

The changing links between parental housing tenure and young adults' homeownership in England and Wales

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ONS LS project 30173

Summary

This study examines the inter-generational transmission of (dis)advantage through the housing system by analysing how young adults' chances of entering homeownership are linked to the housing tenure of their parents. Data are drawn from the Office for National Statistics Longitudinal Study (ONS LS), which provides a unique opportunity to assess whether young adults' housing careers have become more or less strongly influenced by their family background over time. The results show that people born between the late 1950s and the early 1980s were significantly less likely to be homeowners when aged 30-34 if their parents were tenants than if their parents were owner-occupiers. Importantly, the negative influence of parental tenancy on young adult homeownership has strengthened slightly over time.

Background

For many years British governments of all political colours have been committed to boosting homeownership.^{1,2} This agenda rests on a prevailing belief that homeownership enhances well-being and prosperity, helps communities to flourish and is most people's tenure of choice. However, in recent years a cocktail of factors including high house prices, student debts, constrained access to mortgages and precarious, low waged employment have been making it more difficult for young people to become homeowners.³

While falling rates of young adult homeownership could deepen inter-generational inequality,⁴ many academics and policymakers are worried that housing inequality between young people is also growing as first-time buyers become increasingly reliant on financial assistance from family members.⁵ A key concern is that tenants have fewer opportunities to support their children into homeownership than their home-owning peers. If parental tenure shapes young adults' homeownership prospects

this could restrict social mobility, exacerbate inter-generational transmissions of wealth and deepen housing inequality between those from more and less advantaged backgrounds.

Design

To examine these issues data were extracted from all members of the ONS LS aged 10-14 who were living with a parent in either the 1971, 1981 or 1991 census and who were observed at the two subsequent censuses. This sample was divided into three cohorts as shown in Table 1. Parental housing tenure when sample members were aged 10-14 was then included in models predicting homeownership when aged 30-34.

Parental housing tenure distinguishes homeowners (the reference category) from social and private tenants. All models also controlled for a wide range of other factors known to influence housing careers such as ethnicity, health, family type, qualifications, employment status and occupation, parental social class and regional characteristics.

Table 1. Description of cohorts

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

Source: ONS LS, author's analysis.

Findings

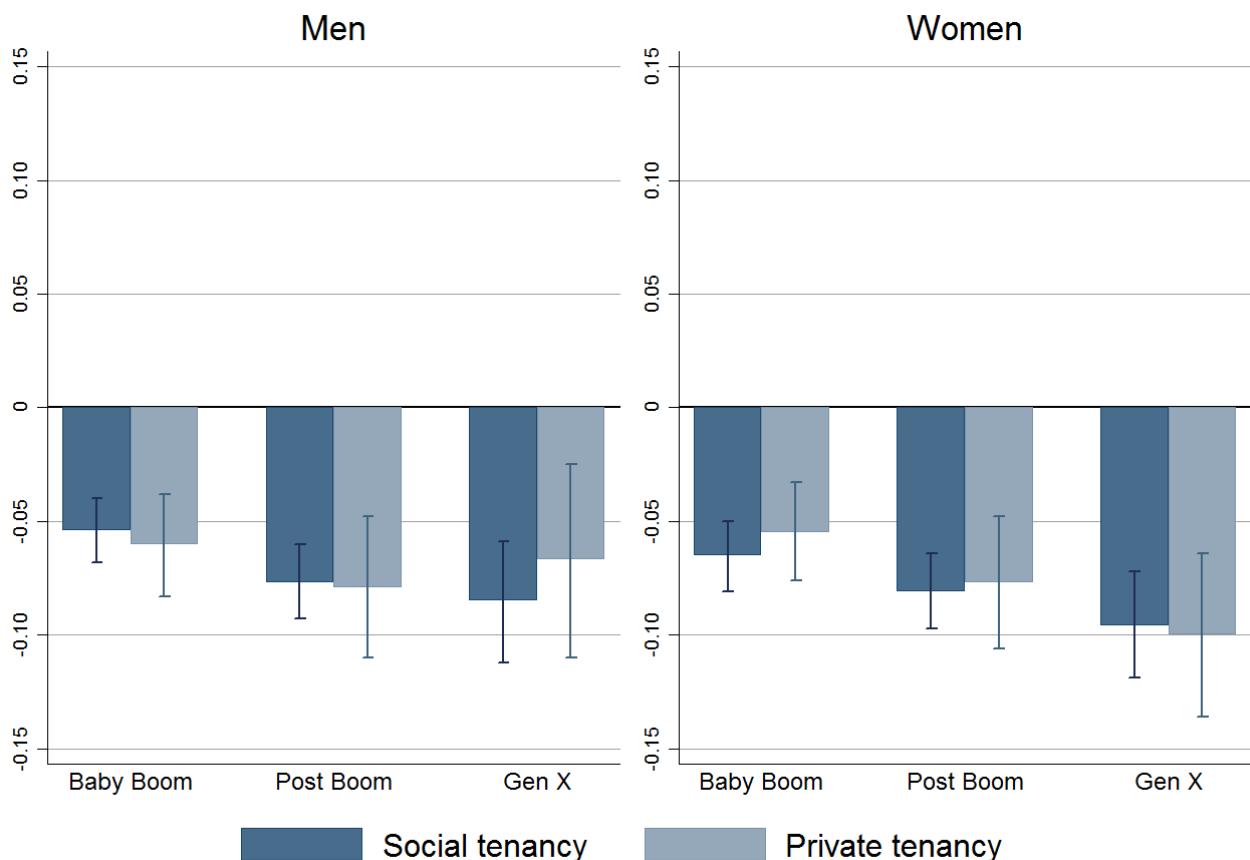
Young adults' housing careers have changed considerably over time. While around two thirds of Baby Boomers were homeowners when aged 30-34, by Generation X the homeownership rate of young people in their early thirties had fallen to just over 50%. By contrast, Generation X were three times more likely than Baby Boomers to be private tenants when aged 30-34.

To examine whether the influence of parental housing tenure has also changed over time, Figure 1 shows the average effect that changing each sample member's parental tenure from owner-occupation to social or private tenancy has on the predicted probability of homeownership aged 30-34. As all bars extend below 0 the figure shows that, on average, sample members had a significantly lower likelihood of homeownership when aged 30-34 if their parents were tenants than if their parents were owner-occupiers. In general the negative

influence of parental tenancy has also grown slightly more pronounced over time.

Conclusions

This study shows that parental tenancy is associated with a reduced probability of homeownership in young adulthood, even after taking into account that children from different backgrounds may have different attainments and lead different sorts of lives. Although this pattern is evident in all cohorts, in accordance with evidence from the Scottish Longitudinal Study⁶ the results suggest that the negative association between parental tenancy and child homeownership has strengthened slightly over time. This indicates that the transmission of housing disadvantage from parents to children is a persistent phenomenon which could be increasingly entrenching housing inequality and limiting young adults' social mobility prospects.



Source: ONS LS, own analysis. Average Marginal Effects with 95% confidence intervals.

References

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6. Graham, E., Fiori, F. and Feng, Z. (2015) Who gets on to the property ladder in Scotland? Changing transitions to home ownership amongst young adults over two decades. ESRC Centre for Population Change (CPC) Briefing Paper 26. ESRC CPC: Southampton.

26 January 2016

LINKS

Further project information from CeLSIUS:

<https://www.ucl.ac.uk/celsius/projects-using-the-ons-ls/coulter-30173>

Further information about Census & Administrative data Longitudinal Studies Hub

www.calls.ac.uk

This research was supported by an Economic and Social Research Council Future Research Leaders award [ES/L009498/1]. Additional financial support was provided by the Isaac Newton Trust.

The permission of the Office for National Statistics (ONS) to use the Longitudinal Study is gratefully acknowledged, as is the help provided by staff of the Centre for Longitudinal Study Information & User Support (CeLSIUS). CeLSIUS is supported by the ESRC Census of Population Programme [ES/K000365/1]. This work contains statistical data from ONS which is Crown Copyright. The use of the ONS statistical data in this work does not imply the endorsement of the ONS in relation to the interpretation or analysis of the statistical data. This work uses research datasets which may not exactly reproduce National Statistics aggregates. The author bears sole responsibility for all analyses and interpretations of the data.

The derivation of NS-SEC classes is provided in Bukodi and Neuburger (2009) "Data Note. Job and occupational histories for the NSHD 1946 Birth Cohort" as part of the ESRC Gender Network Grant, Project 1 'Changing occupational careers of men and women' (RES-225-25-2001). The code was kindly provided by Erzsebet Bukodi and adapted for use in the LS by Franz Buscha and Patrick Sturgis as part of the ESRC grant 'Inter-cohort Trends in Intergenerational Mobility in England and Wales: Income, status, and class (InTIME)' [ES/K003259/1].



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