



# Young Adults, Economic Precariousness and Housing

Ann Berrington, University of Southampton

Acknowledgements to Juliet Stone, Peter Tammes & Steve Roberts

The Crisis for Contemporary Youth: Opportunities and Civic Values in Comparative, Longitudinal and Inter-generational Perspective. 4-5<sup>th</sup> June 2015, London.



# Overview

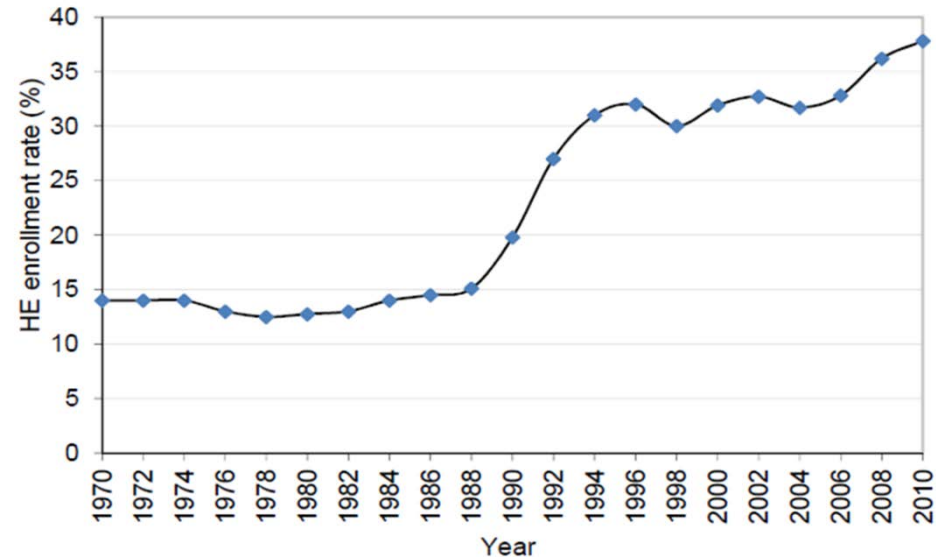
1. Changing socio-economic and policy context
2. With whom do young adults live?
3. What is the impact of economic precariousness on transition out of parental home?
4. Discussion

# 1. Changing socio-economic and policy context

# Increased Economic Precariousness

- Increased enrolment in HE.
  - Increased student debt.
- Increased youth unemployment and economic insecurity for those in work.
  - Part time, temporary & short hours contracts.

Figure 2: UK HE enrolment rate, 1970–2010.

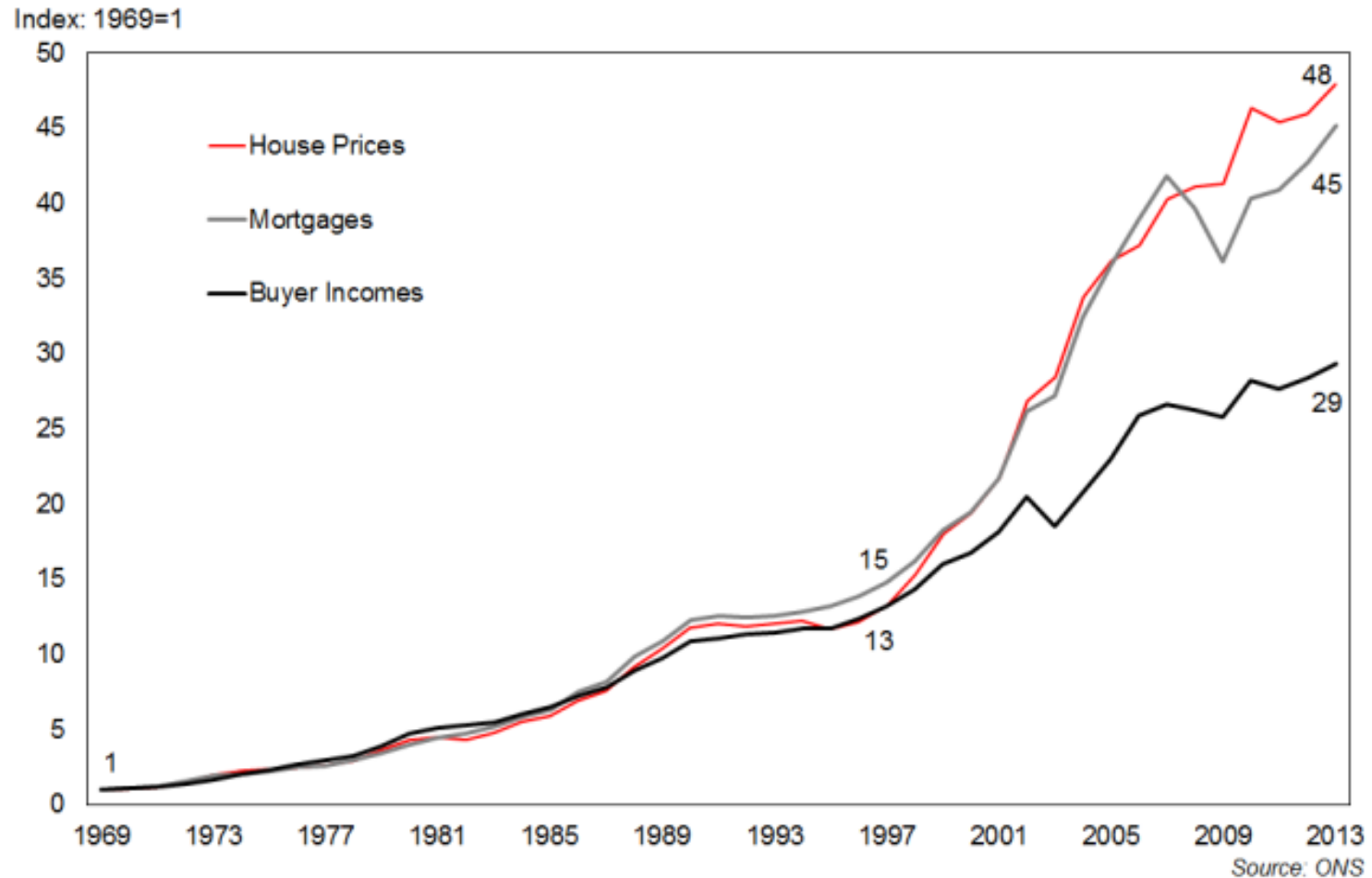


Source: (Boliver 2011) and (Department for Business 2012)

# Declining affordability of private housing

- Increased house prices, lack of mortgage credit.
- Increased rental prices, deposits.

Figure 1: Average house prices, mortgages, and income for first time buyers in England

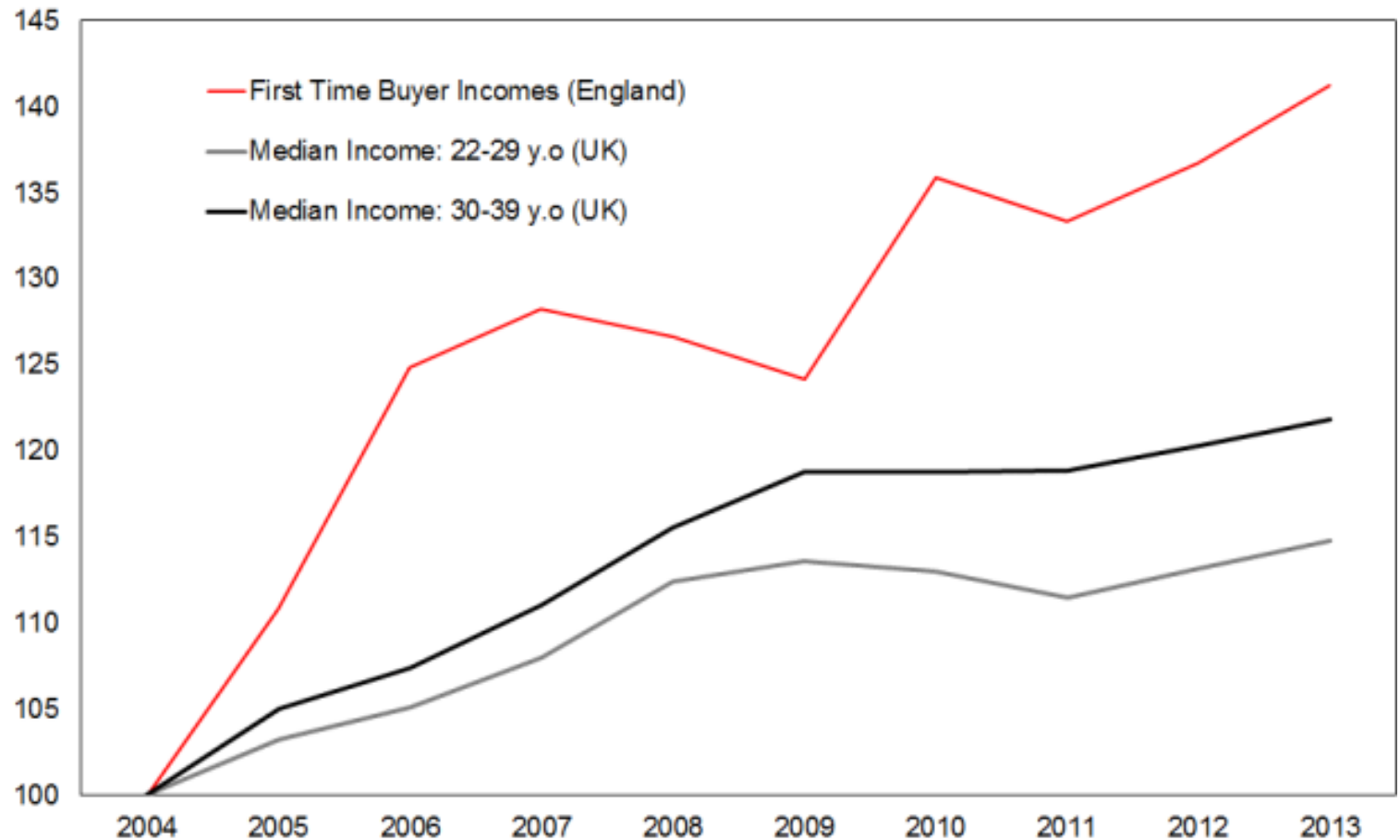


Source: Shelter (2015)

# First time buyers now older, middle earners squeezed out

Figure 6: First time buyers and incomes in England/United Kingdom– 2004 to 2013

Index: 2004 = 100

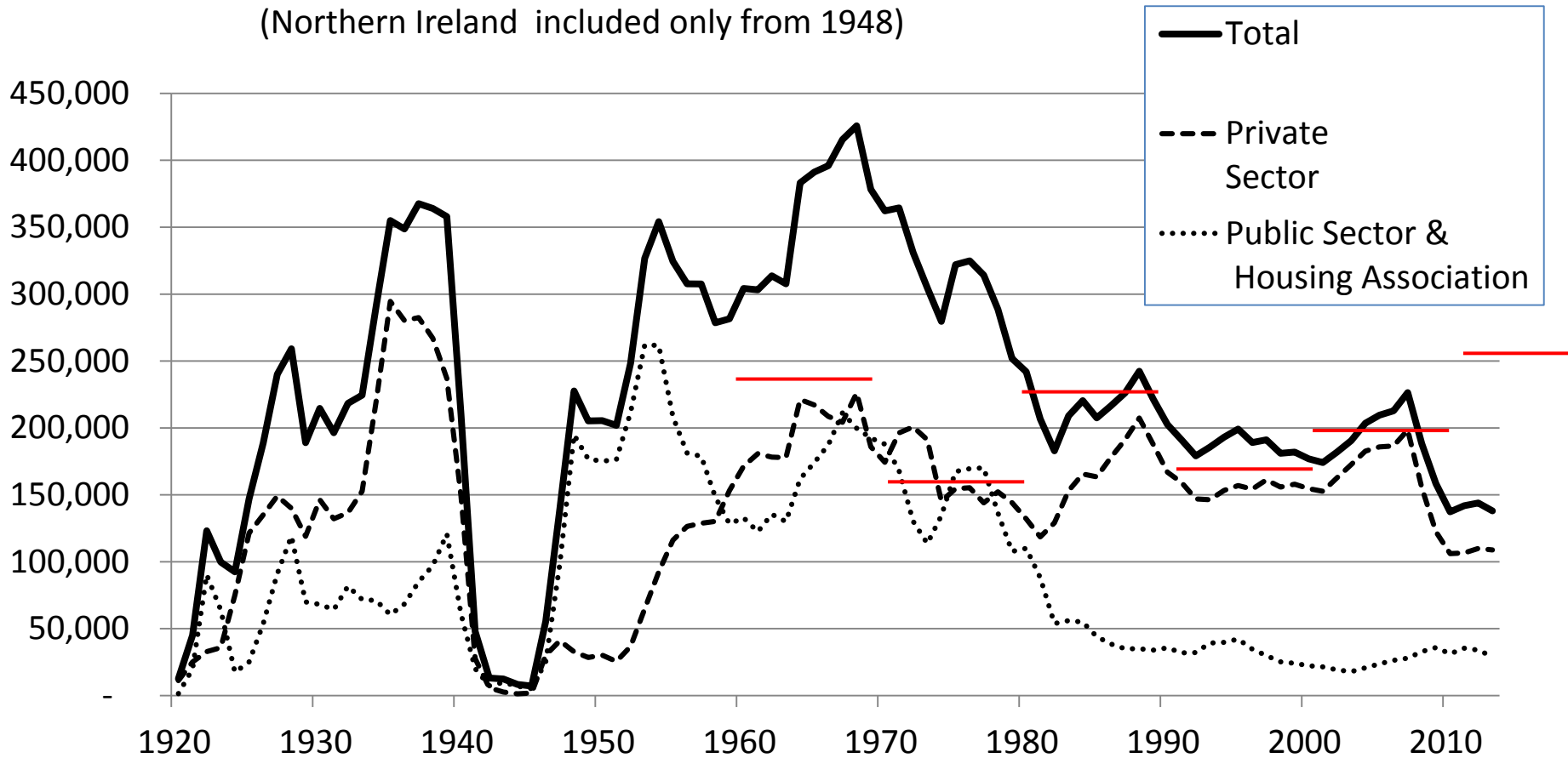


Source: ONS, ASHE

Source: Shelter (2015)

# New house building in UK each year 1920 to 2013

(Northern Ireland included only from 1948)

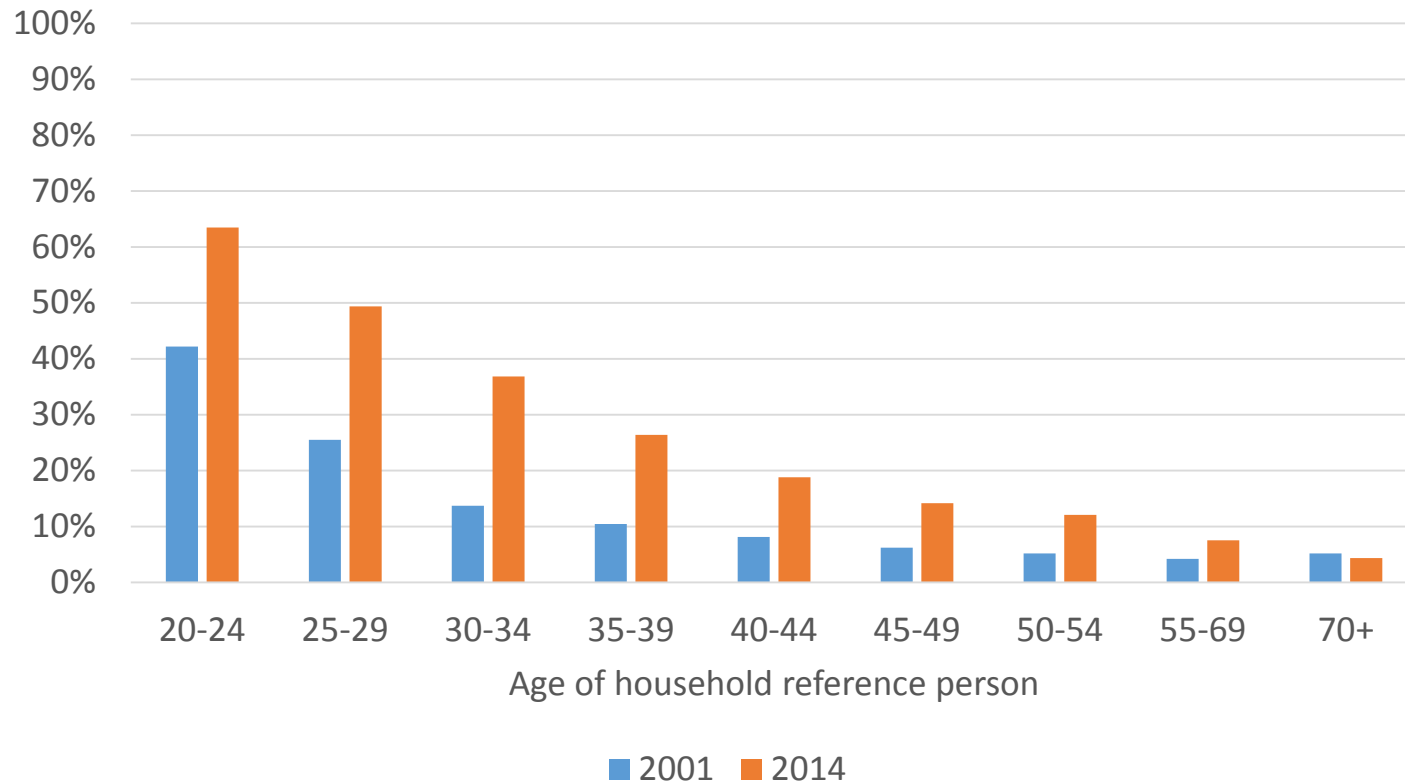


Annual average growth in number of households (source: DCLG Live Table 401)

Sources: From 1946: DCLG live tables. Earlier: Scottish Housing, and AE Holmans 2005

# Increased reliance on private rental sector

Percentage private renting by age of Household  
Reference Person UK, 2001 and 2014



Source: Labour Force Survey

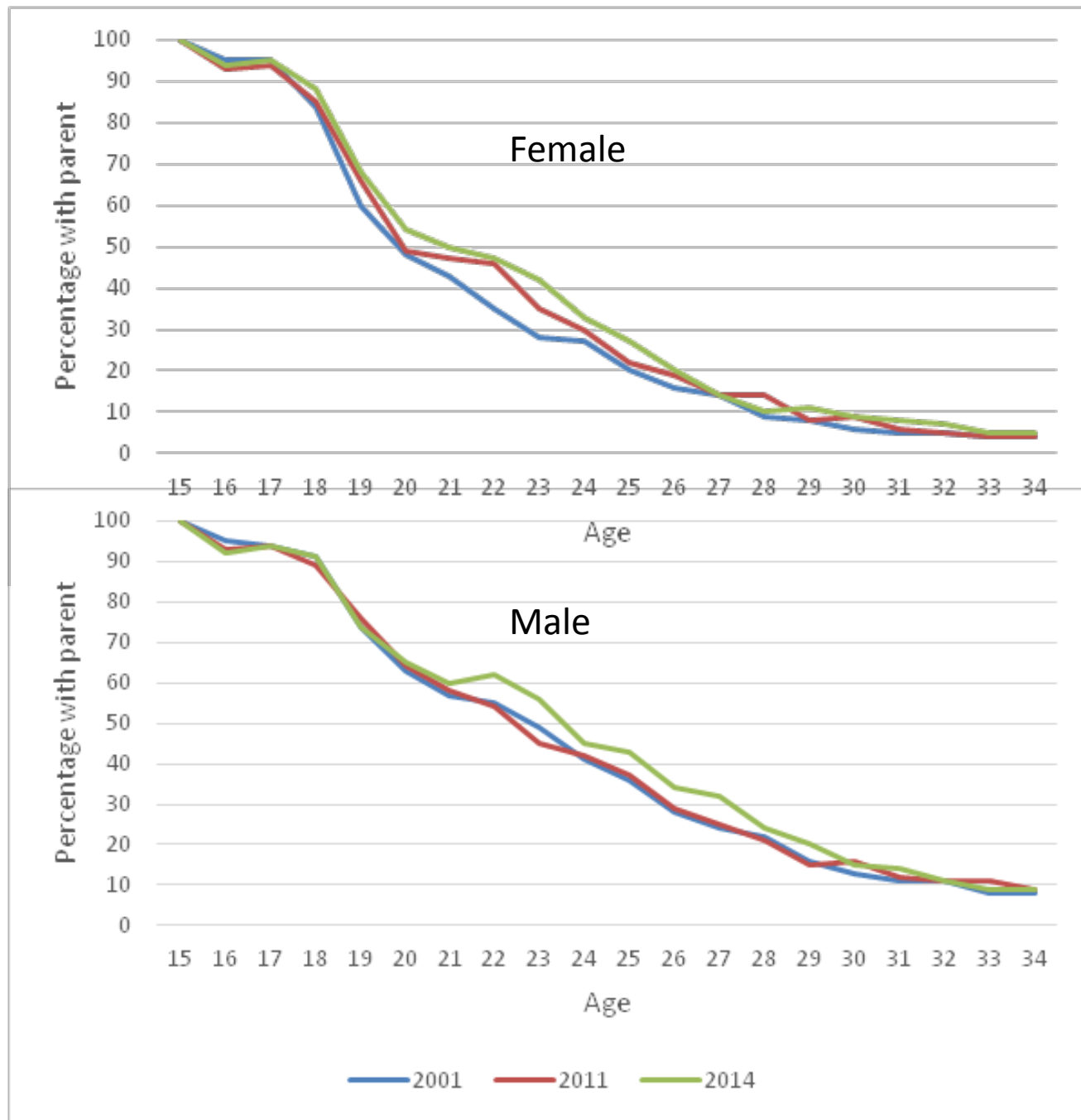


# Welfare retrenchment

- Residualisation of social housing sector
- Restrictions in housing benefit/Local Housing Allowance (LHA)
  - Shared Accommodation Rate under 35 single young adults
  - Reductions in value of LHA
  - Overall benefit cap, soon to be reduced further

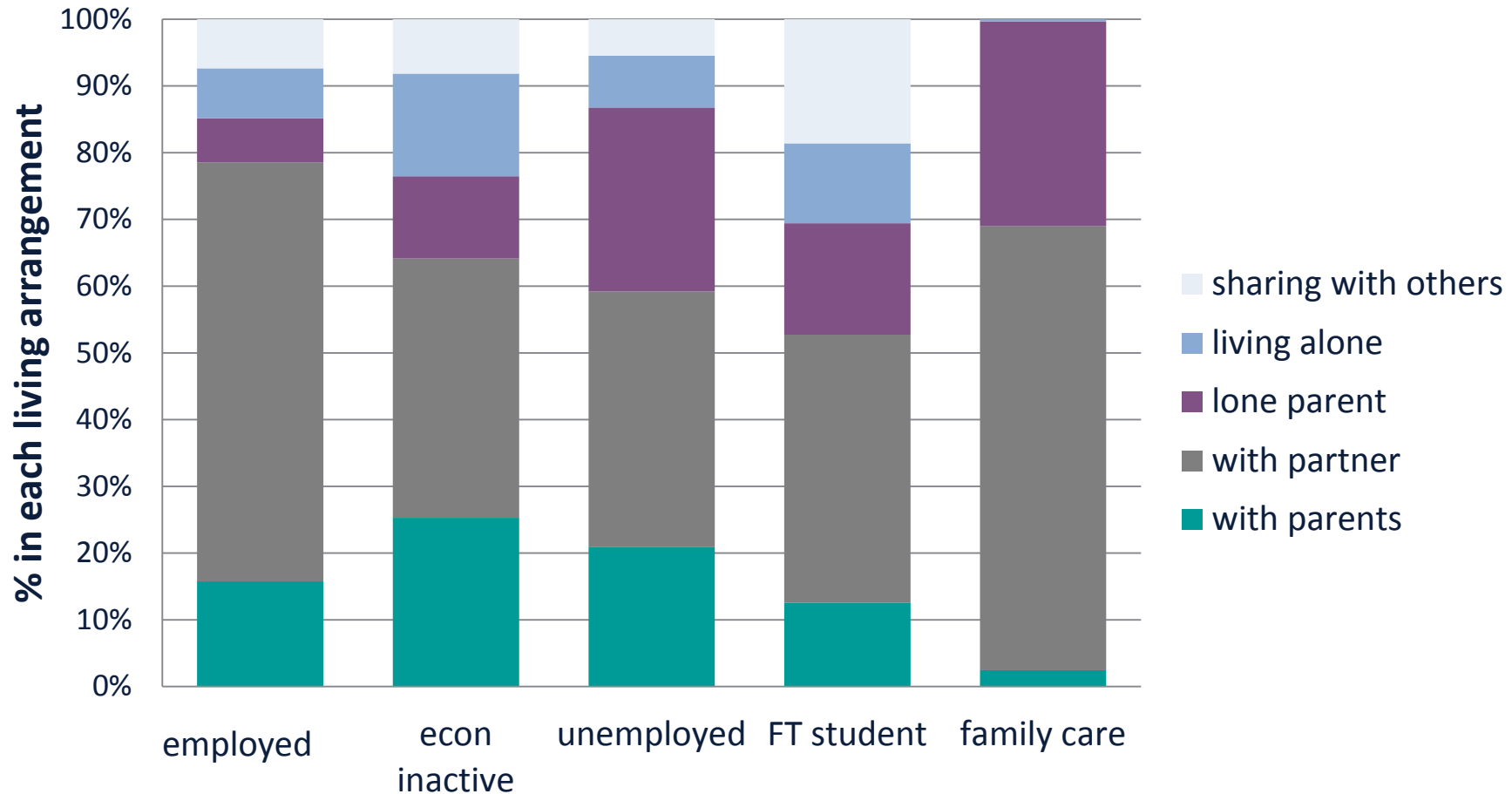
2. With whom do young adults live?

# % living with a parent, UK, 2001, 2011 and 2014



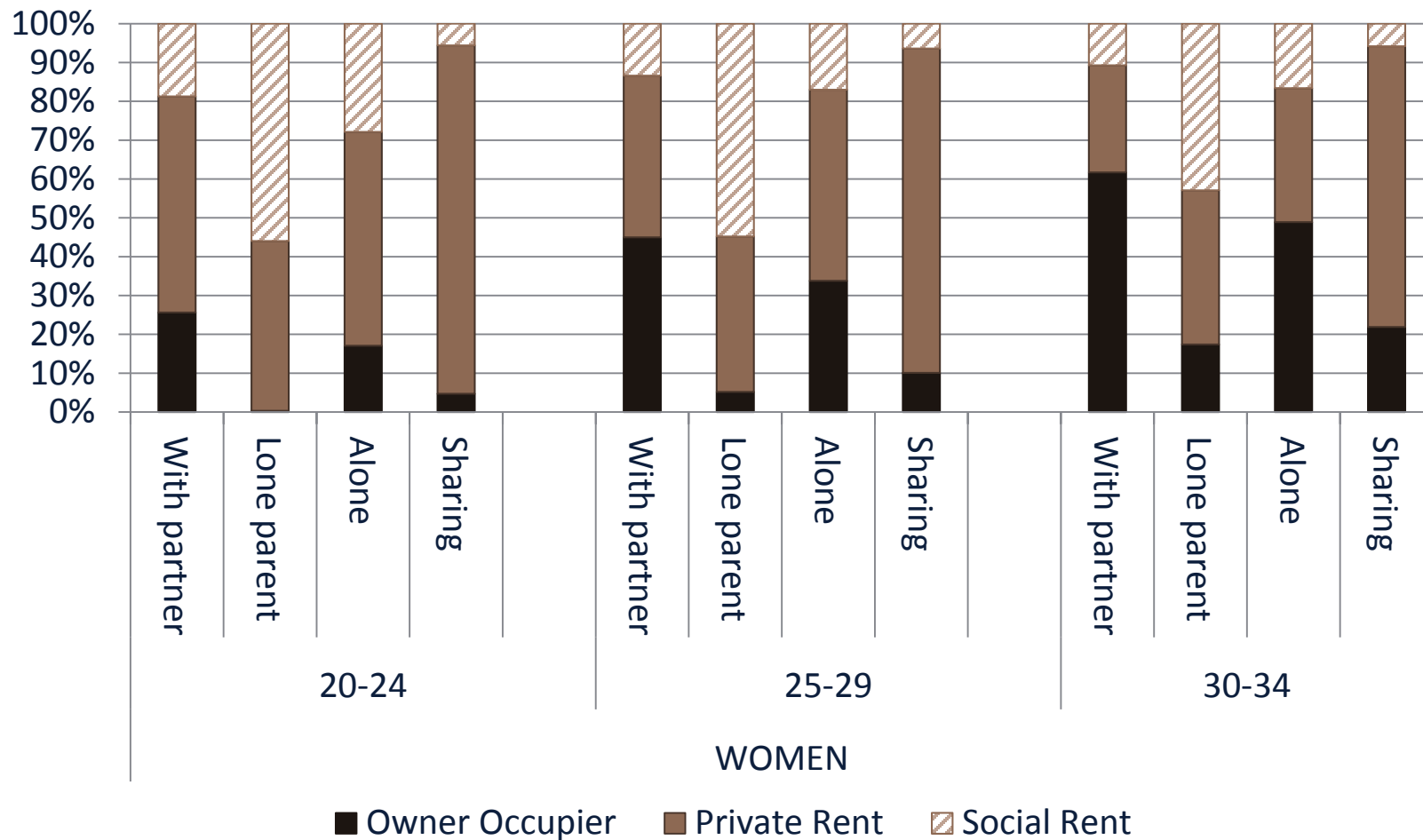
Source: ONS,  
from LFS

## Household Type by Economic Activity Status. Women aged 25-29, UK 2009/10



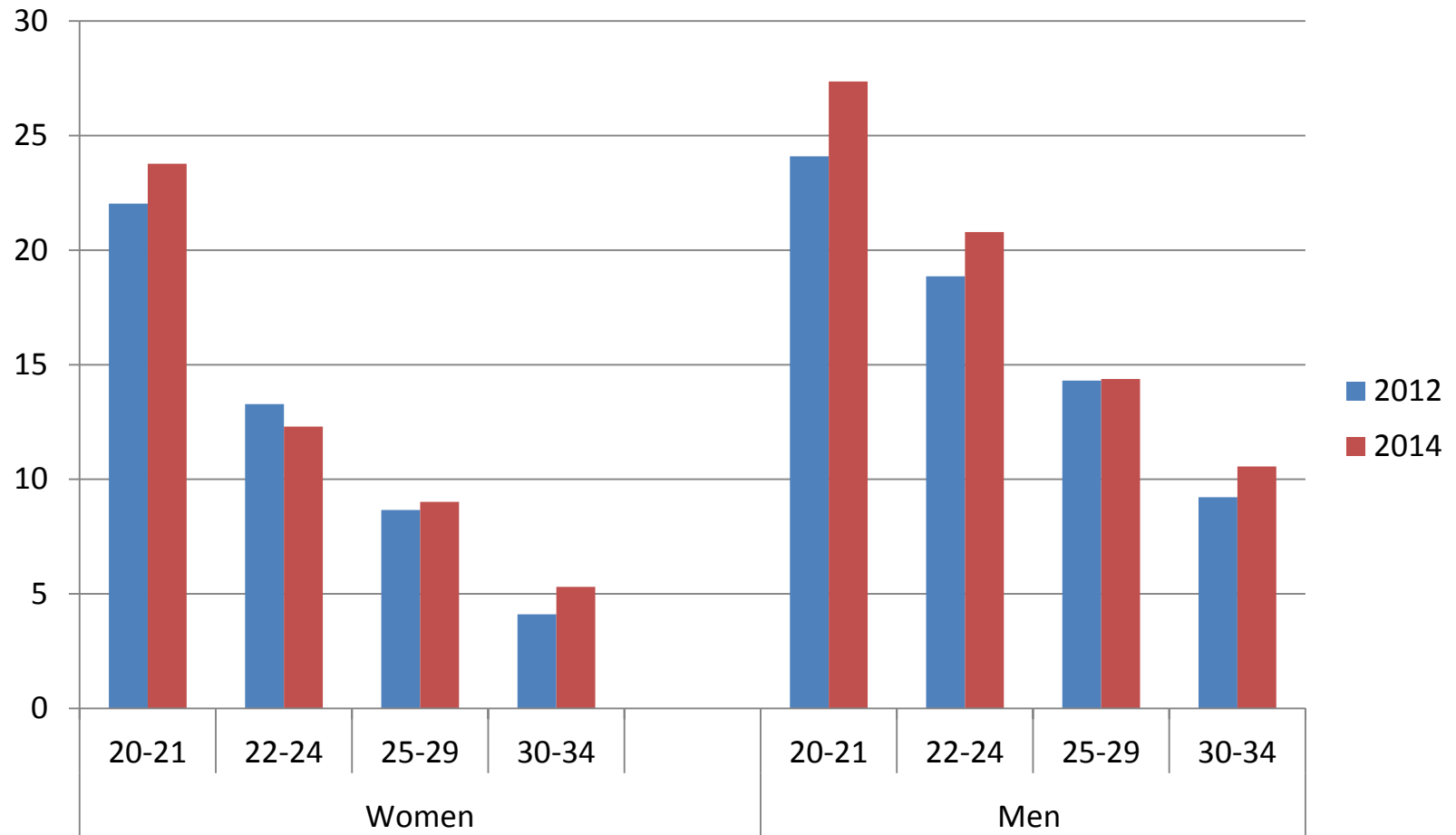
Source: Understanding Society

# Tenure distribution of young women living outside parental home according to age and household type, UK 2012.



Source: UK LFS. Berrington & Stone (2014)

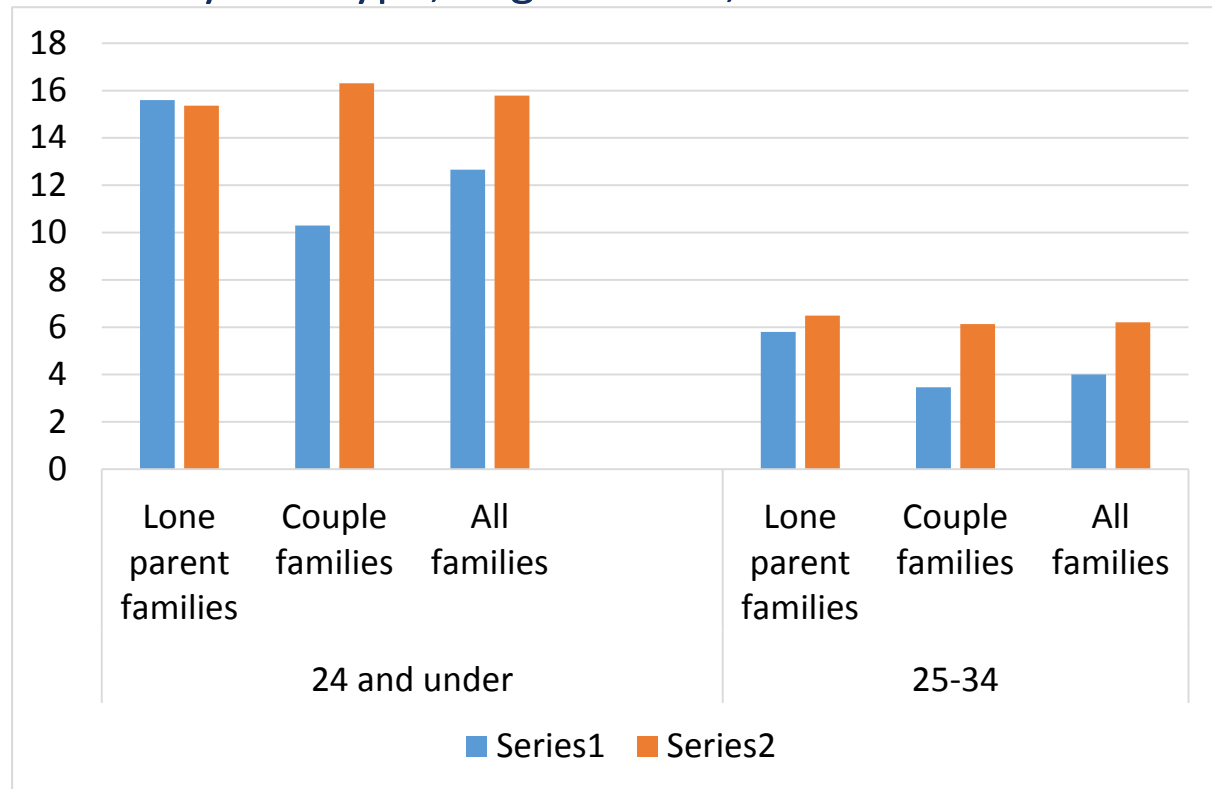
# Percentage of young adults who are single and living outside the family home in shared accommodation, UK 2012 and 2014



Source: Labour Force Survey

# Concealed Families on the Rise Again, Especially in London

Percentage of families that are concealed according to age of head of family unit and family unit type, Eng & Wales, 2011



Source: 2011 Census

3. What is the impact of economic precariousness on *chances of leaving* parental home?



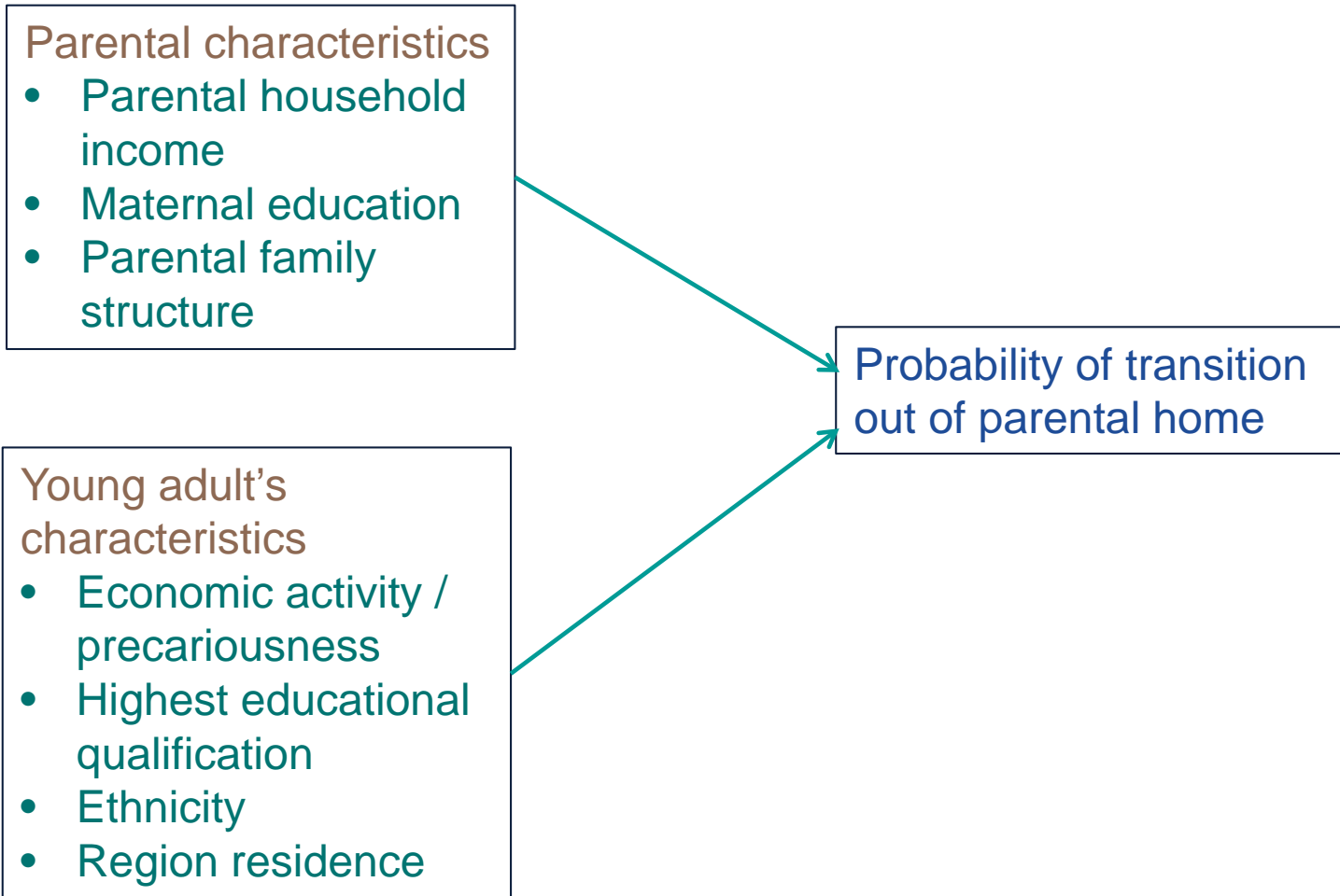
# Measuring economic precariousness

UK 25-29 year-olds, 2009/10

	% of total who are			
	unemployed	employed semi-/ routine	employed part-time	employed temporary
Men	13	18	6	7
Women	8	16	26	8

Source: Berrington A. et al. (2014) *Economic Precariousness and Young Adults' Living Arrangements.*, ESRC Centre for Population Change Working Paper.

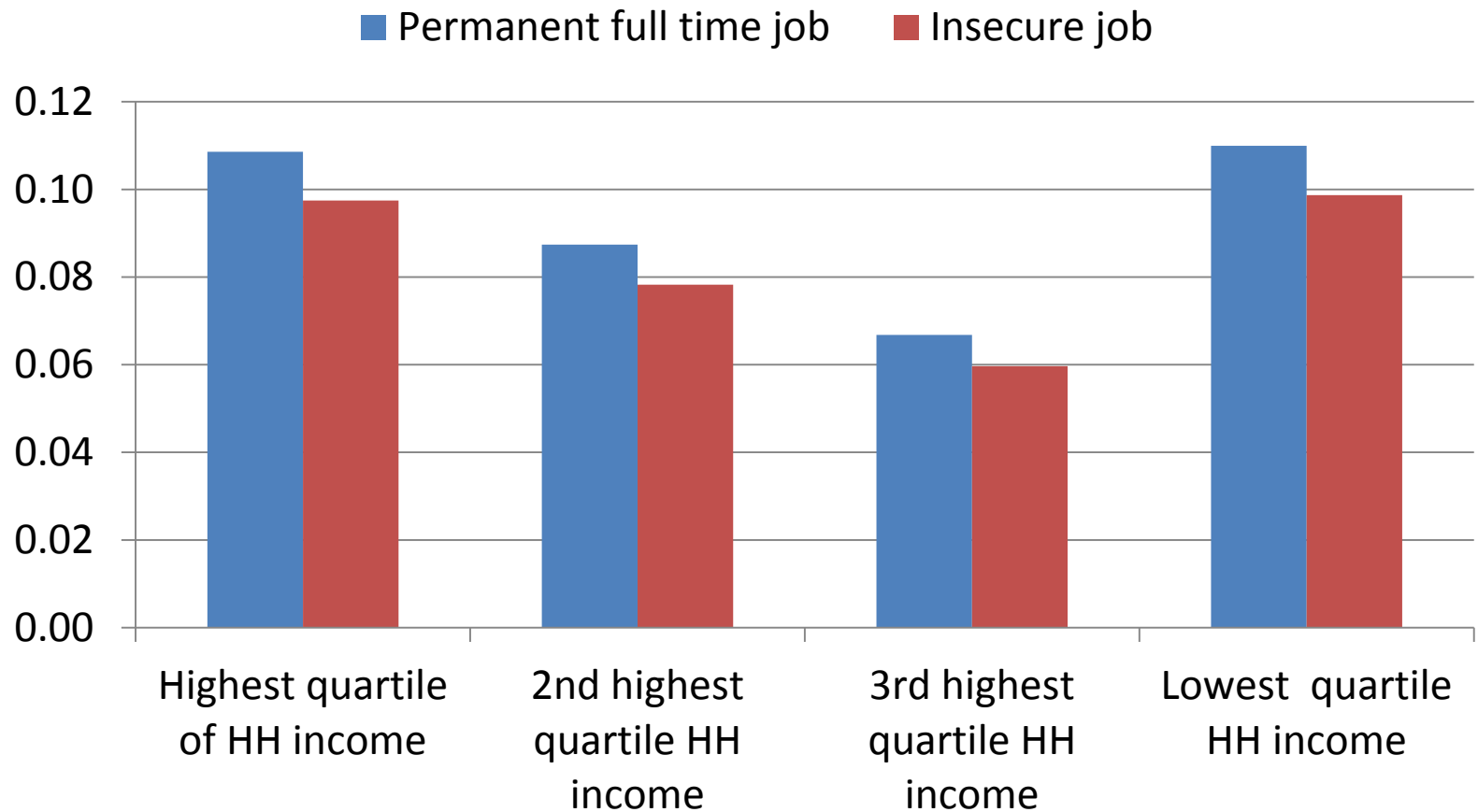
# Analytical Framework – analyses leaving home



# Modelling Transition Out of Parental Home

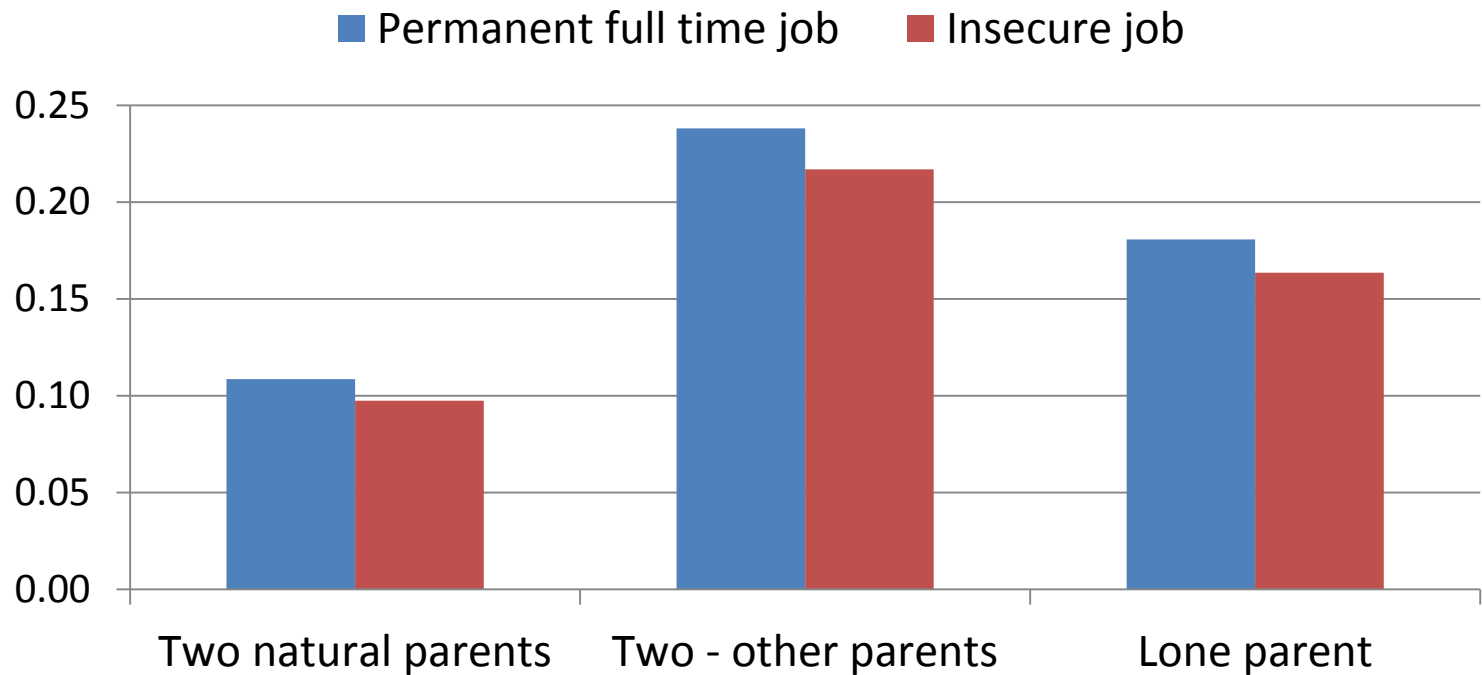
- Analysis of paired waves of Understanding Society (UKHLS) data waves 1-3
  - Sample: men and women aged 16-29 living at home at t0
  - Logistic hazards model of leaving home between t0 and t1
  - Parental background and individual level explanatory variables
- 
- I will show findings for employed young men  
Secure (i.e. permanent full time work)  
VS  
Insecure work (i.e. part time or temporary work)

Predicted annual probabilities of leaving parental home by job security and parental household income. UK employed males, 16-22, 2009-2013.



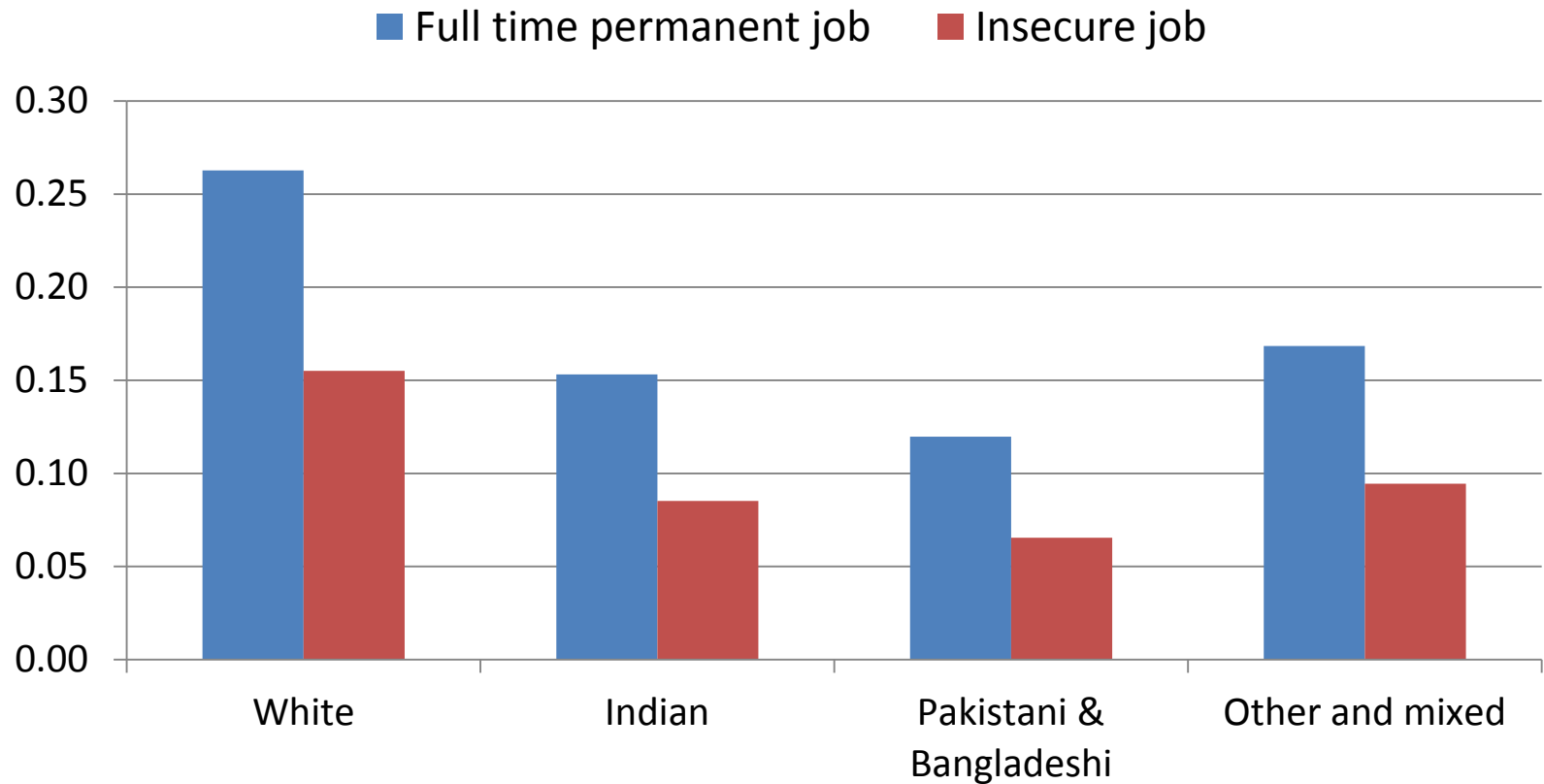
Other variables held at reference category: white, higher educated, living in London, high maternal education, living with two natural parents

Predicted annual probabilities of leaving parental home by job security and parental family structure. UK employed males, 16-22, 2009-2013.



Other variables held at reference category: white, higher educated, living in London, high maternal education, highest quartile of HH income

# Predicted annual probabilities of leaving parental home by job security and ethnicity. UK employed males, 23-29, 2009-2013.



Other variables held at reference category: higher educated, living in London, high maternal education, highest quartile of HH income, living with two natural parents

## 4. Discussion

# Young Adults Priced Out of Owning a Home

- **Private rented sector** dominant role in housing pathways for older / wider sector of population.
- **House price to income** ratios rapidly increasing from 2001 onwards.
- Mortgage interest low but **large deposits** required (Help to Buy ~ 100,000 homes).
- Inter- and **intra-generational inequality** in housing pathways.
- Need to increase availability of **stable, good quality rented** accommodation for increasing numbers of young families.
- **Regulation of PRS** – new life course phases.
- “The Government must build more of the right homes at the right prices in the right areas” David Orr (National Housing Federation)



# Transition to Residential Independence

- Are these trends result of **short term crisis** or part of a **longer term change** in nature of housing transitions?
- **Early home leaving** seen both among advantaged young adults (e.g. to attend HE), and among disadvantaged (e.g. more likely to leave to search for a job, family friction).
- Select group who remain in parental home in late twenties and early thirties tends to be **socio-economically disadvantaged**
- **Returning home** esp. after HE, partnership dissolution (Stone et al., 2014)

# Policy Implications

- Lack of ability of some vulnerable groups to **return home**.
- Queen's Speech => 18-21 yr olds => **homelessness**
- Need **supported pathways** for early, non-student leavers.
- Importance of policy to recognise **gender and ethnic differences** in housing pathways.
- Implications of **changes to level of LHA**, e.g. benefit claimants priced out of London
- Slight increase in sharing - At what age should we expect young people to live in **shared housing**?
- Current housing policy supports main carer of dependent children but **ignores non-resident parent**.

# References

Berrington, A. and Stone, J. (2014) Young adults' transitions to residential independence in Britain: The role of social and housing policy. In Hamilton, M., Antonucci, L. & Roberts, S. (Eds.) *Young People and Social Policy in Europe*. Palgrave Macmillan.

Berrington, A. et al. (2014) *Economic Precariousness and Young Adults' Living Arrangements.*, ESRC Centre for Population Change Working Paper.

[http://www.cpc.ac.uk/publications/cpc\\_working\\_papers.php](http://www.cpc.ac.uk/publications/cpc_working_papers.php)

Shelter (2015) *Housing Affordability for First Time Buyers, March 2015.*

Stone, J., et al. (2011) *Demographic Research*, 25(20):629-66. The changing determinants of UK young adults' living arrangements. <http://www.demographic-research.org/volumes/vol25/20/25-20.pdf>

Stone, J. et al. (2014) Gender, turning-points and boomerangs: returning home in the UK. *Demography*, 51, (1), 257-276.

# Acknowledgements

This research is funded by ESRC Grant numbers *RES-625-28-0001* and *ES/K003453/1*. The Centre for Population Change is a joint initiative between the University of Southampton and a consortium of Scottish Universities in partnership with ONS and NRS. The findings, interpretations, and conclusions expressed in this paper are entirely those of the authors and should not be attributed in any manner to ONS or NRS.

Understanding Society is carried out by the Institute for Social and Economic Research at the University of Essex. The UK Labour Force Survey is carried out by the Office for National Statistics. Access to these data is provided by the UK Data Archive. The original data creators, depositors or copyright holders, the funders of the Data Collections (if different) and the UK Data Archive bear no responsibility for their further analysis or interpretation.