noted that the bank regularly makes loans to immigrants with no credit history at all: "We'll make the loan, but we'll price for it." That is, without a credit history, the interest rate is even higher than it is for regular no-doc loans.

To improve its service to the diverse populations of northern Queens, Second National has worked to increase the diversity of its loan staff. In 1995, Duffin noted, about 20 percent of the staff were native Spanish speakers, 10 percent were Chinese or Korean, and about 10 percent were African-Americans. The bank's efforts to diversify its staff were sometimes quite aggressive. For example, in order to have Chinese loan officers on staff, the bank made very attractive offers to loan officers working for Chinese-owned banks in Manhattan.

Like the other two banks, Third National Bank is an established regional bank. It has more than 25 branches, 3 of which are in northern Queens. Our interview with Mr. Martin Gittins, a community liaison officer, made it clear that his bank has a very different niche from the two banks discussed above. Mr. Gittins said that Third National offers "every lending product known to man" and more than half of the bank's mortgages are insured or otherwise subsidized by Federal or State programs. Approximately 25 percent are conventional loans and only about 10 percent are no-doc loans. Almost all of the loans are sold on the secondary market rather than being held in portfolio.

Third National has a number of community outreach programs whose goal is to increase home purchasing awareness among low- and moderate-income residents. The bank offers mortgage lending seminars in the community in both Spanish and English, as well as individual mortgage counseling. Mr. Gittins, calling himself the "equal opportunity arm" of the bank, said that much of his daily work is directed toward enabling lower income families to buy and live in their own homes. He told several stories about intervening

to help obtain loan approvals for families whose poor credit ratings had resulted from misunderstandings and helping families cope with emergencies to avoid foreclosure.

Although Third National actively solicits low- and moderate-income loan customers, very few are from the dominant minority groups of northern Queens. Given the high concentration of Asian and Hispanic residents in the area, Third National's lending to such families is very limited: Only 10 percent of its home loans are to Asians, and only 10 percent are to Hispanics. The relatively small amount of business with immigrants is reflected in the bank's staff. In the branches located in predominantly Hispanic ethnic neighborhoods, one employee per branch (at most) speaks Spanish; and at the large branch in the predominantly Asian community of Flushing, only one loan officer speaks Chinese.

Primarily because of the limited number of bank employees who speak their language, several of the study's participants said they were not comfortable in American-owned banks. Mr. Kwok, the Korean renter who has postponed his home purchase because of the excellent public school his daughters attend, explained that he felt much more relaxed in Korean banks. Even though he speaks fluent English and is financially knowledgeable, he said that he is not treated well in non-Korean banks. Mr. Kwok said that bank tellers and other employees often express their lack of appropriate respect through negative body language. In contrast, he described tellers in Korean banks as being "friendly and nice."

Korean Home Purchases

With some exceptions, the Korean homeowners interviewed for this study met the expectations of bankers and real estate agents, in that most of their home purchases involved very large downpayments. The experiences of the Chong and Lee families—both introduced earlier—are illustrative.

After several months of searching, the Chongs found a one-bedroom condominium they liked and made an acceptable offer of approximately \$100,000. The purchase was financed by the bank for which Mr. Chong worked. Because he was an employee, the bank agreed to finance the condominium with only a 20-percent downpayment. Most of the downpayment came from the couple's parents in Korea.

Seven years, three children, and several employment situations later, the Chong family had outgrown their condominium. Mrs. Chong, who wanted a single-family home with a garden, prevailed over her husband, who preferred a larger condominium in northern Queens. Again Mr. Chong, who by now had founded a research firm that specializes in Korean language- and culture-related topics, avoided Realtors. Each Sunday he drove out on Long Island to look for owner-advertised homes in communities recommended by friends. A primary criterion was a public school district with a top reputation. After a 6-month search, he found a desirable house and made an acceptable offer of about \$220,000. Because of a downtrend in the condominium market, their northern Queens condominium provided them no equity. Rather than sell it at a loss, they decided to rent it until the situation improved. Again they turned to their parents, who supplemented the Chongs' savings so that they could put \$80,000 down (36 percent of the purchase price) on the home. The remainder was financed with a conventional loan. Because of the large downpayment, it was relatively easy to get the loan approved, and the monthly payment was at a level the family could afford.

The experience of the Lee family exemplifies a home purchasing history in which gifts from parents played no role. The Lees, former owners of the Brooklyn greengrocery, worked 16 to 18 hours a day in order to accumulate savings for a house. They found one they liked in 1985 and put down \$30,000 (25 percent of the purchase price). The

remainder was financed with a 15-year conventional mortgage. Most of their downpayment came from a kye to which 30 families each contributed \$1,000 per month for 30 months. The high downpayment and relatively short mortgage were consistent with the family's antipathy to paying interest. Mrs. Lee estimates that if one finances a house for \$100,000, the borrower "has to pay back \$400,000," which would be correct at a 13-percent interest rate. However, when one pays cash, as is the practice in Korea, one pays the "real price," not the inflated price.

Dominican Home Purchases

Among the Dominican families, as among the Koreans, home purchasing experiences varied considerably. Within the Dominican population, however, relatively low downpayments and long financing periods were the most common features of the homebuying process. For example, Mr. Colon, who was mentioned in the Home Search section, bought his home in Corona from his landlord in 1984 for \$140,000. Although he and his wife had a combined annual income of \$55,000, they had saved little. Mr. Colon noted that it was possible for them to buy the house only because of a special State-subsidized mortgage program that offered below-market interest rates, accepted a 5-percent down-payment, and limited closing costs to 5 percent of the purchase amount. However, he described the 5½-month process of obtaining the loan as "a nightmare" that included duplicative efforts, uncertainty, and unpleasant surprises each step of the way. He noted that at times he and his wife were physically ill from the ordeal and considered withdrawing their application. They persisted, however, and at last succeeded in their purchase. The downpayment and closing costs came from personal savings and from credit-card advances to Mr. Colon and to his brother.

Although many Dominicans were able to purchase homes with low downpayments, others experienced difficulties. For example, the Rivera family, who faced eviction in response to their request for water-damage repairs, had trouble completing the purchase of the \$88,000 cooperative apartment they wanted to buy. They were interviewed by the co-op owners' association, which also reviewed their income tax returns and verified their employment. When they were accepted, they were told to secure a loan from one of three participating banks. The relatively large initial payment of about \$25,000 was approximately \$15,000 more than they had saved. However, the plot of land in the Dominican Republic on which they hoped to build some day was worth roughly \$15,000. After painful deliberations, they realized their only hope of buying the co-op was to sell their Dominican property, which they did.

Mr. Ramirez, too, made a large downpayment when he purchased a condominium in an apartment building he had intentionally moved into because he had heard it was converting. The owners offered him a studio apartment for \$45,000 (a discounted "tenant's price"), which he was able to buy with 20 percent down and a 15-year conventional mortgage from a local bank. Mr. Ramirez credits the lessons he learned through buying that apartment with giving him the knowledge and confidence to purchase two additional apartments, both from banks that had repossessed them. He and his expanding family moved into a large two-bedroom apartment and kept the other two apartments as investments.

The Postpurchase Phase: Homeownership as Reality

Some financial problems are to be expected with the changeover from renter to owner. The newly acquired mortgage debt sometimes results in a significant increase in monthly housing costs. A variety of developments can upset family finances and lead to difficulty in meeting mortgage payments. One common problem is an unexpected reduction in income, often caused by an event such as job loss, divorce, or separation. Or there may

be additional family expenses such as unexpected pregnancies or illnesses. At times major repairs or maintenance costs, such as a new roof or a furnace repair, suddenly become the family's responsibility.

Participants in the study were generally satisfied with their homeownership situation. One of the few complaints was voiced by Mr. and Mrs. Dong, who said they had "heard about" loan refinancing but didn't know how to take advantage of current interest rates, which were lower than the fixed rate they were paying on their mortgage. A different kind of homeowner's problem was mentioned by Mr. Colon, who said his family had experienced difficulties meeting the monthly mortgage payments for several years. He remembered eating "an awful lot of rice and beans," because at times it was all they could afford.

Although none of the participants in the study experienced a foreclosure, many homeowners and renters expressed concern about their ability to repay a mortgage. Some worried that the very-low-downpayment mortgages, with relaxed criteria, might create financial difficulty for borrowers in the future. While such loans do allow households with minimal savings to gain access to homeownership, they often burden economically unstable families with monthly payments that are high relative to income. If the family must also repay friends, relatives, or a credit card account for money that was applied to the downpayment or closing costs, the family starts out in a particularly precarious financial position.

Some families enter into mortgage contracts with insufficient knowledge about the problems associated with homeownership, especially pressures on the family budget that are greater than expected. Often they are equally unaware of actions that might reduce or resolve some of the problems, such as refinancing the mortgage when interest rates come down. As part of what is sometimes called a "full-cycle approach" to homebuyer support, some nonprofit, community-based organizations (including NHS) have begun to offer postpurchase support services for first-time homebuyers. Through these efforts, new owners are trained in home maintenance and budgeting and may receive early-intervention delinquency counseling that will help them avoid defaults and foreclosures.

Findings and Policy Implications

One of the clearest findings from this exploratory study of homeownership and home financing within Korean and Dominican communities is that the experiences were very diverse. Each ethnic group included struggling renters, satisfied homeowners, and multiple-property owners. The participants also exhibited diversity in terms of their assimilation into the larger mainstream culture. It was especially evident that immigrants who came to the United States as children or young adults had better English-language skills and were, overall, more familiar with the business and financial environment and more likely to own a home. But within the rich diversity of experiences there were patterns that have general relevance for home purchase and finance. Some of the key findings are described below.

Barriers to Homeownership Faced by Immigrants

Homeownership is difficult for many families in the United States because of poverty, limited education, lack of homebuying information, inadequate access to conventional financing and, in some instances, racial bias in the financial sector. In addition to these barriers, immigrants to the United States—particularly low-income families that have arrived within the last 20 years—face other challenges. Lack of fluency in the dominant language is an obvious limitation. Further, opportunities for employment are often restricted

to the informal economy, where transactions are made predominantly in cash. The resulting lack of documentation of employment, income, and credit history makes it difficult to satisfy the requirements of conventional lenders. Finally, the pooling of funds among relatives for a downpayment is common in many cultures but is fairly new to most U.S. bankers:

In theory, as long as banks are convinced that the down payment isn't a product of illegal gains and not a loan that needs to be repaid, there should be no problem. But in practice there is often resistance, and obtaining the documentation to satisfy these general requirements can be difficult among immigrants who may have a historic distrust of authority (*Crains New York Business*, February 17, 1992).

Ignorance About Home Financing and Distrust of Large Institutions

A recurring theme in the immigrant interviews, especially for recent arrivals, was a lack of specific knowledge about the homebuying process. Although a few participants from both the Dominican and Korean groups were well informed, many immigrants lacked basic knowledge of mortgage financing, real estate laws, property taxes, and the general process of homebuying.

A somewhat subtle component of immigrants' ignorance about American housing finance in the United States is their prior knowledge of the financial and home mortgage environments of their home countries. In a very real sense, they need to "unlearn" some of their pre-emigration knowledge. For example, Korean immigrants familiar with the very high front-end housing costs in Korea (all-cash home purchases and the *chonsei* system of large rental deposits) might reasonably assume that home purchases in this country are also based on mostly cash transactions. One of the cultural carryovers for Dominican immigrants is the perception that banks are more interested in making loans to wealthy customers than to low- or moderate-income families.

A related issue is a negative attitude toward large institutions: It seems that many immigrants have a general distrust of people in positions of power or authority as well as of large, impersonal institutions. Many have had unpleasant experiences with unstable or repressive governments or with banks that became insolvent and robbed families of their savings. One of the reasons given for the popularity of no-documentation loans was the aversion immigrants had to providing personal financial information to a bank.

Housing Viewed as a Home Rather Than an Investment

Most of the immigrants interviewed seemed to perceive homebuying as part of a process of settling into a community. A house is viewed not as an investment or a possession but rather as the place where a family chooses to live. Thus a decision to buy a home usually reflects a commitment to live in it for a very long time. For many immigrants, the act of purchasing a home in the United States may be a powerful tie to the notion of permanence and a sense of place in the host culture.

The attitude of viewing a home purchase as a one-time, permanent decision is linked to the importance placed on the education of children when considering housing location. Although both Korean and Dominican families cited the caliber of schools as an important factor in the choice of a neighborhood, Korean families were especially fervent (and knowledgeable) about the quality of the public schools.

This sense of permanence in relation to the homebuying decision is central to the issue of Dominican repatriation. Several Dominican participants mentioned a widespread desire

to establish a residence in the Dominican Republic, and some described this attitude as a barrier to homeownership in the United States. They explained that they knew of Dominican immigrants who continued to view their stay in the United States as a short-term one made primarily for the quick accumulation of assets, even when it extended over decades. Their aspirations centered on a home in the Dominican Republic, even when rational calculations indicated that a home in the United States would make better sense financially and socially. This perspective, they added, was much less prevalent among immigrants who had come to this country as children, because they were far more comfortable in American culture than their parents and often preferred to remain in the United States.

A closely related finding revealed perhaps the most pronounced difference between the Koreans and the Dominicans: each group's expectations about the permanence of their emigration decisions. A Korean family that was thinking of emigrating to the United States typically went through a very difficult decision about whether to move away from friends and relatives. Once the decision was made, they generally sold everything and moved to America, presumably to stay here forever. Recent trends in Korean repatriation seem to reflect a similar mindset: cut important ties, sell everything, and move back to Korea, probably to stay *there* forever. In dramatic contrast, the thoughts of Dominicans considering a move to the United States generally included an option (perhaps even an explicit plan) to return to the Dominican Republic someday.

The Importance of Kin Networks in the Lives of Immigrants

The stories immigrants told of their lives and housing experiences were filled with references to the information, advice, social support and, frequently, financial support they received from their immediate and extended families. Clearly these supportive kin networks played important roles in the home purchasing process as well as in coping with the travails of everyday life. Distrust of government and other formal institutions may well reinforce the typical immigrant's reliance on informal social networks.

When families are separated by immigration from their parents and siblings, there is often a transfer of capital from better-off family members to struggling relatives. This international flow of familial capital is nearly always from wealthier relatives to those who need it more. Many of the young Koreans came from relatively well-to-do families that offered financial support, especially for the purchase of a home. In contrast, Dominican immigrants, even those with relatively low-paying jobs, often transferred funds to poorer relations at home.

A related issue is that of the home-tenure example of parents. Among both Korean and Dominican immigrants, households appear more likely to be homeowners if their parents owned homes. For relatively well-off families, this cross-generational transfer of housing preference is unremarkable, but the normative influence was apparent also within low- and moderate-income families.

A final "finding" is, in actuality, something we expected but generally did *not* find: the use of revolving loan funds for home purchases. Virtually all the immigrants in this study were familiar with revolving loan funds, and many Koreans participated in *kye* and Dominicans in *san*. Although there were numerous reports of the use of *kye* and *san* to start or expand businesses, to buy cars or furniture, and to finance a wedding or an education, their use for home purchases was relatively uncommon. Only a few Korean immigrants mentioned that they or their acquaintances had used funds accumulated through *kye* as a significant part of their downpayment.

Policy Implications

Perhaps the most important policy recommendation emerging from the themes summarized above is that policymakers and mortgage lenders should become more aware of the rich variety within groups of people that are generically referred to as *immigrants*. Painting an entire group with a broad brush can lead to the implementation of inappropriate policies and practices. In terms of specific programs, the findings suggest that consumer education about homebuying through homebuying clubs, counseling, and seminars plays a useful role in increasing the home purchase knowledge and comfort level of potential immigrant homebuyers. Such buyer-support programs can be provided (or at least supported) by a number of organizations, such as lenders, public agencies, and community-based organizations.

Banks, mortgage institutions, and real estate brokerage firms are increasingly aware that immigrant homebuyers comprise a market of borrowers largely unfamiliar with, and often skeptical of, financial institutions. Lending professionals can aid immigrants' entry into, and completion of, the homebuying process by advertising in their native languages, employing staff who speak those languages, and educating the staff about relevant issues and barriers for specific immigrant populations. Through such activities, lending institutions can continue their efforts to overcome long-held perceptions about the relationship between ethnicity and credit risk.

Many public agencies are attempting to gain greater knowledge about appropriate policy prescriptions with respect to immigrant cultural norms. Their efforts are important, but much remains to be done. With potential homebuyers from dozens of distinctly different cultures and subcultures, the goal of public agencies cannot reasonably be to advocate the development of a separate loan product for every ethnicity. Rather, these agencies should remain sensitive to the general importance of culture, understand its relationship to discrimination, and work toward establishing an inventory of strategies appropriate for many ethnic groups and contexts.

Community-based organizations, social groups, and religious organizations can aid immigrant homebuying as well, by educating and counseling immigrants about the American system of credit and homebuying and by working with banks, mortgage lenders, and Realtors to establish first-time and low- to moderate-income homeowner programs that meet the needs of various immigrant populations. These community-focused organizations have developed a number of mechanisms that help to enhance communication with the lending institutions. One promising way of meeting the needs of newly-arrived, low-income immigrants is through the "full-cycle" approach of providing support for new homeowners from preliminary planning to final payment. With their extensive knowledge about—and credibility with—ethnic populations, community-based organizations provide a useful entry point for interested lenders or public agencies.

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Note

1. The Home Mortgage Disclosure Act of 1975 addresses public concern over neighborhood redlining, disinvestment, and discrimination in mortgage lending by requiring depository and nondepository institutions to make annual reports on the type and census tract location of mortgage financing applied for and loans issued in metropolitan areas throughout the United States. Information is also provided on loans sold to government-sponsored enterprises (GSEs). Through HMDA reporting and disclosure, the public and the Federal Government are provided basic information that is helpful in determining whether there is compliance with the Community Reinvestment Act, the Fair Housing Act, and the Equal Credit Opportunity Act. Through a HUD grant, HMDA data for the years 1991 through the present are available for individual Metropolitan Statistical Areas and for the United States on the World Wide Web at http://rtk.net/www/data/hmda_gen.html. This site also provides a basic discussion of the variables that are available.

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