

# Intergenerational Mobility and Housing Wealth in the United States

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## Abstract

Using a novel dataset linking administrative tax records, decennial Census and household surveys with the universe of U.S. residential property ownership and valuation records, we provide new evidence on the intergenerational relationship between parent and child resources in the U.S., on average and across race and ethnic groups. We find i) that housing wealth is more persistent across generations than income, ii) that there are large gaps in relative and absolute mobility in housing wealth between Black and White families, and iii) that the racial gap is largely attributable to extensive margin differences in homeownership rates among Black and White children conditional on parent resources.

We further show that income-income relationships alone understate intergenerational persistence in total resources. By decomposing the influence of parent labor income relative to returns to capital assets (ex. fixed income and corporate assets) and stocks of resources that do not produce regular income flows (ex. housing), we find that there is a substantial independent role of parent (non-labor) wealth in explaining child wealth, independent of child labor income.

Finally, using a capitalization approach, we estimate the reduced form relationship between parent and child total wealth in the U.S. and find a convex relationship such that intergenerational returns to parental wealth increase at the top of the wealth distribution, and that the range of child outcomes is substantially compressed at the top of the wealth distribution implying significantly lower risk of downward mobility at the very top.

Overall, this paper contributes new insights into the relationship between parent and child resources in the U.S., with a focus on housing – the most important capital asset for all but the wealthiest households. We provide evidence on mechanisms driving resource persistence and differentials between Black and White families, and on the types of policies that may affect long-run evolution of inequality on average and across racial groups.