Pr. William Immigration, Housing Ills Seen as Linked

By Nick Miroff Washington Post Staff Writer Friday, October 5, 2007; A01

Prince William County's home prices and its Hispanic population rose in tandem during the first half of this decade, a result of a home-building frenzy that became a powerful magnet for immigrant laborers. They arrived by the thousands, sending housing values even higher.

Many did not come legally. But in the blur of swinging hammers and flying dollar signs, that detail was often overlooked. Illegal immigrants had little trouble finding jobs and not much trouble getting mortgages.

That arrangement has unraveled. Prince William has some of the highest foreclosure rates in the region, with a glut of unsold, depreciating homes. And its elected officials have embarked on one of the most ambitious efforts in the nation to drive out and deport illegal immigrants.

That combination -- an excess of housing and new anti-illegal immigrant policies -- is likely to exacerbate the county's weak real estate market, agents and lenders say. Regardless of one's views on immigration, they say, simple arithmetic dictates that if a lot of residents leave the county, the housing meltdown will only worsen.

"If I'm not welcome somewhere, I'm going to sell my house," said Jose Luis Semidey, a real estate agent whose business in Prince William shut down in August when he laid off 40 employees and moved the company to Reston. The county's anti-illegal immigrant measures, which he and a coalition of other Latino businessmen are fighting, "have accelerated the collapse of the real estate market in the minority community," he said.

In August, the region had the lowest unemployment rate of any metropolitan area in the country. But stories abound in Prince William about Hispanic families leaving for Maryland, the Carolinas, Texas and elsewhere. There are no hard numbers indicating if many residents have left or how many are likely to leave, nor is there a clear picture of what their departure could mean for the county's retailers and other businesses.

The town of Riverside, N.J., tried to target illegal immigrants through several measures last year but reversed course last month under legal and economic pressure and voted to rescind the laws. When a sizable portion of the town's Latin American immigrants left, several businesses closed, and others took a big hit.

In Prince William, an early indicator of the impact of the anti-illegal immigrant policies is likely to be seen in the real estate sector, and the county is a gloomy place in a grim regional market. In two years, from August 2005 to August 2007, home sales fell 66 percent in Prince William, 52 percent in Loudoun County and 49 percent in Fairfax County. The number of properties on the market in Prince William more than doubled, from 2,753 to 6,515.

About 900 of the homes on the market in August were "properties in distress": bank-owned or sliding into foreclosure, said Michael T. Minnery, president of the...
Prince William Association of Realtors. That is a tenfold increase from 2005, he said.

Many distressed properties are in Zip codes with high concentrations of Latino residents. One county resident told supervisors at a board meeting this week that a house up for auction on her street didn't draw a single bidder, despite an opening price of $259,000. The house used to be worth $400,000, she told the board.

Minnery said it is too soon to know whether Prince William's recently introduced anti-illegal immigrant measures are driving Hispanic residents away or discouraging potential buyers from moving to the county. The association does not have an official position on the policies, but Minnery said he thinks that "anything that puts limits on the housing market is bad."

"Everyone should be able to own a home in this country," he said. "Everyone has the right to home ownership, no matter if they are a U.S. citizen or not."

That was the prevailing view in Prince William for years, said several lenders who worked with Hispanic immigrants. Customers with little more than a tax identification number and a pay stub were able to secure 100 percent financing on mortgages. The lack of a driver's license -- let alone a green card -- was hardly an obstacle to getting loans.

To cover high mortgages on low wages, many immigrant families rented rooms in their homes to men working in the construction industry.

"All those people who rented rooms are gone," said Carlos Aragon, a Woodbridge real estate agent who said he sells one-third as many properties as he did two years ago. "And now these measures come along to finish killing off the market," he said.

County supervisors unanimously approved a resolution in July seeking to deny certain public services to illegal immigrants. They also directed police to check the residency status of anyone caught breaking the law if there is probable cause to think a suspect is an illegal immigrant. Although the measures have not been implemented, Hispanic leaders and residents say the policies have created a climate of fear in the Latino community and will lead to racial profiling.

The board has not discussed the potential impact of the measures on the county's housing market, said Supervisor W.S. Covington III (R-Brentsville). But Covington said Prince William would save on school expenditures and other costs if thousands of illegal immigrants leave.

"How many are going to leave naturally because of opportunities in the housing market drying up, and how many are leaving because of our policies?" Covington said in an interview. "If there is a significant number of departures, I think we'll be a more financially stable county."

Nearly 20 percent of the county's population is Hispanic, according to the most recent census estimates. Covington said he thinks that a significant portion of all county residents -- perhaps 7 to 8 percent -- are illegal immigrants. If one-third to one-half leave the county voluntarily or by deportation, he said, "maybe you do have some real savings, or you just don't grow as much."

"I don't see it as a bad thing," he said. Complaints about overcrowding in schools
and neighborhoods have been a driving force behind the county's new measures.

But many real estate agents shudder at the prospects of a drop in population and more foreclosures. With little equity in their properties and adjustable-rate mortgages adjusting sharply upward, some immigrant families are gathering up their belongings and walking away from their homes in the middle of the night, several real estate agents have said.

"These people are slammed," said Mary Donaldson, a former mortgage settlement consultant. She's now a loss-mitigation specialist who negotiates refinancing agreements and short-sales for homeowners who fail to sell their properties at the original purchase price. "They've lost their jobs because the construction industry has slowed or shut down, and when they get into trouble, they don't read their mail. A lot of them just don't understand the process, and they're so afraid that they can't talk to the bank."

Several of Donaldson's Hispanic customers have recently cited Prince William's policies as a reason to move.

"They're not going to stay if some of their family members are being forced out because of the new laws," she said. "I think the banks may end up with a lot of houses they didn't suspect they'd end up with."

But credit concerns, not immigration policies, are on the minds of most market watchers eyeing Prince William, said Rob Heltzel, president of the local chapter of the Virginia Mortgage Lenders Association.

Is immigration policy "being wildly talked about in my sector of the industry?" he said. "No. Our conversations are purely about the availability of funds."

As for the accusation that county supervisors have exacerbated the county's real estate pains, Heltzel said he doubts that the struggling industry factored into their policy decisions.

"I think the issue was a lot greater than the housing market," he said.