Race, Accessible Wealth and the Transition to Homeownership

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Despite governmental programs to promote homeownership of low-income and minority households, the rate of ownership among white households remains nearly two-thirds higher than that for black households. As housing wealth constitutes the single largest share of the typical American family's net worth, the racial gap in homeownership is a strong form of social inequality. Research seeking to explain the disparity is abundant, and generally has considered the roles of individual-level characteristics, such as wealth and income, and institutional and contextual factors, such as discrimination and segregation, as primary antecedents. More recent scholarship has emphasized the roles of family economic resources, including parental wealth, in explaining racial differences in residential attainment (Charles and Hurst 2002; Crowder, South, and Chavez 2005; Conley 1999; Oliver and Shapiro 1995). The implication of these endeavors is that *extra*household financial capital influences residential outcomes. However, despite arguments advancing the inclusion of these extrahousehold processes in attainment models, research has been slow to move beyond parental resources. This research has provided little information about the effects of extended family resources on the accumulation of wealth or the transition to ownership. Moreover, this research has yet to consider racial differences in the likelihood of receiving financial help from others or providing financial help to others – differences that may affect disparities in both the accumulation of wealth and the ability to translate this wealth into homeownership.

      In this paper, we argue that in incorporating wealth into residential research, a more comprehensive approach must be taken; one that more fully captures households' "accessible" economic resources. We address this shortcoming by examining the relationship between the stock and transfer of wealth between extended families members (e.g., parents, siblings, children) and the transition to homeownership. Guiding our research are four key questions:

1) To what extent are racial differences in household wealth explained by racial disparities in extended family wealth?
2) Is the effect of extended family wealth on household wealth attenuated by the amount of money received from others?
3) What is the impact of household and extended family wealth on the transition to ownership?
4) Are there racial differences in the effects of wealth on the transition to ownership?
5) And, to what extent are racial differences in the effects of wealth on the transition to ownership explained by group differences in the likelihood of providing economic help to those outside the household?

Background

Recent data reports the black-white gap in homeownership to be about 29 percentage points, with 76 percent of white householders owning compared to 47 percent of black householders (U.S. Census Bureau 2008); and while the racial gap in homeownership has declined since the middle of the twentieth century (Collins and Margo 2001), current levels are substantial and arguably on the rise (Simmons 2001). The most common framework for explaining this racial inequality in the levels of homeownership is the *microeconomic thesis* which views inequalities in residential attainment as a consequence of group differences in socioeconomic resources. Given the powerful role of income and wealth in predicting the acquisition and value of housing (Alba and Logan 1992; Boehm 1993; Krivo and Kaufman 2004), it follows that individuals and groups with fewer economic resources will have less appealing residential circumstances than their more advantaged counterparts.

      Yet, past research has indicated that group socioeconomic differences do not explain disparities between blacks and whites in residential outcomes. Indeed, the segregation literature suggests that the role played by financial capital in explaining patterns of black-white residential segregation is either only minor (Massey and Denton 1993; Fischer 2003) or modest (Iceland and Wilkes 2006). The

stratification model emphasizes the barriers and constraints faced by minority groups in seeking, financing, and purchasing housing (see Alba and Logan 1992). This model typically draws attention to the dual housing markets created by the discriminatory practices of banks and mortgage lenders (Squires and Kim 1995), real estate agents (Yinger 1995), and federal transportation, tax and housing policies (Massey and Denton 1993). Racial prejudices and stereotypes held by dominant group members further restrict the residential circumstances of minority groups by influencing the willingness (manifest in both the in- and out-migration decision processes and resistance to new migrants) to share neighborhoods with members of other racial groups (Charles 2005; Ellen 2000). The stratification model does not dismiss the importance of socioeconomic status in residential attainment, but instead asserts that even after taking economic resources into account racial disparities in residential outcomes will persist.

Recent research has drawn attention to the role played by wealth in creating and maintaining racial inequalities in residential circumstances (Charles and Hurst 2002; Crowder et al. 2005; Conley 1999; Oliver and Shapiro 1995). In comparison to black families, white families hold an enormous advantage in wealth accumulation. As of 2002, the median net worth of white householders was $87,056, while that for black householders was $5,446. Even after excluding wealth due to housing equity, the gap remains substantial ($19,079 for whites; $1,102 for blacks) and far exceeds the respective gap in median earnings (Gottschalck 2008). To no surprise, blacks are underrepresented among the very affluent – only one percent of those in the 99th percentile of the wealth distribution are black (Keister 2000) – and overrepresented among those with zero or negative net worth (the modal category for black householders [U.S. Census Bureau 2008]). As a consequence of their overall low position in the wealth distribution, inheritances and other intergenerational wealth transfers are much less likely for black than white households, and when made, are of lower value. Menchik and Jianakopolos (1997) find that more than a quarter of white households had received an inheritance while only 10 percent of black households had. Moreover, conditional on the receipt of an inheritance, white households received, on average, about one-third more than black households.[1] Jayakody (1998) this disadvantage in the wealth "transfers" is markedly higher at the left-tail of the income distribution, where low-income whites hold a 9 percentage point premium over low-income blacks in the likelihood of parental financial support.

While differences in the likelihood of an inheritance appear to be important, they likely represent only one of the types of inter-household transfer that affect racial differences in wealth. More recently, Keister (2003, 2004) and Heflin and Pattillo (2002) have advocated for the inclusion of information on social support networks in wealth analyses. More specifically, these authors suggest that the character of kin and extended family social support systems will directly influence wealth accumulation in a variety of ways. First, since financial assets have to be spread across families, overall family size and the number of siblings will dilute material and nonmaterial resources and affect children's wealth ownership indirectly (by diminishing academic resources needed for educational attainment [Teachman 1987]) and directly (by reducing the likelihood and amount of financial transfers). Accordingly, Keister (2003) finds that the number of siblings negatively affects adult net assets and the receipt of inter vivos transfers and inheritance, largely through its effect on schooling. Second, the economic position of social support systems will influence wealth accumulation through both the likelihood of receiving and providing financial support. Poor households with poor extended support networks will be less likely to receive pecuniary assistance simply due to the fact that the potential for support is weak. By the same logic, households with affluent extended support networks should be more likely to receive financial aid. Heflin and Pattillo (2002) use data from the National Longitudinal Survey of Youth-1979 and find that having a sibling in poverty and having lived in poverty during adolescence (their proxy for parental

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[1] Black households received $57,108 in inheritance, compared to $75,197 for whites (see Table 1, pg. 431). Using an older cohort of data from the National Longitudinal Survey of Mature Men, the authors find the racial differences in the receipt of inheritance, among men between the ages of 55 and 69 (in 1976) to be even larger (0.5% for blacks vs. 17.3% for whites), as well as the magnitude of the value of those transfers ($4,157 for blacks vs. $16,264 for whites).

resources) negatively affects bank account ownership. Social support systems can shape *giving* patterns as well. Non-poor families bounded by poor support networks should be more likely to provide financial assistance since those in their support system are more prone to financial obstacles and economic instability. Likewise, for non-poor families with more affluent social support systems the likelihood of transfers in the form of emergency or temporary assistance should be low. Considering the larger family sizes (U.S. Census Bureau 2000) and more financially strained social networks of black families (Heflin and Pattillo 2006), these issues are particularly salient for understanding differences in wealth accumulation between whites and African American.[2]

What does wealth mean for residential attainment? Aside from the fact that housing equity constitutes the largest share of wealth for most Americans (about 41 percent of total net worth in 2002 [Gottschalck 2008]), household wealth facilitates the acquisition of housing, as well as playing a prominent role in its overall value, physical quality, and neighborhood location. Some level of wealth is essentially a requirement to securing a mortgage, but more generally wealth eases the transition to homeownership by contributing to a downpayment and minimizing the ancillary costs associated with borrowing which, in turn, enable more favorable mortgage terms. Moreover, household wealth provides a cushion to cover the costs of relocating and potential repairs or renovations that are often associated with new ownership – these financial advantages translate into a wider "action space" – increasing the likelihood that homeseekers will find a housing bundle that meets or exceeds their demands. Individual assets can also act as a private safety net from the potentially devastating effects of financial difficulties and emergencies that can prevent households from transitioning to ownership.

The availability of resources from family members is likely to exert similar influences on the ability to make the transition to ownership (Conley 1999). Mayer and Engelhardt (1996) find that, net of socioeconomic and demographic characteristics, households who receive financial gifts are able to purchase homes sooner, contribute larger to down payments, and are able to purchase homes of greater value than are non-gift-receiving households. Charles and Hurst (2002), find that parental wealth accounts for seven percent of the racial gap in mortgage application acceptance. The authors conclude that "there is a large difference between blacks and whites in their ability to depend on their families for downpayment assistance, and that this help significantly makes mortgage application more likely" (293-3). Similarly, Shapiro (2004) interviews young homeowners and investigates how these households

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[2] Heflin and Pattillo (2006) note that African Americans are less likely to have "cross-class" kin ties that are beneficial in nature, and by consequence, more likely to have cross-class ties that could induce a financial burden. Specifically, they show that middle-class African Americans are more likely to have a poor sibling than middle-class whites, and poor blacks are less likely to have a middle-class sibling than poor whites. These racial differences in kin networks are compounded by that the fact that racial homophily in social networks leads to non-familial social contacts among African Americans that are much more likely to be poor (McPherson, Smith-Lovin, and Cook 2001). To the extent that social contacts are bounded by residence (Verbrugge 1983), the isolation of black families in poor neighborhoods (Adelman 2004; Iceland, Weinberg, and Steinmetz 2002; Jargowsky 1996) is strong evidence that blacks' social networks are racially and economically circumscribed.

These issues will also be of interest to race scholars considering the longstanding debate regarding differentials in the "reach" and "strength" of black and white social networks. Social networks, among black families, have conventionally been accepted as tighter (drawing from closer contacts) and stronger (greater dependence and exposure), due to either cultural proclivities (Sudarkasa 1996) or to structural disadvantage that increase blacks' reliance on extended and fictive kin ties (Stack 1974). However, recent research has questioned these assumptions by noting the high prevalence of family-disorganization in the black community (Wilson 1987) and their deteriorating economic position (Roschelle 1997). Regardless of the process, there is some evidence to suggest that kin support among blacks is less strong than once believed. Research has consistently found that black adult children are less likely to receive financial assistance than white adult children (Jayakody 1998; Lee and Aytac 1998). Berry (2006) finds that blacks are less likely to receive financial support from their parents to the degree of 50 percent, and among those receiving intergenerational support, blacks receive 50 percent less than whites. Of course, social support can come in many forms, such as through close personal relationships or coresidence. Indeed, Raley (1995) reports that while single black women are less likely than whites to receive financial assistance from relatives, they have closer contact with parents and siblings and are more likely to be living with relatives.

generated money for their mortgage down payments. From the responses of these young families, it is clear that white respondents were much more likely to have received downpayment assistance from their parents than were the African American respondents; and for those receiving support, the white participants received considerably more than blacks. In his analysis of survey data, Shapiro further shows that among those who were able to purchase homes, 54 percent of whites maintained that the source of their down payment came entirely from savings, whereas 88 percent of blacks did.

The importance of extended family financial resources in improving residential conditions has also been revealed in recent scholarship. Transfers of wealth between family members (i.e., from parents to children) play prominent functions in acquiring housing. Like individual wealth, familial transfers in the form of gifts or delayed/low-interest loans can be credited towards larger down payments and can help to offset the other costs associated with the purchase of housing noted above. Heflin and Pattillo (2002) find that, net of other socioeconomic characteristics, having a poor sibling and living in a poor family during adolescence negatively affects the probability of homeownership. Yet, Heflin and Pattillo's work finds such significant kin effects only among white households. More importantly, this research leaves open important questions about the mechanisms through which socioeconomic conditions of kin networks affect ownership. Specifically, we currently have few insights into the process through which extended family resources affect the accumulation of wealth that enhance the likelihood of ownership. And, while past literature points to substantial racial differences in the likelihood of having financially needy family members, little research has been conducted to assess whether these differences stifle wealth accumulation among blacks and, by extension, drive substantial and persistent disparities in home ownership.

The Present Study
We add to the current body of research by assessing how the levels, sources, and uses of financial wealth shape racial differences in the residential attainment process. To do so, we argue that research must consider the complex nature of wealth—at household level and among extended family members—and the economic and demographic features of households' social support networks. More specifically, our empirical strategy explores how extended family net worth, the provision of help to support others, and the receipt of financial assistance affect the accumulation of wealth among black and white families, and how these factors determine the likelihood of making a subsequent transition to ownership. In doing so, we follow the call of recent residential attainment scholars who advocate that wealth and kin characteristics are necessary to understand the social and financial profiles of households and their residence (see Conley 1999; Mulder 2007; Oliver and Shapiro 1995).

Data and Methods
Data
To estimate the impact of wealth and social support on the residential attainment process, we use longitudinal data from the Panel Study of Income Dynamics (PSID). In comparison to other longitudinal studies, such as the Survey of Income and Program Participation or the National Longitudinal Surveys, PSID is uniquely qualified for this analysis for two reasons. First, these data contain an abundance of information regarding both household and parental assets. Second, information was been collected at each interview regarding the receipt and provision of financial assistance from (to) family members and those outside of the family unit.

We restrict our sample to black and non-Hispanic white PSID respondents who were classified as household heads at the beginning or end of a two-year observation interval. Since this analysis focuses on the transition to ownership, our sample only includes householders who did not own their home at the beginning of each observation window. Wealth information on the parents of PSID respondents needed for this study was first collected in 1988; consequently we limit our analysis to the period 1988 to 2005. We segment each respondent's record into a "person-period" format, whereby

each observation refers to a two-year window in which the respondent meets the conditions of our sample (e.g., non-owning household head). In total, our sample includes 7,164 householders which translates into 28,619 person-periods of data.

The two primary dependent variables in this analysis refer to household wealth and the transition to homeownership. Information on household wealth or financial assets—including checking and saving accounts, businesses owned, vehicles, stocks, bonds, trusts, and other real estate—were collected by PSID in 1984, 1988, 1994, 1999, and 2001. We calculate respondents' household wealth as net worth excluding housing equity. We use the 1988 wealth variables to measure household wealth in observation periods from 1988 to 1993; the 1994 measures for the 1994 to 1997 periods; the 1999 values for observations beginning in 1999; the 2001 values for the 2001 observations; the 2003 wealth measure for the 2003 records; and 2005 values for the 2005 period. We normalize these values of wealth to thousands of constant year 2000 dollars. The transition to homeownership is measured as a dichotomous variable taking a value of 1 for those householders who were nonowners at the beginning of the observation interval (time t) but owned their home by the end of the interval (time t+2)

In addition to household wealth, key exogenous variables for this analysis are measures of extended-family wealth and financial transfers to and from others. Past research utilizing the PSID data has tested the effects of family resources using a simple measure of parental wealth (Crowder et al. 2006). This strategy has several important drawbacks. First, the PSID's parental wealth variables are measured only in 1988, potentially undermining the validity of the variable as a measure of the family resources available to the household at later observation points. In addition, these parental wealth variables are based on the householder's estimate of the value of her/his parents' assets and those of her/his spouse's parents. Most importantly, the focus only on parental wealth means that other sources of family wealth that may be available to the householder – for example, from siblings, grandparents, and other extended family members – are completely ignored.

Given these drawbacks, we extend past research by developing a measure of the level of wealth held by members of the extended family. This strategy takes advantage of the unique structure of the PSID panel in which family members who move out of an original panel household are added to the panel as independent households. In many cases, these split-off families represent multiple householders from multiple generations of an original PSID family. As a result, for the vast majority of PSID respondents we have data about the households headed by several members of the extended family. Using the household wealth measures described above, we calculate the average level of wealth for all households spawning from the same panel family. This aggregated variable is then attached to the individual records of the householders in our sample as a measure of the level of wealth available in the extended family.[3] As with household wealth, extended family wealth is measured in thousands of constant year 2000 dollars.

Our models include measures of the provision and receipt of financial assistance from others outside of the household. We use questions asked by the PSID regarding the amount of money households *received from*, and the amount of financial help *provided to*, family or friends outside of the household. Values for these measures are normalized to constant year 2000 dollars.

Additional explanatory variables capture other social, demographic, and economic characteristics of individuals and households that have been shown to be of importance in previous research. Race is a dummy variable distinguishing white from black householders (black=1). The householder's education is captured as the number of years of school completed. Income refers to all taxable (not simply wage or earned) income of the respondent and spouse. Age of the household head, an important measure of life cycle demands for housing, is measured in linear years. We distinguish between male and female household heads (female=1). Marital status is a dichotomous term

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[3] The number of extended-family households used to calculate the average extended-family wealth varies substantially. However, we found no evidence that this variation affects the results of our analyses of either household wealth accumulation or the transition to ownership.

differentiating householders who are married or long-term cohabitors with the unmarried. The presence of children, another key determinant of housing demands, is measured as the number of children under the age of 18 in the household. We also include measures for residential density (the number of people per room in the home), whether the householder lives in public (1=yes) versus private housing, and whether or not the householder has resided in the same address for at least 3 years. We control for possible temporal changes in the accumulation of wealth and ownership transition with a variable for year of observation with 1988 coded as year 0.

Methods

We employ regression techniques to estimate two outcomes. Our first set of models uses OLS regression to examine the effect of our explanatory variables on household non-housing wealth among the nonowners in our sample. Next, we use logistic regression models that predict the impact of the exogenous variables on the likelihood of transitioning to ownership by the end of the observation interval (t+2). As noted above, this model includes householders who were nonowners at the start of the interval. Once a householder becomes an owner, they are removed from the sample. Our model does not differentiate between first and later transitions to ownership, so if householders who are homeowners become nonowners, they re-enter the sample. To correct for the non-independence of person-period observations within person, all of our regression models adjust the standard errors of our regressors using the cluster procedure in Stata (StataCorp 2005).

Preliminary Results

Descriptive Statistics

Means and standard deviations (in parentheses) for variables used in the analysis are shown in Table 1 for the pooled (black and white) sample and separately for white and black householders. Several striking racial disparities are shown here. The net worth, excluding housing equity, of black householders in more than one-fifth of whites' net worth. Specifically, nonowning PSID black household heads report about $8,590 in wealth whereas white household heads report more than $39,000 in wealth. Blacks also appear to be disadvantaged in their likelihood of transitioning to ownership; in our sample on nonowners, only 11 percent of blacks of become homeowners, while twice as many (22 percent) whites did. The statistics for exogenous variables show that the average extended-family household net worth of whites is about five times that of blacks' extended families. Variation around these means is also much larger for whites' than blacks' families. Thus, black nonowners have access to uniformly and substantially lower levels of extended family wealth than do white nonowners. In spite of substantial differences in household wealth, white and black householders provide about the same amount of financial assistance to others outside of the home. As expected, however, white householders *receive* more in assistance from others than black householders, although the racial difference in the receipt of support is modest ($710 for whites vs. $500 for blacks). Descriptive statistics for the remaining explanatory variables are consistent with past work: black householders have lower incomes, lower levels of educational attainment, and are less likely to be married than white householders. Blacks are also more likely to be head by a woman, have more children, more people per room in homes, and more likely to be living in public housing.

(Table 1 about here.)

Household Wealth

Table 2 shows coefficients for OLS regression models predicting household nonhousing wealth for our sample of black and white nonowners. The coefficients can be interpreted as the marginal effect of the predictor variables on nonhousing wealth in thousands of constant year 2000 dollars. The first model shows the gross (unadjusted) difference white and black households in wealth. As expected from the descriptive differences in Table 1, African American households have more than a $30,000 wealth deficit in comparison to white households. Considering the large sociodemographic differences between whites and blacks, our second model includes controls life cycle, family structure, housing

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characteristics, and education. Including these explanatory variables mediates the black wealth disadvantage by 35 percent, but the racial difference between blacks and whites remains very large (over $20,000) and statistically significant.

Microeconomic theories would expect racial differences in wealth to be explained to a large extent by income differentials between whites and blacks. The third model in Table 2 examines this. While the inclusion of household income attenuates the black wealth deficit slightly (by about $4,000), the black disadvantage is still great (a $16,000 net wealth difference between black and white householders). The income coefficient is highly significant and large in relative magnitude – a $1,000 increase in earnings increases nonhousing wealth by about $850. Nonetheless, the fact that vast wealth differences exists, even after controlling for income and sociodemographic characteristics, casts doubt on the conventional microeconomic perspective.

(Table 2 about here.)

Recent research on the importance of parental wealth for individual wealth accumulation in combination with the large racial gap in extended-family wealth suggests that some of the black wealth disadvantage will be explained by differences in extended family economic resources. The findings shown in model 4 of Table 2 lend credence to this notion. Including extended family wealth <u>entirely explains</u> the wealth deficit experienced by black nonowners. Indeed, net of extended family wealth and other socioeconomic and demographic factors, black nonowners appear to have a (statistically nonsignificant; t=1.59) wealth advantage. The 10 fold increase in R-squared with the addition of extended family wealth highlights its importance in household wealth accumulation.

The final model in Table 2 adds the mechanism through which we expect extended family wealth to affect household wealth – the amount of financial support received from others. We also include a measure for the amount of support provided to others, as this is expected to suppress the effect of extended-family wealth on household wealth accumulation. The estimates in model 5 provide no evidence for either of these hypotheses. That is, not only do the support variables have no significant effect on household wealth, but they also do not alter the effects of extended family wealth or income on household wealth.[4]

Transition to Homeownership

In the next part of our analysis, we estimate the likelihood that nonowners at the start of each observation interval will become homeowners by the end of the interval. The logistic regression coefficients in Table 3 can be interpreted as the log-odds of nonowners transitioning to ownership given a one-unit change in the explanatory variable. The first model estimates the unadjusted racial difference in the log-odds of making the transition to ownership. The negative black coefficient (-.84) indicates that black nonowners are significantly less likely than white nonowners to become homeowners in a given observation window. In the left panel of Figure 1, we convert the log-odds in Model 1 of Table 3 to probabilities of transitioning. As can be seen, the probability of white householders becoming owners (.22) is twice than of black householders (.11); corresponding directly with the descriptive findings presented earlier.

In Model 2, we test the possibility that the lower probability of transitioning to ownership among blacks is due to sociodemographic and housing characteristics. The effects of these explanatory variables are consistent with previous research: the likelihood of becoming a homeowner is higher for married householders and for those with more children, and lower for female heads, those with more dense housing occupancies, the residentially stable, and among households living in public housing. The important finding, however, is that while these factors attenuate the black ownership disadvantaged

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[4] In models not shown, but available on request, we examined whether the provision or receipt of financial assistance from others moderated the effect of income or extended-family wealth on household wealth. These product terms were small and statistically nonsignificant. In ongoing research we are testing alternative measures of the provision and receipt of financial help.

by about one-fourth, black nonowners remain significantly less likely to transition to ownership than whites.

<div align="center">(Table 3 about here.)</div>

The third model in Table 3 considers the roles of education and income. As predicted by the microeconomic perspective, both variables exert strong positive effects on the log-odds of transitioning to ownership. Net of other factors, the odds of ownership increase by about 1 percent with each additional thousand dollars in income, and by about 5 percent with each year of schooling completed. However, while the addition of these terms decreases the negative black effect modestly (from -.61 to -.50), the black ownership disadvantaged it is still large and highly significant.

Our fourth and fifth models add measures of nonhousing wealth and extended family wealth, respectively. Contrary to our expectations, neither household nor family wealth influence the transition to homeownership net of the significant influences of education and income, nor do they attenuate blacks' lower likelihood of becoming owners. The middle panel of Figure 1 shows racial disparity in the net probability of transitioning to ownership. As can be seen, the controls do little to increase the likelihood that black nonowners will become owners, though the white advantage is reduced modestly (by about 23 percent) – this attenuation, however, is a function of non-wealth socioeconomic factors. Why might wealth not matter in making the transition from renting to owning? One possibility is that low-income mortgage assistance programs, as well as predatory lending practices have alleviated the wealth burden (rightfully or wrongfully) that prevented many families with limited household and extended-family resources from becoming owners in the past. This coupled with generally favorable housing market conditions during the years in which our sample is analyzed (1988 to 2005) may have resulted in our finding that household and extended family wealth do not appear to influence the transition to ownership. Nonetheless, while available research on the process of residential attainment points to similarly modest effects of wealth on neighborhood attainment (Crowder et al. 2006), other recent social science highlights the importance of both household and extended-family wealth. Thus, we view this finding with some degree of skepticism worthy of additional analysis.

<div align="center">(Figure 1 about here.)</div>

In the final regression models we test for racial differences in the effects of wealth on the transition to ownership. The "strong" version of the stratification perspective would have higher ownership-returns to wealth for white than for black householders. In contrast, the "weak version" of the perspective implies that the effects of wealth may be stronger for black than for white householders. We investigate these possibilities in Model 6 of Table 3. The results do, in fact, show significant interactions between household wealth and race, and extended family wealth and race, with the positive direction of both effects suggesting that wealth has stronger effects for blacks than whites. Consistent with the "weak version" of the stratification perspective, these differences point to the operation of discriminatory housing-market practices that increase the importance of wealth for blacks, but not for whites, in the transition to ownership. It is worth noting, however, that these differences in the effects of wealth might also reflect the influence of federal housing policies. One potential explanation for this finding is that despite federal efforts to target potential minority homeseekers (Schwartz 2006), homeownership programs disproportionately aid middle-income households and previous homeowners (Olsen 2007) – a group that is underrepresented by blacks. An alternative explanation is that by the nature of segmented housing markets, blacks' are limited to action spaces with a paucity of owned units, consequently requiring wealth for black households seeking to acquire housing; whereas the surplus of owned units in white markets enables white households to acquire housing regardless of wealth. Regardless of the explanation, the positive interactions between race and the two wealth measures are insufficient in magnitude to have a meaningful effect on blacks' probabilities of transitioning to ownership. Indeed, as shown in the left panel of Figure 1, black nonowners with extended family wealth of $250,000 are still less likely to become homeowners than whites with no extended family wealth.

<div align="center">9</div>

Again, the fact that the probability of transitioning to ownership remains lower for blacks with affluent families than white with poor families is consistent with the "weak" version of the stratification model.

Ongoing Research
The findings discussed above are preliminary, but provide a solid start to examining the influence of extended family wealth on household wealth accumulation and the transition to ownership. Nonetheless, subsequent analyses are necessary to provide a more complete story of this relationship. Several steps will be taken in coming months. First, it is possible that our estimates of wealth on ownership are misleading since we include elderly households and households making multiple ownership transitions. This is due to the fact that elderly nonowners may possess a large stock of wealth, but have no intention to use it to acquire housing. To address this concern, we will model separately the wealth and housing outcomes for two subsamples: young households and households who have not previously owned housing, i.e., those making a first transition. Second, we will consider alternative measures of financial help received and provided, namely dichotomous indicators of whether any transfers were made, and extending our observation window from the previous year to the previous five years. Third, to account for the "reach" of extended family social support, we plan to include in our models a term of family size. Lastly, to test the relevance of the explanation that housing market conditions attenuate wealth effects, we are planning to include controls that tap the tightness of local housing markets (e.g., rent-to-income ratios, vacancy rates) and the prevalence of dual housing markets (e.g., residential segregation). Checking whether the impact of wealth and/or housing market conditions varies over time will be addressed by including interaction terms between these variables and the survey year.

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Table 1: Descriptive statistics for variables used in analysis, nonowners at beginning of interval

	Pooled renters (n=28,619)		Black renters (n=15,057)		White renters (n=13,562)	
Household nonhousing wealth (in thou.)	23.21	(163.21)	8.59	(51.22)	39.44	(229.79)
Transition to ownership by end of interval (yes=1)	.16	(.36)	.11	(.31)	.22	(.41)
Housing equity (net value of housing, in thou.)[a]	18.17	(50.82)	7.09	(22.11)	24.20	(60.17)
Average extended-family total household wealth (in thou.)	61.28	(200.31)	20.06	(44.01)	107.27	(280.78)
Amount of financial help provided to others in past year (in thou.)	.61	(5.77)	.62	(6.46)	.61	(4.88)
Amount of financial help received from others in past year (in thou.)	.60	(6.93)	.50	(6.52)	.71	(7.37)
Black	.53	(.50)	--		--	
Age (in years)	37.88	(15.37)	37.47	(13.72)	38.34	(17.01)
Female	.45	(.50)	.54	(.50)	.35	(.48)
Married or permanently coresiding	.34	(.47)	.28	(.45)	.42	(.49)
Number of children	.93	(1.26)	1.20	(1.39)	.64	(1.02)
Number of people per room in home	.61	(.39)	.67	(.44)	.53	(.32)
In same housing for 3+ years	.34	(.47)	.38	(.48)	.31	(.46)
Lives in public housing	.14	(.34)	.21	(.41)	.06	(.23)
Educational attainment	12.18	(2.75)	11.62	(2.66)	12.80	(2.70)
Total taxable household income	23.02	(27.75)	16.95	(19.64)	29.75	(33.33)

Standard deviations in parentheses; [a] Limited to those who transitioned to ownership

Table 2: Regression coefficients for models predicting household nonhousing wealth, nonowners

|	(1)	(2)	(3)	(4)	(5)
Black	-30.85 ***	-20.08 ***	-16.15 ***	12.78	12.78
	(3.33)	(2.51)	(2.37)	(8.03)	(8.03)
Age		.66 ***	.72 ***	.68 ***	.68 ***
		(.12)	(.12)	(.10)	(.10)
Female		-5.97	-2.27	-5.14	-5.06
		(3.32)	(3.39)	(3.50)	(3.51)
Married		7.79 *	-8.61 *	.95	1.01
		(3.47)	(3.67)	(4.26)	(4.26)
Number of children		-1.23	-.98	1.25	1.32
		(1.49)	(1.47)	(1.40)	(1.42)
People per room		-7.16	-2.76	1.04	.97
		(4.17)	(4.21)	(2.98)	(3.02)
In same house for 3+ years		-.14	-.98	-1.89	-1.80
		(2.38)	(2.24)	(2.03)	(2.02)
Lives in public housing		-3.08 *	.64	1.87	1.83
		(1.42)	(1.46)	(1.40)	(1.39)
Year		.62 *	.26	-.72	-.74
		(.25)	(.24)	(.45)	(.46)
Educational attainment		4.76 ***	2.57 **	-.43	-.44
		(.77)	(.91)	(.82)	(.82)
Taxable income			.85 ***	.42 *	.42 *
			(.18)	(.19)	(.19)
Extended family wealth				.44 ***	.44 ***
				(.14)	(.14)
Amount of support provided to others					.18
					(.13)
Amount of support received from others					.28
					(.19)
Constant	39.44 ***	-1287.97 ***	-558.27	1385.71	1443.86
	(3.26)	(501.18)	(476.44)	(903.70)	(914.03)
R-squared	.01	.02	.03	.30	.30

N=28,619; Standard errors in parentheses; *** p < .001, ** p < .01, * p < .05

Table 3: Logistic regression coefficients for models predicting transition to home ownership

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Black	-.84 ***	-.61 ***	-.50 ***	-.50 ***	-.49 ***	-.57 ***	-.57 ***
	(.04)	(.04)	(.05)	(.05)	(.05)	(.05)	(.05)
Age		-.01 ***	-.01 *	-.01 *	-.01 *	-.01 *	-.01 *
		(.00)	(.00)	(.00)	(.00)	(.00)	(.00)
Female		-.25 ***	-.20 ***	-.20 ***	-.20 ***	-.19 ***	-.19 ***
		(.05)	(.05)	(.05)	(.05)	(.05)	(.05)
Married		.61 ***	.40 ***	.40 ***	.41 ***	.40 ***	.40 ***
		(.05)	(.06)	(.06)	(.06)	(.06)	(.06)
Number of children		.05 **	.06 **	.06 **	.06 **	.06 **	.06 **
		(.02)	(.02)	(.02)	(.02)	(.02)	(.02)
People per room		-.28 ***	-.16 *	-.16 *	-.16 *	-.15 *	-.15 *
		(.07)	(.07)	(.07)	(.07)	(.07)	(.07)
In same house for 3+ years		-.09 *	-.09 *	-.09 *	-.09 *	-.09 *	-.09 *
		(.04)	(.04)	(.04)	(.04)	(.04)	(.04)
Lives in public housing		-.74 ***	-.63 ***	-.63 ***	-.63 ***	-.62 ***	-.62 ***
		(.08)	(.08)	(.08)	(.08)	(.08)	(.08)
Year		.04 ***	.03 ***	.03 ***	.03 ***	.03 ***	.03 ***
		(.00)	(.00)	(.00)	(.00)	(.00)	(.00)
Educational attainment			.05 ***	.05 ***	.05 ***	.05 ***	.05 ***
			(.01)	(.01)	(.01)	(.01)	(.01)
Taxable income			.009 ***	.009 ***	.009 ***	.009 ***	.009 ***
			(.002)	(.002)	(.002)	(.002)	(.002)
Household nonhousing wealth				.000	.000	.000	.000
				(.000)	(.000)	(.000)	(.000)
Extended family wealth					.000	.000	.000
					(.000)	(.000)	(.000)
Black x Household nonhousing wealth						.000 **	.000 **
						(.000)	(.000)
Black x Extended family wealth						.002 **	.002 **
						(.000)	(.001)
Amount of support provided to others							.003
							(.003)
Amount of support received from others							-.003
							(.003)
Constant	-1.29 ***	-76.23 ***	-59.10 ***	-59.05 ***	-58.33 ***	-55.64 ***	-57.05 ***
	(.03)	(9.34)	(9.53)	(9.53)	(9.53)	(9.56)	(9.46)
Wald chi-square	402.60 ***	912.71 ***	937.16 ***	936.96 ***	944.18 ***	976.57 ***	972.64 ***

N=28,619; Robust standard errors in parentheses; *** p < .001, ** p < .01, * p < .05

Figure 1: Gross and net predicted probabilities of transitioning from renting to owning between time t and $t+1$, black and white householders.
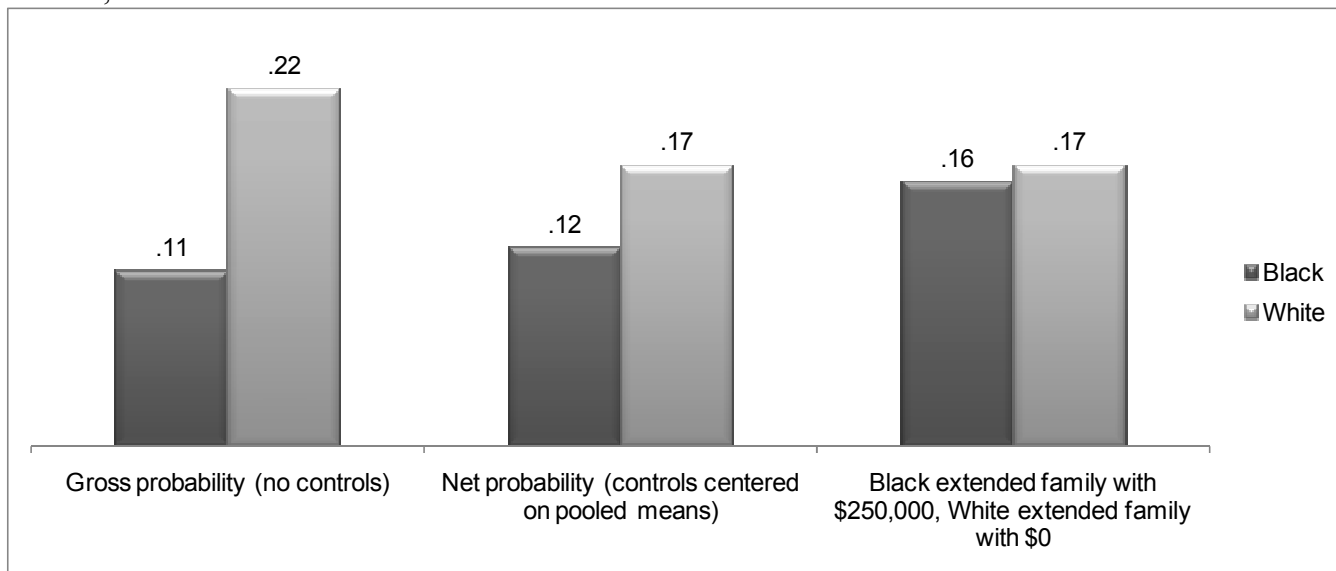
Gross probabilities based on coefficients in Model 1 of Table 3; Net probabilities based on those in Model 7.