

Ethnic Inequality in Homeownership and House Value: An Investigation of Wealth and Assimilation Differences

Homeownership and home value not only give an indication of economic success and wealth of immigrants, but also provide insights into the assimilation of immigrants into US society. In the assimilation perspective of homeownership, homeownership is an aspect of residential mobility following from the acculturation and social mobility of immigrants or minorities (Alba and Logan, 1992). Immigrant groups, on average, have lower likelihood of homeownership/ lower homeownership rates (Alba and Logan, 1992; Coulson, 1999) and lower home values (Krivo and Kaufman, 2004), than their US born counterparts. However, with time in the US, homeownership rates and house values are expected to rise. Given the homeownership patterns of immigrants relative to their US born counterparts, one would expect that foreign born blacks would be less likely to own a home than US born blacks and would own homes of lower value with the gap between the two groups decreasing over time. However, because of the combination of their race and immigrant status, the character of black immigrant assimilation into homeownership may not follow this pattern. This paper analyzes the homeownership and home value of black immigrants in the US to assess the importance of ethnicity in economic assimilation in the US.

The straight line assimilation model posits that assimilation is inevitable with the natural endpoint of this process being full incorporation into American society (Alba, 2003). It predicts that, in the long run, immigrant minorities and the majority will become increasingly indistinguishable from one another (Gordon, 1964). The predictions of the straight line assimilation model, however, may actually overestimate the likelihood of homeownership and the home values of black immigrants because it fails to account for the experience of blacks (Lee and Bean, 2004).

In contrast to the straight line assimilation model, the segmented assimilation theory provides three options for immigrant assimilation to the United States: straight line assimilation into the middle class (described above), assimilation into the minority underclass, and selective assimilation (Portes and Zhou, 1993). Assimilation into the underclass means that acculturation to the norms of the host society is not a way to attain material success and status advancement, but the opposite (Portes, 2007). Though black immigrants' understanding of race relations varies by native origins (Benson, 2006), when black immigrants come to the United States, they often involuntarily acquire a racial tag in addition to the ethnic identity they give themselves (Bashi and McDaniel, 1997). Race restricts assimilability in American society (McDaniel, 1995), therefore, black immigrants are often forced to assimilate as members of the black racial group because of racial stratification in the United States (Bashi and

McDaniel, 1997). Blacks in the US are not being assimilated culturally or residentially (Massey and Denton, 1993; McDaniel, 1995) therefore, due to their race and proximity to US born blacks, black immigrants may undergo downward assimilation rather than assimilating toward the homeownership patterns of the majority population.

Selective assimilation, by contrast, posits that immigrants remain immersed in the ethnic community as a means to achieve upward mobility (Portes and Zhou, 1993). Because black immigrants are aware of the economic and residential differences between blacks and whites, foreign born blacks often reject identifying as blacks in the US to avoid the downward mobility associated with this segment of the US population (Benson, 2006). The racial status that immigrants attempt to present to the larger society is that of foreign born black, a status that the immigrants perceive to be higher than that of American blacks. From the perspective of the immigrants, the need to identify themselves as foreign-born blacks stems from the negative images the dominant society associates with native born blacks (Arthur, 2000). Selective assimilation may lead to higher likelihood of homeownership for black immigrants and higher home values than US born blacks.

Homeownership is both an indicator of economic success in the United States as well as immigrant assimilation to the United States because it requires a long term commitment to remaining in the new country. However, black socio-economic outcomes such as lower wages (Grodsky and Pager, 2001; Waters, 1999) and lower likelihood of homeownership (Alba and Logan, 1992; Flippen, 2001; Hilber and Liu, 2008), have led to black immigrant economic success to be viewed as an anomaly rather than a process of assimilation (Bashi and McDaniel, 1997). Though the physical features of black immigrants may prevent them from fully assimilating into the larger American social context, foreign born blacks may actually have an advantage in the housing market compared to US born blacks precisely because they are immigrants. Black immigrants make efforts to be seen as immigrants rather than as part of the larger black population (Arthur, 2000; Benson, 2006) and, because of that, immigrant blacks may experience less discrimination in the housing market than US born blacks because they are considered a model minority (Freeman, 2002). In addition, immigrants tend to form immigrant social networks in order to find jobs and housing and to attain credit or low interest loans (Bryce-Laporte, 1972). Social networks in combination with experiencing less discrimination than US born blacks may help black immigrants navigate the United States housing market in ways that US born blacks may be less able.

This paper aims to determine whether foreign born blacks have an advantage on the housing market relative to US born blacks in terms of likelihood of homeownership and home value. The experiences of black immigrants on the housing market provide data that can assess the relative importance of race

compared to ethnicity in determining housing market outcomes. Results will also indicate which type of assimilation describes the black immigrant experience in the United States.

Data and Methods

This analysis uses data from the 5% Public Use Micro Samples (PUMS) of the 1990 and 2000 United States censuses and the 2006-2008 pooled American Community Survey (ACS) to investigate the homeownership and house value of foreign born blacks. The unit of analysis is the household; therefore the data set only includes heads of household who are age 25 or over. The race and nativity (and all other individual level characteristics) of the household is determined by that of the household head. In order to better understand the role of social networks in housing market outcomes of black immigrants, I differentiate marital status by the race/nativity of the household head's spouse.

Differences in the probability of homeownership among blacks in the United States are analyzed using logistic regression. Because house values are only available for homeowners, analyses of house value focusing only on homeowners may be biased and provide inconsistent parameter estimates (Long, 1997). In order to analyze differences in house value among blacks, I use ordinary least squares regression with a Heckman selection to control for selection into homeownership. House value is measured using the categorical house value variable from the census and ACS. I assign the midpoint of each category as the value of the home. I then convert all house values to 1999 dollars in order to make direct comparisons of relative house value over time. The identifying selecting characteristics in the house value equation is homeownership.

Results

The results of this analysis show that, though previous analyses show that immigrants have lower likelihood of homeownership and home value than their US born counterparts, the same is not true among blacks. Caribbean born blacks are more likely to own their homes and own homes of higher value than US born blacks in all three survey periods. African born blacks are only significantly more likely than US born blacks to own their home in 2008, however they own homes of higher value than US in all three survey periods.

Immigration characteristics play a significant role in the homeownership and house value of black immigrants as do social networks of the foreign born. Likelihood of African homeownership relative to US born blacks has steadily increased over time, just as the African population has grown. Immigrants in 2000 and 2008 may have more access to African immigrant organizations that may aid them in saving for a down payment or navigating the housing market. In addition, for black immigrants, having a black

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immigrant spouse is positively associated with homeownership and home value while having a US born black spouse is negatively associated with these outcomes.

Immigrant social networks in the form of size of the immigrant population and social ties through marriage seem to be advantageous for black immigrants and play a key role in selective assimilation. Given that previous work has shown that black immigrants make a concerted effort to be recognized as immigrants rather than blacks, the results in this analysis indicate that black immigrant are undergoing selective assimilation.

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