

## The influence of parental housing tenure on young adults' housing, 1971-2011

### Background

High house prices, insecure jobs with low wages, student debts and tighter mortgage lending mean that young adults are finding it increasingly difficult to enter homeownership without financial support. At the same time limited access to social housing means that a growing proportion of young people are living in privately rented accommodation or the parental home. In addition to creating tensions and wealth inequality between generations, these trends could also be deepening inequality between young people as their housing opportunities become more dependent on their family background and especially the affluence of their parents. As homeowners typically enjoy lower lifetime housing costs than tenants and can draw on housing equity, parental tenure may shape young adults' housing opportunities in ways that benefit the children of homeowners and disadvantage children with parents who rent. This could restrict social mobility and strengthen the transmission of wealth from parents to children.

### Aim

This study examines how parental housing tenure is linked to the housing position of young people in their early thirties. It assesses whether the impact of parental tenure has changed over time as the affordability of homeownership declined and rates of private renting increased.

### Key findings

1. The proportion of young adults who were homeowners by their early thirties fell sharply between 1991 and 2011. During this period young men became much more likely to share their dwelling or live with their parents. Young people in their early thirties were three times as likely to live in the private rental sector in 2011 as compared with 1991.
2. Children whose parents were social tenants are significantly less likely to enter homeownership in young adulthood than children whose parents were homeowners. This pattern cannot be fully explained by differences in young people's family lives, educational attainments, employment, or the labour force position of their parents. The negative impact of parental tenancy on young adults' chances of becoming a homeowner has increased slightly over time and children with parents in social housing are becoming disproportionately likely to live in the private rental sector.
3. Inherited housing inequalities are strong, persistent and may constrain social mobility.

### Study design

The study used data from the Office for National Statistics Longitudinal Study of England and Wales. This database contains the linked census records of a 1% sample of the population of England and Wales from 1971 to 2011. Census data on demographic attributes, living arrangements, qualifications, employment, health and housing are available and used in this study. The sample consisted of all young people aged 10-14 who were living with a parent in the 1971, 1981 or 1991 censuses. The parental housing tenure of these children was then linked to their housing position twenty years later when they were aged 30-34. The sample was divided into 3 cohorts as shown in Table 1. Patterns were compared across these cohorts.

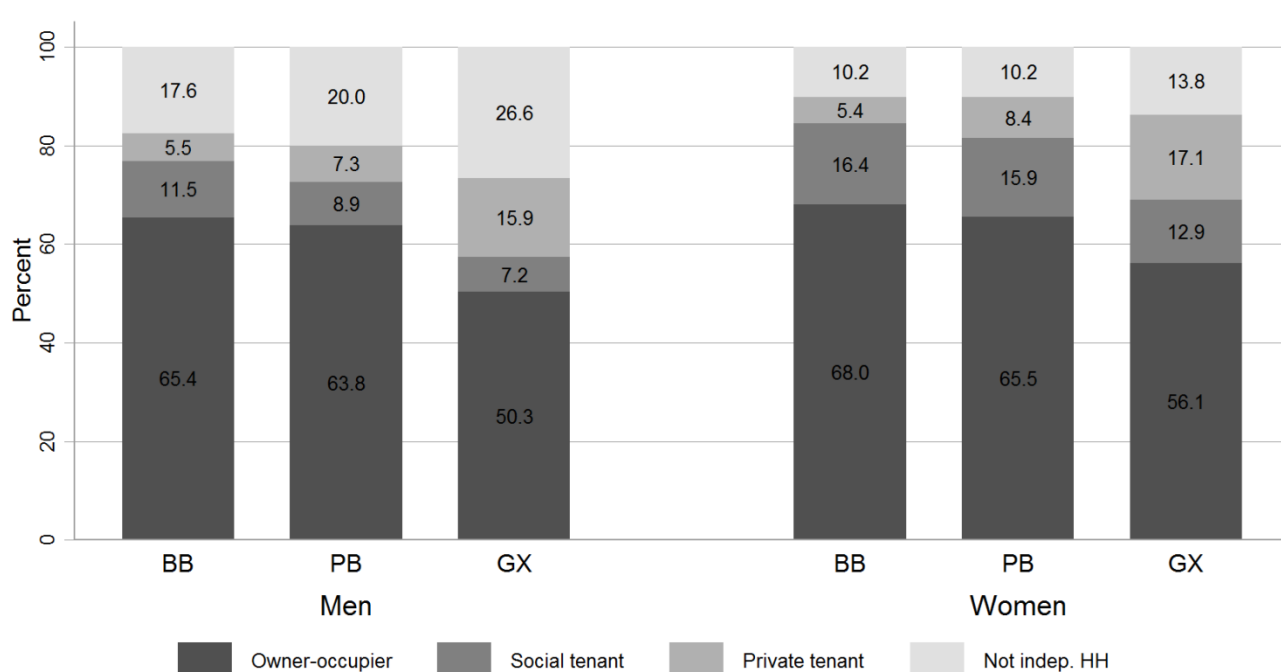
*Table 1. Description of cohorts*

Cohort	Born	Year in parental home (age 10-14)	Year of outcome (age 30-34)	N cases
1. Baby Boomers (BB)	1956-'61	1971	1991	26903
2. Post Boomers (PB)	1966-'71	1981	2001	25552
3. Generation X (GX)	1976-'81	1991	2011	19665

## Findings

Figure 1 shows how the housing position of young people changed between 1991 and 2011 as the cohorts in Table 1 entered their early thirties in turn. As household tenure is not very informative for young people living in house shares or the parental home, the category 'not in an independent household' contains all young adults living with either a parent or an adult who is neither their partner nor child.

*Figure 1. Housing position of young adults aged 30-34 by cohort*

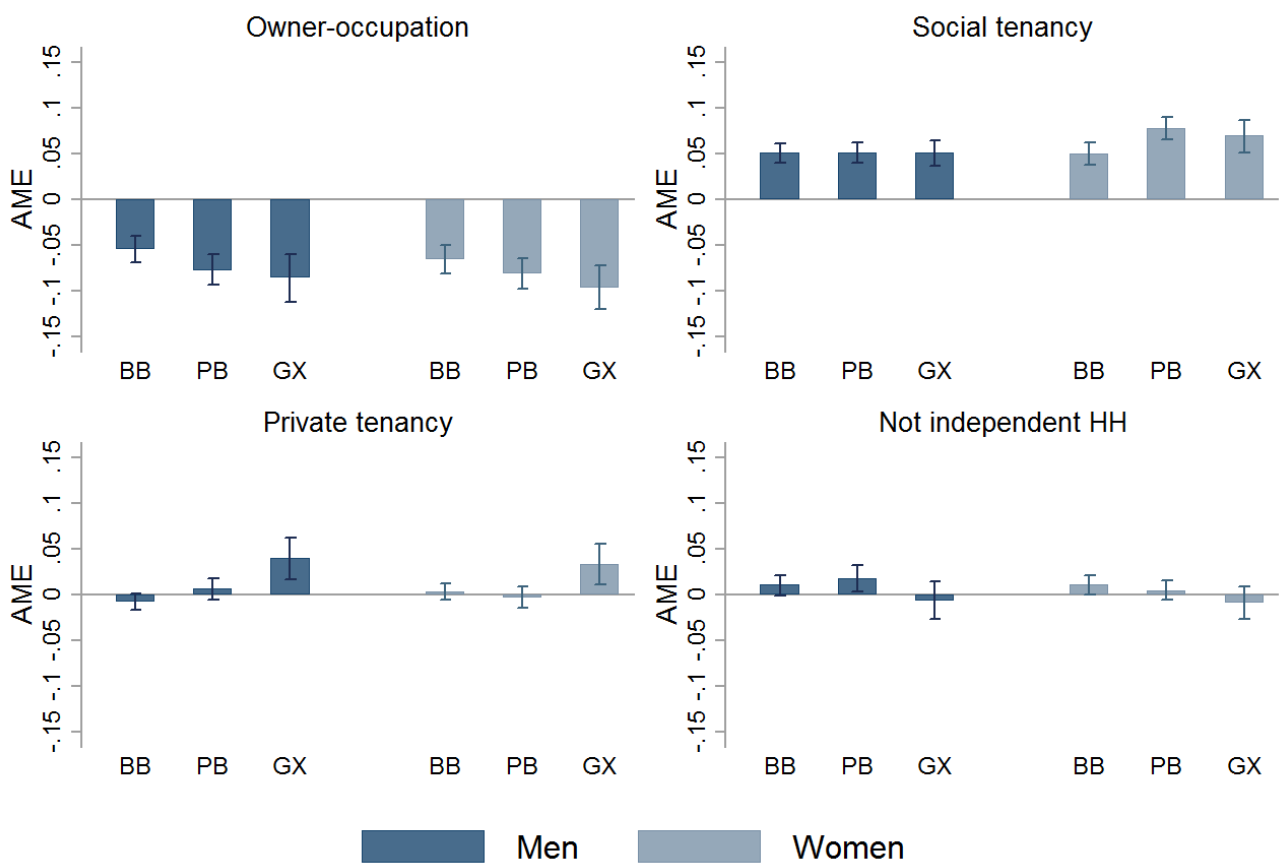


Source: ONS LS, own analysis

Although there was a small fall in young adults' homeownership between the Baby and Post Boomer cohorts (1991-2001), the steepest decline occurred between 2001 and 2011 as Generation X entered their early thirties. The proportion of young adults living in social housing also fell across the cohorts while rates of private renting in young adulthood trebled from around 5-6% in the Baby Boom cohort to 16-17% of Generation X. In all cohorts young men were much more likely than young women not to be living independently in their early thirties. The gender gap in non-independent living has grown over time as young men have become increasingly likely to live with parents or other adults. Young women may have been more able than young men to maintain their residential independence in the rental sector as homeownership has become less accessible because they are more likely to be living with children. The welfare system assists adults with dependent children to rent through benefit support and priority access to social housing.

Figure 2 shows how parental tenure affects young adults' housing position in their early thirties after taking into account other factors such as ethnicity, health, family type, employment, parental labour force position and regional characteristics. Each of the four panels shows the Average Marginal Effect (AME) of parental social tenancy on a particular housing outcome. AMEs can be interpreted as the average change in the probability of an outcome that occurs when each sample member's parental tenure is first set to homeownership (the reference category) and then social tenancy. AMEs greater than 0 indicate that parental social tenancy increases the relative probability of an outcome, while AMEs less than 0 indicate that parental social tenancy reduces the probability that young people are found in that state. The effects of parental private tenancy are not shown in Figure 2 as very few young people grew up in privately rented accommodation during the study period.

*Figure 2. The average effect of parental social tenancy on the probability that young adults aged 30-34 are living in four housing states by cohort (reference category=parents in owner-occupation)*



Source: ONS LS, own analysis. 95% confidence intervals.

Having parents in social housing rather than owner-occupation consistently and significantly reduced the probability that young people were homeowners in their early thirties. The negative effect of parental social tenancy on young adults' chances of homeownership strengthened slightly across the cohorts. Parental social tenancy increased the probability that young men and young women in all cohorts were social tenants in their early thirties by 5-8 percentage points. While parental tenure has few links to non-independent living, Generation X were significantly more likely to be private renters in their early thirties if their parents were social tenants than if their parents were homeowners. Overall parental social tenancy reduces young adults' chances of entering homeownership and may be increasingly channelling young people into the private rental sector.

## Summary and implications

1. Parental housing tenure is closely linked to the housing situation of young people in their early thirties even after taking into account that young people from different backgrounds may have different attributes and lead different lives. In all cohorts children were consistently less likely to have entered homeownership by their early thirties if their parents were social tenants rather than homeowners. This may increase the intergenerational transmission of wealth and impede social mobility.
2. The negative effect of parental social tenancy on children's homeownership strengthened slightly between 1991 and 2011. However over the same period young people from all backgrounds became considerably less likely to have entered homeownership by their early thirties.
3. In contrast to previous cohorts, children in Generation X were significantly more likely to be renting privately in their early thirties if their parents rented rather than owned their dwelling. This indicates that young people from less advantaged backgrounds are being increasingly channelled into privately rented accommodation. This trend threatens to deepen inequality as privately rented accommodation is often relatively more costly, less secure and of poorer quality than owner-occupied housing.
4. Disadvantage is cumulative and isolating the impact of parental tenure probably under-estimates the overall barriers that young adults growing up in rental accommodation face in the housing market. This is because parents who rent their dwelling are also more likely than homeowners to be disadvantaged in the labour market. A subsequent briefing paper will examine how parental labour force position also shaped young adults' housing position in ways that changed across the Baby Boomer, Post Boomer and Generation X cohorts.

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