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RESEARCH NOTES

PARENTAL STATUS AND CHILD'S HOME OWNERSHIP*

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This paper explores the relation of parents' status to their children's home ownership. Home ownership by parents increases the probability of a child's home ownership. Parents' income is positively associated with the value of children's homes among owners, though it has no effect on probability of ownership. The effect of parents' income on home value is mediated by the level of gifts among black households and by parents' home value among whites. It is argued that gifts may measure direct aid and parental home value may measure a young person's expectations concerning appropriate housing standards. Data are from the Panel Study of Income Dynamics.

This paper explores the relation of parents' status to their children's home ownership and home value in both black and white households. Home ownership and home value are central claims to status because of their high visibility. Within any community, residents can easily rank the quality of neighborhoods (Logan and Collver, 1983) and individual houses. For a young household, ownership of an above-average value home may be particularly important in status evaluations because it indicates being "ahead" of one's age mates in the accumulation of goods. In such a case, both in social science and in everyday conversation, the question of the contribution of parents to home ownership of young households arises. Parental aid in home purchase is an interesting sociological topic since it is one mechanism that promotes the continuation of inequality from generation to generation and aids new households in an important aspect of the transition to adulthood.

INTERGENERATIONAL TRANSFERS

The social mechanisms through which parents can transfer advantage to their children (Brittain, 1977) fall into two categories—material aid and socialization. Material aid includes bequests; transfers of material wealth during the parents' lives, as when a parent pays for a child's education; and access to social networks that may lead to jobs or other opportunities. A second type of transfer results from socialization and consists of attitudes, preferences, or ways of acting. This category includes training in styles of dress or speech, attitudes, preferences, aspirations, and expectations.

In the case of education, the most extensively studied way parents transmit status to their children, both types of aid are important. Material aid includes paying for a postsecondary education or earlier private schooling. Socialization molds the child's expectations and aspirations about education that are usually assumed to play a causal role in attainment (e.g., Otto and Haller, 1979; Looker and Pineo, 1983).

Achievement of home ownership is an important socioeconomic attainment because it is the major source of wealth accumulation for most families (Kain and Quigley, 1972) and it is an important cultural symbol used to judge stability and success (Perin, 1977; Dreier, 1982). While early home ownership is not as critical a link in the stratification system as education, the two attainments share the same potential dependence on parental status. As with education, purchase of a home requires relatively large expenditures of money before the young person has very high earnings, and therefore direct parental aid may be important. Parents may give material aid directly, as in a loan or a gift for a down payment, a subsidy of monthly payments, or a promise to help in an emergency.

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Parents may also influence a child's ownership of a home through molding the child's expectations, aspirations, or attitudes. This pattern of influence, which is accepted as important in influencing educational attainment of children, is less commonly considered in other areas of parental transmission of status. However, Richard Easterlin (1980) argues that children form expectations concerning their appropriate standard of living according to the standard they had as adolescents in their parents' home. The extension of Easterlin's argument to housing suggests parental ownership and home value might influence a child's housing decisions as the child strives to emulate his or her parents' housing level.

Home ownership spans family and economic roles, and is a noteworthy event in the attainment of adult, independent status; for example, Perin (1977) argues that it defines "social personhood," giving full adult status to an individual. The two mechanisms of parental contribution to housing imply different relationships between generations leading to this public confirmation of adulthood. The data analyzed here do not allow examination of the richness of private family transactions, but direct aid may imply a child's continued dependence as the older generation strives to maintain family status, while socialization implies the continued effect of past influence.

The expected form of race differences in the effects of parental status is not clear from previous research. Research on educational attainment suggests that the relation between background and attainment is attenuated for blacks (see Gottfredson, 1981, for a review). In the housing literature, Wilson (1979) argues that residential consumption patterns of blacks are less related to demand characteristics such as family size than is true of whites since blacks operate in a limited housing market (Kain and Quigley, 1972, 1975; Straszheim, 1975; Struyk, 1976), in which prices may be higher and the choice of housing limited. Limited ownership opportunities might weaken the effect of parental status if they make home ownership more a result of "luck," but might increase parental influence if only those young persons who can marshal significant parental resources overcome barriers to ownership.

THE DESIGN OF THE STUDY

This paper addresses the following questions: Does parents' status affect the probability that children will own a home? Among owners, does parental status affect the value of the homes owned? Data are from households in the 1980 Panel Study of Income Dynamics (PSID) that contain a PSID sample member who in some earlier wave (i.e., 1968–1979) was a son or daughter in a household. By also using data from the last year the respondent was a son or daughter, it is possible to include characteristics of parent and child in the analysis. Data exist for parents of only one member of husband-wife households, and by PSID convention, the husband is the head in married households whether he or his wife is the sample member for whom earlier parental data exist.

There are two outcome variables of interest: a dummy for home ownership of young households in 1980; and total home value in 1980 for those new households that own.[1] Respondent's estimate of home value is as reliable an indicator of true value as an assessor's estimate or a recent purchase price (Kish and Lansing, 1954; Robins and West, 1977). Mortgage balance and home equity are also examined to aid in interpretation of the home value results.

The primary parental status variable is total family income of the parental household for the last year that the sample member in the 1980 new household was a son or daughter in a household. Since the last year varies between 1968 and 1979, parental income is adjusted to 1980 dollars using the Consumer Price Index for urban wage earners and clerical workers (U. S. Department of Labor, 1983).

Direct aid from parents to children is measured by a question asked of heads each year: "Did you (head) receive any income in 19__ from help from relatives?" This question is not asked of spouses, so it is likely that the question is interpreted by respondents as referring to aid to the family from all relatives. Each year's gifts are price adjusted and expressed in 1980 dollars, midpoints are assigned for the years the variable is categorized, and the amount of aid is summed for each year that data are available and the sample member has been a head or wife. The gift measure has a number of shortcomings. It is not necessarily restricted to gifts from parents, and it is not known whether any gifts were actually utilized for housing expenses. More important, the gift measure does not include some types of transfers that may play an important role in ownership: direct loans or guarantees of third-party loans.

Parents' housing status is measured by parental home value in the last year the child lived in the home, price adjusted to 1980 dollars, in the home value equation: and by a dummy for parental home ownership in the ownership equation. The same overall price index is used to adjust incomes and house values; since housing prices rose more rapidly

[1] The alternative of examining house value in the first year of ownership was not chosen because mortgage balance is not available for all years.

than the overall CPI in this period, it is possible that parental house values are understated. Parental housing status may measure child's expectations about appropriate housing or be a proxy for unmeasured aspects of parental wealth (e.g., Brittain, 1977). A discussion of these competing interpretations is best delayed until the results of the analysis have been presented.

Other variables include: total family income of the new household in 1980, coded in thousands of dollars; marital status of the new household (1=married; 0=not married); age in 1968 of the sample member in the new household; number of children aged 0–17 in the new household in 1980; years of education of the head of the new household; the number of years since the sample member has left his or her parents' household; the number of years the sample member has owned a home; and the number of children in the parents' household in the last year the sample member was a member of that household. Children in the parents' household measures number of younger siblings, but does not include older siblings who might compete for parental aid. Each equation is estimated net of dummies for region (south, north central, east, and west, using standard SRC coding) and city size (greater than 500,000, 100,000–499,999, less than 100,000).

Ownership equations are estimated for all eligible respondents. Since home value and related equations are estimated only for owners, the estimates presented are corrected for sample selection bias arising from the previous ownership decision (Heckman, 1980; Berk, 1983), using the probability of nonownership calculated from the race-specific final logit models presented. This variable is labeled the "hazard rate" in the tables.

RESULTS

The results of the analysis are reported in Tables 1 through 3; means and standard deviations for dependent variables are reported in the tables and for independent variables in the Appendix.[2] Table 1 reports that while 49 percent of the new white households were owners in 1980, only 28 percent of the new black households were owners. Table 2 shows, among owners, the mean value of homes was $53,866 for whites and $32,975 for blacks. Because of repeated findings that blacks and whites participate in different housing markets, have different probabilities of home ownership, and own houses of different mean value, analyses are presented separately by race (e.g., Kain and Quigley, 1972, 1975; Wilson, 1979; Henretta, 1979; Jackman and Jackman, 1980; Parcel, 1982).

Table 1 presents logistic regression models for ownership in 1980. The dependent variable, home ownership, is coded one for owners and zero for nonowners. Equation one for blacks and whites shows that parental income has no effect on ownership status. One's own income, marital status, and age have significant effects in both equations. Number of children is significant in the white equation, while education is significant in the black equation. In addition, among whites, those whose parents have larger numbers of children at home are less likely to own. These results are not analyzed further since the important conclusion from this equation is that parental income does not increase the probability of home ownership, net of child's income and family status.

Equation two adds the amount of parental gifts to the equation. In neither case does it have a significant effect. Equation three adds parental ownership status to the equation, and in both cases it has a strong positive effect on ownership by children. This effect does not represent a measured financial transfer since parental income and gifts had no effect in earlier equations. The separate equations for blacks and whites fit the data significantly better than a pooled equation with a race dummy (chi-square=72 with 15 d.f.).

Equation four adds one interaction to the equation: the interaction of parental ownership and period when the household became independent. The interaction does not improve the fit for whites, but has a strong effect in the black equation. Parental ownership has a nearly zero effect among those young black households that became independent in 1974 or earlier, while new households after 1974 are strongly affected by parental ownership. Interactions with period the household became independent are of particular interest because there is evidence (Ladenson, 1978; Henretta, unpubl.) that the period 1968–74 was a period when purchase rates for blacks were particularly high, perhaps because of federal housing subsidies in the FHA-235 program. The interaction suggests that the influence of parents' housing status may vary with structural conditions.[3]

[2] Since the PSID oversampled low income persons, analyses are weighted using the sampling weight. The number of cases for blacks and whites is preserved, and not weighted to population proportions. Because the weighting procedure for the logit involved using an input file with inclusion proportional to weight, the number of weighted cases reported in Table 1 differs slightly from the actual number of cases. The unweighted N for this analysis is 1623 for whites and 1215 for blacks.

[3] There are not significant interactions of gifts or parental income with time of independence. Separate

Table 1. Logistic Regression Models for 1980 Home Ownership[a]

	Whites				Blacks			
	1	2	3	4	1	2	3	4
Intercept	−3.810	−3.856	−4.268	−4.124	−7.375	−7.426	−7.422	−8.241
Parents' Income	.002	.002	−.001	−.001	.013	.012	.000	−.002
(1000)	(.004)	(.004)	(.004)	(.004)	(.008)	(.008)	(.009)	(.009)
Total Income	.099*	.098*	.099*	.099*	.053*	.055*	.056*	.060*
(1000)	(.009)	(.009)	(.009)	(.008)	(.010)	(.010)	(.010)	(.010)
Marital Status	1.049*	1.109*	1.102*	1.093*	2.021*	2.027*	1.995*	1.969*
	(.191)	(.191)	(.192)	(.192)	(.230)	(.232)	(.232)	(.233)
Age in 1968	.059*	.058*	.057*	.058*	.151*	.153*	.142*	.146*
	(.020)	(.020)	(.020)	(.020)	(.021)	(.021)	(.021)	(.021)
Number of	.375*	.372*	.360*	.363*	.095	.094	.076	.094
Children	(.079)	(.079)	(.080)	(.080)	(.075)	(.075)	(.076)	(.077)
Education	−.047	−.043	−.051	−.051	.212*	.208*	.193*	.195*
	(.034)	(.034)	(.035)	(.035)	(.047)	(.047)	(.048)	(.049)
Years in own	.084*	.088*	.094*	.099*	.057	.051	.069*	.186*
Household	(.030)	(.031)	(.031)	(.047)	(.030)	(.031)	(.031)	(.053)
Parents' Children	−.112*	−.112*	−.092*	−.092*	−.013	−.009	.007	−.001
	(.043)	(.043)	(.043)	(.043)	(.037)	(.037)	(.038)	(.038)
Gifts (1000)		−.024	−.021	−.020		.079	.095	.120
		(.034)	(.034)	(.034)		(.057)	(.059)	(.063)
Parent's Tenure			.681*	.507			.694*	1.258*
			(.182)	(.266)			(.191)	(.278)
Own HH before				−.295				−.328
1974				(.380)				(.415)
Parents' Tenure								
Own HH before				.308				−.950*
74 Interaction				(.347)				(.357)
South	.284	.294	.278	.268	−.486	−.429	−.525	−.496
	(.193)	(.193)	(.194)	(.195)	(.285)	(.288)	(.296)	(.302)
North Central	.576*	.579*	.493*	.476*	−1.008*	−.965*	−1.064*	−.976*
	(.179)	(.180)	(.182)	(.183)	(.289)	(.291)	(.299)	(.304)
West	.286	.294	.285	.273	−.983*	−.955*	−1.015*	−.999*
	(.211)	(.211)	(.212)	(.213)	(.418)	(.418)	(.424)	(.436)
City Size	−.717*	−.704*	−.673*	−.682*	−.850*	−.816*	−.799*	−.844*
>500,000	(.170)	(.170)	(.171)	(.172)	(.247)	(.247)	(.250)	(.255)
City Size	−.219	−.220	−.239	−.238	−.733*	−.737*	−.818*	−.816*
100–499,999	(.163)	(.163)	(.164)	(.164)	(.260)	(.261)	(.261)	(.264)
N				1565				1268
Chi-square[b]		.5	14.6	15.5		1.9	15.3	32.7
Mean Y[c]				.49				.28

[a] Standard errors in parentheses. Coefficients significant at .05 are marked with an asterisk.

[b] The chi-square value is the difference in minus two times the log likelihood between the particular equation and equation one. The −2L for equation one is 1451.0 for whites and 961.6 for blacks, and for the model with intercept only is 2169.2 for whites and 1511.2 for blacks.

[c] Weighted means and N. See text footnote two.

The remainder of the analysis addresses the issue of whether parental status affects child's home value for those children who are owners. The first two panels of Table 2 report coefficients and standard errors for the regression equations for home value estimated separately by race. The rightmost panel presents the t-tests for the difference between black and white coefficients derived from an equation with cross-products for the interactions of race with each of the variables. In both panels of equation one the effect of parental income is positive and significant. For whites, an increase of $1000 in parents' income is associated with a $138 increase in home value of the child. For blacks, the effect is $274. Both in relative terms, compared to the effect of child's own income, and in absolute dollars, the effect of parental income for blacks is greater than for

models by period do result in a significant improvement in fit, compared to the model presented, but they are not reported since the interactions don't involve the parental variables. Separate models for married and unmarried blacks fit better but the addition of interaction terms for marital status with parental income, gifts, and ownership in equation three does not result in a significant improvement in fit. Separate models do not result in a significant improvement in fit for whites in either of these cases.

Table 2. Regression Models for 1980 Home Value[a]

	Whites			Blacks			t-tests for race differences		
	1	2	3	1	2	3	1	2	3
Intercept	−28310	−32592	−45084	−20378	−39908	−41593			
Hazard Rate	2753	6154	16339	−12694	1064	2443	.85	.27	.72
	(11356)	(11630)	(11905)	(10029)	(10245)	(10461)			
Parents' Income	138*	143*	62	274*	192*	147	.98	.35	.48
(1000)	(53)	(53)	(57)	(88)	(87)	(110)			
Total Income	1093*	1145*	1264*	771*	939*	958*	1.23	.76	1.11
(1000)	(158)	(163)	(165)	(146)	(147)	(150)			
Marital Status	−615	−86	3274	−1563	2643	2808	.11	.31	.05
	(4944)	(4957)	(5013)	(4872)	(4820)	(4832)			
Age	655*	675*	770*	77	435	437	1.01	.41	.57
	(291)	(291)	(291)	(340)	(340)	(340)			
Number of	395	556	888	−3366*	−3098*	−3147*	2.06	2.01	2.22
Children	(1179)	(1185)	(1180)	(979)	(950)	(954)			
Education	2247*	2277*	1978*	1464*	1918*	1906*	.70	.32	.06
	(502)	(502)	(506)	(685)	(672)	(673)			
Years in Own	413	555	888	2045*	1501*	1535*	1.88	1.06	.72
Household	(517)	(526)	(532)	(486)	(488)	(491)			
Years as	892*	835	812	−1083*	−779	−741	2.28	1.85	1.78
Owner	(441)	(443)	(439)	(514)	(502)	(506)			
Parents'	596	517	375	−858	−564	−582	1.48	1.10	.97
Children	(659)	(661)	(658)	(517)	(505)	(507)			
Gifts (1000)		−493	−498		2660*	2750*		3.05	3.10
		(368)	(365)		(635)	(650)			
Parents' Home			126*			46			.73
Value (1000)			(36)			(69)			
South	−3568	−3299	−2728	19011*	16553*	16672*	3.37	2.95	2.89
	(2931)	(2936)	(2919)	(4107)	(4017)	(4025)			
North	−3284	−2950	−1761	16063*	13750*	13758*	2.66	2.28	2.13
Central	(2853)	(2862)	(2862)	(4549)	(4436)	(4441)			
West	14699*	14782*	15141*	29504*	27318*	27056*	1.43	1.21	1.16
	(3145)	(3144)	(3123)	(6662)	(6467)	(6487)			
City Size	4662	4326	2678	2153	141	64	.43	.72	.45
>500,000	(2610)	(2621)	(2644)	(3537)	(3456)	(3462)			
City Size	2957	2734	2212	4579	552	392	.31	.41	.34
100–499,999	(2319)	(2323)	(2312)	(3146)	(3193)	(3205)			
Mean			53866			32975			
R^2	.359	.361	.371	.544	.575	.575			
N			783			259			

[a] Standard errors in parentheses. Coefficients significant at .05 are marked with an asterisk.

whites, though the difference in income coefficients between blacks and whites is nonsignificant.

The effects of other variables in the equations are not surprising.[4] Education has a positive effect on home value for both blacks and whites. Education may be a proxy for future income stream or it may represent the effect of a set of values. Number of children has a significant negative effect for blacks, but not for whites. While marital status was a strong predictor of home ownership, it has no effect on home value.[5] Two variables are included to adjust for the varying number of years respondents have been in independent households or have been owners; the substan-

[4] The hazard rate is highly correlated with some of the other predictors in the equations, and therefore coefficients fluctuate more from equation to equation than if the hazard rate is not included. However, excepting the region and city size variables, inclusion or exclusion of the hazard rate in the home value equations does not change any variable from significant to nonsignificant or vice versa, at the .05 level. There are a few cases of change in the equity and mortgage equations, but these are mostly situations of borderline significance. Overall, the interpretation presented is unaffected by inclusion of the hazard rate.

[5] A large number of interactions between marital status, time of independence and the parental variables were tested in the various regression equations. Very few of these interaction terms were significant compared to the number tested, and there is no discernible pattern to the few that are.

tive results for these variables are discussed later.

The second equation adds the gift measure of direct transfers of money. The effect of parental gifts is negative and nonsignificant for whites, but is very strong and positive for blacks. The addition of parental gifts reduces the effect of parental income for blacks, but does not exhaust it. An increment of $1000 in gifts in the period since the child left the parental home is associated with an increase of $2660 in home value. This is an unusual finding since the effect of an increment in gifts is greater than the amount of the gift. Interpretations for this finding are discussed later, after equations for equity and mortgage balance are presented.

Equation three adds parents' home value in the last year the child resided there. For whites this has a positive and significant effect and mediates over one-half of the effect of parental income. The effect for blacks is nonsignificant, but the difference between blacks and whites is also nonsignificant. In any case, parental house value mediates relatively little of the effect of parental income for blacks. The pooled equation t-tests comparing coefficients for equation three for blacks and whites are presented in the rightmost column of Table 2; the number-of-children and the parental gifts coefficients are significantly different.[6]

One way to explore the findings presented is to estimate parallel equations for home equity and mortgage, the two components of home value. Mortgage and equity represent a number of influences. For example, equity reflects down payment, changes in market value, and later borrowing. As can be seen by inspection, the coefficients for any one variable in the equity and mortgage equations sum, within rounding error, to the coefficient in the home value equation since home equity was constructed as the difference between mortgage and value. Therefore, these equations are not independent of each other and primary emphasis will be given to the relative sizes of the two components of the home value coefficient.

The left panel of Table 3 presents for whites the equity and mortgage equations that parallel the final home value equation. Parental home value is somewhat more strongly associated with a larger mortgage than with greater equity, suggesting whites whose parents have more expensive houses are more likely to assume a larger mortgage. Number of children has a strong positive effect in the white equity equation, but it is not clear why this should be the case.

The results for blacks are presented in the right panel of the table. Parental gifts affect both mortgage and equity, but the effect on equity is slightly larger, with higher levels of gifts leading to higher equity. Parental home value also increases equity, adjusting for gifts. This may suggest that while whites borrow to approach the status level of their parents, black home owners depend on savings.

The effect of gifts on both equity and mortgage for blacks is greater than one, as it was in the home value equation. Inspection of the data indicates that the relation between gifts and home value is not simply the result of a few persons with very high levels of home value. Only 26 percent of black owners receive gifts, and those gifts tend to be small. However, even those blacks who report small amounts of gifts have increments in home value far in excess of gifts.[7] The size of the gifts coefficient suggests that the gifts variable may measure more than direct transfers. For example, gifts may affect equity through its correlation with loans or other unmeasured transfers. Gifts may have an effect on mortgage level because parents who give gifts may be more willing to cosign a mortgage. It is likely that gift giving in black families indicates some unmeasured aspect of family structure that aids young households; and it appears that these unmeasured

[6] Results from t-tests in the separate black and white equations versus the interaction test of race differences may appear logically inconsistent, but they are not inconsistent in probabilistic terms. For example, the evidence is sufficient to reject the hypothesis that the white coefficient for parental home value is zero. However, there is not sufficient evidence to reject the hypothesis that the black coefficient is zero or that the black and white coefficients are equal. These last two statements appear inconsistent with the first, but mathematical transitivity is not reflected in statements based on probability.

[7] The relation of gift level and home value is difficult to examine because of the small number of black owner cases, the weighting of the data that in such a small sample can radically affect the weight given to one case, and the small amount of gifts among those who received them. Further, there is a significant nonmonotonicity in the effect of gifts on home value. For the black owner cases who report no gifts, median home value is $25,000 (mean: $30,623); for the $1–$999 gifts group (unweighted N=34), the median is $40,000 (mean: $44,892); for the $1,000–$4,999 gifts category (unweighted N=18), the median is $19,000 (mean: $23,003); and for the over $5,000 gifts category (unweighted N=3), median home value is $84,000 (mean: $79,730). Unweighted means and medians follow this same pattern, though in a more muted form. Possible substantive interpretations are not pursued here because the number of cases with gifts over $1000 is small. It seems unwise simply to model the data for such an unusual finding with so few observations. This alternative form for the relationship does not alter interpretations of the other coefficients in the model.

Table 3. Regression Models for Equity and Mortgage[a]

	Whites		Blacks		t-tests for race differences	
	1 Equity	2 Mortgage	1 Equity	2 Mortgage	1	2
Intercept	−51019	5936	1206	−42799		
Hazard Rate	32042*	−15702*	−9027	11470	2.40	2.38
	(10526)	(6779)	(9227)	(7779)		
Parents' Income	58	5	−17	164*	.48	1.55
(1000)	(51)	(33)	(97)	(81)		
Total Income	945*	319*	271*	687*	2.77	2.27
(1000)	(146)	(94)	(132)	(112)		
Marital Status	3985	−710	−2835	5642	.89	1.24
	(4432)	(2855)	(4262)	(3593)		
Age	900*	−130	−266	703*	2.26	2.42
	(257)	(165)	(300)	(253)		
Number of	2712*	−1825*	−1692*	−1456*	2.74	.34
Children	(1043)	(672)	(841)	(709)		
Education	801	1177*	−289	2195*	1.09	1.53
	(447)	(288)	(593)	(500)		
Years in Own	475	413	1543*	−8	1.35	.80
Household	(471)	(303)	(433)	(365)		
Years as Owner	2119*	−1306*	436	−1177*	2.18	.25
	(389)	(250)	(446)	(376)		
Parents' Children	24	351	−97	−485	.14	1.44
	(581)	(374)	(447)	(377)		
Gifts (1000)	−430	−68	1543*	1207*	2.13	2.06
	(325)	(208)	(573)	(483)		
Parents' Home	44	82*	129*	−83	.88	2.54
Value (1000)	(32)	(20)	(60)	(51)		
South	−3944	1216	10587*	6084*	2.45	1.23
	(2581)	(1662)	(3551)	(2993)		
North Central	−4798	3037	12231*	1527	2.65	.35
	(2530)	(1629)	(3917)	(3302)		
West	5710*	9431*	28124*	−1068	2.46	1.73
	(2761)	(1778)	(5722)	(4824)		
City Size	−1437	4115*	518	−454	.38	1.33
>500,000	(2337)	(1505)	(3054)	(2574)		
City Size	−1569	3780*	−1532	1925	.01	.59
100–499,999	(2044)	(1316)	(2827)	(2384)		
Mean	26721	27145	15111	17864		
R^2	.239	.343	.312	.507		
N	783	783	259	259		

[a] Standard errors in parentheses. Coefficients significant at .05 are marked with an asterisk.

aspects are more important than the factors conceptually measured by the gifts variable.

Some further insight into the mediating role that parental home value and parental gifts play can be gained by examining the correlations among the parental variables and a simple standardized regression. The correlation of parental income and gifts is higher for blacks than whites (b: .26; w: .10) as is the correlation of gifts and child's home value (b: .25; w: .05). While the correlation of parental income and parental home value is high for both groups, it is somewhat higher for blacks (b: .61; w: .45); parental home value has roughly similar correlations with child's home value for whites and blacks (b: .13; w: .20). The correlation between parental income and child's home value is about equal (b: .23; w: .20); and the correlation of gifts and parental home value is close to zero for both (b: .05; w: .01).

The results of a standardized regression, regressing child's home value on parental income, gifts, and parental home value, reflect the same pattern as the larger model presented. With three predictors, parents' income remains significant at the .05 level (b: .17; w: .13); gifts is large and significant for blacks, but not significant for whites (b: .20; w: .04); and parental home value is large and significant for whites, but not for blacks (b: .02; w: .15).

In the home value equations, variables measuring years as a separate household and years as an owner were included to adjust for the effects these variables would be expected to have on equity, but they also offer interesting substantive interpretations. For whites,

number of years as an owner increases equity and reduces mortgage in the way one might expect with an amortizing mortgage.

Results for blacks are somewhat more complex. First, equity is not significantly larger for those who have owned longer, though mortgages are smaller. The stability of equity might represent a period effect or it might reflect lack of growth in value of the homes owned by these families. The mean value of the houses owned by black households in 1980 was slightly more than $30,000, suggesting many of these units are old or in poor condition. Equity is higher, however, for those households that have been independent longer, possibly suggesting that the greater number of years as an independent household has allowed greater saving for a down payment that is reflected in equity.

DISCUSSION

The findings will be discussed separately by race because they are different and the white results are clearer. Among whites, the effect of parental income on home value is mediated by parental home value. An important issue is whether parental home value measures the child's expectations or is a proxy for parental wealth or income. The data presented here can't answer that question since expectations are not directly measured, but indirect evidence points to the conclusion that parental home value may measure expectations or aspirations. The effect of parental home value is net of parental income and gifts, implying that parental home value does not measure direct aid, though, as noted earlier, the gift measure excludes some important types of parental aid. Two-thirds of the effect of parental home value among whites is through mortgage level. The size of the effect is not overwhelming and should not be overinterpreted, but if parental home value represented an unmeasured transfer, it is reasonable to expect it would have a large effect in the equity equation.

The findings in the ownership equations are also consistent with the argument that parental housing status does not measure a direct transfer since parental income and the level of parental gifts have no effect on ownership. The effect of parental ownership is large, however. Taken together, these arguments suggest that the effect of parental home value reflects a socialization process in which the child's standard of living as an adolescent in his or her parents' home affects the child's expectations concerning the proper or appropriate standard of living. This interpretation must remain tentative until direct measures are available.

Parental status is important for blacks, but the conditions under which this is true and the mechanisms by which parental status is transmitted are not very clear. The effect of parental home ownership varies over time in its effect on child's home ownership. This is an important reminder that housing patterns of blacks reflect restricted opportunities as well as individual characteristics. Among owners, parental income has a large effect on home value; however, the nature of the mediating variable is not as clear. Gift level is a mediator, but there is strong evidence that it is a proxy for some other characteristic of family relations that is not measured. While variance explained is greater for blacks, the measures used in this research do not provide a complete account of the ways parents aid their children. Sample size is also an important issue since there are relatively few black owner cases.

The findings presented have implications for age stratification and the relations between generations in two areas: the link between age and socioeconomic stratification; and possible reasons for the observed race difference in the mechanism used to influence children. For both blacks and whites, the nature of actual housing attainments depends on parental status. To the degree this relation results from the process proposed by Easterlin (1980), there is not one definition of "appropriate" adult attainment in housing, but many, depending on parental status. It is no surprise that patterns of transition to adulthood vary by social class (e.g., Hogan, 1982), but the present finding suggests some of the richness of the linkage between age and socioeconomic stratification. Not only do definitions of adult status vary by social class, but many attainments that define adult status are also socioeconomic attainments. The mechanisms that produce the relationship between parents' and child's levels of socioeconomic attainment may have different implications for family relations between generations. As noted in the introduction, the two mechanisms examined here imply different patterns of family relations leading to housing attainments: continued dependence in the case of gifts; and the effects of past influence in the case of socialization.

Closely related is the question of why there are race differences in the primary mechanism used. This is a particularly compelling question since there is widespread belief that many white as well as black higher-income parents do help their children buy homes. However, the question for this research is whether those without such aid purchase lower-value homes. Houses and mortgages are generally readily available to whites, and the 1970s was a period of decline in the real cost of home owning (Diamond, 1980). Some white parents may give

direct aid and others may be willing to, but perhaps aid was not needed to ensure appropriate housing for children, at least during this period. The use of direct aid by higher-income black parents may result from the more limited availability of homes and mortgages. If so, discrimination in housing markets may result in differences in family relations since a more direct strategy may be necessary to maintain family status across generations. More generally, the pattern of relations between generations may be specific to the particular institutional area, such as housing, because such relationships are responses to the external environment as well as a reflection of general family dynamics.

Appendix: Means and Standard Deviations[a]

Variable	Whites		Blacks	
	All Respondents	Owners	All Respondents	Owners
Parents' Income	24.49 (19.72)	24.38 (18.79)	9.87 (11.51)	11.27 (13.27)
Total Income	19.30 (12.19)	25.24 (11.91)	12.23 (10.92)	20.28 (13.31)
Marital Status	.70 (.45)	.91 (.28)	.46 (.50)	.83 (.37)
Age in 1968	14.98 (4.74)	16.56 (4.79)	14.87 (5.07)	17.33 (5.46)
Number of Children	.95 (1.08)	1.28 (1.22)	1.22 (1.22)	1.60 (1.25)
Education	13.11 (2.25)	13.32 (2.22)	12.05 (1.94)	12.59 (1.89)
Years in own HH	6.41 (3.35)	7.71 (2.95)	5.79 (3.40)	7.38 (3.04)
Years Owner	—	3.61 (2.78)	—	3.32 (2.72)
Parents' Children	1.52 (1.62)	1.48 (1.62)	2.71 (2.40)	2.49 (2.28)
% Receiving Gifts	.34 (.48)	.29 (.46)	.31 (.46)	.26 (.44)
Nonzero Gifts[b]	2.41 (3.72)	2.77 (4.38)	1.31 (2.50)	1.91 (3.21)
Parents' House Value[c]	40.80 (34.34)	39.72 (30.57)	15.64 (19.65)	18.87 (19.60)
Hazard Rate	—	.29 (.23)	—	.42 (.27)
Parents' Ownership Rate	.82 (.38)	.85 (.35)	.57 (.49)	.71 (.46)
Own HH before 1974	.51 (.50)	.67 (.47)	.43 (.49)	.60 (.49)
South	.25 (.43)	.25 (.43)	.52 (.50)	.59 (.49)
North Central	.32 (.47)	.35 (.47)	.26 (.44)	.22 (.42)
West	.18 (.38)	.18 (.38)	.08 (.27)	.04 (.18)
City >500,000	.28 (.45)	.25 (.43)	.42 (.49)	.41 (.49)
City 100–499,999	.26 (.44)	.26 (.44)	.26 (.44)	.18 (.38)

[a] Dollar variables expressed in thousands. Standard deviations in parentheses.
[b] The gifts variable in Tables 1 through 3 is gift value for all cases.
[c] Includes all cases.

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