

Asian Americans for Equality: A Case Study of Strategies for Expanding Immigrant Homeownership

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Abstract

At a time when the overall homeownership rate in the United States is at a historic high, many groups still face severe hurdles in realizing the American dream. The public, private, and nonprofit sectors are working to address these barriers, and this article examines one nonprofit's activities. Asian Americans for Equality (AAFE) is a civil rights and housing organization providing homeownership and other services to Asian Americans, a group that often faces language, cultural, credit, and financial difficulties in achieving homeownership.

AAFE addresses these challenges by providing aggressive outreach through housing fairs and neighborhood publications; it offers homeownership education and counseling in a variety of languages and settings, secures multiple housing subsidies and develops affordable housing, and educates lenders on the employment and credit practices of the Asian community. AAFE thus helps tailor the complex web of activities required to expand homeownership to traditionally underserved—especially immigrant—populations.

Keywords: Homeownership; Mortgages; Underserved

Introduction

The United States currently enjoys its highest homeownership rate ever (67.5 percent in the fourth quarter of 2000), and in recent years, traditionally underserved populations—racial and ethnic minorities, recent immigrants, and low- to moderate-income (LMI) households—have made significant progress toward realizing the American dream of owning a home.

Progress is uneven, however, and stark disparities in homeownership attainment remain. In the fourth quarter of 2000, 73.9 percent of non-Hispanic whites owned their homes, compared with 47.8 percent of non-Hispanic blacks and 47.5 percent of Hispanics (U.S. Bureau of the Census 2001). The traditionally underserved face complex barriers to homeownership, including discrimination, limited economic resources, and communication and information problems.

In recent years, many public, private, and nonprofit entities have attempted to address the multiple barriers to homeownership faced by the traditionally underserved. Their efforts are motivated by many forces,

such as neighborhood activism, heightened enforcement of the Community Reinvestment Act and other mandates, and the lure of a vast potential market.¹

We have begun to document efforts to expand homeownership opportunities through a series of case studies (Listokin and Wyly 2000; Listokin et al. 2000) that add to the quantitative research on mortgage lending based on Home Mortgage Disclosure Act (HMDA) and other data (Munnell et al. 1992, 1996) the qualitative perspective of how new mortgage markets are being realized. While case study research lacks statistical rigor, it affords insight into the motivations and activities of contemporary efforts to broaden access to the American dream. Case studies also expand our knowledge of the cultural challenges of expanding homeownership. An example is the pioneering minority and immigrant ethnographic research of Johnston, Katimin, and Milczarski (1997) and Ratner (1996).

One of the more interesting and significant case studies we carried out in 1999 dealt with Asian Americans for Equality (AAFE), a community-based, nonprofit, civil rights and housing organization. AAFE has been active in housing development (both rental and owner units), housing assistance (homeownership counseling and tenant advocacy), citizenship courses, financial counseling, and a variety of other social and economic services to Asian Americans in the New York metropolitan area. As of 1999, AAFE had helped its clients obtain a total of \$63 million in home mortgages, provided counseling to hundreds of families, and raised millions of dollars to develop affordable housing.

AAFE is an exemplary model of what a nonprofit can accomplish in expanding homeownership and other housing opportunities in the face of seemingly intractable language, cultural, credit, and financial constraints. AAFE merits individual study because of the concatenation of the many hurdles it confronts in helping its clients realize homeownership (e.g., there are 20 Asian subgroups speaking different languages, and a single language can have multiple dialects and different words for “mortgage”) and its broad-based strategic responses.

This article examines AAFE’s challenges and strategies, many of which apply not only to Asian Americans, but also to other traditionally underserved populations, especially immigrant households. We begin by presenting a brief background on Asian Americans and discussing the many constraints they face in securing homeownership. We then describe the history and activities of AAFE and detail how the organization overcomes the housing barriers encountered by its clients. This discussion, based on research conducted from 1998 through 1999 and benefiting

¹ The importance of underserved markets is suggested by recent projections indicating that minorities will account for almost two-thirds of household growth during this decade (Joint Center for Housing Studies 2000).

from prior studies (Johnston, Katimin, and Milczarski 1997; Ratner 1996), is organized into sections covering AAFE's efforts to (1) attract potential homeowners, (2) qualify applicants, and (3) retain homeowners.

Background

Asian Americans

Over the past 25 years, Asian Americans have been the fastest-growing segment of the U.S. population. In 1970, there were 1.4 million people of Asian descent living in the United States (U.S. Bureau of the Census 1995). By 1990, the Asian population had grown to 7.3 million, a 400 percent increase in just two decades.² Because the vast majority of this increase was due to immigration rather than natural growth, a very large proportion of Asian Americans, 60 percent as of 1996, are foreign born (U.S. Bureau of the Census 1996).

According to Bureau of the Census projections, the Asian population is expected to reach 11.3 million in 2000, 15.3 million in 2010, and 37.6 million by 2050 (Day 1996). The Asian share of the total U.S. population—currently 4 percent—is projected to increase to more than 9 percent by 2050 (U.S. Bureau of the Census 2000b).

Asian Americans as a group tend to be more educated and to have higher family incomes than the general population (U.S. Bureau of the Census 1997). They are more likely to hold high-paying jobs and are less likely to be unemployed than the average American. Because of these achievements, Asian Americans are often portrayed as the “model minority”—a paragon of economic success and integration into the American mainstream (Bell 1985; Kim and Hurh 1984; Lee 1989).³ A *Wall Street*

² These historical statistics, as well as the projections contained in the following paragraph, are for the Asian and Pacific Islander populations. Data for 1970 are not strictly comparable to those of later years because they represent only those Asian and Pacific Islander groups listed separately in the race item of the 1970 census. For a historical discussion of the Asian-American community, see Boswell (1986), Hirschman and Wong (1981), Hsu (1971), Hutchinson (1981), and Kitano and Daniels (1988).

³ Those who hold the model-minority view often note that the declination rate for Asian Americans applying for mortgages is lower than that for whites. They conclude, therefore, that Asian Americans do not face discrimination in mortgage lending. AAFE staff members point out, however, that the reason for this low declination rate may be that large numbers of Asian Americans never apply for mortgages because they cannot afford a high down payment and do not believe they will qualify (Stanton 1998). Thus, most Asian Americans who apply can afford to put down 25 percent or more. The low declination rate, therefore, masks both prescreening on the part of “gatekeepers” or lenders and self-selection by Asian Americans because of misinformation. HMDA data do not contain information on house value and thus provide no information on whether Asians as a group are seeking lower loan-to-value ratio loans as a result of a misconception about high down payments.

Journal/NBC News poll conducted in 1991 found that most American voters believed that Asian Americans faced no discrimination in the United States. Just a year later, however, the U.S. Commission on Civil Rights (USCCR) concluded that Asian Americans still faced “widespread prejudice, discrimination,” and unequal access to education, employment, and a variety of public services (USCCR 1992).

One reason for the discrepancy between perceptions about Asians as a model minority and the reality of the difficulties many of them face is the diversity of the Asian-American population (Kui 1998b). The U.S. census lists more than 20 Asian subgroups, including Chinese, Filipino, Japanese, Asian Indian, Korean, Vietnamese, Laotian, Thai, Polynesian (Hawaiian, Samoan, Tongan), Micronesian (Guamanian), and Melanesian (Fijian). Statistics for the entire Asian population often mask the large socioeconomic differences that exist among and even within these subgroups. Many do not share in the high socioeconomic status achieved by the “average” Asian American. The newer immigrant groups from Southeast Asia, for example, have significantly lower socioeconomic status than other Asian groups. And while Chinese Americans, Indian Americans, and Korean Americans all have higher median family incomes than the general population, these groups have poverty rates that are as high as or higher than those of the general population (U.S. Bureau of the Census 1997). Similarly, Asian Americans vary widely in educational attainment, religion, language, and culture. Significant differences also exist between new immigrants and Asians whose families have lived in the United States for generations.

Asian Americans in New York City

New York City has historically been a community of immigrants, an attribute that has been accentuated in recent years (Edmondson 1997). In 1930, 33.7 percent of New York’s 6.8 million people were foreign born. Because of federal restrictions imposed on immigration in the 1920s, the foreign-born population in New York City dropped to 19 percent by 1970. When national immigration restrictions were significantly relaxed in 1965, New York City again became a magnet for immigrants. In 1997, 36.1 percent of the city’s residents were foreign born. Between 1982 and 1994, New York City absorbed more than 1.2 million legal immigrants, about one-seventh of total legal immigration to the United States during that period (Schill, Friedman, and Rosenbaum 1998).

The origins of New York’s immigrants have changed over time. In 1930, the three leading countries of origin for the city’s foreign born were Russia, Italy, and Poland; in 1997, the Dominican Republic, China, and Jamaica led the list. The large Chinese presence reflects the growing

Asian influx. Between 1990 and 1994, 147,000 Asian immigrants settled in New York, accounting for 26 percent of all immigration to the city.

Largely as a result of rapid immigration, Asian Americans represent the fastest-growing ethnic group in New York City. In 1980, 229,780 Asian Americans lived there. That number increased to 509,955 by 1990. As of 1997, an estimated 630,000 Asian Americans lived in New York City, comprising 8.6 percent of the total population. It has been estimated that by 2000, Asians will constitute 10 to 15 percent of the city's residents.

New York's Asian-American community provides a clear example of the gap between Asians who fit the model-minority image and those who have been less successful in securing high-paying jobs and decent living conditions. Many of the Asians who have immigrated since 1965 have been well-educated, skilled professionals who quickly became affluent. However, according to Bureau of the Census statistics, the median household income in the Asian enclaves of Manhattan's Lower East Side and Flushing (Queens) in 1990 was \$20,007, compared with \$29,823 for the city as a whole. In those areas, 21.4 percent of families lived below the poverty line, compared with 17.4 percent citywide (AAFE 1997b).

Asian Americans are found in large numbers in three of the city's five boroughs: Manhattan, Queens, and Brooklyn. Like other immigrant groups, Asian Americans have clustered in ethnic enclaves. A traditional portal for newly arrived Asian Americans is Chinatown, on Manhattan's Lower East Side.

Chinatown experienced tremendous population growth after 1965. As of 1990, its official census count was 55,216—a gain of 34 percent from the 1980 figure of 41,174. However, the unofficial 1990 estimate for Chinatown was 110,000 (Stanton 1998). Chinatown is the most densely populated area of New York City, with 189 people per acre, compared with 37 per acre in the city as a whole (AAFE 1997a). Even small apartments in Chinatown are often used by three or more families sleeping in shifts. Some households are consigned to six- by nine-foot “cages.” While much of Chinatown's housing is poor in quality—a reflection of its tenement heritage and poor upkeep—strong demand permits landlords to charge often exorbitant rents.

Partially in response to Chinatown's overcrowding and its other less than desirable features, new Asian enclaves have emerged in other parts of the city. Several neighborhoods in Queens, in particular (Flushing and Elmhurst), have become home to large numbers of Asian Americans (Smith 1995).

Housing aspirations, conditions, and constraints

Asian Americans as a group exhibit a lower-than-average rate of homeownership.⁴ In 1999, the national homeownership rate was 66.8 percent; the rate for non-Hispanic whites was 73.2 percent; for Asian and Pacific Islanders, 53.1 percent; for blacks, 46.3 percent; and for Hispanics, 45.5 percent (U.S. Bureau of the Census 2000a).

The lower homeownership rate among Asian Americans is not due to lack of aspiration for homeownership. For example, homeownership among Indian immigrants is linked to prestige and symbolizes “making it” in the United States (Ratner 1996). Further, buying is preferred for the safety and autonomy a home provides, such as being able to cook ethnic foods “without worrying about bothering my neighbors” (Ratner 1996, 119). The financial and tax advantages of homeownership are also appreciated by many (see, for example, Johnston, Katimin, and Milczarski 1997).

In sum, homeownership embodies many attributes deemed important by Asian Americans. Furthermore, their drive for homeownership is strong and often persists in the face of seemingly insurmountable obstacles.

Admittedly, attitudes toward homeownership vary among Asian subgroups. On arriving in the United States, Chinese immigrants, for example, tend to see purchasing a home as their most important objective. As one Chinese home purchaser who was aided by AAFE stated, “A house is very important to the Chinese, a very important part of my life” (Bertrand 1996). Homeownership is deeply rooted in Chinese values and is seen as providing an important measure of security against job loss or other financial hardships (Chen 1997).

Among Koreans, by contrast, owning a business is seen as more important than owning a home. This attitude reflects the Korean *anjong*⁵ sequence of life situations, in which homeownership follows establishing a business (Park 1997). Thus, the homeownership rate is lower for Korean immigrants than for Asians in general.

Despite such differences, homeownership is a very important goal for most Asian immigrants. Owning a house is seen not simply in investment

⁴ While Asian Americans as a group have a somewhat lower homeownership rate relative to the national average, some Asian immigrants (e.g., from China or Taiwan) achieve a higher homeownership rate relative to demographically similar native-born whites (Joint Center for Housing Studies 1995). Although this case study focuses on Asian Americans, other immigrant groups are shaping the mosaic of America’s population and influencing the housing market. See Joint Center for Housing Studies (1999), McArdle and Mikelson (1994), and Passel (1998).

⁵ “*Anjong* refers to a general sequence of life situations that many immigrant Koreans follow” (Johnston, Katimin, and Milczarski 1997, 71).

terms, but also as a very meaningful step toward establishing a personal sense of permanence, belonging, and commitment to a community.

Many Asian Americans, however, face significant barriers to achieving homeownership. These barriers stem from constrained economic resources and from language and cultural differences, as well as from overt discrimination and exploitation. Such barriers are often inter-related, as is highlighted below.

Income constraint on homeownership. Christopher Kui, AAFE's executive director, explained it as follows:

Many of our clients are families that make subsistence incomes, which makes it difficult to rent, let alone to purchase a home. Frequently, they work in cash-based industries such as restaurants and the garment industry, where deficiencies in English language skills are not such a hurdle. Workers paid in cash may not receive documentation from their employer. (1998a)

Asian Americans may have more difficulty substantiating their income because many are self-employed (Johnston, Katimin, and Milczarski 1997; Kim 1981). Yamanaka and Lee (1988) used census data to compare self-employment rates of husbands and wives for whites and different Asian subgroups. For whites, 10 percent of all husbands and 6 percent of all wives were self-employed. This figure was only slightly higher for the Chinese, among whom 11 percent of husbands and 7 percent of wives were self-employed. For other Asian populations, however, the self-employment figures were far higher. Among Koreans, 20 percent of husbands and 24 percent of wives were self-employed. (These high levels may reflect the importance of establishing a business in the *anjong* cycle.) To the extent that substantiating income for mortgage purposes is a problem among the self-employed, this constraint will disproportionately affect prospective Asian-American home buyers.

Credit constraint on homeownership. Many Asian Americans do not have a formal credit history (AAFE 1997a). In part, this is the result of lack of familiarity with the American banking system. In addition, immigrants in cash-based local economies often do not seek institutional credit, but rather use family and other noninstitutional credit networks. Furthermore, some Asian-American groups tend to be averse to debt. One manifestation of this credit conservatism is the propensity (based in part on misconception, as is noted below) of Asian-American households to put down 30 to 40 percent on a house—despite being told about mortgage instruments with much lower down payments—because they fear that future economic reversals will make it hard for them to afford the larger (low-down payment) loans.

Asian Americans who use formal credit sometimes encounter difficulties related to misunderstandings or cultural differences. For example, some

Asian immigrants have a misconception that untimely repayment of debt does not affect one's credit history so long as debts are eventually repaid (Ratner 1996).

Credit blemishes have arisen from the Asian Americans' inclination toward mutual aid:

A home seeker cosigned on a car loan and a personal loan for someone from the same Vietnamese village. The borrower got into financial problems and fled. Although the home seeker paid \$15,000 to the lenders, his credit history was ruined. It took eight months to solve the [credit] problem. (Kim 1996)

Asset constraint on homeownership. The traditional bank requirement that funds for the down payment and closing costs come from a formal bank account frequently does not comport with savings behavior in the Asian-American community. For instance, many Korean immigrants turn to a *kye*, a rotating credit association involving monthly restaurant dinners where participants pledge a stipulated amount that they can ultimately withdraw (Ratner 1996). The *kye*, common for staking business acquisitions or expansions, may be used to accumulate the capital needed to purchase a home.⁶ Until recently, however, the *kye* and its equivalents among other Asian groups have not been accepted as satisfying the mortgage industry's asset requirements for closing.⁷

Extended-family funding has often been unacceptable to lenders as well. For example, the parents of Asian immigrants commonly contribute cash, often from overseas, to help finance their grown children's down payment (Ratner 1996), but this contribution might not be accepted by lenders.

Language barriers and cultural differences. The home loan process, intimidating to the general population, is that much more problematic to Asian Americans with limited English facility. Few banks employ people who can speak the gamut of Asian languages, making it difficult for Asian Americans to secure home loans or even learn about the application process.

Language and cultural barriers are the most overwhelming obstacles confronting the Asian community in accessing affordable housing opportunities. The terms and concepts in the mortgage process can be daunting to many people, then layer on top of that the im-

⁶ Withdrawing funds for the purpose of purchasing a home is infrequently done, however. The *kye* is used mainly for business capitalization or for personal purposes (Ratner 1996).

⁷ The same is true with respect to the *sous-sous*, the informal lending arrangement common in Caribbean cultures.

pediments of language, the cultural differences, and the lack of knowledge with respect to borrowing. (Kui 1998a)

An ethnographic study of homeownership similarly noted that “except for some Indians who spoke English at home, there was a language gap between the immigrants’ native language and the usual operating language of the [banking] institutions” (Ratner 1996, 139). One Chinese home buyer summed up his experience by noting “I had a terrible time....I didn’t know how to communicate and didn’t know the process” (Bertrand 1996).

Because of the complexity of their native tongues, language is a daunting challenge in dealing with Asian Americans not fluent in English. Each language and each dialect has big differences (Stanton 1998). For example, Mandarin and Cantonese have different words for *mortgage*.

The language barrier works both ways—making it hard for an Asian-American loan applicant to communicate with a bank mortgage officer and the latter to understand the applicant. The language divide is compounded by cultural differences, as recounted by AAFE:

In one case we had a client who was running a business in Indonesia. He and his son wanted to buy a home in New York City. The substantial income and assets were coming from the father and were coming in from Indonesia. The lending institution was raising concerns about the loan because they did not understand how the borrower could be doing business outside of the U.S. and living in New York; they were concerned that the party would not be an owner occupant. AAFE in this case had to explain to the lender that his [the father’s] primary residence would be here with his son and his business is conducted overseas. This is a very common situation. (Feng 1998)

Bias. Asian Americans sometimes confront discriminatory housing practices—both when they rent and when they wish to purchase a home. Some landlords in lower Manhattan illegally require Asians to pay up to \$10,000 in “key money” before they sign a lease (Stanton 1998). Asian-American home seekers sometimes face blatant racial discrimination. In the fall of 1987, for example, anti-Asian flyers were distributed to mailboxes in two Brooklyn neighborhoods, urging residents to boycott any real estate agents who sold property to Asians (USCCR 1992). Similarly, in 1990, a group of residents of the SoHo area of downtown Manhattan launched a campaign against property sales to Asians in their neighborhood, alleging that the character of the neighborhood would change and property values would fall (AAFE 1997a).

Lack of information and misinformation. Lack of information about homeownership and about access to institutional credit is extremely common in New York’s Asian-American communities, which are largely

composed of recent immigrants. A 1997 study of homeownership patterns among Korean immigrants, for example, found that many had little or no understanding of mortgage financing, real estate laws, property taxes, and other aspects of the home-buying process (Johnston, Katimin, and Milczarski 1997). Some immigrants had prior knowledge of these processes from Korea, but American practices are often different. In Korea, most homes are paid for in cash or with a very high down payment. When financing is secured, the loan amount is not usually more than 20 percent of the value of the home. Korean immigrants may not know that they have the resources to purchase a home, believing rather that they must accumulate far more cash than is actually necessary for a down payment (Johnston, Katimin, and Milczarski 1997; Ratner 1996). Similarly, Hong Kong home buyers typically put 30 percent down, and home loans are often based on personal collateral. Not surprisingly, immigrants from Hong Kong often think that the same financing requirements apply for purchasing a home in the United States (Stanton 1998). Similar misconceptions may exist among other Asian groups, which are sometimes uninformed about credit, the mortgage system, or the tax incentives that can help people improve their living situation (AAFE 1997a).

Use of "cultural brokers." Because of bias and the language and cultural barriers between Asian-American home buyers and the lending industry, many Asians turn to cultural brokers—individuals "who both understand how credit agencies and underwriters think and also understand the applicant's language, culture, and situation" (Ratner 1996, 126). A cultural broker is often a real estate or mortgage agent of the same ethnic background as the immigrant home buyer who understands how to facilitate the loan by documenting all possible positive elements of an application (e.g., noting that a large down payment is proffered) and overcoming any negative elements (e.g., pointing out that steady rent and utility payments have been made by applicants without a credit history). The cultural broker can allay fears and correct misconceptions on the part of the Asian-American home buyer, such as apprehension that the personal financial information on the mortgage application will be forwarded to the government. Similarly, Asian-American sensitivities concerning privacy are sometimes offended by a mortgage loan officer's demand for job, family, and other data. Such queries may, in fact, be viewed as a discriminatory probing of Asian-American home seekers in a manner not directed toward other home buyers. The cultural broker can reassure the client that background information is routinely demanded from everyone seeking a loan and is kept confidential.

Cultural brokers are often sought through ethnic and family networks:

As with other immigrant communities, our clients tend to seek support from within their own communities. For example, within the Korean community we had a client who bought her home from the

sales agent that her brother had and the mortgage broker her sister used. (Kui 1998a)

While cultural brokers are often helpful, a number of problems frequently ensue (Stanton 1998). Because ethnic and family networks are so insular, fewer competitive market forces are at work. Therefore, the broker often demands outlandish fees, points, interest rates, and the like, adding thousands of dollars to the cost of obtaining a home loan and keeping families from realizing homeownership.

Cultural brokers also sometimes perpetuate misinformation that can thwart homeownership. AAFE notes that brokers often require Asians to produce guarantors or cosigners even when they qualify for a loan on their own and demand down payments of as much as 25 to 50 percent, compared with 5 to 20 percent for the majority market (AAFE 1998b). Poorly informed Asian clients are unlikely to know better or to complain.

In summary, there are numerous constraints on Asian-American homeownership, and these hurdles are interrelated. For example, for non-English-speaking Asian Americans, poor language skills limit their earning capacity, consign them to jobs for which income is typically not fully reported, and make it harder for them to understand and use credit systems. All of these factors make it difficult to obtain a mortgage, at least through traditional avenues, thus necessitating the use of cultural brokers who promise deliverance from the imbroglio of barriers, but in reality often exacerbate the problem.

AAFE's mandate is to tackle these myriad, interconnected constraints on Asian-American homeownership. The organization and its mission are described next.

AAFE

AAFE is a community-based, nonprofit civil rights and housing organization dedicated to providing homeownership counseling, tenant advocacy, citizenship courses, financial counseling, and a variety of other social and economic services to Asian Americans in the New York metropolitan area.

The breadth of its agenda is evident from AAFE's organizational description:

AAFE emerged out of a vision for a more just and equitable society for underserved communities and new immigrant populations, particularly Asian Americans. Since 1974, AAFE has spearheaded a movement to create equal opportunities for minorities. AAFE is a community-based, nonprofit organization which, through the production of affordable housing, counseling services, advocacy of tenant

and minority rights, provision of social services and the initiation of economic development, contributes toward the rebuilding of distressed communities throughout New York City. (AAFE 1997b)

AAFE is a membership organization with more than 6,000 members, almost all Asian Americans, although it also helps other minorities such as Hispanics.

AAFE has offices in Manhattan (in Chinatown), where outreach focuses on the Chinese community, and in Flushing (Queens), where outreach focuses on the Korean and South Asian communities. The organization's service area includes those neighborhoods as well as the predominantly Asian areas of Corona/Jackson Heights and Jamaica in Queens, plus Sunset Park in Brooklyn. Thus, AAFE serves the largest Asian-American enclaves in New York City. Those areas contain large numbers of Hispanics as well; in fact, Asians and Hispanics compose the majority of the population in the neighborhoods AAFE serves. These neighborhoods meet the federal government's economic distress benchmarks, such as high unemployment rates, severe housing shortages and overcrowding, median household incomes that are a fraction of the metropolitan area median, and poverty in a large percentage of the population (AAFE 1997a, 1997b).

Before an explanation of how AAFE responds to such conditions is given, a brief institutional history is in order. AAFE was founded in 1974 to combat discriminatory hiring practices in Chinatown. By the late 1970s, it had expanded its activities to address the need for decent, affordable housing. At that time, living conditions for many Chinatown residents resembled those of turn-of-the-century urban slums. Rising demand for housing and employment in Chinatown created opportunities for unscrupulous landlords and employers to violate labor and housing laws, forcing immigrants to work for less than minimum wage and to live in crumbling, dangerously overcrowded buildings. Many of the people exploited in this manner were undocumented workers who spoke little English and who were afraid or unable to speak out against such conditions (National Housing Institute 1996–97). In response, AAFE has educated Asian-American residents about their housing and other rights; has rehabilitated deteriorated buildings into modern, affordable rental complexes; and has helped upgrade privately owned buildings.

Since the early 1990s, AAFE has devoted substantial resources to helping lower- and middle-income Asian Americans purchase their own homes. Its efforts are concentrated on community outreach, education, and assistance for clients with mortgage applications and other aspects of the homeownership process. AAFE has also developed affordable units for purchase. In 1997, for example, it sponsored Suffolk Homes, the first affordable homeownership project in the Chinatown/Lower East Side area (AAFE 1997b). In 1996, the Asian Americans for Equality

Housing Center opened in Flushing (Queens), with the primary goal of providing prepurchase and postpurchase counseling to first-time home buyers. Also in 1996, AAFE helped form the Partnership for Asian American Homeownership (described later).

In short, AAFE has evolved into a multifunctional organization aimed at comprehensively improving the housing and socioeconomic conditions of Asian Americans. As of 1999, it had a staff of 37 and a budget of \$2.3 million. Staff members are involved in such functions as housing development and management counseling, tenant organizing, and planning and fund-raising. Roughly three-quarters of the staff members are Asian Americans. The 1999 budget was derived from the following sources: 33 percent from public funds (city, state, and federal); 34 percent from corporate and foundation grants; and the remaining 33 percent from membership dues, partnership management fees, development fees, and other sources.

AAFE's three major functions—counseling and community services, housing development and management, and homeownership initiatives—are interrelated, as evidenced by the overview provided next.

AAFE education, counseling, and community services. A signature effort from its inception, AAFE today provides education, counseling, and community services to about 15,000 people a year. Those services include workshops, seminars, conferences, information sessions, and forums on topics such as citizenship information and assistance, landlord-tenant dispute counseling, fair housing, and homeownership financing (AAFE 1998a). Reflecting its clients' many countries of origin, AAFE conducts counseling and seminars in Cantonese, Mandarin, Fukinese, Korean, Vietnamese, Hindi, Urdu, Khmer (Cambodian), Japanese, and Spanish.

Another AAFE community service is fostering collaborations with other nonprofit groups to improve conditions for Asian Americans. An example is the Collaborative for Asian Immigrants, which brings together AAFE, the Korean American Senior Citizen Society, and the New York Association for New Americans.

AAFE housing development and management. AAFE began its efforts to improve living conditions in Chinatown by organizing tenant associations, training tenant leaders, and sponsoring legal action against slumlords on behalf of area residents. In 1985, AAFE purchased two vacant city-owned buildings in Chinatown and began to construct Equality House, a 59-unit rental project for low-income households and homeless people, which was completed in 1989 (National Housing Institute 1996–97). Since 1985, AAFE has raised more than \$17.5 million in private and public capital to develop nine commercial storefronts and 185 affordable apartments in 14 buildings for senior citizens, homeless people, and low-income families. In addition, AAFE is involved in six

more projects under construction or in predevelopment: 205 units of affordable rental housing, 48 units of affordable for-sale condominium town houses, and 17 commercial stores will be created through the investment of more than \$26 million in public and private funds. AAFE's development projects include the moderate rehabilitation of occupied buildings, gut renovation of vacant buildings, and new construction. Those developments target a wide range of community housing needs for homeless people, low-income and elderly individuals, families, and first-time home buyers.

Over the past three years, New York City and the State of New York have awarded AAFE contracts to provide technical assistance to private property owners to stabilize existing housing stock. Those contracts have allowed AAFE to conduct targeted outreach to building owners in Chinatown and the Lower East Side and to access government financing for repairs and renovation. In 1998 alone, AAFE provided assistance to 25 buildings containing approximately 500 apartments. These many efforts help improve overall neighborhood conditions in AAFE's service area and increase the demand for, and long-term viability of, homeownership.

AAFE homeownership initiatives. Much of the counseling AAFE does is designed to foster homeownership, and, as just noted, the organization is beginning to build for-sale town houses for its service population. AAFE engages in a number of other activities to encourage homeownership. Since 1993, it has been working in partnership with the New York Mortgage Coalition, a consortium of 11 lenders and nine community organizations committed to increasing homeownership opportunities for LMI families.⁸ The community organizations provide counseling and referrals, while the banks make affordable mortgages available, including both portfolio products and Fannie Mae, Freddie Mac, and State of New York Mortgage Agency (SONYMA) products. Many of these mortgages are available only to people who have participated in homeownership counseling.

AAFE's history of working with public agencies, private lenders, regulatory agencies, and property owners culminated in forming the Partnership for Asian American Homeownership (the Partnership) in June 1996. The Partnership includes AAFE, the U.S. Department of Housing and Urban Development (HUD), bankers, local real estate agents, attorneys, community press and media people, elected officials, and local government agencies. Its goal is to produce 1,000 first-time Asian-American homeowners throughout the New York metropolitan area by 2000. Partnership members are collaborating to market homeownership products

⁸ Community-based organizations include AAFE, Neighbors Helping Neighbors, and Neighborhood Housing Services of Jamaica and Williamsville; lenders include Chase Manhattan, Hong Kong Bank, and others.

and programs in Asian languages; continue fair housing education, outreach, and enforcement initiatives; undertake public outreach to promote homeownership; and develop culturally sensitive and diverse homeownership education and counseling programs.

AAFE counsels potential homeowners on their financial situation (including credit history, budgeting, and down payments), assesses their readiness for homeownership, helps prepare mortgage applications, provides translation services, and keeps records tracking each client's progress (AAFE 1998b). The step-by-step process through which AAFE attracts mortgage applicants, qualifies the applicants, and then retains its clients as homeowners is detailed next.

Strategies

Attracting applicants

Because outreach is so important in finding would-be Asian homeowners, AAFE uses several strategies to attract applicants. They include media campaigns, homeownership fairs, and tenant advocacy.

Media campaigns. AAFE uses a variety of media to educate the Asian community throughout the tristate area (New York, New Jersey, Connecticut) about housing rights, homeownership opportunities, mortgage products, and the community services AAFE provides. It regularly runs informational commercials on two Chinese radio stations and advertises in several Asian-language newspapers. Staff members have appeared on local cable (Asian-oriented and other) television shows to discuss housing issues and to inform viewers about AAFE services.

A particularly important media effort was the quarterly magazine *Housing Access*, which AAFE began publishing in 1996. It addressed housing rights and fair lending issues, as well as general information about purchasing and owning a home and specialized topics such as preventing foreclosure. Written in Chinese by professional journalists from the New York Chinese community and translated into Korean, *Housing Access* had four sections (Community Information Exchange [CIE] 1997): The first was a monthly feature article on the theme of the issue, such as the National Campaign for Homeownership. The second section, "Your Rights," built on AAFE's traditional focus on advocacy for tenants' rights and access to resources. The final section was reserved for a special topic. However, the bulk of the publication was taken up by the third section—"Owning a House"—which included such topics as loan qualification, reverse equity mortgage programs, Federal Housing Administration programs, credit problems, house inspections, and major steps in buying a home (CIE 1997). *Housing Access*, which had a circulation of 5,000, was intended to reach people who would not be likely to

come into AAFE offices. Articles from the magazine were frequently reprinted in Chinese- and Korean-language newspapers as well (CIE 1997).

In the summer of 1998, *Housing Access* was replaced by *Caring Community* magazine, which is published at least twice a year and provides information to educate the Chinese-speaking community on fair housing and fair lending issues, tenant and landlord rights, homeownership opportunities, financial management, and other related issues. The publication contains feature articles and case studies to explain the barriers to housing and credit and to educate consumers on ways to overcome those barriers. Building on the success of *Housing Access*, *Caring Community* has continued to serve as a resource for the Asian community on housing, citizenship, health care, and other topics. To date, AAFE has produced three editions of *Caring Community*, each with a print run of about 10,000 copies.

AAFE has been successful in encouraging articles on its operations and on homeownership in general in the Asian-American ethnic press. An example is “Home Buying Became Easier” (1997), which appeared in the *Korea Central Daily News*. This article discussed many of the barriers to Asian-American homeownership and highlighted the benefits of new mortgages and government-sponsored homeownership programs. Similar articles have been published in other ethnic publications, such as the (Chinese) *World Journal* and *Indian Abroad*.

Homeownership fairs. AAFE sponsors and participates in community festivals and homeownership fairs, at which educational materials in Korean, Chinese, Hindi, Urdu, and English are distributed. Printed materials and seminars cover topics such as the advantages of homeownership, affordability, the kinds of available mortgages, credit, and the mortgage application process. After learning about the services AAFE provides, participants may take the next step and go to AAFE for counseling.

Some Asian communities tend to be very insular, with people conducting all business transactions within a relatively small population. As a result, AAFE staff members have found that it is important to make people aware that there may be a much greater range of affordable mortgage products than those offered by the local mortgage broker. In particular, AAFE uses homeownership fairs to educate people about new or unusual products—such as low-down payment, reverse equity, and rehabilitation mortgages—that meet the specific needs of its service population.

A housing fair is a major undertaking. Cosponsors have to be identified, and funding must be secured. Advertising then commences. In one Korean-oriented fair, advertising included distributing 3,000 flyers;

placing ads in media such as the *Korea Times*, *Korea Central Daily News*, and 930 Radio Korea; and generating press releases. The fair, held over a five-hour period on a weekend, included sessions on fair housing, homeownership, subsidized housing, and tenants' rights and entitlements. Speakers included HUD, AAFE, government-sponsored enterprise (GSE), and bank representatives; real estate agents; and real estate attorneys. Extensive information was distributed at the fair, including a fair housing handbook, brochures, flyers on various topics (e.g., fair housing and AAFE counseling services for LMI home buyers), and a fair housing videotape (in Korean, Chinese, and other languages).

Tenant advocacy and outreach. AAFE's strong program of tenant advocacy and counseling plays an important role in stimulating interest in homeownership. Tenant counseling is often the first step in educating community members about access to homeownership and credit and, as such, can be useful in identifying potential first-time home buyers.

Qualifying applicants

Homeownership education and counseling. In March 1996, AAFE opened its Housing Center in Flushing (Queens). The center is intended to offer a comprehensive approach to homeownership education and counseling for first-time buyers. Assistance begins when people are thinking about buying a home and continues until they are considering selling. The center focuses on prepurchase and postpurchase education and counseling, mortgage delinquency, and default resolution. Information is provided through in-depth workshops, technical seminars, and one-on-one counseling (AAFE 1997a).

Whether at the Queens Housing Center or its Chinatown headquarters, AAFE offers homeownership workshops, seminars, and counseling in Asian languages. Typically, clients attend all seminars in the group workshop series and set up a one-on-one counseling appointment either during or after completing the series. Staff members stress the importance of making an effort to bring people into the counseling process early—that is, before they have begun to look for or purchase a home—so they can reap the full benefit of the program. AAFE counsels about 500 people annually on a one-on-one basis and serves about 100 people a year in the workshop series.

The series generally consists of eight two-hour seminars, with two seminars held each Sunday for four weeks. (AAFE found this format preferable to one-hour sessions held each weekend for eight weeks.) Seminars are conducted in an informal classroom environment for 15 to 20 people at a time. In 1998, series topics were as follows: "Are You Ready to Buy a House?" "Finding the Right Home," "Housing Inspection," "The Legal Process," "What You Have to Know as an Owner" (two ses-

sions), “Credit/Tax Basics,” and “Home Safety and Maintenance.” Table 1 details the topics covered in these classes.

Table 1. AAFE Homeownership Seminars

Class	Overall Subject	Topics Covered
1	“Are You Ready to Buy a House?”	How do you budget? How much mortgage do you qualify for? What are down payment and closing costs? What steps should you follow to purchase a home? What guidelines should you follow to get your mortgage approved?
2	“Finding the Right Home”	How do you define your housing wishes? What’s a co-op? What’s a condo? What special considerations do co-op and condo buyers need to know? Two- to four-unit multifamily homes and additional rental income.
3	“Housing Inspection”	Why is a housing inspection important? When do you need an inspection? What items should be inspected? Who should receive the report? Who is responsible for the repairs?
4	“The Legal Process”	What is a binder? What items and provisions should be included in the contract of sale? What is a title report? What do you do if you find property violations?
5–6	“What You Have to Know as an Owner”	What are your responsibilities as a homeowner? What are the fair housing laws? How do you maintain the value of your property? What is the perfect timing for refinancing? What do you do when you have a crisis?
7	“Credit/Tax Basics”	How does your credit history affect your qualification as a buyer? How do you correct credit problems? How do you establish nontraditional credit history? How do you appeal if your property tax is too high? How will you be taxed when you sell your house? How do you maximize your tax advantages?
8	“Home Safety and Maintenance”	Life in the neighborhood. How do you rehabilitate and remodel? What are some home safety tips? How can you find reliable tenants? How can you take care of business? What do fair housing laws require of you? How can you maintain the value of a rental?

Source: AAFE 1997b.

Clients taking advantage of one-on-one counseling generally come in after attending at least part of the workshop series or after hearing about a particular mortgage product or service provided by AAFE. The

counselor will request information about income, assets, and expenses; obtain a credit report; and evaluate the client's overall financial situation. He or she will work closely with the client to determine what kind of debt the client can manage and will try to ensure that the client's financial picture will make sense to a bank. If, for example, a client has a low reported income but a substantial savings account, the counselor will ask the client to provide a complete explanation for the apparent discrepancy.

Once financial counseling and homeownership training have been completed, the client will begin the process of looking for a home. When the time comes to apply for a mortgage, the counselor and the client will discuss the range of mortgage products available from lenders and determine which product and lender are best for the client. The counselor will introduce the client to the loan officer, be present when the mortgage application is taken, and continue to act as a liaison between the two parties.

Bank and other partnerships. The close contact between AAFE and the mortgage lenders servicing Asian Americans and AAFE's knowledge of the products offered by those lenders are key to qualifying aspiring homeowners. As previously described, AAFE is involved with numerous coalition-building efforts, such as the Partnership for Asian American Homeownership and the New York Mortgage Coalition. The latter is particularly important to AAFE's homeownership efforts. Besides keeping counselors informed about the latest affordable mortgages, the consortium helps bring Asian Americans and other underserved populations to homeownership through a focused effort to expand lenders' traditional markets. The combination of AAFE's counseling services and other supports and of the outreach and more flexible loan products offered by AAFE's lender partners contributes significantly to qualifying Asian Americans as home buyers.

As an illustration, one lender participant in the New York Mortgage Coalition (Chase Manhattan) described AAFE's efforts to qualify a recent Asian immigrant for homeownership. The applicant was a woman who had been a registered nurse in Hong Kong for 20 years and had recently moved to the United States. Although she had been living in New York City for only 12 months, she wanted to purchase a home. Standard underwriting guidelines call for applicants to have been working in the United States for at least two years. However, given her profession, the counseling from AAFE, and a substantial down payment, Chase approved and closed her loan.

In addition to counseling the prospective homeowner, AAFE facilitated the loan in two important ways. First, with AAFE's assistance, Chase was able to obtain copies of documents that proved the applicant's professional certification as a nurse in Hong Kong. Second, AAFE helped

the applicant prove that her down payment was transferred directly from a bank in Hong Kong. AAFE provided translation services and extensive follow-up to obtain the documentation to support this transfer. "This loan would not have been approved without the help we [Chase] received from AAFE to document this file" (Betty McCain, personal communication 1998).

Retaining homeowners

AAFE does not yet have a comprehensive, formalized system of postpurchase follow-up. Developing such a system is one of the organization's main goals and is viewed by AAFE as a way "to deepen the relationships with our homeownership clients by providing long-term services" (AAFE 1997b). Some information relevant to the postpurchase stage is provided during AAFE's homeownership workshop; for example, participants learn about home maintenance. However, AAFE is working to create a system that will allow it to maintain close contact with new homeowners and help them confront the challenges posed by homeownership.

As many of the mortgages facilitated by AAFE move into their fourth and fifth years, which typically have the highest default rates, AAFE has recognized the need to focus more of its education and outreach on mitigating loss. This focus includes the need to educate the Asian community about AAFE's postpurchase counseling programs in case financial problems occur. AAFE default counseling will help homeowners avoid foreclosure by (1) determining the cause of the problem, (2) outlining solutions such as payment plans and budgeting, (3) helping to negotiate with financial institutions, and (4) advising on issues such as debt restructuring and reinstatement and forbearance plans.

A recent initiative on retaining homeowners involves AAFE's working with HUD on mortgage delinquency and default resolution. New York's HUD office has been referring clients to AAFE for default and delinquency counseling. The roles of AAFE and other counseling groups have become more important since the HUD Assignment Program has been discontinued and since HUD has become detached from the loss-mitigation process. Counselors from those organizations play a critical role in representing the client's interests to mortgage servicers in loss mitigation.

Discussion

In the face of serious barriers to Asian-American homeownership, AAFE has helped its clients obtain a total of \$62.5 million in home mortgages and is moving many more people toward homeownership. More than 20,000 copies of AAFE's *Caring Community* magazine are distributed

a year, and approximately 3,000 families a year visit AAFE-run housing fairs, where homeownership is a prominent topic.

To better understand and appreciate AAFE's program and its accomplishments, it is instructive to reexamine the many barriers to Asian Americans' buying homes described earlier and then note how AAFE and its partners are surmounting these obstacles.

Income constraint on homeownership

AAFE and its partners address the problem of low income in numerous ways.

1. *Using subsidies:* Subsidies can be used to reduce the cost of the housing unit and to stretch the buyer's income. Through the New York City Housing Partnership New Homes Program, AAFE is able to access subsidies to reduce the cost of developing affordable housing. On the Suffolk Homes project, for instance, AAFE is working with Phoenix Builders to produce affordable town house condominiums by (a) building on city-owned vacant lots, (b) using grant subsidies from New York City's Department of Housing Preservation and Development (HPD) and the New York State Affordable Housing Corporation (AHC) to write down the purchase price for home buyers, and (c) taking advantage of an Urban Development Area Action Program property tax exemption.

For example, it costs AAFE and Phoenix Builders \$130,000 to develop and build a two-bedroom town house. If the project were not on city-owned land—that is, if land had to be purchased at its market value—the cost would be \$160,000. Further, \$130,000 is not the purchase price; HPD and AHC grants write down the price to \$119,000. Recurring homeownership costs are further lowered because of the property tax exemption.

2. *Using "liberal" mortgages:* Another way to stretch income is to use more financially liberal mortgage products—that is, those with lower down payment requirements (higher loan-to-value or LTV ratios) and higher front-end/back-end ratios.⁹ For example, in the Suffolk Homes project, buyers could make as little as a 3 percent down payment because of SONYMA insurance. AAFE has also referred clients to a new SONYMA product with a 3 percent down payment, a 30-year term, and a 4.5 percent interest rate, the last considerably below the market rate. More generally, AAFE publicizes and counsels its clients on the availability of more liberal GSE products, such

⁹ This discussion assumes that income-constrained households may very well find it harder to accumulate assets. As such, high LTV loans benefit them.

as Community Home Buyer loans from Fannie Mae and Affordable Gold mortgages from Freddie Mac. Likewise, AAFE informs its clients of aggressive portfolio products available from bank members of the New York Mortgage Coalition or other lenders. AAFE notes that lenders will often make their most desirable portfolio mortgages available to its clients because they recognize AAFE's counseling skills and know that people who finish its program will be better-educated housing consumers (Stanton 1998).

3. *Taking advantage of lower-cost housing:* While New York City has some of the most expensive housing in the country, some low-cost units are available. In its home-buyer education and counseling efforts, AAFE informs its clients of these affordable housing options. Of particular relevance are the following:
 - (a) *Small (two- to four-unit) multifamily properties:* Income from rental units in a small multifamily building can help lower the effective carrying cost to the buyer. Furthermore, small multifamily buildings can house the extended families common among the Asian-American population. Banks cooperate by fully recognizing the rental income in underwriting mortgages for these properties.
 - (b) *Affordable cooperatives:* Some neighborhoods that are home to Asian Americans have very affordable cooperative units, typically rental complexes that have been converted. For example, cooperatives in Flushing (Queens) are available for \$30,000 to \$50,000 per unit.
 - (c) *Public housing:* AAFE is working with the New York City Housing Authority (NYCHA) to provide homeownership counseling to public housing residents. This effort informs public housing residents about homeownership opportunities within the NYCHA public housing stock and about the use of tenant-based Section 8 certificates or vouchers for mortgage payments on homes purchased in the private market (AAFE 1997b).

Further, AAFE and its lender partners confront the unsubstantiated income issue in various ways. One approach is to offer no-income verification (NIV) loan products without the usual downside of NIVs, such as requiring a very large down payment. For example, Chase Manhattan's Residential Lending Unit, which like AAFE is a partner in the New York Mortgage Coalition, offers an NIV loan with very competitive terms, including a 90 percent LTV ratio and aggressive front- and back-end ratios.

Another approach is to change the lending industry's requirements for income verification. The traditional approach has been to demand tax

returns, pay stubs, W-2s, or other official documentation. A different tack is to require less official documentation, such as a letter from the mortgage applicant's employer stipulating the wages earned. AAFE describes this approach as follows:

Because they lack a traditional credit history or income verification, many qualified Asian loan applicants are discouraged from applying, denied mortgages by banks, or are frequently required to pay unusually high down payments on mortgages, between 25–50 percent. AAFE works with clients to overcome these barriers in the mortgage process to allow more affordable access to homeownership. Lenders will accept a verification of employment signed by the borrower's employer and a telephone confirmation in lieu of W-2s and pay stubs. This is actually the traditional method of verifying employment in the mortgage industry before the implementation of Fannie Mae's "TimeSaver" documentation. Developing these types of strategies with Fannie Mae and lenders, AAFE is able to help people access mortgage credit at more favorable terms. (Kui 1998a)

AAFE underscores that an employer's verification of employment and income is not a standard Fannie Mae–approved process. Rather, it is an accommodation worked out with Fannie Mae and lenders in the New York Mortgage Coalition in recognition of the cultural milieu of AAFE's Asian-American clientele.

Credit constraint on homeownership

AAFE finds that about half of the people it counsels have never used credit (Stanton 1998). AAFE works to establish a credit history for them, through nontraditional means, such as demonstrating timely rent and utility payments. This practice is not difficult and has become standard in the industry. The problem, though, is the perception held by many Asian Americans that without established credit they will need a large down payment for a mortgage (Stanton 1998). AAFE's counseling, housing fairs, and the like are expressly designed to correct that misconception.

For clients with blemished credit, AAFE and its partners first determine whether there was an error or other issue with the past credit record (for example, erroneous double billing on a medical claim or a questionable educational loan claim). Also, the client will be counseled to bolster his or her credit profile by promptly paying all current obligations.

We queried AAFE as to whether automated credit scoring was an issue in the Asian-American population—that is, whether that population had disproportionately low FICO (Fair, Isaac and Company) scores. AAFE reported that Asian Americans have a mixed FICO profile; some have high scores, and others have low ones. Further, even for the latter, AAFE

explained that the FICO profile was *not* a problem because of the nature of the lenders it deals with. These lenders are some of the largest banks in the United States and have the clout to de-emphasize FICO scores in their underwriting. The New York Mortgage Coalition lenders were using high FICO scores to fast-track applicants, rather than using low FICO scores to deny them.

More generally, AAFE works to sensitize its clientele to the demands of the credit system so that a good credit profile can be developed. The homeowner workshop deals explicitly with credit basics (table 1). In that regard, Asian Americans are counseled to pay all obligations on time and to be wary of cosigning obligations for family members or friends.

Asset constraint on homeownership

Over time, AAFE and its lending partners have addressed the asset issue in the following ways:

1. Alerting the Asian-American community to the availability of low-down payment loans, which obviate the requirement for documentation of substantial assets, and securing grants for down payments or closing costs whenever possible.
2. Recognizing funds saved in alternative savings programs such as the *kye*.
3. Sensitizing underwriters to the flexible-repayment loans given by extended family members. For instance, an uncle may loan \$20,000 to a nephew for a down payment. While the money ultimately must be repaid, the repayment may be spread over a long period and may not be demanded when the borrower encounters financial difficulties. Additionally, portions of the loan may be forgiven periodically (e.g., when the nephew has children). The upshot is that the family loan has many of the attributes of a gift, or at least a “soft loan,” and should be considered as such in the underwriting process.
4. Sensitizing underwriters to accept cash without a savings trail—“mattress money”—if such savings comport with the borrower’s income and expenditures. One of the services AAFE provides lenders is to determine when cash is likely to have been accumulated from savings rather than from an undisclosed loan. AAFE does this by considering the borrower’s earnings, expenses, liabilities, type of occupation (for example, a waiter is more likely to have accumulated cash), and other factors that bear on the amount and form of savings.

Language barriers and cultural differences

AAFE's counselors overcome language barriers because they speak the languages themselves and because they facilitate interactions between clients and lenders.

The majority of our clients do not speak English. We provide in-language counseling to the client throughout the home buying and mortgage process. We are present when the application is taken by the loan officer to serve as an adviser and translator, and we facilitate the loan process between the client and the lender. Throughout the loan process, even a sophisticated client may struggle with the language barrier. AAFE helps to bridge that gap. (Chan 1998)

Recognizing the polyglot nature of its service population, AAFE's staff is multilingual and knowledgeable about differences in dialect (Mandarin versus Cantonese). AAFE is also sensitive to varying cultural aspirations, such as recognizing that younger Korean households may be more interested in starting a business than in purchasing a home.

Bias constraint on homeownership

Through seminars, printed materials, articles in the media, and other venues, AAFE works to educate Asian Americans to be vigilant against both overt and subtle discrimination in housing and lending. For instance, a recent AAFE brochure, "Fair Housing: It's Your Right," described how to file a discrimination complaint. It stressed the need to be aware of discriminatory acts, for example, a superintendent, landlord, or broker making comments such as, "I need to see your green card before renting/selling to you," or "Have you thought about living in another area?" As another example, AAFE, in partnership with *Ming Pao* (a leading Chinese-language newspaper), sponsored a street festival where a 32-page *Ming Pao* supplement highlighting the fair housing needs of Asian Americans was distributed. This supplement reached 50,000 households.

Cultural broker barriers

AAFE replaces the sometimes harmful commercial cultural broker—who takes advantage of uninformed immigrant home buyers by overcharging them—with its own cultural broker services. The commercial cultural broker speaks the home buyer's language; so does AAFE. The commercial cultural broker helps fill out loan documents; so does AAFE. The commercial cultural broker intervenes for his or her client with the loan officer; so does AAFE. The commercial cultural broker deals with immigration issues that impinge on the loan process; so does AAFE.

In one case, the social security card of one of our clients read that he's not authorized to work. Because when he came to the U.S. he was probably on a F1 status, so he couldn't officially work. Over time, because he got married he could work but did not change his social security card. AAFE's counselor wrote a letter to the loan officer explaining the situation, and the matter was cleared up. (Ferng 1998)

AAFE thus provides the full gamut of typical cultural broker services—and then some. AAFE offers extensive counseling, including occasionally having to tell clients that they are *not yet* ready for homeownership. (A commercial cultural broker will not often do this.) When homeownership is appropriate, AAFE secures the most competitive loans in terms of interest rates, fees, points, and so on.

In sum, AAFE has begun to address the many constraints faced by Asian Americans in realizing homeownership in the New York City area. In the future, it may very well assume a more national profile in helping Asian Americans and other immigrants improve their housing and larger socioeconomic situation.

AAFE has, in fact, started to move in that direction. In early 1999, it launched its National Homeownership Mentoring Program (NHMP), under which AAFE works with community-based groups to foster homeownership among immigrant populations. The mentoring stresses the lessons learned by AAFE, including providing a continuum of support and housing services and presenting information in a linguistically and culturally sensitive way (AAFE 1999). Through NHMP, AAFE is working with groups serving Asian and non-Asian immigrants in Atlanta; Cambridge, MA; Chicago; San Diego; and Orange County, CA.

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