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Urban America:
An Examination of Nativity, Socio-
Economic Status and Place**

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The 1990s was an extraordinary decade in terms of the number and socio-cultural diversity of migrants who arrived to live in the United States. We are only beginning to appreciate the long-term implications of decisions and actions taken by individual migrants and American institutions during this period of strong economic growth. The influence of international migrants on the domestic labor force, social welfare expenditures, poverty rates, urban economic growth and social stability, population aging, cultural diversity, and identity politics in the United States have sparked considerable research attention and speculation. The predilection of migrants for living in large cities has also encouraged analysis of their contribution to the revitalization of deteriorated neighborhoods and business areas, as well as their impact on housing demand, availability and price in both the rental and homeownership segments of the market.

In this report we examine the housing status of immigrants in the 100 largest metropolitan areas with respect to homeownership and the factors that appear to influence the ability and/or desire of groups from various parts of

the world to pursue the “American dream” of homeownership.

In the last great migration wave during the early twentieth century, Italian, Greek and Polish migrants generated significant demand for owner-occupied housing and today they and their descendants have among the highest rates of homeownership in the United States. It is reasonable to anticipate that contemporary migrants also aspire to homeownership, and in turn will have an impact on housing demand, supply and price, especially in gateway cities where they settle in significant numbers. But today is not the early twentieth century – the flow of migrants is different (e.g., in terms of cultural backgrounds and potential values toward property, social and human capital, and perhaps even motivations for migration), the housing markets in the cities where migrants settle have experienced important structural changes, and direct and indirect government involvement in the rental and ownership markets is more commonplace. It is thus not reasonable to assume *a priori* that newcomers will follow the same housing trajectories established by earlier generations of immigrants. Moreover, it is not clear that

all groups have similar levels of demand or the means to attain their aspirations, and private or public interventions that could facilitate ownership are equally uncertain.

High rates of immigration, coupled with low birth rates within the American-born population, do mean that newcomers are a major source of new housing demand in the years and decades to come. The very high rates of ownership among people born in the United States mean that there are few opportunities for the homeownership market to grow unless groups whose rates of ownership are below average – African Americans, immigrant groups in general and recent arrivals in particular – can be encouraged to enter the market in greater numbers. Accounting for only 18 percent of all homeowners in 2000, it has been estimated that minorities, many of whom are immigrants, were responsible for 40 percent of the net increase in homeowners between 1990 and 2000 (Simmons 2001). The Joint Center for Housing Studies (JCHS) (2003) further projects that minorities will account for 64 percent of household growth from 2000-2010, and create a 39 percent increase in the share of total homes owned by minorities by 2010.

As immigrants play increasingly important roles in the social and economic profile of the nation generally and in the cities where they settle in particular, it is timely to examine the relative importance of immigrants as a new source of demand for owner-occupied housing. This study focuses on the factors that influence homeownership among immigrants, and the programs and initiatives that can encourage ownership among these groups. The research indicates that some important opportunities, as well as significant constraints, exist with regard to immigrant homeownership in America.

- Housing affordability is an issue that impacts the native-born population and immigrants alike. Low-income immigrants face the same housing affordability challenges as other low-income individuals in the United States. However, a far higher proportion of immigrant households live in high-cost areas and spend in excess of 30 percent of their income on housing than native-born ones, regardless of whether they are owners or renters. Addressing housing affordability involves policy interventions well beyond the housing market, but it

is important that policymakers are aware of the impact that a lack of affordability has on immigrant communities.

- This study emphasizes the importance of location. Living in a city other than the handful of traditional immigrant gateways where housing is expensive doubles the likelihood of ownership among most immigrant households. Unfortunately, the absolute number of immigrants opting for such “non-traditional” locations remains small relative to the overall size of newcomer flows.
- Too often, policymakers and the press speak as if all immigrants were the same, while, in fact, the “foreign born” category masks considerable within-group variation. We find that homeownership status varies

significantly by ethnic group and metropolitan location. Strategies to increase homeownership must be developed with strong regard for local conditions and the particular characteristics of the specific immigrant groups residing in particular cities.

- Targeting immigrant households that are on the cusp of ownership can make a difference in some highly competitive markets. In these places, education about homeownership and financing, especially when combined with savings incentives, can encourage immigrants to become homeowners. Programs that target low- and middle-income immigrant groups that have persistently low homeownership rates, such as Latino, Caribbean, and some Southeast Asian refugee households, could be particularly effective.

Key Concepts

A number of concepts are used repeatedly throughout the text and the distinctions between them should be born in mind:

Immigrant, migrant and foreign-born are used synonymously to refer to people born outside of the United States. Some may be naturalized citizens, others may have lived in the country for decades and never naturalized, are in the five-year waiting period before they can initiate naturalization procedures, have temporary legal status or are residing without authorization.

Birthplace groups are country or region-specific groupings of migrants as determined by place of birth.

Nativity refers to whether an individual was born in the United States or in another country.

Ancestry/race refers to the way an individual, whether US- or foreign-born, self-defines their ethnic ancestry and race. For some of the analysis discussed, we have only been able to examine ethnic or racial identity and not status as determined by being foreign born or from a particular country or region.

Homeowners are households that own their dwellings free and clear, as well as those that currently pay a mortgage.

The Immigration Context: New Trends

Immigration to the United States has had a major influence on the social, economic and political institutions of the nation, as well as its demographic characteristics, during the 1990s. There is every indication that it will continue to be a major force of change in the present decade as well. It is estimated that approximately one million people per year were part of the migration flow to the United States during the 1990s, nearly two-and-a-half times the number in the 1970s. Immigrants today

comprise approximately 11.5 percent¹ of the American population and although significant, their relative size is neither an historic high (15 percent during the 1900-1910 period) nor as large as that of other immigrant receiving countries such as Australia, Canada and several European states. Perhaps more important for understanding the ways in which immigration is changing American society – from housing to labor markets to education – are the composition of

¹ US Census Bureau 2002. *Current Population Survey, March Supplement*.

the migration flows and the distribution of newcomers across the country.

From 1990 to 2000, gross legal (or authorized) permanent immigration averaged 966,536² entries, and was the most significant component of the migration flow to the United States (Figure 1). This number, however, is a depressed count of people who intend to settle permanently given the continuing inability of the government (the Immigration and Naturalization Service now the Bureau of Citizenship and Immigration Services and the Department of Labor) to deal in a timely manner with persistent application backlogs. At the same time, and highlighting the dynamic qualities of migration, it is estimated that 20 to 25 percent of the total permanent migration in-flow left the country during the 1990s.³

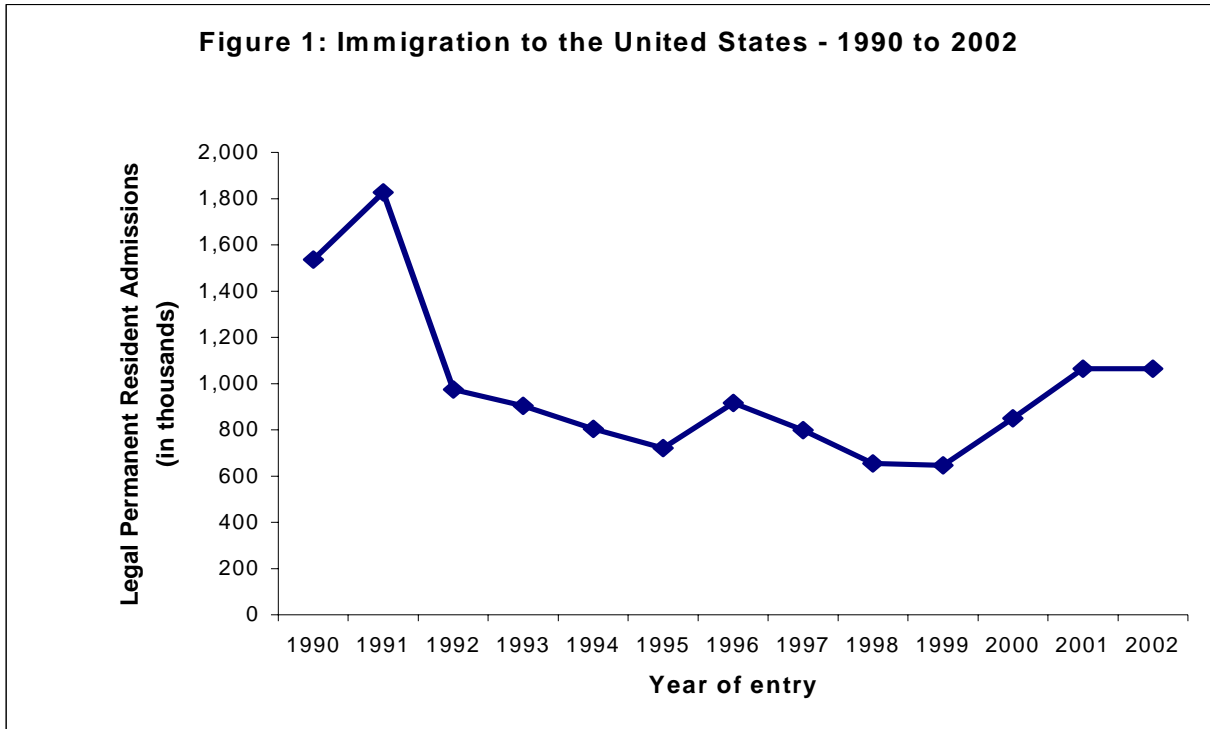
² The number of authorized permanent residents in the first two years of the decade was extraordinarily high due to a legalization program that enabled some undocumented migrants to achieve permanent residency status. For the last 5 years of the decade (1996-2000 inclusive) the average number of permanent residents was 764,260 per year, and reflected the ability of immigration authorities to process applications in a more timely manner, rather than a decrease in demand.

³ Reliable net annual migration figures (US- and foreign-born) are not available because the United States lacks a system for measuring emigration. The US Bureau of

Refugees are another component of the 'permanent' migration flow to the United States. Including both resettled refugees and asylum seekers whose applications received a positive determination, the number of people in the refugee category has declined in a fairly consistent manner from a high of 109,593 in 1994 to 68,925 in 2001. Never a huge component in the overall flow of migrants to the United States, refugees do face some of the most difficult settlement challenges due to the trauma of displacement, the inability to plan their move to the United States, few portable economic resources, and for many, an absent or weak kin and friend support structure in the places where they settle.

Partially due to tight labor markets in the low value-added manufacturing and personal services sectors, the 1990s also saw strong growth in the number of illegal migrants in the United States. Estimates range from 6.9 million (US Immigration and Naturalization Service 2003) to 9.3 million (Passel et al., 2004) undocumented migrants living in the United States, and it is thought that up

the Census, however, estimates net annual migration in 2000 to be between 624,000 to 1,363,000 individuals (Hollmann et al. 2000).



Source: Statistical Yearbook of the INS, 2002

to 5 million of these people came during the 1990s. Latin America accounts for approximately three-quarters of illegal migration, and the majority of these migrants are originally from Mexico (70 percent) (Fix and Passel 2001; Passel 1995).

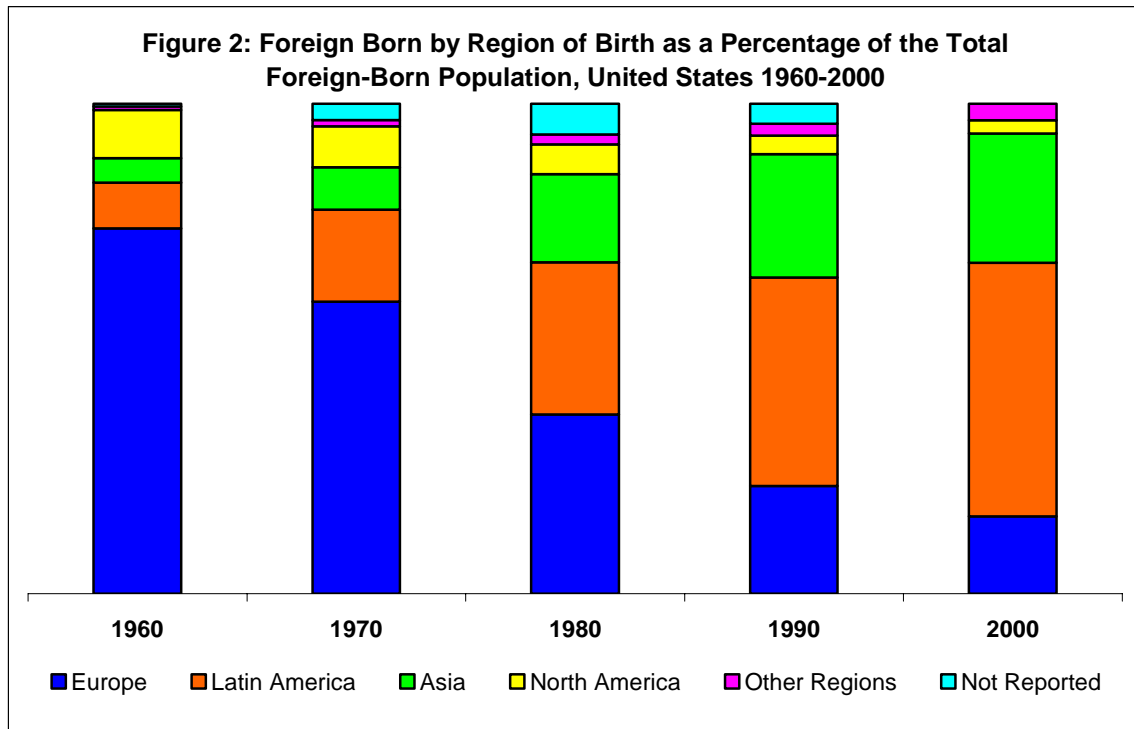
It is important to recognize that undocumented migrants and persons in the United States on a non-immigrant visa who respond to the census are reported as part of the total foreign-born population, and it is not possible to extract these “non-permanent” residents from the total. Some of these migrants are in the United States for relatively short durations, others may be transitory, and still others are in the

midst of a sometimes long process to convert to permanent residency status. Coupled with the fact that many undocumented and non-immigrants have restricted access to resources and mortgage financing, this segment of the foreign-born population is a relatively weak source of potential demand for owner-occupied housing.

Migrants to the United States during the 1990s also continued to make the country more ethno-culturally diverse. In 1960, 74.5 percent of the foreign-born population was born in Europe and only 9.3 percent and 5 percent were born in Latin America and Asia respectively (Figure 2). Compared to early post-World War II decades, the

source countries for migrants today are almost completely transformed: 15.8 percent of migrants coming from Europe and 51.7 percent and 26.4 percent from Latin America and Asia, respectively. In fact, by 2000, Mexico was the largest

migrant source country (30 percent), followed by the Philippines (4 percent), China (3 percent), India (3 percent), Vietnam (3 percent), Korea (3 percent), El Salvador (3 percent) and Germany (2 percent).



Source: Year 2000 data: US Census Bureau, Census 2000. Data for all other years: C. Gibson and E. Lennon, US Census Bureau 1999. *Historical Census Statistics on the Foreign-Born Population of the United States: 1850-1990*. Washington, DC: US Government Printing Office.

There is little to suggest that the flow of migrants to the United States will become more homogeneous in the near future. United States law on permanent immigration has long emphasized family reunification, and such a system creates a strong bias in favor of those countries that use the system continuously (so

that close family relationships are maintained). There is also the dynamic of the migration process itself. Once a national group gains a substantial immigration 'beachhead', networks of family, friends and fellow countrymen tend to encourage and facilitate the migration of other co-ethnics, and this typically continues until economic or

political circumstances in the sending country change substantially.

New Patterns of Settlement

The last decade of the twentieth century was perhaps most remarkable for the dispersion of immigrants to states and, more precisely cities, where few migrants have settled since World War II. States such as North Carolina, Georgia, Nevada, Arkansas, Utah, Tennessee, Nebraska and Colorado saw the foreign-born population grow by over 150 percent (North Carolina led with a 274 percent increase -- from 115,077 immigrants in 1990 to 430,000 by 2000). Given the structure of the American economy and the geography of both low- and high-skill employment opportunities, most of these immigrants settled in or around major cities.

Although the growing immigrant density in many "non-traditional" states and cities is significant, we should not lose sight of the fact that the vast majority of migrants still settle in long-established gateway cities such as New York, Newark, Miami, Los Angeles, Boston, Houston and Chicago. The 2000 census reveals that 68.5 percent of all immigrants still are located in just six states: California (28.5 percent), New York (12.4 percent), Texas (9.3 percent), Florida (8.5 percent), Illinois

(4.9 percent) and New Jersey (4.7 percent).

Ninety-six percent of immigrants live in urban areas compared to 78.4 percent of American-born individuals. However, recent census data also indicate that more and more immigrants are becoming suburbanites, often bypassing 'traditional' inner-city reception neighborhoods for well-developed (or "urbanized") suburban locations with good access to employment and schools. In only 32 of the 100 largest metropolitan areas did the growth of the immigrant population in the central city exceed that in the suburbs during the 1990s. If we look at aggregate immigrant population growth in the 100 metropolitan areas during the 1990s, the central city areas grew by 21.7 percent compared to 63.7 percent for suburban areas (immigrant population at the metropolitan level for the 100 cities was 54.8 percent).

It is within this broad context of change in the relative permanency of the migration flow to the United States, the number of undocumented residents, the source countries/regions of new migrants, and settlement locations both across the country and within cities that we examine homeownership status and prospects for immigrants.

Factors Influencing Homeownership Among Immigrants

Given that a house is likely to be the most expensive single purchase made by households and that paying for it will likely take most purchasers' working life, it is not surprising that a number of financial and demographic factors enter the decision to pursue homeownership. Household income, education, age, gender, marital status, type of household, the presence or absence of children, and race are among the factors most frequently cited as having an effect on homeownership. Married couples (those that either are or were married at some point) are much more likely to be homeowners than individuals living on their own or in multiple-person non-family households. The presence of children under 18 years of age also raises the level of homeownership, reflecting the fact that parents frequently opt for single-family dwellings in which to raise children (a type of housing that is overwhelmingly owner-occupied). Higher employment earnings tend to encourage men to become homeowners, while women are much more likely to be renters, even if they are single parents, due to affordability constraints. Given that a sizable downpayment and stable employment

are usually prerequisites for homeownership, the rate of ownership tends to increase along the adult age continuum leveling off in middle age, and then declines marginally among the elderly over 75 years of age as this cohort develops infirmities and women who have never been homeowners become a larger share of the group.

Recent research suggests that the relative importance of these demographic factors is shifting due to changes in the economy, particularly for household heads without a high level of education. During the 1980s the trend of increased ownership among younger households began to reverse itself, to the point where, by 1990, ownership rates among household heads under 35 years of age had reverted to pre-1960s levels (Gyourko and Linneman 1996, 319). Key demographic factors, such as being married with children, remain important but their influence has declined over time. Put in a slightly different manner, the probability of ownership among single, well-educated individuals has increased between 1960 and 1990. The college-educated do particularly well, reflecting both important changes in the labor market and the affordability of housing (Gyourko and Linneman 1996, 319). However, for the core demographic of

the ownership market since World War II, homeownership has become increasingly difficult to achieve.

Being African American is a social attribute that continues to exert a strongly adverse influence on the probability of owning. Although the underlying factors are contested, studies suggest that the negative impact of being black has increased over time, especially for the least well educated. Discrimination continues to be a part of housing markets even after the passage of key civil and housing rights acts in the 1960s and 1970s (Turner and Ross 2003; Massey and Denton 1993). But sustained low ownership rates for African Americans, as for many other groups, are also a function of more expensive suburban owner-occupied housing due to stricter zoning and building code regulations, as well as stagnant real income growth among working- and middle-class households. This means that groups like African Americans, as well as immigrants, face more difficult challenges in saving a downpayment. Given a history of low incomes and low ownership rates, African Americans are also less likely to benefit from parental intergenerational wealth transfers that help young households enter the market (Gyourko and Linneman 1996, 321).

These same factors also influence the propensity for homeownership among immigrant households, although research suggests that a number of others – country of origin, length of time in the United States, citizenship status and English-language proficiency – also influence ownership outcomes. Citizens are more likely than non-citizens to be homeowners, a characteristic that holds true across age cohorts (Research Group of the National Association of Realtors, 2002). Given that it takes a minimum of five years to become a citizen⁴ and that citizenship is not a prerequisite to become a homeowner, it is likely the time required to attain sufficient capital assets is the more salient factor. The Research Group of the National Association of Realtors (2002), for instance, found that the rate of ownership is nearly identical between immigrants who have been in the United States for 20 years or more (67.5 percent) and the US-born population (68 percent), even though many of these immigrants had not naturalized.

Recent studies also highlight the positive relationship between English-language proficiency and

⁴ The average even for those who seek to become citizens immediately upon qualification is much higher.

homeownership. It is frequently suggested that one of the most significant barriers to homeownership, especially among recent immigrants, is limited English-language literacy (speaking, reading and writing). A strong command of English does facilitate access to information about housing opportunities, as well as savings and mortgage options. Language facility may also improve labor market outcomes because individuals are likely to find better-remunerated employment and/or move out of ethnic labor markets where opportunities typically are more restricted. A survey conducted by the National Association of Hispanic Real Estate Professionals (NAHREP) in 2000 cited the lack of information as the leading barrier to Hispanic homeownership. Given that the Latino population in many cities has well-developed real estate agent networks that do provide information in Spanish, it is more than likely that language proficiency is an even more formidable hurdle for newer and smaller immigrant groups. There are ways, however, to overcome the language hurdle. The availability of co-ethnic real estate agents and mortgage lenders who can mediate between cultures and languages can overcome much of the misinformation and apprehension

encountered by potential buyers who have limited English-language proficiency (Fannie Mae Foundation 2001; Listokin and Listokin 2001).

Immigrants' country of origin has also been found to have a significant influence on rates of homeownership in the United States. European, Canadian and Asian immigrants are more likely to own homes than any other group, even when controlling for time of arrival. Variations in ownership levels between immigrant groups, as well as in relation to American-born cohorts, have been attributed to an array of factors: time of arrival, educational background, family/household wealth, family size, cultural attitudes toward ownership, the size of the immigrant community in cities where newcomers settle, and the vigor of the local economy. Research conducted in the United States and Britain has found that in terms of both housing consumption and location strategies, differences between groups could not be entirely explained by household wealth, thereby suggesting a complex process of interaction between individual preferences and values and large-scale institutional factors such as discrimination and mortgage lending practices (Borjas 2002; Sarre et al. 1989).

The degree to which different immigrant groups pass property, or property assets, on from one generation to the next, especially if one branch of the family is living in the United States, is a good example of a culturally determined practice that can influence ownership attainment. Moreover, in some countries there may be limited opportunities for property ownership, either because of government policy or the need for a very large downpayment, resulting in few loans other than to well-off households. Refugees who are forced to leave everything behind as they flee have a particularly difficult time in becoming owners and are less likely to receive intergenerational wealth transfer assets (Rose and Ray 2002).

Housing as a status marker also has been identified as a factor that affects the propensity to own a dwelling. Southern European immigrant groups, for example, have extraordinarily high ownership rates, and in part these have been attributed to cultural definitions of success and norms around providing a 'good' family environment (Iacovetta 1993). To make ownership a reality, households may devote substantial financial and human resources to the pursuit of this goal. Alternatively, other immigrant groups remain in rental housing for long periods of time in order

to save sufficient resources for other activities: education, beginning a small business, and sponsorship of extended family members being among the most common. For some, being able to begin a business or finance the higher education of children is the more desirable marker of success within their community than housing.

It is also important to note that these broadly defined "cultural" factors intersect with the decision about where to live and the competitiveness of local housing markets (Borjas 2002; Research Group of the National Association of Realtors 2002). By choosing to locate in New York, Chicago, Los Angeles or Washington newcomers may face significant additional hurdles in attaining homeownership – continued immigration of domestic and international migrants to take advantage of employment opportunities or proximity to family members and co-ethnics heightens competition in the market and escalates housing prices. This factor may account for a paradoxical anomaly in national median house values between immigrant first-time homebuyers (\$150,000) and native-born ones (\$100,000) (Research Group of the National Association of Realtors 2002). The difference in price has been

attributed primarily to the high median price of homes in the places where most immigrants reside: high-growth metropolitan areas. The lack of affordable housing does prevent households from shifting out of rental housing (Listokin et al. 2002; Syal et al. 2002; Stegman et al. 2000).

In cities where housing on average is expensive, some recent immigrants have fulfilled their homeownership aspirations by settling in long-neglected and under-valued neighborhoods. Parts of Brooklyn and Queen's in New York are particularly well-known examples of neighborhood rejuvenation (Manbeck 1998; Johnston et. al. 1997), and similar neighborhoods can be found in most highly competitive housing markets. Immigrants may well be in the vanguard of neighborhood stabilization and revitalization efforts.

Treating immigrants as one large single category, in short, masks considerable within-group variation. Insufficient attention to this variation limits identification of groups that should be targeted for policy and program intervention in order to raise ownership rates. It also constrains the ability to explain housing status and ownership differences. This is especially problematic when the reference group is

the American-born population (Borjas, 2002; Rosenbaum and Friedman, 2001; Myers and Park, 1999; Myers et al., 1998; Johnston et al., 1997; Rosenbaum and Schill, 1999; Rosenbaum, 1996). In this study we pay particular attention to the effects of birthplace and metropolitan location on homeownership status among immigrants. The available data, however, only allow limited insight into the tremendous diversity that exists both within the immigrant population and in housing markets across metropolitan areas of the United States.

Housing and Immigrants: Methodological Issues

The changes in immigration and immigrant settlement in the United States during the 1990s argue for re-examining housing consumption and particularly the demand for homeownership. Immigrants are a culturally and socially very diverse group with a vast array of experiences and customs regarding homeownership, widely different abilities to pull together sufficient financial resources to enter the market, distinct housing stock needs, and because of their legal and citizenship status, different opportunities to take advantage of programs that

facilitate and/or help to finance ownership.

For these reasons, our analysis of immigrant homeownership has attempted to capture the diversity within the immigrant population and urban housing markets to the extent possible given extant data limitations (see Appendix I for detailed discussion of methodology). We have focused on the homeownership status of immigrants in the 100 largest metropolitan areas in the United States primarily because 83 percent of this population lives in these large and diverse urban areas.⁵ Given the strong predisposition of immigrants to live in large urban areas and the propensity of the US-born population to live in non-metropolitan areas, it is not useful to conduct an analysis that compares the two populations at a national level.

We have constructed a simple typology of cities based on the size and rate of growth of the immigrant population. With the exception of Youngstown (OH) and Buffalo (NY), all 100 cities experienced at least some growth in the size of the foreign-born population, although the rates vary

⁵ Only 68.5 percent of the US-born population lives in these 100 metropolitan areas.

widely. Using the average size of the foreign-born population in 1990 in these 100 cities (11.1 percent), and the average growth rate between 1990 and 2000 (55 percent), four types of cities stand out:

- Traditional Large Immigrant Gateways
- Slow-Growth Immigrant Destinations
- New Immigrant Gateways
- New Fast-Growing Immigrant Hubs

By thus distinguishing between different categories of cities on the basis of their immigrant density, we can begin to capture some of the variation that exists across urban housing markets. (Figure 3). High, stable or declining population growth overall may have a strong influence both on housing prices and availability, while the size of the immigrant community may affect the degree to which newcomers can access services that will help them enter the ownership market.

This typology is the base upon which much of our empirical analysis rests. We first describe the rate of homeownership using Summary File (SF) 4 census data for ancestry/racial groups in the 100 largest metropolitan areas. This descriptive analysis essentially outlines the variations in homeownership rates across urban

America and suggests housing markets and ethnic/racial groups in which growth in ownership may be possible.

Given our objectives, the major limitation of the SF4 data is the inability to specify the foreign-born population. To examine the foreign-born directly, we utilized another 2000 census data source – the 5-Percent Public Use Microdata Sample (PUMS). The PUMS files are based on state-level Census 2000 data organized as individual records of the characteristics for a 5 percent sample of people and their housing units.

The full PUMS data set used in the analysis consists of 2,968,243 individuals who are household heads. The sample includes people who own or rent their residence and excludes those people living in group quarters. The analysis is further restricted to people who are between 18 to 64 years of age as the elderly are likely to have significantly different housing needs and tenure choices. In terms of two critical variables for our analysis – place of birth and ancestry/racial background – we specified categories that captured as much of the cultural and social diversity

within the population as possible, while being mindful of the need to retain a sufficient number of responses in each category to achieve meaningful results. We recognize the cultural reductionism that occurs when broad birthplace categories are the focus of analysis, but the relatively limited number of immigrant household heads has forced us to construct far more heterogeneous groups than would be ideal.

We begin the analysis by describing the propensity to live in owner-occupied dwellings for various combinations of classifying variables using both the SF4 and PUMS data sets. If we are to understand the more complex relationships underlying the responses of different birthplace and ancestry/race groups, it is necessary to control for the different profiles of these groups with respect to timing of immigration, socio-demographic status, and city of residence. In the final analytical section we model the impact of different variables and their interactions on the ‘odds’ of owning for a given birthplace/ethnic group in relation to a reference group using standard procedures of log-linear models (Knoke and Burke 1980).

Immigrant City Types

Traditional Large Immigrant Gateways are cities where the proportion of immigrants in 1990 was greater than 11.1 percent *but* that experienced a below average rate of immigrant population growth between 1990 and 2000.

Slow-Growth Immigrant Destinations are cities where the proportion of immigrants in 1990 was less than 11.1 percent and that experienced a below average rate of growth in the immigrant population between 1990 and 2000.

New Immigrant Gateways are cities where the proportion of immigrants in 1990 was large greater than 11.1 percent *and* experienced an average rate of immigrant population growth between 1990 and 2000 that exceeded 55 percent.

New Fast Growing Hubs are cities where the proportion of immigrants in 1990 was less than 11.1 percent *but* experienced an average rate of immigrant population growth between 1990 and 2000 greater than 55 percent.

Variations in Ownership Rates Across Metropolitan Regions

There is considerable variation among ancestry/racial groups in the propensity to live in owned housing, and the number of people living in owned housing also varies considerably across metropolitan areas. As Table 1 indicates, the average rate of homeownership nationally as of 2000 was 66.2 percent, but this varies from 31.7 percent among Latin Americans (excluding Mexicans) to 72.5 percent among whites. The ownership rate among Latinos overall and blacks is almost identical (45.7 percent and 46.6 percent respectively), and Mexicans (48.4 percent) and Asians (53.3 percent) have only modestly higher rates.

Different cities, however, have distinctly different ownership profiles. In **Slow-Growth Immigrant Destinations**,

20 of 26 of the metropolitan areas have overall rates of homeownership that match or exceed the national level, but only 11 of these cities match or exceed the ownership rates for Latinos nationally, and 12 and 6 of 26 exceed the national rates for whites and blacks, respectively. The relatively small number of cities where ownership rates among whites and blacks exceed the average is very much reflective of the fact that the national values for these two groups are influenced by the large number of people who live in owner-occupied housing in non-metropolitan areas where housing costs tend to be lower.

In the **New Immigrant Gateway Cities** where both the size and growth of the foreign-born population have been above average,

many ancestry/race groups with a large number of recent migrants are achieving relatively high rates of ownership. In 5 out of the 12 metropolitan areas in the New Immigrant Gateway category the overall rate of ownership in the entire population exceeds the national level, but in 10 of the 12 cities the rate of Latino ownership exceeds the Latino national rate. In all 12 cities the rate among Asians exceeds the national rate for Asians. Blacks and whites occupy something of a middle-ground status in this category – 6 of 12 cities have black ownership rates in excess of national black average and the same is true for whites in 7 cities. The relative success of Latinos and Asians in these cities is probably due to a fairly large co-ethnic community that provides resources (information and financial) to prospective home buyers, the willingness of mortgage companies to provide financing to new migrants based on past experiences with the communities, and the availability of affordable owner-occupied housing.

In the **New Fast-Growing Immigrant Hubs** where there has been above average growth of the foreign-born population from a below average base population, less well-established ancestry/race groups are less likely to live in owner-occupied housing. The

overall rate of ownership in 31 out of 47 cities is above the national average, but in only 21 cities does the rate for Latinos and Asians exceed the national average, and in only 22 and 25 cities does the rate for blacks and whites respectively exceed national levels. The relatively low rates among Latinos and Asians may reflect both the recent arrival of many migrants and relatively few services to support homeownership aspirations because the communities are so new (e.g., a sufficient number of kin and/or co-ethnics for pooling resources, mortgage companies willing to provide financing, real estate agents who are bilingual etc).

The least promising metropolitan areas in terms of homeownership among almost all groups are the **Traditional Large Immigrant Gateways**, places that have the largest immigrant communities. Only one city out of the 15 – Ventura (CA) – has an overall homeownership rate that exceeds the national average. Latino immigrants have a higher than average rate of living in owner-occupied housing in 5 of the 15 cities. Homeownership for blacks exceeds the national average in only two cities – Miami (FL) and Ventura, while whites in Newark (NJ) and Ventura have rates in excess of the national average. In contrast, in 6 of the

15 cities Asians own their own houses at rates that exceed the national average for the group. The relatively low rates of homeownership in these large cities is a function of many factors, not the least of which are housing stock tenure composition, the affordability of owner-occupied homes relative to rental housing, and stiff competition for owned housing that does become available and is affordable. Many of these cities are also in the southwest of the United States, a region that has received a very large number of domestic and international migrants during the 1980s and 1990s (Frey and DeVol 2000). Finally, it is also important to remember that in some of the larger and older cities of the northeast, such as New York (NY), rental apartment housing is an unusually large component of the housing stock for both high- and low-income households, and has a relatively large number of units that, at least in terms of size, are appropriate for families with children.

Discussion

There are suggestive trends about homeownership between different ethnic and racial groups, but the heterogeneity of the groups themselves makes easy extrapolation to the foreign-born population problematic. Each of the

ethnic/racial groups has different average socio-economic status levels and access to kin, friend and co-ethnic networks that might assist with information and financing. Some members of each group can trace their history in the United States back several generations, while others have been in the country for only a few years. Likewise the human capital of individuals lumped together under a category can vary widely – Cambodian and Laotian immigrants, most of whom are refugees, have extraordinarily low education levels (over 23 percent with no formal schooling), whereas migrants from East Asia (China, Taiwan, Japan) tend to be more highly educated than the US-born population (44 percent with at least one university degree versus 28.8 percent) (SEARAC 2003).

Homeownership and Foreign-Born Groups

To examine the housing status of the foreign-born specifically, we turn to results based on the PUMS micro-data. We divide the foreign-born population into 13 birthplaces based on the overall size of each group in the United States and their importance as a contemporary

migration flow.⁶ Some of the categories are necessarily heterogeneous. For instance, a relatively small number of migrants come from some regions (e.g., Western Asia and the Middle East) and consequently have been lumped into one large regional category. In contrast, large flows from some countries mean that it is feasible to be more precise in specifying birthplace groups (e.g., Mexico and Southeast Asia).

In terms of overall ownership rates, Western European and Canadian⁷, Southern European, East Asian and Southeast Asian migrants lead all other groups, with the Western European and Canadian rate (64.8

⁶ As Painter et al. (2003) have found, it is important to recognize that diversity of housing conditions among ethnocultural groups that become subsumed under broad labels such as "Asian". Such labels mask complex and group-specific tenure choice determinants and may pose serious problems for identifying groups that could benefit from homeownership program and policy incentives.

⁷ Western European and Canadian immigrants have been placed in the same category because of basic similarities in human and social capital. This category also includes a small number of migrants from other places in North America (e.g., Greenland) but excludes people from Mexico.

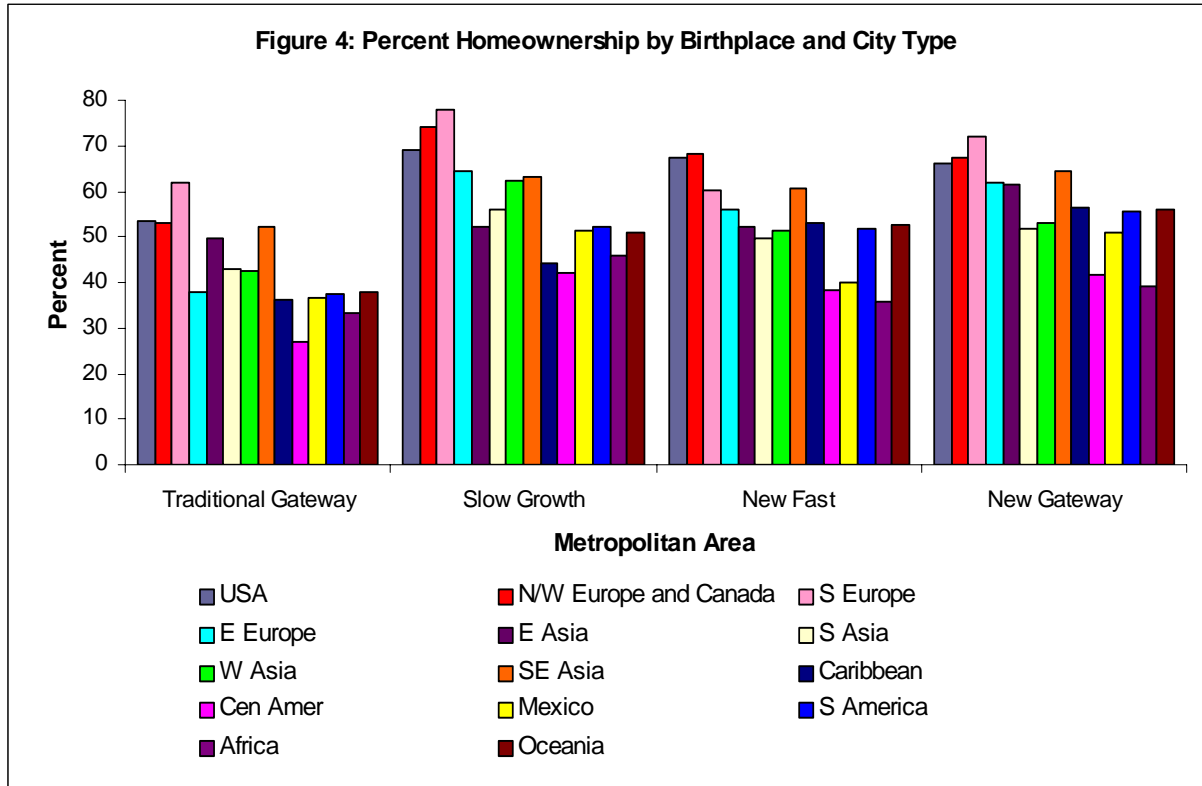
"Western European" includes immigrants from Britain, and Western and Northern Europe.

percent) being almost indistinguishable from the US-born population (65.6 percent) in the 100 largest metropolitan areas (Figure 4). Homeownership rates are lowest among Central Americans (33.4 percent), Africans (36.8 percent) and Caribbeans (42.7 percent). This pattern of tenure differentials is consistent across the four city types, although the rate of ownership for each group is higher in places outside of the Traditional Immigrant Gateway cities. In fact, for the vast majority of birthplace groups homeownership rates are highest in cities that have very low population growth (Slow Growth Destinations), as well as in new gateway cities that have relatively large immigrant communities and are relatively affordable (New Immigrant Gateways).

Race is an ever salient factor in homeownership attainment. Studies have demonstrated that African Americans have the lowest rate of homeownership in the United States, and our results are no different (43.3 percent). The rate is somewhat better for Latinos (47.8 percent) and Asians (55.3 percent) but none match the very high rate for whites (70.5 percent). Almost without exception homeownership levels for each ancestry/race category improve in

places outside of the Traditional Immigrant Gateways where rates are 52.3 percent; and whites – 59.5 percent).

significantly below the average (blacks – 32.5 percent; Latinos – 40.7; Asians –



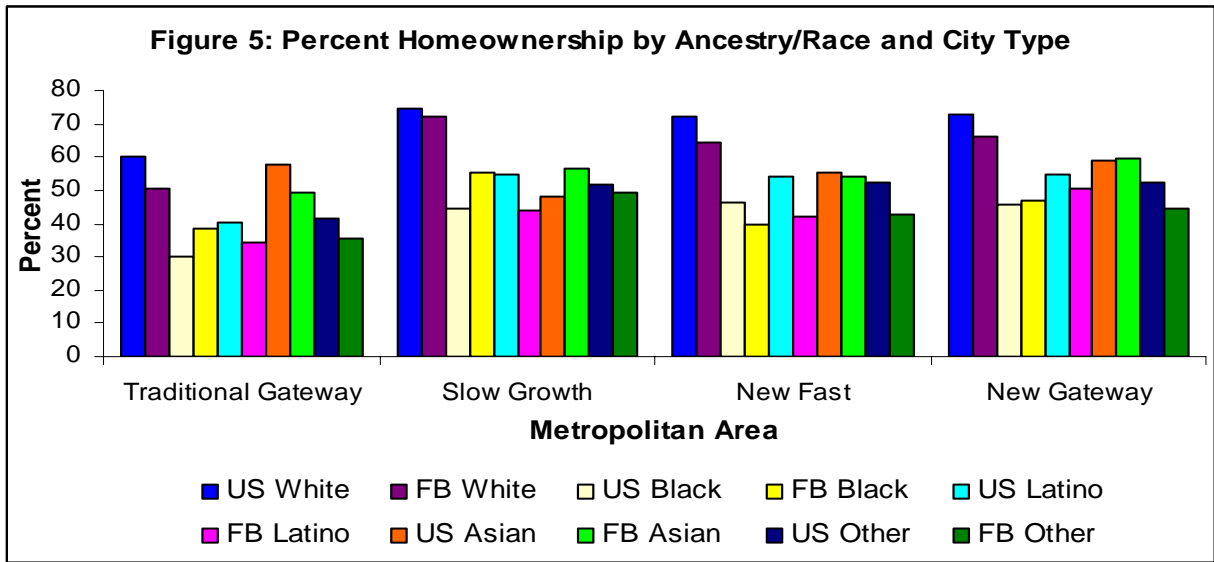
Source: US Census Bureau. Five-percent Public Use Microdata Sample (PUMS), 2000 Census.

Being foreign born also tends to depress homeownership rates among all of the ancestry/race groups, except for blacks where there is only a 1 percent difference between the US-born and immigrant groups (Figure 5). In large part, this difference reflects education levels and employment opportunities for the two groups, as well as practices of racial discrimination in local housing markets.

An important factor that influences homeownership rates among foreign-born households directly is length of residence in the United States. As noted, it takes time for many immigrant households to become sufficiently stable in terms of employment, to develop an understanding of local housing markets, and to acquire sufficient financial resources to make a downpayment and sustain mortgage payments. Some households from cultures that have

quite different forms of tenure (e.g., a large public housing sector) and/or lending practices also require education

about the process of becoming a homeowner.



Source: US Census Bureau. Five-percent Public Use Microdata Sample (PUMS), 2000 Census.

As one might expect, the rate of homeownership for immigrants increases with length of residence in the United States. The rate for immigrants who arrived before 1985 is 59 percent, whereas for more recent migrants (1995-2000) it is only 16.4 percent. This most recent cohort of migrants is most likely to live in owner-occupied housing in New Immigrant Gateway cities (19.9 percent), followed by Slow-Growth Destinations and New Fast-Growing Hubs (18 percent each) (Figure 6). In contrast, only 12.9 percent of the most recent cohort in Traditional Gateway Cities lives in owner-occupied housing, and only 50.9 percent of immigrant

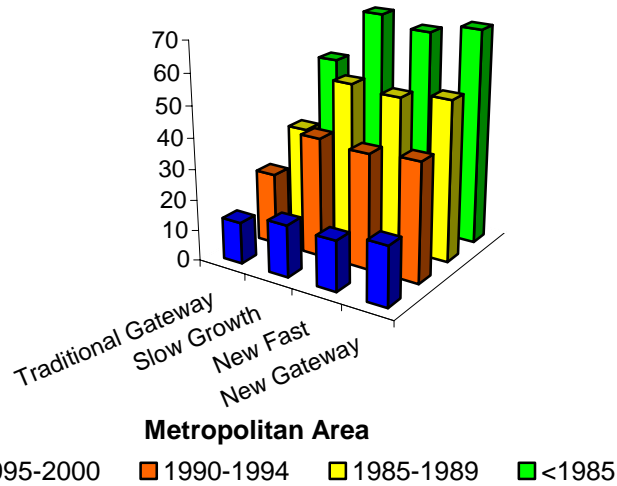
household heads who arrived before 1985 and live in these cities are owners. Given that recently arrived immigrants usually have limited financial means, their relatively higher ownership rates in non-traditional destination cities points to greater housing affordability in these locales.

Over time these data indicate that the growth in client base for owner-occupied housing is strongest in places outside of the Traditional Immigrant Gateway cities. Increasing homeownership rates significantly in all four types of cities, however, may depend on factors that lie beyond the housing market and the time it takes for immigrants to adjust to American life.

For example, access to education/training opportunities and associated employment gains have positive effects on ownership. Minimum wages that reflect the real cost of living in cities rather than state or national

averages would also make ownership a more realistic alternative for some households.

Figure 6: Percent Homeownership by Period of Immigration and City Type



Source: US Census Bureau. Five-percent Public Use Microdata Sample (PUMS), 2000 Census.

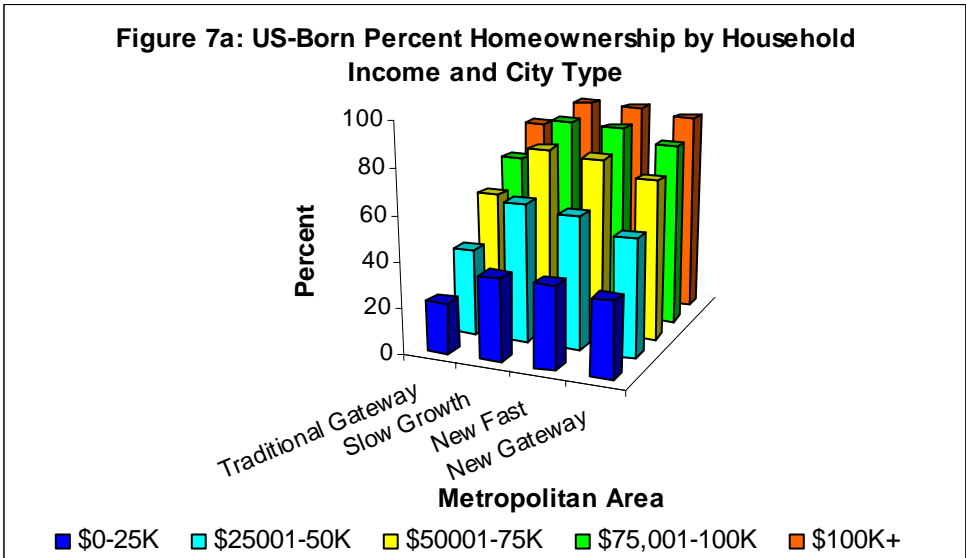
Buying a home commonly is the most expensive purchase a household will make. For both US- and foreign-born households, homeownership rates increase significantly with income (Figure 7a & 7b) – among households with \$25,000 or less in annual income the rate for each group is 33.9 percent and 23.2 percent respectively; and for those in the highest income category (over \$100,000 per year) the rate is 89.1 percent and 79.4 percent respectively. The pattern holds across all four city types, with households in Traditional

Immigrant Gateway Cities having the lowest homeownership rates across the income levels, and those in Slow-Growth Destinations and New Fast-Growing Hubs having the highest.

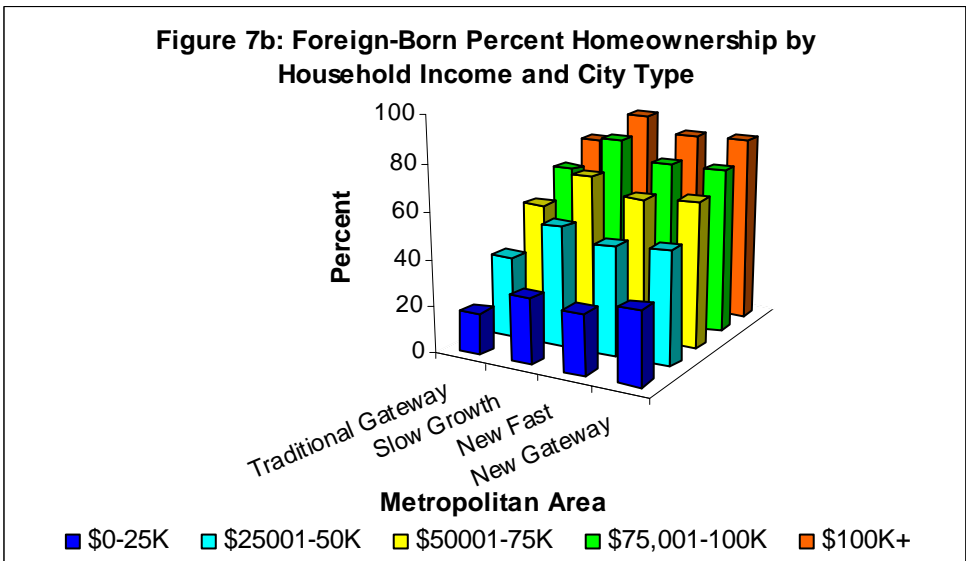
Household financial resources are a key factor in accounting for homeownership levels, and birthplace groups with a large proportion of low-income households will have difficulty accessing homeownership regardless of the city in which they live.

Fundamentally, low-income immigrant households face the same challenges as other low-income households in the

United States: finding affordable housing.



Source: US Census Bureau. Five-percent Public Use Microdata Sample (PUMS), 2000 Census.



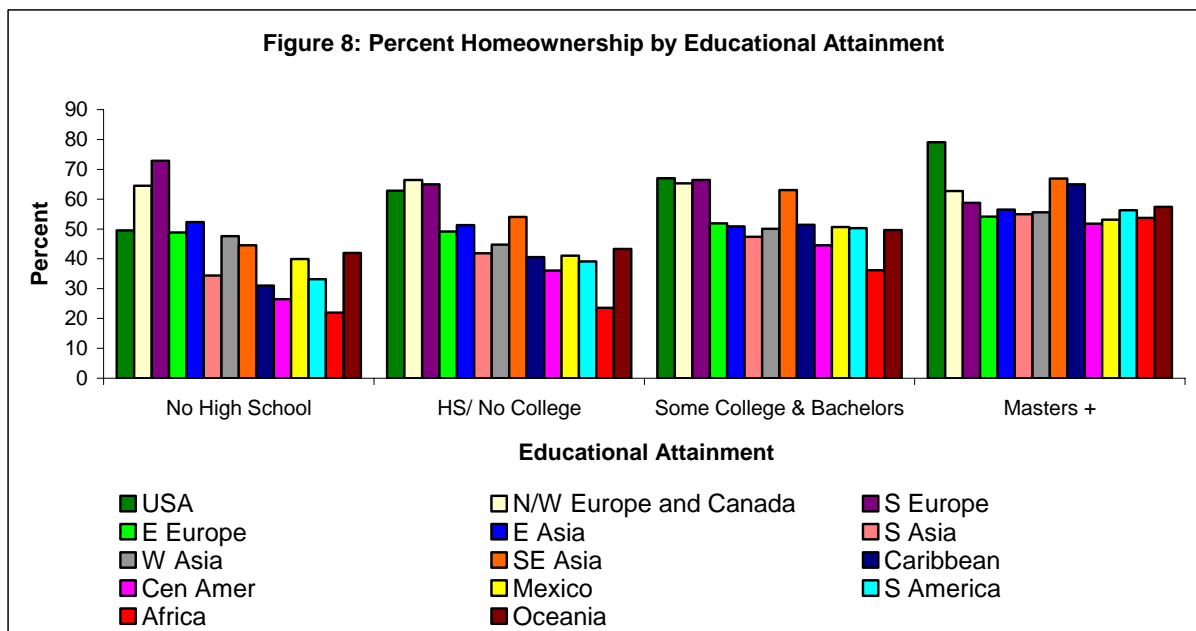
Source: US Census Bureau. Five-percent Public Use Microdata Sample (PUMS), 2000 Census.

Studies have repeatedly emphasized the importance of educational attainment on homeownership status. Gyourko and Linneman (1996) note that 'traditional' factors such as marital

status and family structure have tended to wane in their influence on homeownership, while labor market conditions, as reflected in increasing returns to skill, have become more

important since 1960. For all groups, with the exception of Western Europeans and Canadians, having less than a high-school education is strongly associated with low rates of homeownership (Figure 8). For US-born household heads who do not have high-school diploma, the rate of homeownership is only 47.7 percent. Western Europeans and Canadians, on the other hand, have a rate that is significantly higher (68.7 percent) and outpaces all other groups by at least 10 percent. The poorly educated Western European and Canadian category is illustrative of a group that has been frozen in time – in the sense that it has not received a strong and continuous flow of new arrivals in the last two

decades, especially of poorly educated individuals. This group’s high rate of homeownership also reflects the opportunities that existed in housing markets several decades earlier when real incomes went further toward the purchase of inexpensive inner-city and suburban housing. Furthermore, although someone with a low-level of formal education heads many of these households, they typically have skills and experience that earlier labor markets rewarded well. Notwithstanding any of these factors, no immigrant group matches the rate of homeownership among Americans who have at least a college degree (72.5 percent). These basic trends hold constant across the metropolitan areas.



Source: US Census Bureau. Five-percent Public Use Microdata Sample (PUMS), 2000 Census.

The relationship between education and homeownership is extremely revealing of the ways in which both labor and housing markets have changed between 1960 and 1990. Analysis of this 40 year period by Gyourko and Linneman (1996) indicates that households headed by people without a high-school education have suffered a decline in real income of nearly 20 percent since 1960, high-school graduate householders have experienced flat real incomes, and only households led by college-educated individuals have seen real incomes increase (just over 30 percent).

Homeownership and Affordability: Contextual Factors

The findings with regard to education point to some important differences in housing costs and affordability, both between groups and city types, that affect the propensity to live in owned housing. Using the standard measure of housing affordability – the percentage of household income devoted to housing costs (up to 30 percent, 30-50 percent and over 50 percent) – we calculated the percent of owner and renter households that might be thought of as having significant affordability problems. Conventionally, households that spend in excess of 30 percent of their income

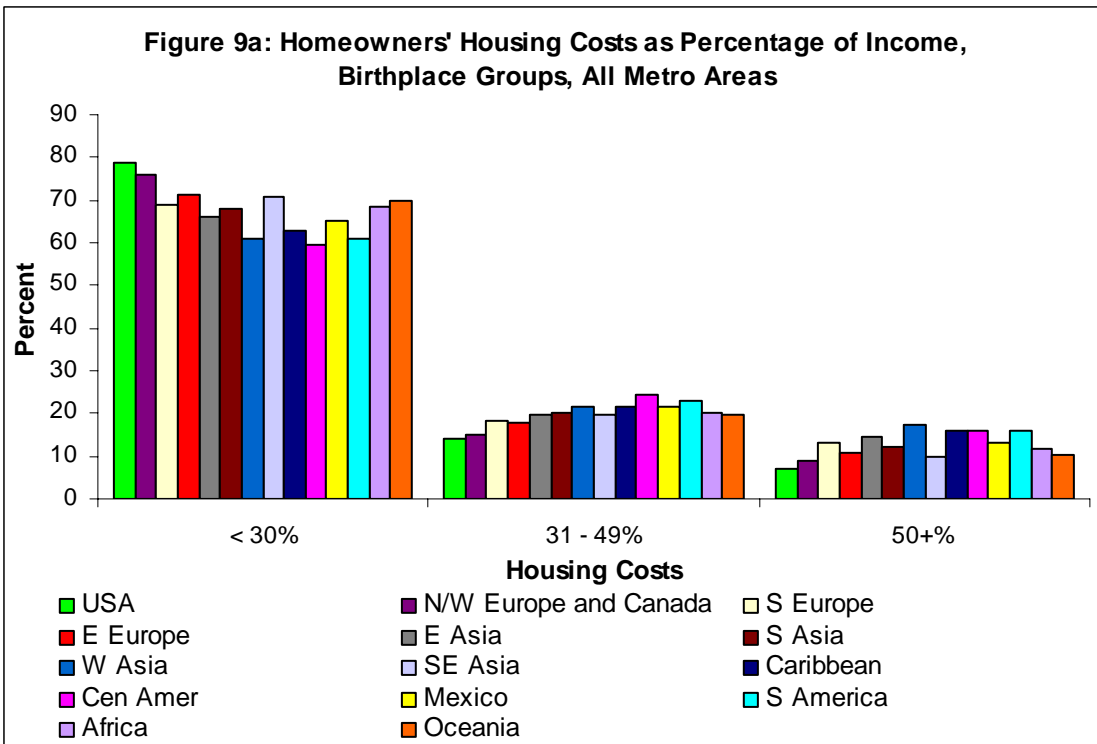
on housing are believed to face affordability problems. Those households spending more than 50 percent of their income on housing typically are categorized as having severe affordability problems.

A far higher proportion of immigrant households (with the exception of Western Europeans and Canadians) spend in excess of 30 percent of their income on housing than native-born ones, regardless whether they are owners or renters (Figure 9a & 9b). Nearly 79 percent of US-born *owners* living in the 100 metro areas spend less than 30 percent of their income on housing compared to 65.8 percent of foreign-born households. (The affordability situation among *renters* is more serious: 65 percent US-born renters and 60 per cent of the foreign-born spend less than 30 percent of their household income on housing). Among owners, at least 20 percent of immigrant householders from Africa, Oceania, Southeast Asia, South Asia, Mexico, the Caribbean, South America, West Asia/Middle East and Central America spend between 30 and 50 percent of their income on housing. Furthermore, at least 15 percent of owner householders from East Asia, the

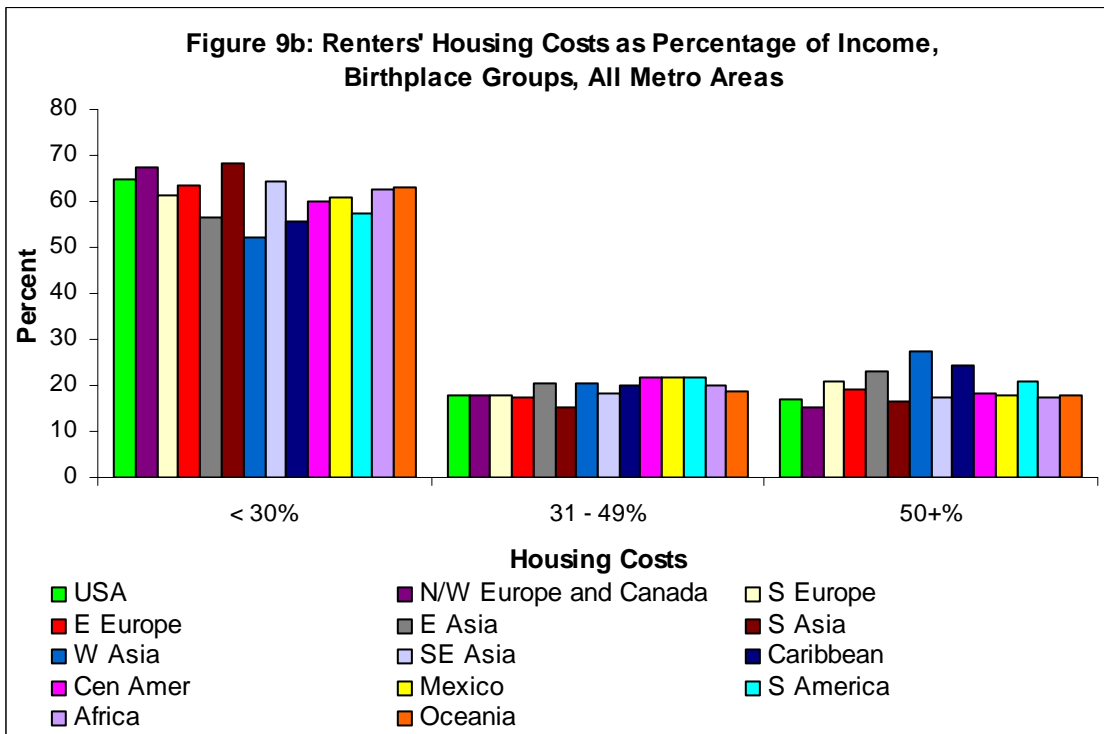
Caribbean, Central America, South America, and West Asia/Middle East devote in excess of 50 percent of household income to housing.

In terms of the rental market, a much greater proportion of householders from the same birthplace groups spend in excess of 50 percent of income on housing costs. For all immigrant groups living in the rental sector, except Western Europeans and Canadians, over 15 percent of households devote more than 50 percent of income to housing costs, and among householders from South America, Southern Europe, East Asia, the Caribbean, and West Asia/Middle East

the proportion in this severe affordability category increases to over 20 percent. Across all immigrant groups, whether living in owner-occupied or rental housing, recent arrivals are significantly more likely to experience high housing costs relative to households headed by someone who has been in the United States for more than 10 years. These findings for households in the rental sector are not surprising – low-income households are basically restricted to this form of tenure because entering the ownership market typically requires a downpayment and a guarantee of stable and sustained income for mortgage financing.



Source: US Census Bureau. Five-percent Public Use Microdata Sample (PUMS), 2000 Census.



Source: US Census Bureau. Five-percent Public Use Microdata Sample (PUMS), 2000 Census.

To this point, we have been able to sketch the broad picture of housing status between different birthplace groups and types of cities in the United States. Although the analysis is suggestive, it is difficult to untangle the inter-relationships among the variables in order to assess the strength of association between immigrant status and homeownership. To bring greater clarity to the relationship, we have undertaken a multivariate statistical analysis, the results of which are described below.

Modeling the Odds of Home Ownership

The complex relationships underlying the responses of different birthplace groups to homeownership opportunities emphasize the need to consider the relative significance of different factors. In this regard, it is necessary to control for the characteristics of the different immigrant groups with respect to length of time in the United States and other variables commonly recognized as determining the propensity to own one's home. The analysis presented so far suggests that the type of city in which a household lives influences

homeownership, and as a consequence we have included a “city type” variable in the analysis. We used binomial logistic regression procedures⁸ to model the impact of different independent variables and some of their interactions on the ‘odds-ratio’ of owning and renting between a given group of household heads and a reference group. In this way, we can estimate the odds that a group with a particular characteristic will be in owner occupied housing relative to a reference group.

We have fitted two basic models to the data set. The first includes all households (US- and foreign-born) and the probability of being a homeowner is treated as a function of a series of independent variables. Because of the importance of ethnicity/race in relation to homeownership, we crossed the ethnicity/race categories with a simple nativity variable (US- or foreign-born) to

⁸ Binomial logistic regression is a form of regression analysis that is used when the dependent variable is a dichotomy (e.g., own/rent) and the independent variables are categorical variables, continuous variables or both. Given the socio-demographic factors of interest to us, the vast majority of our variables are categorical (or dummy) variables. Logistic regression applies maximum likelihood estimation after transforming the dependent variable into a logit variable (the natural log of the odds of the dependent variable occurring or not). In this manner, logistic regression estimates the probability of a certain event occurring.

examine the degree of interaction between ancestry/race and place of birth relative to the propensity to own housing. The second model is based only on immigrant-headed households. It examines the influence of a similar set of independent variables, including time of arrival in the United States on the propensity to be a homeowner. Given that we are especially interested in the interaction of birthplace with time of arrival, we include a place of birth by period of immigration variable.

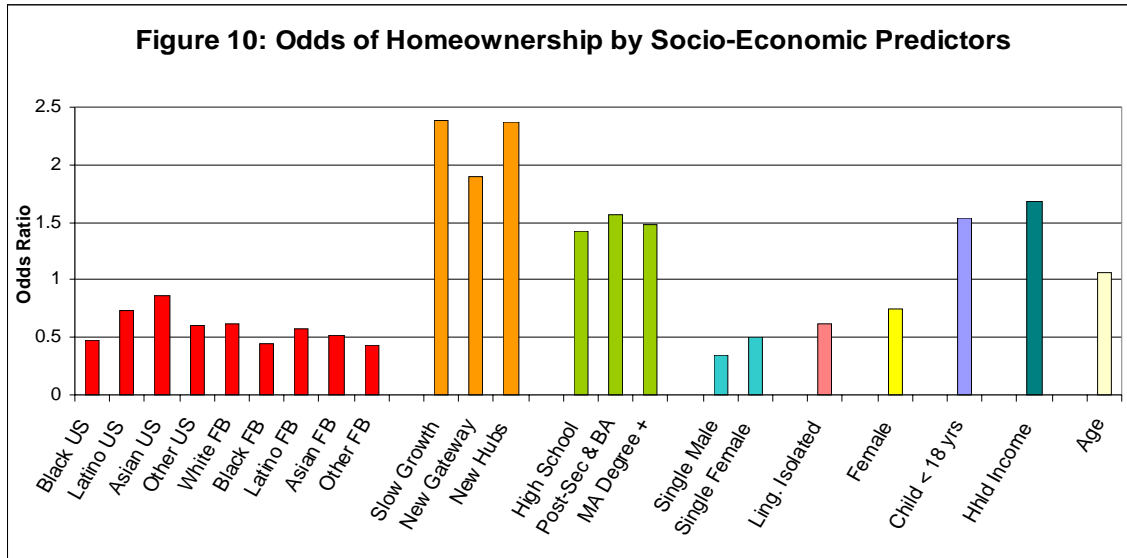
Model 1: Immigrant Homeownership Relative to the US-born Population

Figure 10 presents the odds of being a homeowner for US- and foreign-born groups.⁹ With regard to the standard set of independent variables, the analysis indicates that being single, whether male or female, lowers the odds of being an owner household (reference category: married), as does being a woman (reference category: male). In contrast, households led by someone with better than a high-school diploma are more likely to own (reference category: no high school diploma). Interestingly, the odds of ownership actually decline slightly for household heads with a Masters degree or better

⁹ Also see Appendix II for the parameter estimates, odds ratios and probabilities of each variable and category used in this model.

(1.5) compared to people with some post-secondary education or a Bachelors degree (1.6). Households with at least one child under the age of 18 (reference category: no children) are

also more likely to own their housing. Finally, the older a household head is and the higher their household income is, the greater the odds of being a homeowner.



Reference Categories for Variables:

Ethnicity/race and Nativity: White, United States Born

City type: Traditional Immigrant Gateway Cities

Education: No High School Diploma

Marital Status: Married (not separated)

Linguistic Isolation: Not linguistically isolated (i.e., Household in which at least one person over 14 speaks English and someone who speaks a language other than English does speak English "very well")

Sex: Male

Presence of children: No children under 18

Household Income: Continuous variable

Age: Continuous variable

Source: US Census Bureau. Five-percent Public Use Microdata Sample (PUMS), 2000 Census.

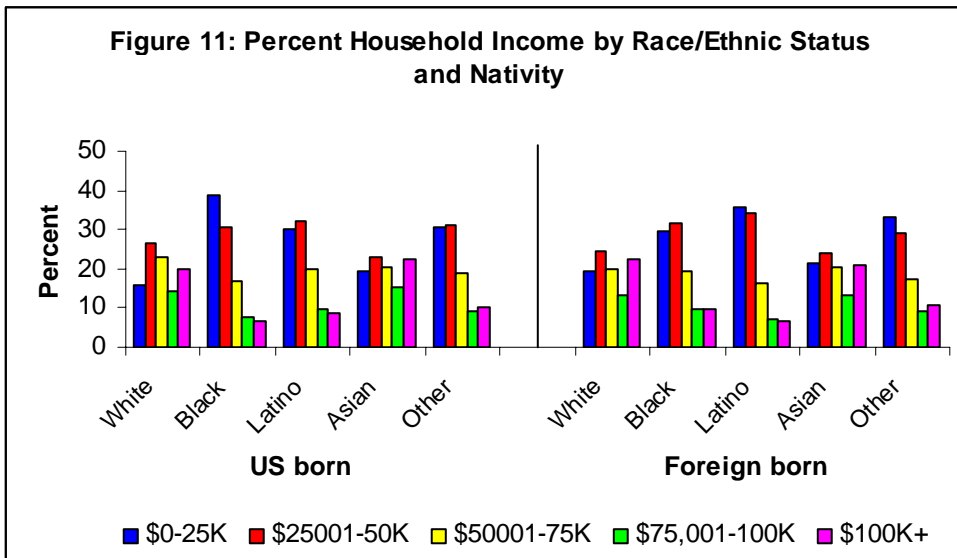
The model includes two variables that can be considered broadly as indicative of cultural rather than strictly socio-economic or demographic factors:

linguistic isolation and ethnicity/race and nativity. Not surprisingly, the odds of ownership for households in which no one over 14 years old speaks only

English and no person speaks English “very well” is significantly lower relative to households with a high degree of English competency. It should be noted, however, that only 5.1 percent of households in the sample are linguistically isolated. Far more influential in determining homeownership is ethnicity/race by nativity. All ethnicity/race categories, whether born in the US or not, have a lower odds of ownership that US-born whites (the reference category). Importantly, the odds of ownership for foreign-born and US-born blacks are the lowest and almost identical (each are 0.5).

These results for ethnicity/race should be interpreted with some caution

before attributing lower ownership rates solely to discrimination. Household wealth is an important intervening variable. Among US-born blacks, 38.7 percent of heads live in households with annual incomes of less than \$25,000 compared to 29.8 percent of foreign-born blacks, 35.8 percent of foreign-born Latinos and 16.0 percent of US-born whites (Figure 11). The much larger proportion of blacks, regardless of nativity, living in households with very low incomes and the relatively larger proportion of middle- and high-income households among other race and ethnic groups is reflected in ownership rates.



Source: US Census Bureau. Five-percent Public Use Microdata Sample (PUMS), 2000 Census.

Striking in this analysis is the strong influence of location on

homeownership. The reference category for city type is Traditional Large

Immigrant Gateways, and the relative odds of homeownership are at least two times greater in other cities. The odds of ownership are 2.4 times greater in Slow Growth Cities and New Fast Growing Hubs, and 1.9 times higher in New Immigrant Gateways. Location makes an enormous difference in achieving ownership, and being able to control for the influence of other variables indicates just how influential it can be. Having a stable source of income in places that are outside of the traditional immigrant gateways significantly improves the chances of homeownership. This is in part a function of smaller absolute numbers of in-migrants (both domestic and international) to the other three city types and an often larger stock of available and affordable owner-occupied housing.

Model 2: The Influence of Period of Immigration

The second model is restricted to the foreign-born population and is intended to tease out the influence of period of immigration and place of birth on homeownership levels (Figure 12).¹⁰ Because the sample is relatively small

¹⁰ See Appendix III for the parameter estimates, odds ratios and probabilities of each variable and category used in this model.

(475,070 respondents) and is spread across four city types, we restricted the number of birthplace categories to nine: Europe and Canada¹¹, Mexico, Caribbean, Central America, South America, East Asia, South Asia, Southeast Asia, and “Other”. We also used only two immigration timing categories – Before 1990 and 1990-2000. It would be ideal to examine both a broader range of birthplaces and a larger number of arrival periods, but the sample size is a limitation and even with the restricted number of categories, our analysis should be interpreted as suggestive rather than definitive of relationships.

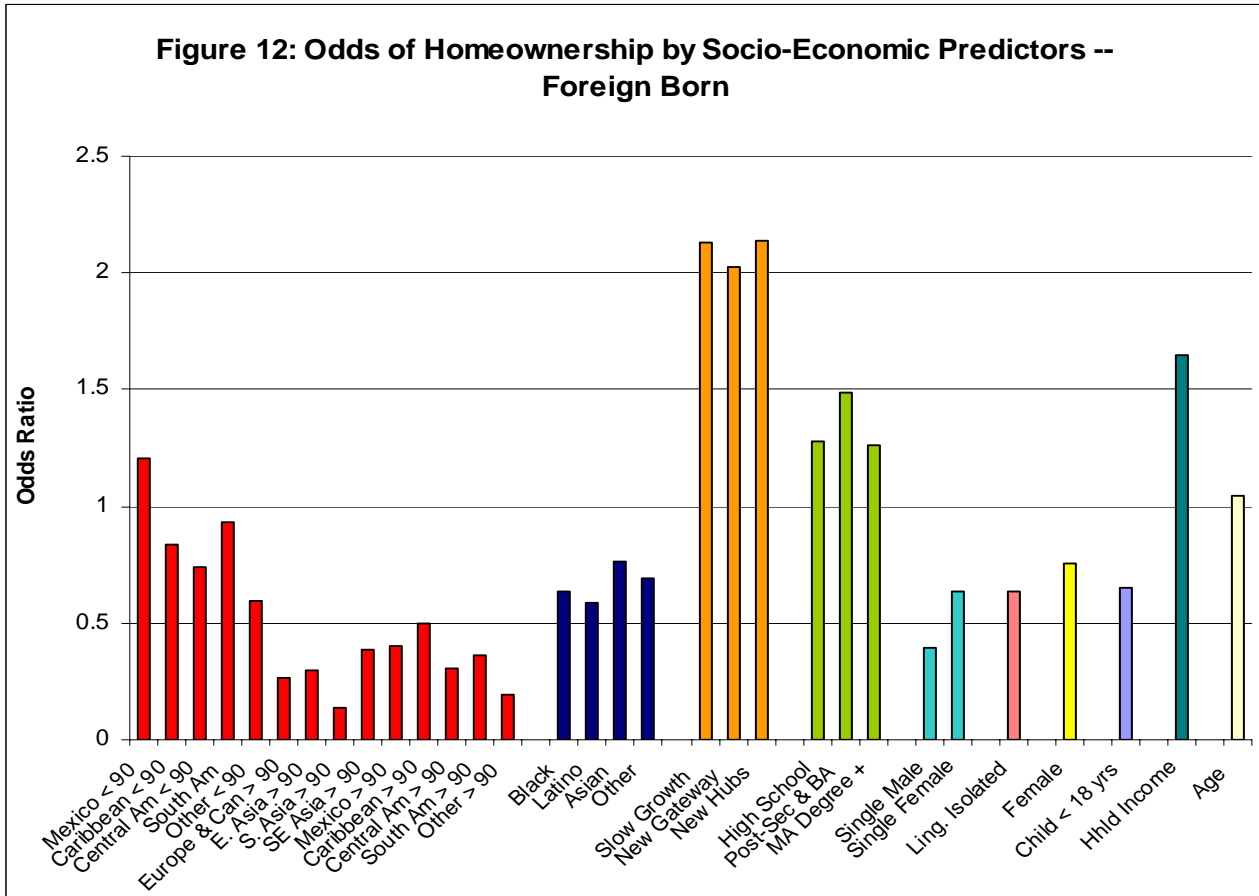
Although slightly different in magnitude, the direction of the relationships between the standard set of predictor variables (e.g. age, income, marital status, sex, education, etc.) and homeownership is the same as in the first model. Ethnicity/race influences the propensity to be a homeowner among immigrants in much the same way as for the population as a whole. Black and Latino immigrant household heads have lower odds of ownership (0.6) relative to white immigrant household heads. The

¹¹ Due to the small number of cases for each region of Europe, Northern, Western, Eastern and Southern Europe have been amalgamated into a single “Europe and Canada” category.

odds for Asians are slightly better (0.8) relative to blacks and Latinos, although they still lag behind those for whites. Once again, City Type exerts a very strong influence on the odds of ownership.

Length of time in the United States is a key variable in explaining differences in homeownership. Using

Europeans and Canadians who arrived prior to 1990 as the reference category, the odds of ownership for households that arrived during the more recent time period were very low across all birthplace groups. This was especially the case among recent immigrants from Europe/Canada, East Asia and South Asia.



Reference Categories for Variables:
 Birthplace and Period of Immigration: Europe/Canada, Arrival before 1990
 Ethnicity/race: White
 City type: Traditional Immigrant Gateway Cities
 Education: No High School Diploma
 Marital Status: Married (not separated)

Linguistic Isolation: Not linguistically isolated (i.e., Household in which at least one person over 14 speaks English and someone who speaks a language other than English does speak English “very well”)

Sex: Male

Presence of children: No children under 18

Household Income: Continuous variable

Age: Continuous variable

Source: US Census Bureau. Five-percent Public Use Microdata Sample (PUMS), 2000 Census.

The role of time in allowing groups to become established and learn about the housing market, to save a downpayment, and for many, to change their immigration status from temporary to permanent cannot be underestimated in interpreting homeownership outcomes. In contrast, for all of the birthplace groups the odds of ownership among people who arrived before 1990 are almost equal to those of well-established Europeans and Canadians. In fact, East Asians and Mexicans who arrived before 1990 have slightly greater odds than their European/Canadian counterparts of being homeowners. Given this limited sample size, it is not feasible to estimate the point at which substantial numbers of people from each birthplace begin to move from rental to owner-occupied housing across the different city types. The descriptive analysis presented earlier, however, does suggest that ownership increases in a fairly consistent stepwise manner with each five-year increment in residency (Figure 6).

Our descriptive and multivariate analyses of homeownership status among immigrants indicate that some groups achieve ownership rates that are almost on par with the US-born population. Some groups, in contrast, continue to have substantially lower probabilities of homeownership even after many years of residence in the United States. *Where* immigrants live is also an influential determinant of their tenure status. Although there may be many good reasons to settle in cities with large extant immigrant and co-ethnic communities – employment and education opportunities, kin and friend support networks, cultural institutions – this single act significantly diminishes the opportunities for living in owner-occupied housing.

Based on the results from these models that highlight the importance of city type, period of immigration, foreign-born status and ethnicity/race, in the final section of this report we examine existing initiatives and programs that

encourage homeownership among immigrants. We end by suggesting some options which although relate more directly to immigration settlement policy than housing, could increase levels of homeownership within the immigrant population.

Initiatives and Programs that Encourage Homeownership

Relative to many other countries, the United States provides one of the greatest set of incentives to homeownership: the federal income tax deduction for mortgage interest and property taxes, and the capital gains tax exclusion on home sales. This incentive, and its wealth-creation consequences, is available both to US- and foreign-born households and cost the government nearly \$102 billion in 2002 (Joint Committee on Taxation 2002, 22).¹² Renters, on the other hand, are unable to deduct any part of their rent and receive no identifiable benefits from the owner's deductions. Clearly, this policy is of greatest benefit to households that earn high incomes and pay significant taxes. Immigrant households, which are

¹² Approximately \$66.5 billion were deductions for mortgage interest payments, \$21.4 billion were property tax write-offs on owner-occupied housing, and \$13.8 billion were exclusions of capital gains on sales of principal residences.

more likely to have lower incomes, will not derive as substantial a benefit from this tax deduction relative to more prosperous US-born households.¹³

The federal tax deduction may be a key incentive in the decision to enter the ownership market, but a number of other small-scale policies and programs also encourage homeownership among immigrants and/or the low-income (working poor) population in general. Efforts to increase homeownership among immigrants generally fall into three categories: savings programs, underwriting flexibilities, and homebuyer education programs. There are effective examples of each of these in place.

The Office of Refugee Resettlement (part of the Department of Health and Human Services) provides grants for public and private refugee service agencies (local, state and national) to administer Individual Development Accounts (IDAs) for refugees. IDAs are asset-building

¹³ The vast majority of the tax benefits go to upper-income claimants. In 2002, 5.9 percent of the \$64.5 billion mortgage interest deduction subsidy went to those with incomes of less than \$50,000, 31.2 percent went to people earning \$50,000 to \$100,000, and 63 percent went to people with incomes in excess of \$100,000 (calculated from Joint Committee on Taxation 2002, Table 3).

programs that specifically target low-income working families and match the account holder's savings on at least a 1 to 1, and up to 4 to 1 basis. Most IDA programs allow savers to use the money for a variety of purposes, from starting a small business to paying for education; saving for a downpayment, however, is one of the more popular goals.

Using a 2 to 1 matching rate, the Office of Refugee Resettlement's (ORR) IDA program targets refugee households with earned income that does not exceed 200 percent of the federal poverty level, and whose assets do not exceed \$10,000. Its funds may be used to match savings up to \$2,000 per individual refugee or \$4,000 per refugee household. As part of the grant program, ORR encourages program-administering agencies to provide homeownership and financial training. To date, ORR has created 16 refugee-serving programs in 11 states.¹⁴

The ORR IDA program is perhaps the best example of an initiative that directly targets needy newcomer households. The program's end goal is to help low-income households move into ownership by rewarding saving behavior and decreasing the amount of

¹⁴ It must be noted that not all of the participants were saving to buy a house.

time it may take to build a downpayment. While savings are being accumulated, the program provides opportunities for basic education about the way in which housing and mortgage markets function in the United States and how to manage one's finances after the purchase of a home. The Office of Refugee Resettlement has also been strategic in choosing where to offer IDAs for housing, working in markets where housing costs are generally modest and the relatively small subsidy can make a large difference. It is, however, a program that assists only refugees – the smallest component by far of the international migration flow to the United States. As our analysis indicates, non-refugee newcomers could benefit equally from the housing and mortgage education and the subsidy benefits of an IDA program.

Building on the premise behind IDAs, the Community Action Project of Tulsa County (CAPTC), Oklahoma, has been experimenting with linking earned income tax credits to IDA's. Although not specific to immigrants, the CAPTC initiative actively recruits families receiving earned income tax credits (EITC) into the banking system. The program works by depositing the EITC directly into an IDA. Low-income families are able to save significantly

more money through this procedure. The program offers a match rate of 2:1 for home purchase accounts and 1:1 for all other permissible uses. CAPTC began with 175 clients in 1998, and by August 2003, 847 participants held IDAs for various objectives, and approximately 60 percent were minorities. As a result of CAPTC's efforts, 95 participants have become homeowners. The success of the program reflects both outreach to the community and affordability of housing in Tulsa.

The Fannie Mae Corporation has been instrumental in opening up homeownership opportunities to low-income and minority households. Mandated by the federal government to expand homeownership opportunities by securing the loans offered by approved lending institutions, Fannie Mae has led in creating loan products that are responsive to the particular circumstances of under-represented households in the homeownership market. Although there are several loan products that we could highlight, the Flexible 100 program is a particularly good illustration of loan that is responsive to the income circumstances of many immigrant households. It is not unusual for immigrants to derive either downpayments or part of their annual

household income from gifts, grants, and secured and unsecured loans from relatives, employers, public agencies and non-profit organizations. In addition to being a low-downpayment mortgage that is usually given to households with strong credit histories, Flexible 100 loans recognize these unusual income sources and the borrower can use them to pay the downpayment and closing costs associated with the purchase of a dwelling.

Fannie Mae Corporation has also taken a lead in assisting lending institutions to build their capacity to reach immigrant and minority communities. Some examples include, the Welcome Initiative, Multicultural Markets, and CRA/Multifamily Affordable Home Ownership. "The Welcome Initiative, A New Home in a New Country" assists lenders to reach out to immigrant borrowers with non-English language information materials that can be distributed to prospective borrowers. Unique incentives of this initiative also include underwriting flexibility for immigrants in the process of receiving permanent residency or who do not have complete American income and credit histories.

Apart from Fannie Mae initiatives, some of the most noteworthy

programs are those that draw together the resources of community institutions, governments, philanthropic organizations and banks. One of the most frequently cited is the Minnesota Home Ownership Center – a community network-lending program that targets immigrants and low-income populations. The Center integrates human resources and capital from a variety of sources: state organizations (Minnesota Department of Commerce and Minnesota Housing Finance Agency), municipal organizations (Minneapolis Community Development Agency, Minneapolis Housing Services, St. Paul Housing Information Center, and St. Paul Planning and Economic Development Department), non-profits (Family Housing Fund and McKnight Foundation), and community partners (Community Neighborhood Housing Services, Eastside Neighborhood Development Company, Family Service of St. Paul, Neighborhood Development Alliance, Northside Neighborhood Housing Services, and Powderhorn Residents Group). These institutions and groups operate under the umbrella of the Home Ownership Center, which serves as a focal point for all of the activities necessary to promote immigrant and low-income homeownership.

The Center's key initiatives include homeownership and anti-predatory lending education, foreclosure prevention, providing affordable low-interest mortgage loans, and outreach to immigrant communities. Favorable closing cost loans and first-time buyer loans to lower-income customers are also provided, with qualification also requiring the completion of a pre-ownership education course. Community partners provide education in Khmer, Spanish, Hmong and, most recently, Russian, and education efforts range from training and workshops to private counseling. Members from the immigrant communities are hired by the Center partners in an effort to bridge the gap between lenders and homebuyers. Marketing efforts are also central to the effort, including publishing foreign-language newsletters, advertising in foreign-language newspapers, and promoting classes via radio commercials.

Between January 1994 and December 2000 the Minnesota Home Ownership Center conducted workshops for 11,249 households, provided mortgage counseling to 4,799 households, and helped 3,967 households with an average income of \$33,584 purchase homes with an average price of \$107,668 – an enviable

record by any account. Approximately 86 percent of program beneficiaries were first-time homebuyers, and in 2000, 33 percent were foreign-born homebuyers. Due to the program's success, it has expanded beyond Minneapolis-St. Paul and is now a statewide initiative.

A limited number of employers also have become involved in encouraging homeownership as a way to reduce employee turnover rates and recurring expenses associated with recruitment and training. An immigrant-specific example of this type of program is found in northwest Arkansas where in the early 1990's the North Arkansas Poultry Company was experiencing ongoing labor shortages. In an effort to create more stable conditions, the company partnered with First National Bank and Trust of Rogers to offer Spanish-language financial literacy workshops. The employer provided classroom space and permitted workers to attend classes for free during regular work hours.¹⁵ As a result of the initiative, a 200 percent turnover rate between 1990 and 1993 plummeted to a 15-20 percent rate by 1995. Between 1994

¹⁵ Classes were offered at various times according to production line sections. This way, only one portion of the plant was shut down at any given time, allowing the production of goods to continue.

and 1999, more than 500 families had purchased homes, and as of December 1999 none of these loans were in default.

Summary: Group-Specific Interventions

The various incentive and education programs that target immigrants are intended to increase the knowledge base and/or decrease the uncertainty many immigrants confront when contemplating homeownership and the responsibility of a mortgage. Importantly, a number of programs also try to educate lenders about the often unique asset accumulation strategies, complicated family structures and credit profiles that characterize some immigrant groups in an effort to encourage lending.

Programs that attempt to encourage ownership among low-income immigrants typically focus efforts on homebuyer education. Our analysis indicates that this is a most promising strategy – some who belong to groups least likely to enter the homeownership market, even after many years of residence in the United States, do eventually end up buying homes after receiving targeted housing education. In fact, combining education with savings incentives clearly encourages some to become homeowners. In the aggregate,

migrants from Asia have been able to achieve high rates of homeownership in relatively short order.¹⁶ On the other hand, the low homeownership rates of some Latino and Caribbean groups change only marginally with length of time in the country. Homebuyer education programs that target low- and middle-income Latino or Caribbean households, for instance, may help to boost homeownership levels.

A number of programs have tried to raise homeownership awareness and encourage saving among particularly disadvantaged low-income households, but have had relatively little influence on homeownership status of middle-class households living in expensive housing markets. As the analysis has demonstrated, such households have a much lower probability of homeownership primarily because housing costs have escalated at a faster pace than real incomes. Households with modest levels of education and employment earnings find it even harder to own their own homes. Assuming that our analysis is sound, savings incentive programs such as IDAs would need to be structured around a higher matching ratio or match a much larger savings

¹⁶ We recognize that some Asian immigrant groups may have a very difficult time achieving ownership.

envelope if they are to have a significant impact on homeownership levels among immigrants living in high-cost cities.

Given that the majority of immigrants indeed live in such competitive housing markets, a large-scale IDA program might be viewed as prohibitively expensive, while an exclusive focus on immigrants will likely be judged a political non-starter.

One strategy that might encourage more immigrant households to become homeowners, even in the more expensive housing markets, is to offer favorable loan and property tax rates to households buying in physically deteriorated neighborhoods. Even in some expensive metropolitan areas, inner city and inner or 'urbanized' suburban neighborhoods are "discounted" relative to metropolitan average due to the age and quality of the housing stock, and demographic characteristics. Given that immigrants are leading revitalization efforts in these kinds of neighborhoods in some cities (e.g. New York) despite the absence of substantial incentives, a mix of favorable loan terms for mortgages and/or renovation expenses, together with generous property tax rates or rebate schemes for an initial period of time, might have substantial multiplier effects. The quality and safety of local schools,

however, would also have to be upgraded if family households are to be attracted to such less desirable but relatively more affordable neighborhoods.

Homeownership and Immigrant Integration Policy – The Value of Dispersion

Programs that attempt to encourage homeownership among immigrants do not address two fundamental problems that make such ownership an increasingly difficult goal. The first is the inflation of housing prices relative to real incomes. The second is the preference of most new immigrants for settling in a relatively small number of large, economically vibrant and culturally diverse cities where housing costs are particularly high.

The first problem is primarily a function of the structure of demand for housing, more expensive building standards and codes, and declines in real income among less well-educated household heads. Since 1997 housing price gains have outstripped income gains in 48 of the 50 largest metropolitan areas in the United States, continuing a pattern established in many housing markets in the 1970s and 1980s (Joint Center for Housing Studies 2003, 7). Part of the inflation in housing

prices can be attributed to competition sparked by a significant in-migration of domestic and international migrants into areas with strong employment growth. Another part can be credited to higher production costs caused by suburban land speculation, environmental and safety regulations, and more stringent building standards. The effects of economic restructuring on wage earners, and particularly the decline in the number of well-paid semi-skilled jobs, with the premium being paid to highly educated and technically skilled individuals, have adverse consequences for the housing opportunities of many new immigrant and low-income households. Tackling this particular facet of the problem would involve raising the real incomes of low- to middle-income households – a strategy that involves policy interventions well beyond the housing market itself.

Our analysis also has demonstrated with remarkable consistency that living in a city other than the handful of traditional immigrant gateways significantly increases the probability of ownership among most immigrant households. Although the absolute number of immigrants opting for cities outside of the major gateways increased dramatically in the 1990s, that number remains small relative to overall

flow of immigrants choosing to settle in traditional gateways.

Affordable housing is a key factor in the integration of immigrants into the larger society primarily because it encourages stability, sets the stage for participating in community/neighborhood life, and brings newcomers into contact with a number of institutions of the receiving society – from real estate agents and mortgage lenders to community organizations and schools. Homeownership is also a focal point around which the entire family – young and old, employed and absent from the labor force – can participate in the receiving society. Finally housing is one of the most beneficial forms of intergenerational wealth transfer, giving the second generation a base from which to boost its social mobility either through direct inheritance or in the form of collateral to finance the pursuit of higher education and other investment opportunities. Given the benefits that can accrue from homeownership, it may be in the long-term interest of the society to develop and pursue immigrant integration strategies that encourage newcomers to settle in less competitive or more “regional” housing destination cities with strong labor market needs.

Such strategies would need to be built upon effective information dissemination to prospective immigrants about housing opportunities that are available outside of traditional settlement locales. They would also require the continuous monitoring of housing and labor markets so as not to misdirect newcomers to places where owner-occupied housing opportunities no longer remain affordable or where job opportunities are limited. The strong variations in ownership levels among the four city types that our analysis has uncovered also suggest that such strategies would need to be finely attuned to the composition of local housing markets (i.e., avoiding markets dominated by rental housing) and the availability of affordable older dwellings. Finally, because new immigrant arrivals usually require time to accumulate a downpayment and learn how to negotiate American housing markets, these cities must also have a sufficient stock of affordable rental housing. *More than anything else, new destination cities must have a range of stable and reasonably well-paid employment opportunities for women and men.* Employment has been the driver behind the dispersion of immigrants during the 1990s, and a strategy that simply encourages people to live in cities

where housing costs are low and employment opportunities weak is doomed to failure, with negative social consequences for newcomers and the receiving communities alike.

It is also clear that new immigrants would incur important costs by choosing to settle in these non-traditional locations. In cities where immigrant population growth has been strong during the 1990s, but the overall share of migrants out of the total population remains small, informal networks of co-ethnics and more formal mutual assistance organizations remain small and are often weak in terms of the amount of assistance that they can provide. This cost is anything but negligible given that informal networks are often key to helping newcomers find employment or to develop a business in the first years after arrival. Simple familiarity with the language and the customs of social and economic life in large ethnic communities, as well as the information sharing that occurs within networks of co-ethnics, also encourages a sense of belonging. This is especially true when encounters with American society become bewildering due to language limitations and differences in laws and behavior norms. For many newcomers who take comfort from the existence of co-ethnic networks and

institutions, as well as for those who build businesses based in ethnic communities, the more accessible owner-occupied housing opportunities in less well-established destinations may be much less important than immediate economic and social priorities associated with building a livelihood in the United States.

Conclusions and Recommendations

The 1990s was a remarkable decade for many reasons, not the least of which were the growth in the size of the foreign-born population that fostered the continued addition of newcomers to cultural, social and religious diversity that is American society, and the contribution that migrants – temporary and permanent, documented and undocumented – made to a dynamic economy. Immigrants increasingly opted to settle in cities that for several decades had received few international migrants intent on becoming residents. In many parts of the country, US-born individuals rarely rub shoulders with newcomers, but this is much less true today than it was only a decade ago. These changes in both immigrant flows and locations of settlement have created important new homeownership markets and opportunities, the complexities of

which are underestimated by a cursory reading of immigration trends or national measures of housing availability and affordability.

Our analysis has emphasized the need to understand the complexities of immigrant settlement and the propensity of immigrant households to own housing in relation to local housing markets. Gross national or regional trends are revealing, but fundamentally household options with regard to tenure are constrained by local conditions of housing demand, supply and affordability. As rates of homeownership for different ancestry/race groups suggest, and as the more detailed analysis for birthplace groups confirms, there are significant variations between groups and cities.

Given that *where* immigrants settle makes a significant difference to rates of homeownership, location is one of the fundamental challenges to increasing homeownership. Notwithstanding the strong growth of immigrants in non-traditional destinations, by far the majority of established and recent foreign-born households are located in some of the most expensive and competitive urban housing markets. Initiatives and programs that encourage immigrants to

locate in under-valued and/or socially marginal neighborhoods, as well as those that target homeownership education and savings programs to immigrant households on the cusp of having sufficient financial resources to enter the homeownership market, could make a marginal difference in some highly competitive markets. However, in gateway cities like New York, Chicago, Los Angeles and Washington many immigrant and native-born households confront the same problem: real incomes have not kept pace with housing price inflation.

The socio-economic, demographic and residency status of immigrants also exerts an important influence on a household's propensity to own housing. The addition of just over one million new immigrants to the population each year during the 1990s has created a relatively untapped pool of potential new first-time homebuyer households. It must be appreciated, however, that not all of these newcomers will enter the market immediately, others face significant social and human capital hurdles, and for still others homeownership may be a financially unwise option because they are only temporary residents. Our research confirms the role played by household socio-economic

characteristics in relation to the probability of owning housing:

- Higher-income and better-educated households are far more likely to be homeowners. The premium associated with higher education has become more important over time such that single-person, but well-educated, households are now a growing segment of the homeownership market.
- Being black, whether US- or foreign-born, has a negative affect on homeownership. Discrimination in housing markets, as well as in the labor force and in relation to education opportunities, does contribute to this outcome. In the wake of housing and civil rights legislation, however, lower rates of ownership among blacks are also a function of more limited access to inter-generational wealth transfers from parents.
- Length of residence in the United States is a key factor for all immigrant groups with regard to ownership. Rates increase in a step-wise fashion in relation to the number of years in the country.
- Although there are at least 9-10 million undocumented immigrants in the United States, many of whom

are included in census counts of the foreign-born population, they face some very significant hurdles to becoming homeowners because of their tenuous legal status and restrictions around lending to non-permanent residents.

The combined effects of where immigrants settle in the United States and their socio-economic, demographic and cultural characteristics lead us to make the following recommendations with regard to increasing rates of homeownership:

- **Non-Traditional Immigrant Destinations:** The large number of international migrants who arrived in the United States during the last half of the 1990s, and chose to settle in non-traditional cities, means that this group is one of the most important pools of potential homeowners. There is a significant increase in the number of householders who enter the ownership market after the first five years of residence, and living in more affordable housing markets appears to make the transition easier.

Again largely because housing overall is more affordable, immigrant households in non-traditional cities may be able to benefit the most from homeownership education and

mortgage financing education. They stand a greater chance of being able to put into practice the lessons learned in these trainings. Likewise, in the absence of large funding increases to IDA programs, it is likely that existing IDAs will have the greatest benefits in low-cost housing markets where small subsidies can make a difference in saving a downpayment. As a general finding, homeownership education delivered by culturally and linguistically competent trainers does help households move into ownership and lessens the likelihood that immigrants will be victims of predatory lending.

- **The Role of Culture:** Programs and initiatives must be tailored to the specific circumstances of immigrant and refugee groups. For some groups there are strong cultural norms around housing tenure and living in a house as opposed to an apartment that encourage households to make extraordinary efforts to achieve homeownership – small incentives might go a long way toward boosting ownership rates. Other groups may choose to invest in human capital (higher education for themselves and/or their children) or small businesses to achieve social mobility, and therefore have diminished resources to devote to homeownership opportunities.

- **Income and Education:** Household income is a key determinant of homeownership. In today's economy the importance of education in determining income is undeniable, and consequently support of education and training programs for immigrants will be translated into increasing rates of homeownership. In the same manner, the recognition of educational credentials acquired outside of the United States is a major impediment encountered by immigrants in the labor force. Programs that either establish the equivalency of education obtained abroad, or clearly outline the steps that a newcomer can take to achieve equivalency in a profession or trade through education upgrading, would remove a major impediment to attaining better jobs and social mobility.

It is also clear that many immigrant households, both new- and long-established, have very low incomes. In these circumstances, it may be impossible to move a substantial number of households into homeownership without first addressing poverty generally and the decline in real income buying power over recent decades. Given that a large proportion of low-skill immigrants work in minimum wage occupations, addressing income issues will influence the capacity of

households to become homeowners. In fact, homeownership policy for low-income residents in general may be the most desirable political action, benefiting newcomers and natives alike and therefore casting a wider net for new potential homeowners.

- **Local Circumstances:** Our analysis has emphasized that the penchant among immigrants for locating in large traditional immigrant gateway cities is one of the most important barriers to increasing homeownership levels. Simply suggesting that immigrants disperse to other less competitive urban housing markets is not a feasible solution because it ignores the very real

social and economic ties that connect immigrants to these cities. *A dispersion strategy to new destinations also critically depends on these receiving cities having a range of stable and reasonably well-paid employment opportunities for women and men.*

Encouraging newcomers to settle outside of the major gateway destinations is certainly one option that should be examined. Expanding the supply of affordable housing in these gateway destinations is another important agenda. Knowing who today's newcomers are and what motivates their housing choices and aspirations is key to the development of effective homeownership promotion initiatives.

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Figure 3: Immigrant Population Growth in the 100 Largest Metropolitan Areas in the United States, 1990-2000

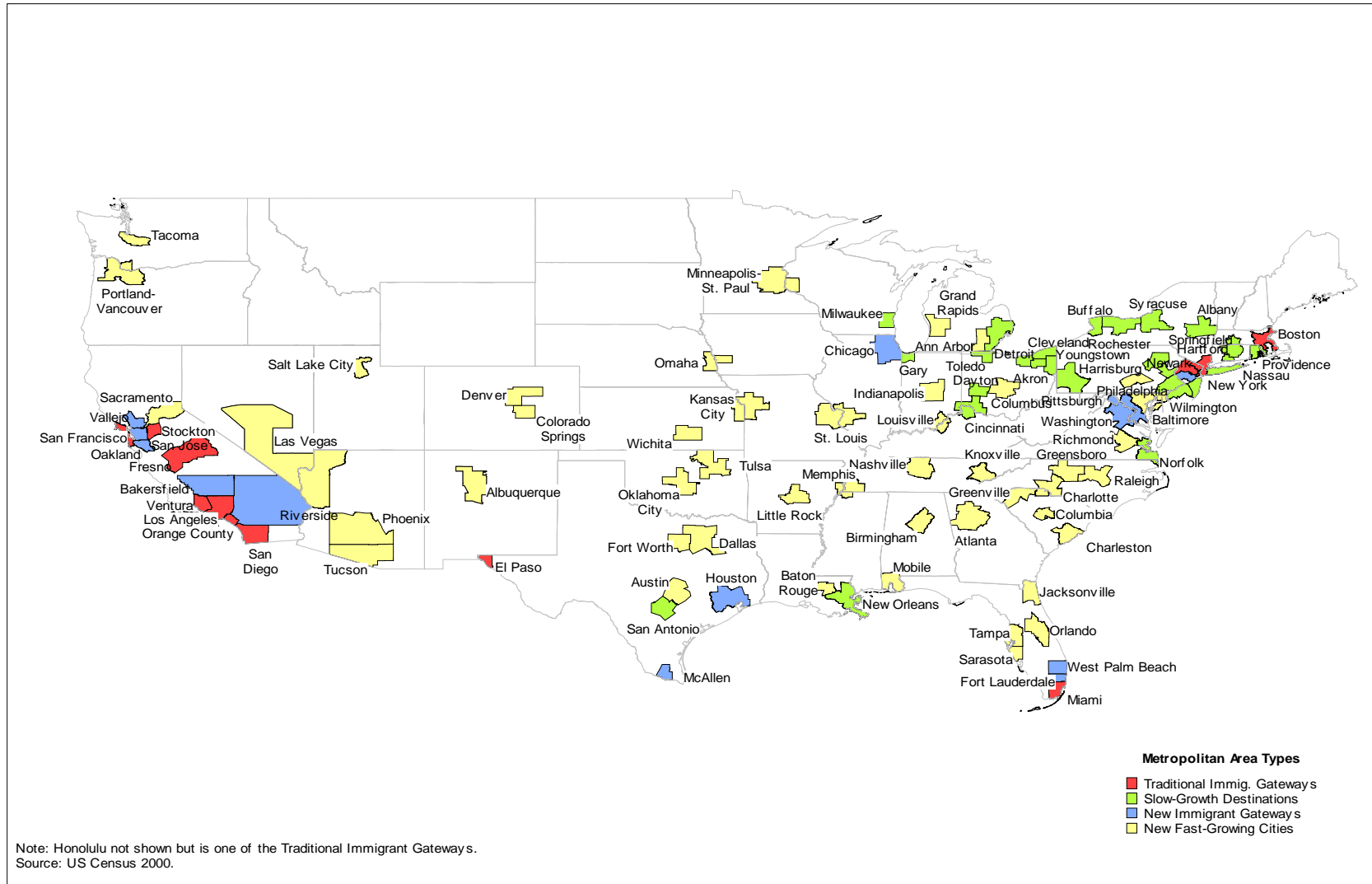


Table 1: Percent Homeowners by Ancestry/Race Groups, 100 Largest Metropolitan Areas

Metropolitan Area	Immig. Pop. Change 1990-2000	Total Pop.	Hispanic	Mexican	Central Amer.	Asian	Black	White
Slow-Growth Immigrant Destinations								
Youngstown – Warren, OH, MSA	-11.0 %	73.9 %	58.4 %	57.9%	N/D%**	57.2%	49.1%	77.0%
Buffalo – Niagara Falls, NY MSA	-1.6	66.2	31.3	42.7	73.7	37.9	36.7	71.6
Pittsburgh, PA MSA	7.9	71.3	49.8	51.4	52.8	38.3	40.1	74.6
Albany – Schenectady – Troy, NY MSA	11.9	64.6	30.1	38.8	45.3	38.0	26.5	68.3
Akron, OH PMSA	13.7	70.5	52.4	44.6	N/D**	52.5	44.3	74.2
Syracuse, NY MSA	14	67.6	30.4	41.4	29.7	38.0	29.8	71.2
Springfield, MA NECMA	14.6	62.6	20.3	32.4	46.5	41.1	39.1	69.7
Cleveland – Lorain –Elyria, OH PMSA	14.6	68.3	46.5	50.5	46.0	50.6	44.3	75.0
Scranton – Wilkes Barre – Hazleton , PA MSA	15.6	69.9	34.7	22.4	N/D**	57.2	24.5	70.7
Toledo, OH MSA	16.4	67.3	54.6	55.1	51.0	44.1	41.3	72.2
Hartford, CT NECMA	19.0	66.3	23.7	32.4	32.7	47.5	38.8	73.7
Rochester, NY MSA	19.0	68.2	32.6	44.3	51.3	50.7	35.5	73.5
Providence – Warwick – Pawtucket, RI NECMA	21.0	59.9	21.0	26.2	23.6	40.8	30.5	65.2
New Orleans, LA MSA	22.8	61.8	50.6	46.1	46.5	53.8	46.1	71.7
Dayton-Springfield, OH MSA	28.4	67.2	44.1	36.3	40.7	52.9	47.1	71.3
New Haven – Bridgeport – Stamford – Waterbury – Danbury, CT NECMA	33.7	66.2	29.5	19.8	25.0	48.8	36.2	74.7
Gary, IN PMSA	34.7	70.8	62.0	63.3	90.5	64.5	47.3	78.3
Norfolk – Virginia Beach – Newport News, VC-NC MSA	41.4	62.8	42.5	43.1	33.4	65.3	45.6	71.8
Philadelphia, PA_NJ PMSA	41.6	69.9	42.5	35.2	33.5	65.3	45.6	71.8
Monmouth-Ocean City, NJ PMSA	42.8	78.7	48.6	18.3	37.1	71.1	45.4	82.2
Detroit, MI PMSA	42.9	72.4	55.1	54.1	42.0	55.3	52.4	79.4
Nassau – Suffolk, NY PMSA	45.1	80.0	55.5	40.1	36.8	74.9	65.0	83.6
Allentown – Bethlehem – Easton, PA MSA	46.4	71.6	34.5	42.0	47.9	51.3	39.2	75.2

Metropolitan Area	Immig. Pop. Change 1990-2000	Total Pop.	Hispanic	Mexican	Central Amer.	Asian	Black	White
Milwaukee-Waukesha, WI PMSA	50.9%	61.1%	36.2%	38.0%	32.1%	46.2%	33.4%	67.7%
Cincinnati, OH-KY-IN PMSA	52.5	66.2	39.9	32.9	17.4	44.1	34.7	71.8
San Antonio, TX MSA	54.3	63.4	59.0	59.7	39.5	56.4	48.8	70.1
New Fast-Growing Cities								
Tacoma, WA PMSA	58.8	63.5	39.6	40.4	34.8	54.8	38.9	67.9
Tampa-St. Petersburg-Clearwater, FL MSA	60.2	70.8	56.2	41.1	47.3	58.9	47.1	75.1
St. Louis, MO-IL MSA	65.4	71.4	56.7	54.5	42.1	50.8	48.3	77.0
Baltimore, MD PMSA	66.7	66.9	47.7	39.4	32.4	54.4	47.2	75.3
Tucson, AZ MSA	66.9	64.3	56.7	58.2	47.9	45.3	43.8	68.4
Ann Arbor, MI PMSA	66.7	70.0	48.6	52.1	22.5	33.3	39.0	75.0
Baton Rouge, LA MSA	69.9	67.9	50.5	45.9	35.7	43.9	52.9	75.3
Charleston-North Charleston, SC MSA	70.6	66.5	41.8	34.1	32.4	55.3	59.1	70.6
Harrisburg-Lebanon-Carlisle, PA MSA	71.7	70.3	30.9	26.5	34.2	56.4	42.4	73.8
Knoxville, TN MSA	71.8	70.5	37.4	35.0	19.8	41.2	43.4	72.9
Mobile, AL MSA	73.5	71.7	50.6	39.4	36.7	52.7	55.2	78.0
Columbia, SC MSA	79.6	67.9	41.2	32.5	33.9	46.1	52.5	75.7
Colorado Springs, Co MSA	81.2	64.7	48.5	44.8	47.5	49.1	46.5	68.7
Sarasota-Bradenton, FL MSA	87.8	76.8	46.7	36.1	53.3	73.0	47.4	79.6
Wilmington-Newark, DE PMSA	87.9	70.1	41.0	25.7	35.7	51.9	48.5	77.8
Sacramento, CA PMSA	88.1	62.1	50.1	49.3	53.8	58.8	40.6	66.9
Little Rock – North Little Rock, AR MSA	93.9	65.9	39.2	34.3	59.6	45.8	45.2	72.1
Albuquerque, NM MSA	94.8	67.6	66.0	58.9	43.6	56.0	45.6	70.7
Jacksonville, FL MSA	96.0	67.3	51.8	46.4	49.3	64.7	49.6	73.0
Columbus, OH MSA	99.0	62.3	31.5	25.6	26.9	37.9	40.3	67.3
Richmond-Petersburg, VA MSA	99.4	67.7	40.5	27.8	29.0	54.8	51.6	75.7
Oklahoma City, OK MSA	103.7	64.7	44.6	43.8	37.3	48.5	42.2	69.9

Metropolitan Area	Immig. Pop. Change 1990-2000	Total Pop.	Hispanic	Mexican	Central Amer.	Asian	Black	White
Traditional Large Immigrant Gateways								
Los Angeles-Long Beach, CA PMSA	19.1%	47.9%	37.7%	47.9%	24.3%	50.9%	36.9%	58.2%
San Francisco, CA PMSA	25.7	49.0	34.1	49.0	27.9	52.7	33.7	52.5
Honolulu, HI MSA	28.5	54.5	31.6	54.5	15.0	68.0	15.4	43.8
Miami, FL PMSA	31.2	57.8	55.3	57.8	38.7	58.7	49.3	70.3
El Paso, TX MSA	31.5	63.6	63.1	63.6	54.3	47.6	45.4	68.5
Ventura, CA PMSA	36.8	67.6	51.4	67.6	46.1	72.1	47.2	73.4
New York, NY PMSA	37.3	34.7	15.0	34.7	14.9	36.2	26.2	47.1
Jersey City, NJ PMSA	38.5	30.6	19.9	30.6	14.1	34.3	23.1	40.6
Boston--Worcester--Lawrence--Lowell--Brockton, MA--NH NECMA	39.4	61.6	21.9	61.6	22.1	41.2	31.2	66.4
Stockton-Lodi, CA MSA	39.7	60.4	48.3	60.4	52.2	56.0	44.1	68.3
San Diego, CA MSA	41.4	55.4	39.5	55.4	31.9	53.5	32.5	62.5
Newark, NJ PMSA	44.8	60.8	32.1	60.8	23.3	61.9	33.7	75.0
Fresno, CA MSA	46.3	57.7	45.8	57.7	38.3	47.9	37.4	68.7
Orange County, CA PMSA	47.8	61.4	41.9	61.4	35.4	58.5	38.2	68.9
Bergen-Passaic, NJ PMSA	48.8	63.4	34.9	63.4	23.8	50.6	37.4	63.4
New immigrant Gateways								
Vallejo-Fairfield-Napa, CA PMSA	55.6	65.2	50.3	46.4	61.8	72.0	52.4	70.1
Chicago, IL PMSA	61.1	64.6	48.1	49.9	43.9	56.0	42.4	74.4
San Jose, CA PMSA	65.1	59.8	45.5	N/D**	39.7	57.3	40.3	66.6
Bakersfield, CA MSA	69.3	62.1	52.3	52.6	50.6	62.3	39.7	68.8
Riverside-San Bernardino, CA PMSA	69.8	66.6	59.3	59.5	57.5	65.8	48.8	72.7
Oakland, CA PMSA	69.9	60.5	49.3	47.8	48.7	60.7	39.9	68.7
Washington, DC-MD-VA-WV PMSA	69.9	64.0	43.8	40.2	34.0	58.1	49.6	73.0
McAllen-Edinburg-Mission, TX MSA	77.6	73.1	71.5	71.8	63.9	56.7	41.9	81.8

Metropolitan Area	Immig. Pop. Change 1990-2000	Total Pop.	Hispanic	Mexican	Central Amer.	Asian	Black	White
West Palm Beach-Boca Raton, FL MSA	86.9 %	74.7%	56.8%	44.5%	33.6%	65.2%	47.3%	80.6%
Middlesex-Somerset-Hunterdon, NJ PMSA	92.2	71.2	41.6	20.7	24.8	56.0	50.4	78.6
Houston, TX PMSA	94.1	59.6	46.2	47.3	34.7	58.1	45.4	70.0
Fort Lauderdale, FL PMSA	107.0	69.5	62.4	43.9	49.3	67.0	52.6	75.5
United States- Grand Total		66.2	45.7	48.4	31.7	53.3	46.6	72.5

* Note: Due to a population of less than 100, no data are available for this group.

Source: US Census Bureau 2000. Sample File 4.

Appendix I: Methodology Notes

Our empirical analysis is based on two census data sources: Summary File 4 and the 5-Percent Public Use Microdata Sample (PUMS). Each has its own particular strengths and liabilities that are described below. We also outline here our logic for selecting particular variables and categories for analysis.

Using the Summary File (SF) 4 data recently released by the Census Bureau, we are able to compare rates of homeownership between ancestry (ethnic) and racial categories for each city. Our analysis of rates of homeownership using the SF4 data is organized by race and ancestry, although not by birthplace. It is not possible to examine place of birth using this particular data set, although it does have the great advantage of facilitating analysis of the propensity to live in owner-occupied housing. The birthplace groupings are indicative of broad differences in housing status between ethno-cultural groups across the 100 cities. The ancestry/racial groups we examine are:

- Hispanic or Latino (any race)
 - Mexican
 - Central American
- Asian (alone)
- Black (not Hispanic or Latino)
- White alone (not Hispanic or Latino)

The “Hispanic or Latino” category is large and heterogeneous, and as a consequence we include data for two important “Latino” groups – Mexicans and Central Americans. These two groups have large numbers of recent migrants and highlight the diversity that exists within this broad Latino category. Being able to compare the groups also serves to remind that interpreting data for Latinos in a manner that does not acknowledge within group differences can be misleading.

To specifically identify the foreign-born population, we turned to the 5-percent PUMS data from the 2000 census. Although the PUMS data are subject to sampling error problems given that they are subset from the 1 in 6 sample of the entire population, they enable analysis of individual level socio-economic and demographic variables in relation to housing status measures. This individual level of analysis enables us to examine the *propensity to own* rather than the less precise *number of people living in* owner-occupied dwellings (as are possible using census categorical tabulations such as in SF4 data).

The 2000 census 5-percent PUMS has organized metropolitan-level data geographically into “Public Use Microdata Areas” (PUMAs), which are geographic areas with a population count of at least 100,000. Most of the metropolitan areas we include are made up of two or more PUMAs and we determined which PUMAs to include by examining the counties that make up a metropolitan area in relation to their constituent PUMAs. For this analysis we used only PUMAs which are contained within the geographic boundaries of a metropolitan area; and therefore have excluded PUMAs that stretch over metropolitan *and* non-metropolitan counties. This choice means that occasionally the geographic size of a metropolitan region is underestimated, and thereby we have left out a small number of primarily US-born households that locate in the city’s countryside. It does mean, however, that we include those highly urbanized parts of a metropolitan area that are occupied by immigrant *and* US-born households.

The relatively small sample size, especially when divided across four different city types, has necessitated some re-organization of the birthplace groups depending on the kind of analysis undertaken. As much as possible, we have tried to minimize the degree of heterogeneity within groups and thereby respect important cultural distinctions. For some of the analyses, categories become small and we are forced to aggregate birthplace groups. For analyses of the entire sample we use the largest number of birthplace categories:

- USA; Western and Northern Europe and Canada; Southern Europe; Eastern Europe; East Asia; South Asia; Southeast Asia; Western Asia and the Middle East; Mexico; Central America; Caribbean; South America; Africa; and Oceania.

For analysis in which the sample is subdivided by city type we were forced to collapse categories in order to maintain a sufficient number of responses. The categories are:

- USA; Europe and Canada; East Asia; South Asia; Southeast Asia; Mexico; Central America; Caribbean; South America; and Other.

Ancestry/race was defined in this analysis in the following manner:

- Black, non-Hispanic
- Hispanic (non-Asian)
- Asian and Pacific Islander, which may be Hispanic/Latino

- White, non-Hispanic
- Other (American Indian and Alaska Native; Multiple Race and Other race)

By crossing the time of arrival variable¹⁷ with the place of birth and ancestry/race with nativity we control for immigrant/ethnic status and timing. As an example, we constructed a place of birth/time of arrival variable whereby categories simultaneously specify *where* a respondent is from and *when* s/he arrived in the United States. We assume that immigrants who recently settle in the United States are more mobile, have relatively less savings to use for a downpayment, and may have greater homeownership affordability constraints than those who have been in a metropolitan area for a longer period of time, may own housing and have benefited from house price appreciation over the years.

The complete list of variables and categories used in the logistic regression analysis are:

Education:

- No High School Diploma (*Reference Category*)
- High School Diploma
- Some Post-secondary Education or a Bachelor's Degree
- Master's Degree or better

Marital Status/Household Type

- Married (not separated) (*Reference Category*)
- Not married male head of household
- Not married female head of household

Household Income¹⁸ (Continuous Variable)

- \$0 to \$25,000
- \$25,001 to \$50,000
- \$50,001 to \$75,000
- \$75,001 to \$100,000
- Over \$100,000

Linguistic Isolation

- Not Linguistically Isolated (*Reference Category*)

¹⁷ The census' definition of "Year of Entry" for people born outside of the United States is somewhat problematic because the person is asked the year in which s/he came *to live* in the United States. As such, it is not a measure of the degree of permanence of residence (some people are temporary residents, others may have arrived with temporary immigration status and been able to convert to permanent status). There also are indications that some respondents give the year they convert to permanent status for the time they arrived to live in the USA (when in fact they may have been living in the United States for quite some time before converting their status).

¹⁸ In the log-linear model household income is used as a continuous variable.

- Linguistically Isolated

Presence of Children

- No Children under 18 (*Reference Category*)
- At least one child under 18

Age (Continuous variable)
18 to 65

Ancestry/Race

- White (*Reference Category*)
- Black
- Latino
- Asian and Pacific Islander
- Other

Place of Birth I

- USA
- Northern and Western Europe/North America (excluding Mexico)
- Southern Europe
- Eastern Europe
- East Asia
- South Asia
- Southeast Asia
- West Central Asia and Middle East
- Mexico
- Central America
- Caribbean & Bermuda
- South America
- Africa
- Oceania

Place of Birth II

- Europe/North America (excluding Mexico) (*Reference Category*)
- East Asia
- South Asia
- Southeast Asia
- Mexico
- Caribbean
- Central America
- South America
- Other

Period of Immigration I

- 1995 – 2000
- 1990 – 1994
- 1985 – 1989
- Prior to 1985

Period of Immigration II

- 1990 – 2000 (*Reference Category*)
- Prior to 1990

Ancestry * Nativity

White & US-born (*Reference Category*)

Black & US-born

Latino & US-born

Asian and Pacific Islander & US-born

Other & US-born

White & Foreign-born

Black & Foreign-born

Latino & Foreign-born

Asian and Pacific Islander & Foreign-born

Other & Foreign-born

Place of Birth II * Period of Immigration II

- Europe & North America before 1990 (*Reference Category*)
- East Asia before 1990
- South Asia before 1990
- Southeast Asia before 1990
- Mexico before 1990
- Caribbean before 1990
- Central America before 1990
- South America before 1990
- Other before 1990
- Europe and North America 1990-2000
- East Asia 1990 – 2000
- South Asia 1990-2000
- Southeast Asia 1990-2000
- Mexico 1990 - 2000
- Caribbean 1990 – 2000
- Central America 1990-2000
- South America 1990-2000
- Other 1990 – 2000

Housing Tenure

- Rent
- Own (includes households with and without a mortgage)

Appendix II: Parameter Estimates, Odds Ratios and Probabilities for Variable Categories of Model – US- and Foreign-Born Cohorts

Variable Category	Parameter Estimate (B)	Standard Error	Odds Ratio (Exp(B))	Probability
<i>White US-born (Reference Category)</i>				
Black US-born	-.762	.004	.467	31.8
Latino US-born	-.319	.007	.727	42.1
Asian US-born	-.148	.018	.862	46.3
“Other” US-born	-.511	.011	.600	37.5
<i>White Foreign-born</i>				
Black Foreign-born	-.483	.008	.617	38.2
Black Foreign-born	-.797	.013	.451	31.1
Latino Foreign-born	-.559	.007	.572	36.4
Asian Foreign-born	-.670	.008	.512	33.9
“Other” Foreign-born	-.855	.018	.425	29.8
<i>Not Linguistically Isolated (reference Category)</i>				
Linguistically Isolated	-.484	.007	.616	38.1%
<i>Traditional Immigrant Gateway (Reference Category)</i>				
Slow-Growth Destinations	.872	.005	2.392	70.5%
New Immigrant Gateways	.642	.005	1.900	65.5
New Fast-growing Hubs	.864	.004	2.373	70.4
<i>No High-School Diploma (Reference Category)</i>				
HS Diploma	.348	.005	1.416	58.6%
Some Post-Secondary or Completed BA Degree	.446	.013	1.562	61.0
Master’s Degree or Better	.393	.006	1.482	59.7
<i>Married Couple (Reference Category)</i>				
Single Male	-1.076	.004	.341	25.4%
Single Female	-.701	.006	.496	33.2
<i>Male (Reference Category)</i>				
Female	-.288	.006	.750	42.9%
<i>No Children Under 18 (Reference Category)</i>				
At least one child under 18	.429	.003	1.536	60.6%
Household Income	.523	.001	1.687	62.8%
Age	.067	.000	1.069	51.7%

Appendix III: Parameter Estimates, Odds Ratios and Probabilities for Variable Categories of Model – Foreign-Born Cohort ONLY

Variable Category	Parameter Estimate (B)	Standard Error	Odds Ratio (Exp(B))	Probability
<i>Europe/Canada < 1990 (Reference Category)</i>				
East Asia < 1990	.135	.029	1.145	53.4
South Asia < 1990	-.374	.026	.688	40.8
Southeast Asia < 1990	-.031	.027	.969	49.2
Mexico < 1990	.184	.024	1.202	54.6
Caribbean < 1990	-.174	.023	.840	45.7
Central America < 1990	-.301	.027	.740	42.5
South America < 1990	-.072	.026	.930	48.2
“Other” < 1990	-.520	.022	.594	37.3
<i>Europe/Canada 1990-2000</i>				
East Asia 1990-2000	-1.313	.019	.269	21.2
East Asia 1990-2000	-1.215	.032	.297	22.9
South Asia 1990-2000	-2.007	.032	.134	11.8
Southeast Asia 1991-2000	-.959	.033	.383	27.7
Mexico 1990-2000	-.914	.027	.401	28.6
Caribbean 1990-2000	-.691	.029	.501	33.4
Central America 1990-2000	-1.178	.040	.308	23.5
South America 1990-2000	-1.026	.033	.358	26.4
“Other” 1990-2000	-1.662	.028	.190	16.0
<i>Not Linguistically Isolated (Reference Category)</i>				
Linguistically Isolated	-.427	.008	.652	39.5%
<i>White (Reference Category)</i>				
Black	-.453	.021	.636	38.9%
Latino	-.529	.021	.589	37.1
Asian	-.266	.023	.766	43.4
“Other”	-.367	.022	.693	40.9
<i>Traditional Immigrant Gateway (Reference Category)</i>				
Slow-Growth Destinations	.755	.013	2.127	68.0%
New Immigrant Gateways	.705	.010	2.023	66.9
New Fast-growing Hubs	.760	.009	2.137	68.1
<i>No High-School Diploma (Reference Category)</i>				
HS Diploma	.246	.011	1.279	56.1%
Some Post-Secondary or Completed BA Degree	.399	.010	1.491	59.9
Master’s Degree or Better	.232	.014	1.261	55.8%
<i>Married Couple (Reference Category)</i>				
Single Male	-.942	.011	.390	28.1%
Single Female	-.447	.015	.639	39.0

Appendix III: Parameter Estimates, Odds Ratios and Probabilities for Variable Categories of Model – Foreign-Born Cohort ONLY

Variable Category	Parameter Estimate (B)	Standard Error	Odds Ratio (Exp(B))	Probability
Male (<i>Reference Category</i>)				
Female	-.282	.014	.755	43.0%
No Children Under 18 (<i>Reference Category</i>)				
At least one child under 18	.386	.008	.652	39.5%
Household Income	.497	.003	1.644	62.2%
Age	.047	.000	1.048	51.2%
