

Segmented Paths? Generational Differences in the Transition to Homeownership

Luis A. Sánchez
Departments of Sociology and Demography
Penn State University

Abstract:

Homeownership represents an important indicator of immigrant incorporation and acculturation. It reflects an immigrant's commitment to remain in the host country and serves as a vehicle of wealth accumulation. This paper uses data from the National Longitudinal Survey of Youth (1979) to test theories of immigrant assimilation (straight-line vs. segmented) by focusing on generational patterns to first-time homeownership using a discrete time hazard model. I find an increase in the likelihood of first-time homeownership between Hispanic first and second generation. However, by the third generation I find Hispanics are experiencing significantly lower likelihoods of becoming a first-time homeowner in comparison to native-born whites. I did not find support for straight-line assimilation theory in terms of the transition homeownership but rather I found that black and Hispanic immigrants are experiencing segmented paths towards ownership and achieving the "American Dream."

Introduction:

Scholars have continually shown interest in the immigrant experience in the United States from the influx of European immigrants at the turn of the 20th century to the recent arrival of immigrants from Asia and Latin America. The process of immigrant acculturation and assimilation is of particular interest because it shapes the life course of not only the nation's large foreign-born population but the life course of their children and subsequent generations (Portes and Rumbaut, 2001). Beyond the nearly 38.5 million foreign born in the United State, currently 16 million children (under age 18) have at least one foreign-born parent (American Community Survey, 2009).

Immigrant acculturation is viewed as a significant process because the social adjustment to a new country is necessary to become an active citizen and experience upwardly mobile. The straight-line and segmented assimilation theories are both used to explain immigrant acculturation based on outcomes such as English-proficiency, intermarriage, and educational attainment (Portes and Rumbaut, 2001; Perreira et al., 2006; Kalmijn and Van Tubergen, 2010).

Homeownership is yet another indicator of immigrant incorporation and acculturation. Homeownership reflects an immigrant's commitment to remain in the country and can be viewed as the onset of wealth accumulation in the United States. While previous studies have examined immigrant acculturation based on cross-sectional data, few (even longitudinal studies) have utilized temporal components to measure the "rate" or "pace" of acculturation. Using longitudinal data from a nationally representative sample, I use discrete time hazard models to examine the time first homeownership across immigrant groups by generation status. This study builds on previous work of immigrant homeownership by explicitly modeling for time and the pace of acculturation.

Background:

The significance of acculturation and homeownership

Immigrant acculturation describes the process of adapting behaviors and values believed to be reflective of the American mainstream. Many immigrants migrate to the United States in hope of achieving “The American Dream” and socioeconomic prosperity for themselves and their children. Therefore, socioeconomic mobility and other indicators of acculturation, such as homeownership, provide evidence that immigrants are indeed “making it” in America.

English proficiency marks an important indicator of immigrant acculturation. Despite localized attempts to legislate English-only laws, English is *not* the country’s official language yet is understood and spoken by the vast majority of the American population. The ability to speak English benefits immigrants in becoming socially integrated with non-immigrant neighbors and navigating everyday life outside of one’s home (Telles and Ortiz, 2008). In addition, English ability is important for another indicator of immigrant acculturation: educational achievement.

Although some immigrants may arrive with high levels of education (Feliciano, 2005), the overwhelming majority of children of immigrants receive their education in the United States. Political measures, such as Proposition 229 in California which eliminated bilingual education in public schools, make the ability to speak English matter even more in the school setting. Increased schooling is likely to lead to other favorable outcomes such as economic prosperity, good health, marriage, and civic engagement.

Homeownership is also an important indicator of acculturation to consider when evaluating immigrant progress. Even native-born Americans view homeownership as a significant marker of achieving the “American Dream,” (Perin, 1977; Rohe, 2000; Shlay, 2006)

For immigrants, the transition to homeownership can signal a commitment to life in the United States (Clark, 2003). Owning a home in the United States makes the decision to return to one's native country all the more difficult. One obvious sign of immigrant acculturation is the desire to remain in the United States. Homeownership marks the process of immigrants settling into American society.

Additionally, homeownership is a marker of the American Dream due to its benefits. Although the direct positive effects have been questioned in the literature (Shaly, 2006), many scholars believe homeownership provides individuals and their families with benefits such as mental health, life stability, neighborhood resources, and increased social capital through involvement in one's community (Rohe et al., 2000). In addition, homeownership is viewed as a way of accumulating wealth which is beneficial for the welfare of future generations (Krivo and Kaufman, 2004). Finally, some public sentiment even goes as far as considering non-homeowners to not be "full-fledged citizens" (Perin, 1977, p. 56). Consequently, being a homeowner may actually constitute what it means to be an American.

Theories of Assimilation

Assimilation perspectives generally agree that acculturation is a necessary process for immigrants to achieve socioeconomic mobility but vary in their explanations of the *trajectory* and *pace* of immigrant assimilation. Straight-line and segmented assimilation represent two of the predominate assimilation theories used to examine immigrant progress.

Straight-line assimilation posits that social mobility and immigrant acculturation occurs in a linear process throughout one's life and/or across subsequent generations (Alba and Nee, 2003). For example, an immigrant arriving with little English proficiency will continue to learn the language with time spent in the United States or her children will become English-proficient

in the next generation. Straight-line assimilation assumes various indicators of acculturation will occur over time to a point where later immigrant generations are indiscernible from the native-born population and racial/ethnic boundaries will be eroded (Lee and Bean, 2007).

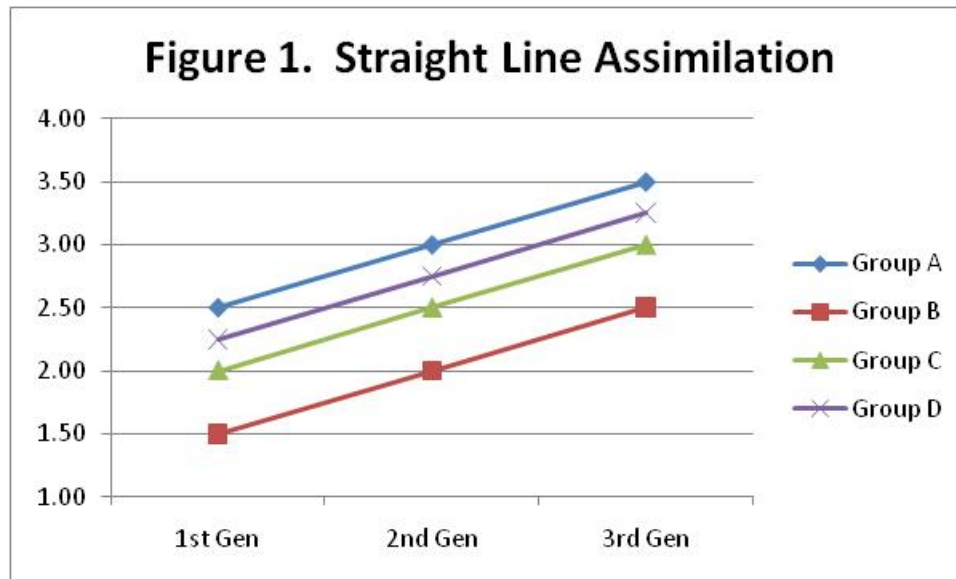
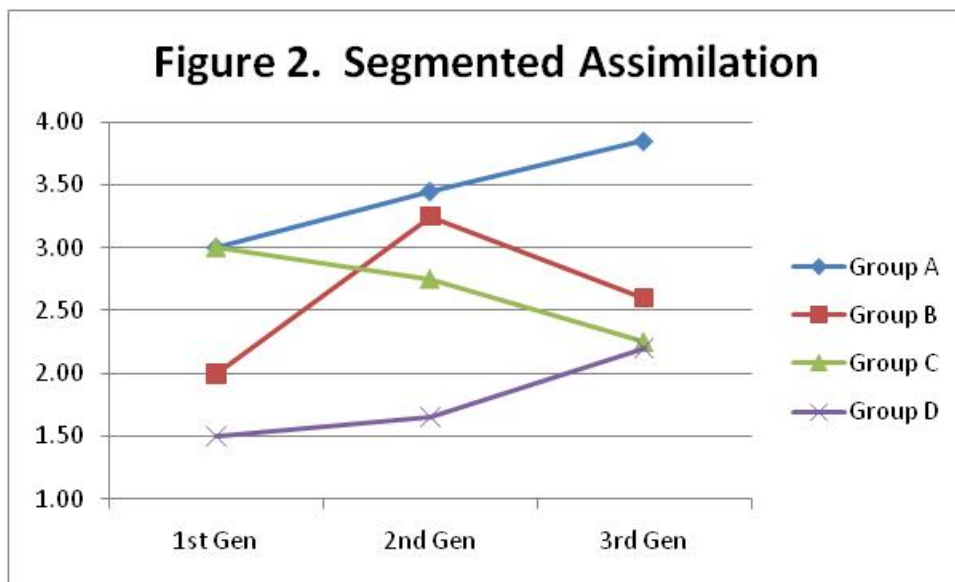


Figure 1 gives a graphic display of hypothetical immigrant acculturation as predicted by the straight-line assimilation theory. The y-axis can be thought of as a scale of acculturation on a scale of 1.00 to 4.00. Immigrant groups A, B, C, and D begin at varying levels of acculturation but experience progress with each generation. Another outcome (not shown here) predicted by straight-line assimilation theory could be that by the third generation, all groups exhibit the same acculturation score thus reflecting how racial/ethnic boundaries begin to erode after multiple generations.

Segmented assimilation claims not all immigrant groups will experience acculturation in a linear fashion (Zhou, 1999; Portes and Rumbaut, 2001; Telles and Ortiz, 2008). While segmented assimilation does not rule out that immigrants can experience acculturation in a straight-line manner, it does suggest that alternative assimilation trajectories can be experienced by different groups. For example, some groups may experience “downward assimilation” due to

racial discrimination in the labor market or other barriers blocking the path to upward mobility (Telles and Ortiz, 2008). In other cases, some groups may experience delayed assimilation as reflected by none/minimal observed progress from the first to second generation but then normal progress from the second to third generation (Brown, 2007). Finally, Borjas (1999) offers a “regression to the mean” explanation as to why downward assimilation can be observed. An immigrant group can experience uncharacteristically high scores of assimilation (i.e. wages) in the second generation but the perceived drop in the second generation is merely an indicator of regressing to the mean value of the total population. Figure 2 graphically displays these alternative paths to acculturation.



Group A demonstrates a path similar to that predicted by straight-line assimilation with each generation becoming more acculturated. However, segmented assimilation posits that some immigrant groups could experience “downward assimilation” or “delayed assimilation as depicted by Groups C and D, respectively. Finally, Group B demonstrates rapid assimilation from the first to second generation before “regressing to the mean” in the third generation.

Based on theories of assimilation, this paper tests the following hypothesis regarding immigrant paths to homeownership across generations and by racial groups.

Hypothesis 1: Based on straight-line assimilation, members of the second and third generations are more likely to experience the transition to first-time homeownership than the first generation in comparison to native-born whites.

Hypothesis 2: Based on segmented assimilation, patterns of the transition to first-time homeownership across generations will not be uniform for all racial groups. In particular, due to the historical legacy of black-white relations and racial discrimination experienced by blacks, black homeownership rates will be lower than other groups.

Hypothesis 3: Since homeownership largely reflects financial resources, family structure, and human capital, any observed differences in homeownership across generations and by racial/ethnic groups will disappear after controlling for socioeconomic factors.

Data & Methods:

Data Source:

I use the National Longitudinal Survey of Youth 1979 (NLSY79) to examine an individual's time to first-homeownership across generations by racial/ethnic group. The NLSY79 is a nationally representative sample of young males and females ages 14-22 at the time of the first wave. It has been used by numerous scholars to study major life transitions. The average age at the latest wave was nearly 47 years old, a more than large enough window to observe the time to first homeownership.

The NLSY79 is useful for a variety of reasons. First, the NLSY79 is a nationally representative sample that contains enough immigrant and second generation respondents to test quantitative differences in immigrant-generation outcomes. This builds upon prior immigrant

longitudinal research limited to only a few geographic areas (Portes & Rumbaut, 2001; Telles & Ortiz, 2008).

Second, the longitudinal nature of the data is critical for studying the pace and rate of acculturation. In this paper, I utilize questions about homeownership asked every year from 1979 to 1994 and every two years from 1996 to 2008. Therefore, I am able use discrete time hazard models to examine the *timing* to first homeownership across individuals. Previous literature using cross-sectional data, or longitudinal data but only looking at the most recent wave, fails to capture temporal dimensions which are important considering the benefits accrued through homeownership (Portes and Rumbaut, 2001; Pierreira et al., 2006; Telles and Ortiz, 2008; Park and Myers, 2010). In the case of immigrants and subsequent generations, the timing to first-homeownership reflects the timing to other positive outcomes (i.e. wealth accumulation, positive neighborhood effects, etc.). In other words, this study is able to answer questions about the *timing* to becoming a homeowner instead of simply gauging if an individual has ever become a homeowner.

Finally, the cohort nature of the NLSY79 (ages 14-22) allows me to make strong comparisons between immigrant respondents and their peers. Park and Myers (2010) strongly recommend that scholars pay particular attention to how they conceptualize the reference group when measuring immigrant progress. For example, comparing immigrants of a specific age group to the total non-Hispanic white population may mask specific contextual factors experience by the youth of America during a given time period. Therefore, the NLSY79 allows me to track the experience of both immigrant and native-born youth (ages 14-22) of different race/ethnic groups and generations across a time period of nearly 30 years.

Analytic Approach

I employ logistic regression using a discrete-time hazard model to test for differences in the time to becoming a first-time homeowner across generations and racial/ethnic groups. This method tests the relationship between owning a home for the first time and various time-varying and static variables. Information is used from each wave that has questions regarding tenure status. The responses are coded for that particular year (instead of months and days) therefore discrete time hazard seemed to be the most appropriate specification of time as opposed to continuous time.

Dependent Variable:

The outcome variable of interest is a dichotomous indicator of homeownership. Respondents were asked if they owned or were making payments towards the home they were currently living in. I left-censored individuals who were homeowners at the first wave (n=408) since there was no way of calculating the length of time it took them to achieve homeowner status for the first time. Therefore, individuals could only enter the risk set for first-time homeownership if they did not own a home in 1979. Since the respondents' age at the first wave of the survey ranged from 14-22 years, I only allowed individuals that were at least 18 years old to enter the risk set. It would have been inappropriate to start the clock to homeownership for 14 year olds in their freshman year of high school. Individuals less than 18 in 1979 entered the risk set in waves in which they turned 18. The youngest individuals entered the risk set in 1983. After experiencing the transition to first-time homeowner, respondents exit the risk set.

Independent Variables

Generation Status:

The NLSY79 documents respondents' and parents' place of birth at the first wave of the survey. Respondents who were born outside of the United States were coded as immigrants (first generation). Respondents who had at least one foreign-born parent were coded as members of the second generation. All others were classified as the third generation or higher.

Race:

The race category in NLYS79 only includes black (n=3,174), Hispanic/Latino (n=2,002), and other (n= 7,510). The survey has only a small number of Asian respondents (n=142) which can be identified by a more detailed "ethnicity/origin" variable. Therefore, there are not enough cases to separate out Asian respondents by generational status so they are included with the "other" category which overwhelmingly consists of non-Hispanic whites. However, there are enough black and Hispanic/Latino respondents of different generational statuses to conduct the analysis. The racial reference group used in the logistic models is native-born "others" which can also be interpreted as native-born whites.

Controls:

In order to see if the relationship between generation/group statuses is explained by other factors, I include a set of time-varying covariates and sex (male). The time-varying covariates includes measures for years of education (continuous), marital status (married/non-married), and logged family income (continuous). Sex is held constant over time while the time-varying factors control for changes in marital status and increased levels of education or income in every time period that can possibly account for the transition to first-time homeownership.

Results:

I first calculated the hazard rates for the transition to first-time homeowner for all respondents (Figure 3). There is a curvilinear relationship between time and hazard to becoming a first-time homeowner. The overall pattern of the hazard curve shows the likelihood of becoming a homeowner for the first time increases from the beginning of the observation until around ten years into the risk set. There is a decline in hazard rates for the remaining of the observation periods.

Figure 3. Hazard Rates for Time to First Homeownership

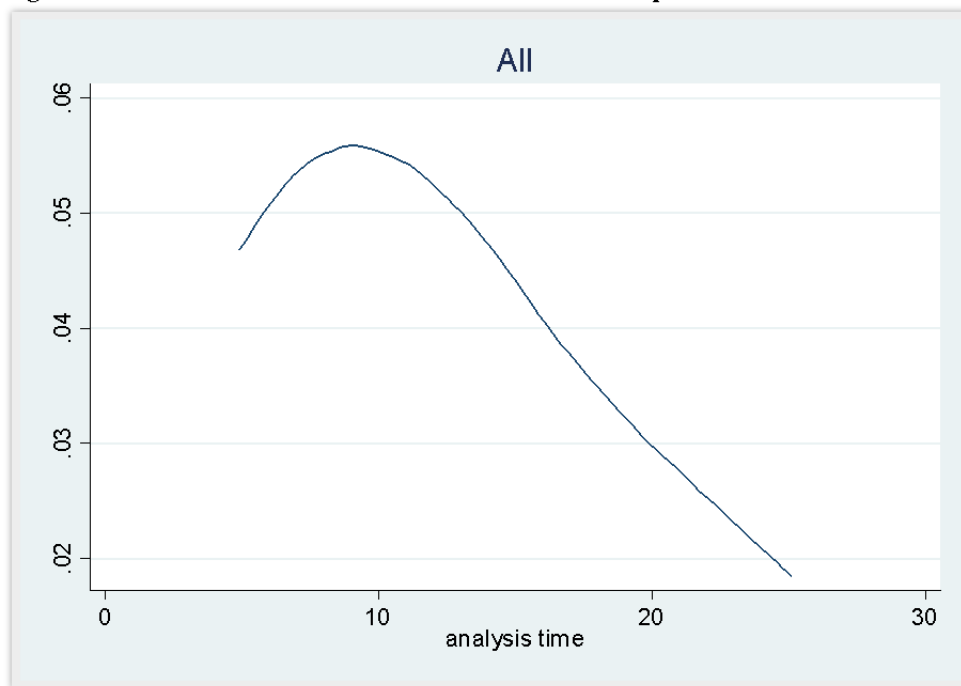


Figure 4 shows the hazard rates for the time to first homeownership by nativity status. Both native and foreign-born respondents demonstrate a curvilinear relationship between time and hazard rates to becoming a first-time homeowner. Both groups' hazards peak around 10 years into the observation period and decline thereafter. However, Figure 4 also shows that while the hazards for immigrants are initially lower than native-born respondents', they surpass native-born hazards approximately seven years into the observation period. Subsequently,

immigrants have higher hazard rates for transitioning to first-time homeowners at every observed period compared to their native counterparts.

Figure 4. Hazard Rates for Time to First Homeownership

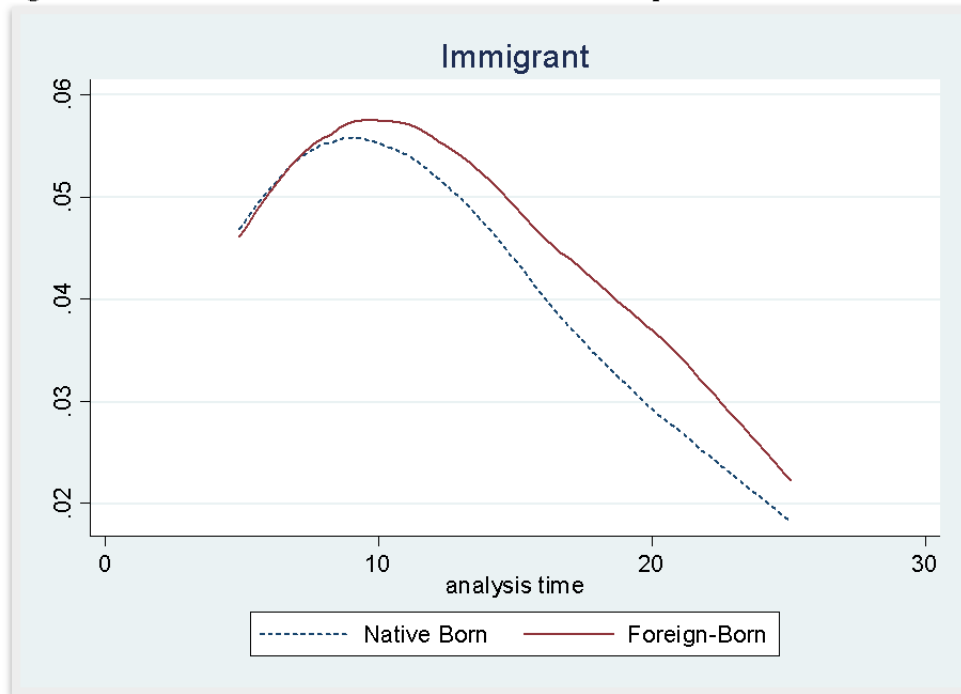


Figure 5 shows hazard rates for homeownership among respondents who are either foreign-born (immigrant) or have at least one parent who is foreign-born (second generation). Once again, both curves reflect a curvilinear relationship between time and the hazards for homeownership. The gap between immigrants and the second generation are small at the beginning of the observation period but then the gap widens to its pinnacle at around ten years into the observation window. Second generation respondents have higher rates of transitioning to first-time homeowner in every observation period until around 17 years into the observation period when immigrants express higher rates until the end of the observation period. This figure suggests the second generation generally fares better in the time it takes to become a first-time homeowner.

Figure 5. Hazard Rates for Time to first Homeownership

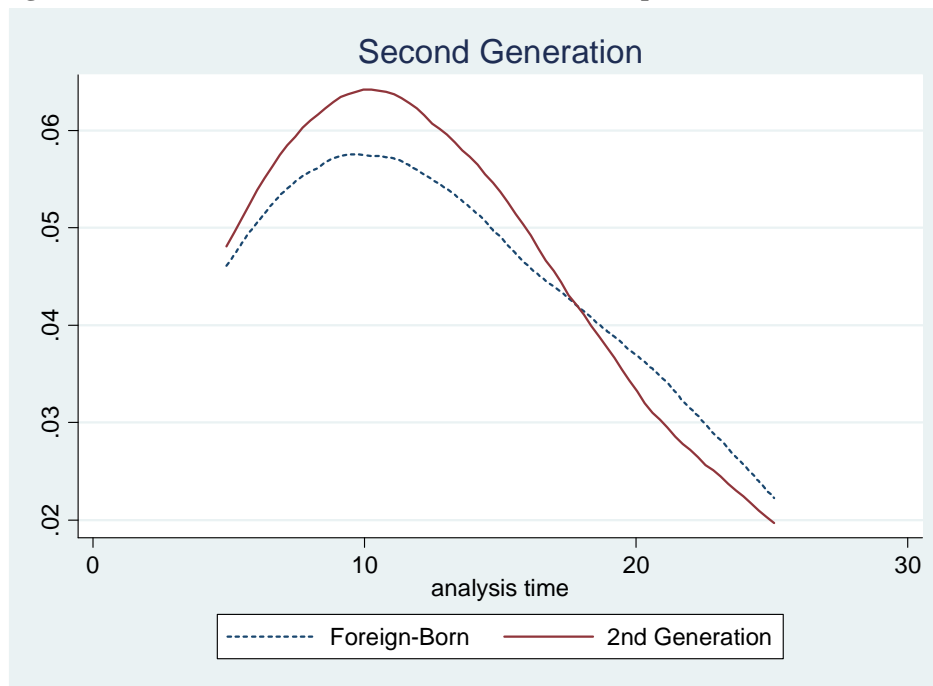


Table 1 shows the results from the logistic regression models analyzing the likelihood of becoming a first-time homeowner using discrete time hazards. Model 1 includes time specification. The time variable is positive and significant while time-square variable is negative and significant. This shows a curvilinear relationship exists between time and the hazards for experiencing the transition to first-time homeowner. Hazard rates initially increase but then decline after the pinnacle around ten years into the observation period.

Model 2 includes the set of variables capturing immigrant generations by race. The reference group is native-born “others” which mainly captures native-born whites. The results show that first (logit = .165) and second generation (logit = .243) Hispanic immigrants are significantly more likely than native-born “others” to transition to first-time homeowners at each

observation point. However, by the third generation (logit = -.291) Hispanics are significantly less likely than native-born others to transition to first-time homeowners.

Model 2 also shows that first and second generation blacks do not have significantly different hazard rates than native-born others. However, third generation blacks (logit = -.459) are significantly less likely than native-born others to experience the transition to first-time homeowner in every observation period. In addition, non-Hispanic and non-black immigrants (logit = -.454) are significantly less likely than native-born others to experience the transition to homeowners.

Table 1. Discrete Time Hazard Models of 1st Transition to Homeownership

	Model 1		Model 2		Model 3	
	Logit	S.E.	Logit	S.E.	Logit	S.E.
Time	0.008 **	(0.003)	0.007 ***	(0.003)	0.046 ***	(0.003)
Time Squared	-0.006 ***	(0.000)	-0.006 ***	(0.000)	-0.004 ***	(0.000)
Generation						
Hispanic Immigrant			0.165 *	(0.065)	0.292 ***	(0.066)
Hispanic 2nd Gen.			0.243 ***	(0.065)	0.323 ***	(0.065)
Hispanic 3rd Gen. +			-0.291 ***	(0.042)	-0.191 ***	(0.043)
Black Immigrant			-0.050	(0.130)	-0.085	(0.131)
Black 2nd Gen.			-0.312	(0.196)	-0.310	(0.199)
Black 3rd Gen. +			-0.459 ***	(0.027)	-0.368 ***	(0.028)
Other Immigrant			-0.454 ***	(0.075)	-0.437 ***	(0.076)
<i>(Ref = Native Born "Other")</i>						
Controls						
Male					-0.210 ***	(0.023)
Years of Education (t.v)					0.122 ***	(0.006)
Marital Status (t.v.) (1=Married)					0.206 ***	(0.040)
Log Family Income (t.v.)					0.058 ***	(0.005)
<i>_constant</i>	1.192 ***	(0.022)	1.328 ***	(0.025)	-0.867 ***	(0.101)
<i>LL</i>	-22569.10		-22378.53		-22039.72	
<i>AIC</i>	45144.20		44777.05		44107.44	
<i>BIC</i>	45169.93		44862.82		44227.50	

Number of Person Years = 39,185

To test whether differences in hazard rates across groups and generations could be explained by other socioeconomic factors, I included variables for logged net family income, marital status, years of education, and sex. These control variables reveal that males are significantly less likely than females to experience homeownership at each observed period. In addition, years of education, being married and logged family income are significantly associated with greater likelihood of experiencing the transition to first-time homeowner.

Including control variables did not substantively change the relationship between generational statuses across groups and hazards for homeownership. However, in some cases the magnitude in differences decreases somewhat after controlling for socioeconomic factors. Hispanic immigrants experience an increased likelihood of homeownership from the first to second generation but then experience a significantly lower likelihood of homeownership by the third generation. Hazard rates for first and second generation blacks are indistinguishable from native-born others but the third generation experience substantially lower rates of homeownership than native-born whites. Non-Hispanic and non-black immigrants also experience significantly lower hazards of homeownership.

Discussion and Conclusion

This paper set out to examine how immigrants are acculturating by specifically focusing on generational patterns to first-time homeownership. Contrary to the straight-line assimilation theory, I did not find an increasing likelihood in the transition to becoming a first-time homeowner across all generations. I did find an increase in the likelihood of first-time homeownership between Hispanic first and second generation, which is in line with other recent findings (Park and Myers, 2010). However, this study finds that by the third generation, Hispanics are experiencing significantly lower likelihoods of becoming a first-time homeowner

in comparison to native-born whites. This finding resembles similar findings that the third generation experiences less favorable outcomes than earlier generations (Perreira et al., 2006; Telles and Ortiz, 2008).

In addition, there was no evidence that black respondents were increasing the likelihood of transitioning to first-time homeowners across subsequent generation even when controlling for socioeconomic characteristics. The only significant finding was that native-born blacks (third generation plus) experienced substantially lower hazards for homeownership than native-born whites. However, it should be noted that the third generation plus for blacks is likely to represent blacks that have been in the United States for multiple generations compared to third generation plus for Hispanics who have not been present in the United States for as many generations. Therefore, the negative finding for the black third generation plus could likely reflect the overall “black experience” while the finding for the Hispanic third generation is more likely to reflect the experience of individuals whose grandparents are foreign born. However, the NLSY79 is limited in that it lacks questions on grandparents’ place of birth.

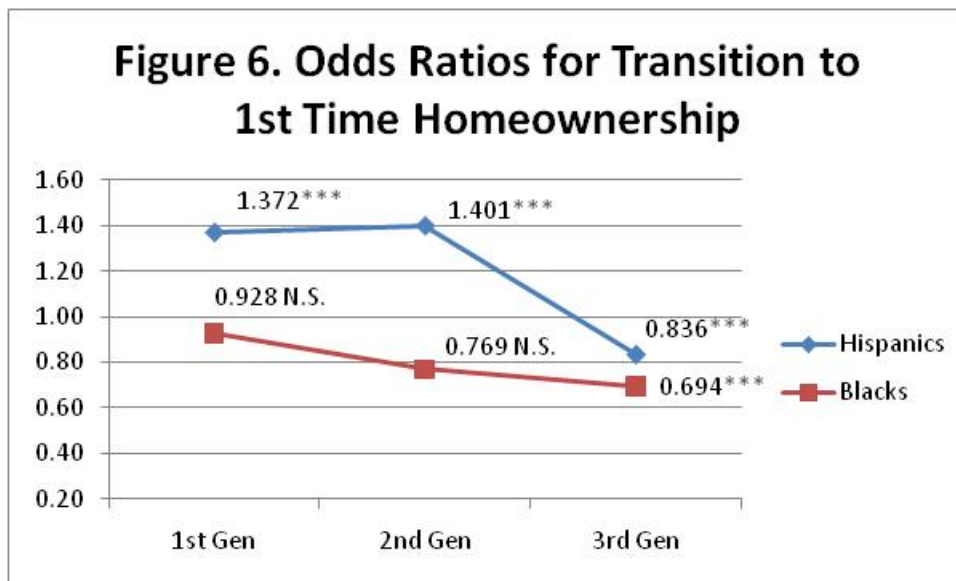


Figure 6 shows the trends in assimilation in terms of first-time homeownership across black and Hispanic immigrant groups. Contrary to straight-line assimilation (depicted earlier in Figure 1), the likelihood for becoming a first time homeowner does not increase linearly across generations. Hispanics have significantly higher odds than native-whites in the first and second generation, but by the third generation they are 16.4% less likely than native-born whites to transition to first-time homeowner. In addition, third generation blacks are 30.6% less likely than native-born whites to transition to first-time homeowner in every observation point.

This paper adds to the literature on immigrant acculturation by using a nationally representative sample following respondents for nearly 30 years to observe the transition to first-time homeownership. Along with comparing three generations, this study was able to capture temporal components of acculturation by observing the *time* to first homeownership. I did not find support for straight-line assimilation theory in terms of the transition homeownership but rather I found that black and Hispanic immigrants are experiencing segmented paths to ownership and achieving the “American Dream.”

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