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Achieving the American Dream

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Achieving the American Dream: Facilitators and Barriers to Homeownership Among Immigrants

Marcia A. Shobe
Lutchmie Narine

ABSTRACT. As of March 2003, the immigrant population in the United States (US) has reached 33.5 million individuals. Finding a way out of poverty is very difficult for many immigrants due to both individual and institutional barriers to savings and asset accumulation. Given that the primary sources of wealth among native-born households is through homeownership, it is only fitting that foreign-born households would also wish to achieve the “American Dream.” This paper outlines significant supports and barriers to savings and, more importantly, homeownership among US immigrants. Several suggestions for asset-based policy development for immigrants are also included in the discussion. By examining these concepts, policy practitioners can learn how to improve economic well-being for current immigrants and future generations of Americans. *[Article copies available for a fee from The Haworth Document Delivery Service: 1-800-HAWORTH. E-mail address: <docdelivery@haworthpress.com> Website: <<http://www.HaworthPress.com>> © 2005 by The Haworth Press, Inc. All rights reserved.]*

KEYWORDS. Immigrants, homeownership, human capital, wealth

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Since 1900 the immigrant population has tripled in size, reaching 33.5 million in March 2003 (Camarota, 2003). In 2002, it was estimated that 32% of immigrants were naturalized citizens, 30% were green card holders (Lawful Permanent Residents), 28% were undocumented immigrants, and 5% were refugees (Moran & Petsod, 2004). It should come as no surprise then that 20% of individuals currently residing in the United States are either foreign born or have an immigrant parent (Ruiz de Velasco & Fix, 2000).

Recent immigrants from Asia and Mexico tend to experience several markers of disadvantage, including lower English proficiency rates, higher poverty levels, and lower rates of citizenship (Singer, 2004). The steady influx of immigrants into the US and their need to assimilate into the workforce has important consequences for the current and future economic well-being of the nation. Unfortunately, many newly arrived immigrants face additional barriers to economic self-sufficiency than their more established immigrant counterparts. Passage of the Personal Responsibility and Work Opportunities Act of 1996 only increased barriers to economic security by denying undocumented immigrants and limiting documented immigrants access to social and economic support services. Given the effects of unemployment on the US economy and the development of our nation at the hands of immigrants, it is important to find ways to help immigrants achieve economic sufficiency.

This paper will begin by describing the rates of income and asset poverty among different racial and ethnic groups in the US in order to identify gaps in financial and wealth holdings and barriers to long-term economic sufficiency. A discussion of the savings and asset development trends and outcomes among immigrants in the US will follow. Given that the most common form of asset accumulation in the US is through homeownership, the authors outline the barriers and facilitators to homeownership among immigrants, with particular emphasis on the role of human capital. Finally, several important individually and institutionally based policy initiatives designed to foster homeownership among economically vulnerable immigrant households are described.

INCOME AND ASSET POVERTY IN THE US

Income. A review of the current distribution of income and assets in the US reveals wide gaps between the “haves” and the “have nots.” For example, the 2002 income poverty rate reached 12.1% among all US households (Proctor & Dalaker, 2003). In addition, the bottom

two-fifths of households held 12% of the nation's income while the top one-fifth of households held 50% of all income (DeNavas-Walt, Cleveland, & Webster, 2003). Income disparities between native- and foreign-born populations in the US are wide (Chapman & Bernstein, 2002), with over 41% of immigrants living in poverty or near poverty in 2003 compared with 29% of native-born individuals (Camarota, 2003). In 2001, the average annual income for low-wage immigrant workers was \$14,400, and in 2002, two million immigrant workers earned less than minimum wage (Capps, Fix, Passel, Ost, & Perez-Lopez, 2003).

Turning to labor market trends, an estimated 17.9 immigrants are in the US workforce (Capps et al., 2003), six million of whom comprise undocumented workers (Passel, Capps, & Fix, 2004). Labor force participation is much higher for undocumented versus documented immigrants, with an estimated 96% of undocumented men and 64% of undocumented women participating in the workforce. One explanation for the higher rate of employment among undocumented workers is that they tend to work for lower wages than both native-born and documented immigrant workers. Another explanation may be that the majority of undocumented workers earn less than twice the minimum wage and are, therefore, more affordable to employers than documented workers. Finally, undocumented immigrants may obtain more work because the males are younger, and unlikely to be disabled, retired, or in school (Passel, Capps, & Fix, 2004).

Assets. While earned income from the workforce is the primary way in which immigrants use economic resources for consumption, asset development through savings and investments often represent long-term economic security for foreign-born households. Unfortunately, many immigrant groups are asset poor. For the purposes of this paper, asset poverty is defined as households whose "access to *wealth-type resources* is insufficient to enable them to meet their *basic needs* for some limited *period of time*" (Haveman, Wolff, & Levy, 2001, p. 6).

There has been minimal examination in the research community regarding the rates of overall asset poverty in the US and, more specifically, the ways in which immigrants accumulate assets over time. This is unfortunate, for as Cobb-Clark and Hildebrand (2003, p. 4) state, "wealth is an important measure of overall economic well-being which directly influences the ability of migrants to successfully integrate into host-country-society." Resulting from the shortage of asset poverty data in the US and abroad, researchers indicate a need to include wealth indicators in future socioeconomic data (Headey & Wooden, 2004; Robles, 2004).

Turning to asset data that are available, the Survey of Income Program Participation (SIPP) datasets from 1990 to 1996 have been used by researchers to gauge wealth status among immigrants. Findings from one study indicate that asset poverty rates among immigrants are more bleak than income poverty rates, with the median net worth of native-born households 2.3 times higher than foreign-born households (Cobb-Clark & Hildebrand, 2003). In addition, native-born singles hold three times more median wealth than immigrant singles. When examining duration of time in the US among immigrants, findings indicate that *established* immigrants tend to hold less savings and investments and more real estate equity than recent immigrants. The term *established* is defined here as the head of household having arrived between 11 and 20 years prior to the data collection date (Camarota, 2001). The decrease in financial wealth holdings as time in the US increases may be due to transitory income shocks, credit restraints, and limited access to social welfare services (Cobb-Clark & Hildebrand, 2003).

The 1993 SIPP data indicate wide asset disparities between native- and foreign-born households, particularly when grouped by race-ethnicity. For example, non-Hispanic White and Asian immigrants were likely to have more net worth than Black and Hispanic immigrant groups. These findings mirror the wealth data for native-born groups by race-ethnicity (Hao, 2001). Thus, it is important to note that, in addition to immigrant status, race and ethnicity may also play an important role in explaining the wealth gap.

Importance of Assets

The prevailing paradigm, consistent with neoclassical economic theory, suggests that income and assets are merely different forms of the same resource, whereby income meets current consumption needs and assets (or stored income) meet future consumption needs (Modigliani & Brumberg, 1954). Oliver and Shapiro (1995) suggest that income alone is not an adequate measure of well-being and that the neoclassical emphasis on income and consumption has resulted in less information about household assets than household income. In fact, most social science and census surveys of the US population have gathered extensive data on types, amounts, and sources of income but have not included any asset measures (Haveman, 1989; Levitan, Mangum, & Pines, 1989).

Thus, another part of understanding household poverty may have to do with inadequate assets, or asset poverty. Oliver and Shapiro (1995)

provide an apt description of how assets and income operate within a household:

Wealth is a special form of money not used to purchase milk and shoes and other life necessities. More often it is used to create opportunities, secure a desired stature and standard of living, or pass class status along to one's children. In this sense the command over resources that wealth entails is more encompassing than is income or education, and closer in meaning and theoretical significance to our traditional notions of economic well-being and access to life chances. (p. 2)

Following Sherraden (1991), the term "assets" will be used here to mean financial capital such as savings and investments, and property capital including homeownership and other real property. Household assets also provide households with a nest egg that can offer economic stability to families experiencing financial crises (Caner & Wolff, 2002; Oliver & Shapiro, 1995; Sherraden, 1991). Thus, household assets, combined with income, may provide better indicators of overall economic well-being for immigrant families.

ASSET DEVELOPMENT AMONG IMMIGRANTS

Savings

One of the most common ways to build assets in the US is through savings. Aggregate savings are essential to national economic security because they are the foundation for capital formation. While individuals save for a number of reasons, many do so in order to offset spending or to make a large purchase (Alter, Goldin, & Rotella, 1994). Economists and historians have abundant information regarding the ways in which middle- and upper-income native-born individuals save money. However, the ways in which low-income foreign-born groups save has remained somewhat of a mystery. Based on the little research data that are available, findings from the past decade indicate that immigrants tend to have less wealth than native-born groups, even when controlling for family size (Amuedo-Dorantes & Poxo, 2002).

This finding can be partially explained by the need for immigrants to send money back home to their native country and by the low wages they earn here in the US. Immigrants also tend to have more precautionary

savings, or savings accumulated with the intent to offset future economic difficulties, than net worth. This may be due to the higher risks involved in living in a foreign land such as labor market instability; financial and health-related crises, and geographic distance to family members who could offer assistance (Amuedo-Dorantes & Poxo, 2002).

Asset theory purports that, contrary to popular opinion, most people do not save by using money left over after paying monthly bills, rather most people save through institutional structures designed to assist them to invest in their future and in their communities (Sherraden, 1997). Recent research supports this notion. For example, findings suggests that low-income native- and foreign-born individuals can and do save when they have access to institutional structures comparable to banks and savings programs that facilitate asset building (Alter, Goldin, & Rotella, 1994; Beverly & Sherraden, 1997; Sherraden, Johnson, Clancy, Beverly, Schreiner, Zhan, & Curley, 2000). Data from the oldest mutual savings bank in the US, the Philadelphia Saving Fund Society, indicate that Irish immigrant servants were substantially overrepresented among account holders in 1850. While this may be due to the influx of female immigrant servants to the central city where the saving fund society was located, it nonetheless highlights the fact that when institutional structures for savings and investment are available, immigrants have traditionally made good use of them (Alter, Goldin, & Rotella, 1994).

Another community-based financial institution that began in 1908 and has supported asset development among immigrant groups is the Community Development Credit Union (CDCU). CDCUs are self-sustaining financial institutions that actively serve economically vulnerable, and racially and ethnically diverse communities. For example, many rural CDCUs were developed in North Carolina in the late 1930s in order to serve African-Americans who were excluded from the mainstream banking system. In the 1950s credit unions were developed to provide savings and investment opportunities to rural Hispanic communities in Nebraska and Texas. Thus, CDCUs have historically provided inclusive asset building opportunities for low-income native- and foreign-born groups nationwide.

Although the Reagan administration in the 1980s brought drastic cuts in federal funding for CDCUs, the Clinton administration in the 1990s helped restore its public and private funding. In 2002, approximately 215 Community Development Credit Unions were in operation in 41 states with over two billion dollars in member savings. In an effort to address housing issues such as predatory lending and substandard services for economically destitute minority settlements along

the US/Mexican border, the Federation of Community Development Credit Unions (FCDCU) signed a contract with the Department of Housing and Urban Development (HUD) in 2001 (Rosenthal, 2003). This contract solidifies a commitment by HUD and FCDCU to boost minority homeownership through the development of affordable homes, combat predatory lending, and bring new financial services to US/Mexican border residents (Martinez, 2002).

Yet many immigrant communities in the US remain under-served by mainstream financial institutions. Financial institutions like savings fund societies and CDCUs have helped generations of low-income people save significant amounts of money for long-term economic development purposes including homeownership, capitalization of small businesses, retirement, and bequests to children and grandchildren. Without continued support for community-based financial institutions, foreign-born groups will continue to be “left out of the loop” when it comes to asset development.

Homeownership

Turning to asset development purposes, for most people in the US, homeownership is the most important vehicle in which to hold assets (Mirowsky & Ross, 1999; Oliver & Shapiro, 1995; Sherraden, 1991). In 1993, home equity accounted for 44% of household net worth in the US, with 64% of individuals owning the homes in which they live (Eller & Fraser, 1995). Currently the overall homeownership rate is nearing 68% in the US (Amuedo-Dorantes & Pozo, 2002).

Some of the benefits to homeownership include improved accommodations, tax benefits, and pride in ownership. Homeowners tend to hold much more wealth than renters, even when controlling for home equity. For example, in 1999, the asset poverty rate among homeowners was approximately 6%, far lower than the 67% rate for renters. Even after excluding home equity, renters experience twice as much asset poverty as homeowners (27 versus 67 percent). Finally, as demonstrated in Table 1, the severity of asset poverty among poor renters is more than five times that of poor homeowners (Caner & Wolff, 2002).

Other benefits to homeownership include increased community-participation and health. For example, unlike renters, who often reside in neighborhoods for the short term, homeowners tend to contribute to the neighborhoods in which they live by participating in activities designed to maintain and increase the quality of their community (Camarota, 2001). Homeownership is also positively associated with physical health for both

TABLE 1. Composition of the Asset-Poor; 1984-1999, by Various Wealth Measures

	Net Worth			
	1984	1989	1994	1999
Race/Ethnicity				
White	67.96	66.44	70.21	57.05
Black	26.91	26.06	25.26	23.50
Latin American	4.92	6.50	2.58	13.64
Other	0.21	1.00	1.96	5.81
Housing Tenure				
Homeowner	5.35	8.86	14.15	15.38
Renter	94.65	91.14	85.85	84.62
Education				
< High School	37.25	36.16	30.06	36.19
High School	36.11	33.57	36.35	29.39
Some College	16.08	19.28	19.98	20.66
College Graduate	10.55	10.99	13.60	13.77

Source: Caner & Wolff (2002) calculations using PSID, 1984, 1989, 1994, and 1999 surveys.

men (Robert & House, 1996; Stronks, van de Mheen, van den Bos & Mackenbach, 1997) and women (Baker & Taylor, 1997; Hahn, 1993; Robert & House, 1996; Stronks et al., 1997) with homeowners reporting lower rates of smoking (Kendig, Browning & Teshuva, 1998) and lung cancer (Pugh, Power, Goldblatt & Arber, 1991), and higher rates of nursing home admissions (Greene & Ondrich, 1990).

Homeownership rates and home equity vary tremendously on the bases of residency status, with the foreign-born lagging behind native-born homeowners. For example, immigrant homeownership rates have decreased within the past three decades, with nearly 46% of established immigrants owning their homes in 2000 compared with close to 57% in 1970. Conversely, native-born rates have steadily increased, with approximately 70% of native-born households owning their homes in 2000 compared with 63% in 1970 (Camorata, 2001).

Interestingly, the median value of foreign-born homes tends to be higher than native-born homes. For example, 1990 Census data indicate that mean home values for the native-born were \$107,000 compared with \$163,000 for immigrants (Chiswick & Miller, 2003). One of the primary

reasons for the large discrepancy in home values is related to geographic location. In 1990, one-third of all immigrants were settled in three high-cost metropolitan areas including Los Angeles, New York, and Miami, thereby drastically increasing home values (Borjas, 2002; Chiswick & Miller, 2003). By 2000, more immigrants resided in suburbs than in cities (Singer, 2004).

Barriers and Facilitators to Homeownership

Given the increasing numbers of foreign-born individuals who permanently migrate to the US, it is important to understand the facilitators and barriers to economic sustainability. Information related to economic development can, in turn, help immigrants become successful participants and contributors to neighborhoods, communities, and the society as a whole. Some of the barriers to savings and wealth accumulation among immigrant populations include (1) an inability to access the social welfare system; (2) different and risky earnings profiles (Carroll et al., 1998); (3) the possibility of remigration; and (4) language barriers (Amuedo-Dorantes & Pozo, 2002). With respect to language proficiency, 46% of immigrant workers in 2000 had limited English proficiency (Capps et al., 2003). Finally, an important barrier to asset development among immigrants is related to bequeathals. Unlike many native-born households, many foreign-born populations do not receive inherited wealth in the US (Hao, 2001). In addition, given the age of entry into the US, the need to send money to their native country, and the availability of low-wage jobs, many foreign-born households begin building wealth at a later stage than native-born households.

Human Capital

One of the primary barriers overall to achieving homeownership among immigrant groups is related to human capital. The concept of "human capital" can be attributed to economists such as Theodore W. Schultz, Gary S. Becker, and Jacob Mincer (Beverly & Sherraden, 1997). Human capital has been defined as a composite of individual skills and competencies that are used for future privilege, such as employment opportunities, income, and productivity (Beverly & Sherraden, 1997; Oliver & Shapiro, 1995). From a macro perspective, human capital in the form of educational level affects labor market outcomes, social resources, community and neighborhood economic viability, and household economic resources (Beverly & Sherraden, 1997). Several researchers have

focused on educational efforts and school retention to measure human capital, since these often influence future individual, social, and economic well-being (Essen, Fogelman & Head, 1978; Hill & Duncan, 1987; Green & White, 1994).

Turning to academic achievement, few would doubt that economic success in the US is predicted by one's level of education. Recent findings on the economic advantages of educational attainment support this concept (Camarota, 2001; Miller, 1998). For example, individuals with an advanced education are more likely to be employed, have higher earnings, receive more benefits, and have access to increased opportunities for advancement (Beverly & Sherraden, 1997). In support of this notion, data indicate that 56% of adults without a high school diploma lived in poverty compared with 10% of adults who had a college diploma in 2000 (Camarota, 2001).

Immigrant groups are often at an economic disadvantage in the US, with native- and foreign-born groups showing wide discrepancies in educational level. Regrettably, the past three decades have witnessed a decline in the educational level of immigrants relative to US natives. For example, research conducted by the Center for Immigration Studies found that in 2000, "more than three times as many recent immigrants as natives lacked a high school education" (Camarota, 2001, p. 11). Stated differently, only 1% of native-born workers have less than a ninth grade education, compared with 18% of immigrants. As a result, 75% of the 5.3 million low-wage native- and foreign-born workers are immigrants with less than a ninth grade education. Discrepancies continue to be present even as educational level increases, with 31% of native-born and 17% of foreign-born workers reporting some college experience (Capps et al., 2003).

Asset poverty rates are also associated with educational level, as individuals without high school education are unprepared for the workforce, thereby making them (1) less likely to be permanently employed, (2) more likely to receive public assistance benefits, and (3) at increased risk for substance abuse and incarceration (Kirsch, Jungeblut, Jenkins, & Kolstad, 1993). Not holding a college degree also affects asset accumulation in that individuals who drop out of college are twice as likely to be asset-poor as those with a college degree (Caner & Wolff, 2001; Haveman, Wolff, & Levy, 2001).

The level of human capital of the foreign-born has also been found to be highly correlated with homeownership status (Chiswick & Miller, 2003). For example, in 1990, 72% of immigrants with a college diploma owned their homes compared with only a 46% homeownership rate

among immigrant high school dropouts (Camarota, 2001). Thus, the reported decline in educational level for immigrants has important implications for asset development and, more specifically, homeownership rates.

HOMEOWNERSHIP POLICY INITIATIVES AND IMMIGRANT GROUPS

Examples of homeownership initiatives designed to enhance social and economic well-being have surfaced only recently in US anti-poverty discussions. The Homestead Act of 1862 and the G.I. Bill were two federal policies that helped many low-income individuals build assets through homeownership. The long-term effects of these policies on both household and national socioeconomic well-being were widespread. Both policies resulted in massive transfers of financial and property assets for long-term household economic development, thereby dramatically increasing intergenerational well-being.

However, the Homestead Act is criticized for helping white people and discriminating against African-Americans (Potter & Schamel, 1997). One reason for this discrimination in the pre-Civil War era is that four million Black slaves were ineligible to acquire public land since they were not considered citizens. Following the war, legal obstacles, known as “black codes” were instituted in order to prevent freedmen from purchasing property (Williams, 2000). Following the Civil War, the Southern Homestead Act of 1866 was passed and provided “a legal basis and mechanism to promote black landownership” (Oliver & Shapiro, 1995). Despite some policy implementation problems, the Southern Homestead Act helped 25% of African-American farmers in the south become landowners by 1900 (Lanza, 1990). It is important to note that once again Native Americans and immigrants were excluded from land acquisition opportunities.

Many of the same barriers that existed hundreds of years ago for immigrants still exist today. For example, institutions that encourage savings and investments in the US are often successful at helping the middle- and upper-income native-born build assets through homeownership but often do not support homeowning for immigrant populations. One reason for the asset disparities may be that immigrants: (1) lack fluency in English; (2) are not linked to mainstream financial institutions; (3) have not yet established a credit history, and (4) do not qualify for loans. Institutional racism creates another barrier for immigrants to achieve homeownership. The

real estate practice of redlining, or intentionally limiting the areas in which non-white individuals can buy homes or purchase mortgages, combined with discriminatory banking policies, continue to limit homeownership opportunities for immigrants (Oliver & Shapiro, 1995). Finally, meager income levels and low marginal tax liability and benefits often exclude immigrants since asset-based initiatives are designed to benefit native-born middle- and upper-income individuals who already hold assets in the form of property, retirement savings, and other investments.

Human Capital Initiatives

Of the 17.9 million foreign-born workers in the US, as many as 12.7 million are undocumented. Although undocumented immigrants are less likely to be proficient in English or to have a high school diploma, most of the job-training and work-support programs in the US are restricted by federal law to legal immigrants only (Capps, Fix, Passel, Ost, & Perez-Lopez, 2003). Workplace training programs that provide linguistics, education, and employment training for undocumented immigrants would help level the economic and employment playing fields.

In response to this problem, between 1988 and 1994 the US Department of Education's National Workplace Literacy Program (NWLP) funded over 300 programs nationwide that offered instructions in skill development, ESL training, and literacy to both documented and undocumented immigrants (Burt & Saccomano, 1995). The Workforce Investment Act (WIA) of 1998 replaced the Job Training Partnership Act (JTPA) and developed a "one-stop shop" approach to providing workforce services to native- and foreign-born job seekers and employers alike (Frank, Rahmanou, & Savner, 2003). Employers hailed the program a success since it helped them with hard-to-fill positions. Research findings from the WIA indicate that industry-specific workplace training programs increase skill development, labor market participation, and earning potential. In addition, median earnings of workplace training participants increased by 31% after two years (Conway & Rademacher, 2004). These results could have a positive impact on future homeownership rates for immigrants.

Of those who supported the goals of the WIA, several gave suggestions to make the services more accessible to immigrants. Suggestions for reauthorization of the WIA in 2003 included (1) more accessible training services for immigrants; (2) increased English language instruction; and (3) less "creaming" of individuals who stand to be most

successful in job placement (Moran, 2004). The WIA bill is currently awaiting legislative consideration.

Tax Code Expenditures

Public policies have historically helped middle- and upper-income individuals purchase homes through the provision of tax exclusions, deductions, and credits (Beverly & Dailey, 2003). Most tax incentives, or what Titmuss (1958) calls fiscal welfare, help non-poor people build property assets and retirement income. For example, the largest tax expenditures in the United States subsidize asset accumulation through (1) exclusions for employer-sponsored pension contributions and earnings, and untaxed Social Security benefits; (2) deferments for Individual Retirement Accounts and Keogh Plans; (3) deductions of home mortgage interest and property taxes; and (4) deferments and exclusions of capital gains on sales of principal residences. Low-income native- and foreign-born individuals are often unable to take advantage of these tax incentives since many do not own homes (Beverly & Dailey, 2003).

In addition to unequal access to asset building opportunities through the tax code due to low earnings, marginal tax rates, limited retirement savings, and low homeownership rates, immigrants are also prohibited from building assets in the form of homeownership through the Earned Income Tax Credit (EITC). The EITC was established by the US government in 1975 in an effort to (1) provide a wage supplement for the working poor who have children; (2) reduce taxes for working poor families who have a tax liability; and (3) grant a refundable tax credit to families who have zero tax liability but file tax returns (Potter & Schamel, 1997). In a study that examined the different uses of EITC refunds, Smeeding et al. (2000) found that five percent of households intended to use their refunds to purchase a home or to relocate. The remaining households in the study used refunds for other asset development purposes such as savings, car purchases or repair, home furnishings, and educational expenses. Today the EITC program is the biggest income transfer program for low-income families in the US, with 2003 claims totaling more than \$36 billion for approximately 20 million working households (IRS, 2004). Although approximately 25% of all immigrant households receive EITC benefits each year, (Camarota, 2001) immigrant families and those in neighborhoods of concentrated poverty are the least likely to apply for

the funds, yet have the greatest potential for significant EITC refunds (Estabrook, 2004).

Along with other public and private organizations, the Federation of Community Development Credit Unions initiated a widespread campaign to publicize federal EITC programs for low-wage workers in the US (Rosenthal, 2003). Illegal working immigrants whose employment is not reported to the IRS (e.g., get paid “under the table”) or who do not have children who are legal US residents are currently prohibited from applying for EITC benefits. While costly in the short term, instituting policy initiatives that allow illegal working immigrants to apply for EITC benefits may be one way to promote homeownership and, subsequently, influence community financial and social investments, for the foreign-born.

Department of Housing and Urban Development

In an effort to address the barriers to homeownership, the HUD recently created policy initiatives to increase minority and immigrant homeownership rates (HUD, 2004). In 2002 President Bush partnered with HUD and other public and private organizations to adopt the Blueprint for the American Dream policy initiative. This policy goal is to increase minority and immigrant homeownership by 5.5 million by 2010. HUD and its partners adopted the following four steps for achieving its objective: (1) Providing housing counseling; (2) increasing affordable housing; (3) providing assistance with down payments and closing costs; and (4) offering alternative financing options. Included in the plan is a statement that, when appropriate, partners can offer different options for home financing and multi-lingual outreach to immigrant families (HUD, 2004). Unfortunately, the blueprint does not explain the phrase “when appropriate,” so it is difficult to gauge the parameters of financial assistance that will be provided and to whom.

Individual Development Accounts

In order to offset poverty among refugees, the Office of Refugee Resettlement (ORR) of the US Department of Health and Human Services (DHHS) traditionally provides refugees with cash, food, childcare, housing and health benefits and services (CFED, 2004). These provisions generally parallel those offered to native-born low-income households through the current public assistance system. Yet while cash benefits and in-kind services help economically vulnerable immigrant

households meet their basic needs, they do little to help propel households out of poverty.

Adopting the notion that a balance of income and assets is needed for overall household economic security, social work scholar Michael Sherraden proposed an asset-based anti-poverty initiative in order to help low-income households build wealth. He suggested offering dedicated savings accounts, called Individual Development Accounts (IDAs), to low-income individuals so that they can build assets in the form of homeownership, small business development, and post-secondary education. In 1999, the ORR expanded its income and in-kind services program and approved a national IDA project. Since the start of the IDA program, 1250 refugees in 16-refugee service programs across 11 states have opened dedicated savings accounts (CFED, 2003). In a similar vein, the Federation of Community Development Credit Unions also adopted IDAs as one method for its low- and moderate-income members to save money to build long-term assets in the form of homeownership (Rosenthal, 2003).

Hence, while immigrants face many individual and institutional barriers to asset development, several state and federal organizations have implemented policies and programs designed to help them increase their human capital and also to provide opportunities for asset development through homeownership. As a result, many immigrant households may become more equipped to achieve the American Dream of homeownership.

CONCLUSION

The US becomes home to close to one million legal immigrants and approximately 400,000 undocumented immigrants each year, causing the foreign-born to reach 28.4 million, or over ten percent of the total population (Camarota, 2001). One of the reasons so many immigrants come to the US is that they believe that everyone can achieve the American Dream if they work hard. There tend to be three primary steps for achieving economic mobility in the US for immigrant groups, including: (1) moving out of poverty, (2) relocating from the urban to suburban neighborhoods, and (3) purchasing a home (Myers, 1999).

Owning a home is the primary method for establishing a stake in US communities and, as such, brings with it several important individual, social, and economic outcomes. On an individual level, homeownership is hypothesized to increase feelings of empowerment, control, and self-efficacy

(Scanlon, 1997). In terms of social benefits, homeownership represents permanence, status, success, and control over the environment (Rakoff, 1977). From an economic perspective, homeownership signifies middle-class status and provides households with a lifetime economic investment (Myers, 1999). Yet despite its many positive effects, there continues to be a wide gap in homeownership rates based on citizenship status, with 49.5% of immigrant groups and 69.5% of native-born groups owning a home (Camarota, 2001).

Achieving homeownership is often made difficult for immigrants due to a number of individual and institutional barriers. One individual explanation for poverty among the foreign-born may be related to the lack of human capital. Many immigrants arrive in the US with limited education, minimal job skills, lack of fluency in English, and either minimal or no credit history. Since the level of human capital influences future success in the labor market, financial mainstream, and the social realm, many immigrants are at a significant economic disadvantage. From an institutional perspective, the lack of access to the mainstream banking industry, tax policies designed for upper- and middle-income households, and discriminatory real estate and hiring practices hinder the creation and maintenance of income and wealth for US foreign-born households.

In order to help support the steady influx of immigrants in the US, and to offset massive debts their hardships create on the economy, it is important for economists, social scientists, and policy practitioners to develop ways in which to foster long-term economic self-sufficiency, particularly through homeownership. This paper described some of the individual and institutional supports and barriers to savings and asset accumulation experienced by US immigrants. Also included are current asset-based policy initiatives that are designed to increase homeownership for immigrants. For example, President Bush plans to increase minority housing by 5.5 million by 2010. If achieved, the number of foreign-born groups that will be able to claim a stake in their communities through homeownership is significant. In addition, dedicated savings initiatives, called Individual Development Accounts, have received public and private funding and bipartisan support in the past decade in an effort to support homeownership among the nation's low-income households. Until asset-based initiatives reach immigrant groups, a continual examination of the facilitators and barriers to homeownership for immigrants is an important priority for social scientists and economists. Findings from these explorations can inform policy practitioners and public and private organizations how to increase the long-term economic well-being of current immigrant households and future generations of Americans.

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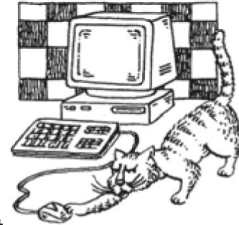
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