

Household formation and tenure decisions among the 1958 birth cohort

The formation and breakup of households among young people have long been recognised as having an important impact on the housing market and the planning of social housing. These effects have been difficult to study, however, as analyses have not previously been able to track individuals through time. In this study, Pamela Di Salvo, John Ermisch and Heather Joshi examined the household formation and tenure paths followed by the cohort of Britons who form the National Child Development Study (NCDS), from 1974 when they turned 16 until they were 33 in 1991. They found that:

- f** 55% first left their parental home to live with a partner, to whom the vast majority were married.
- f** Young people with better economic prospects and from more affluent family backgrounds left home sooner and were more likely to leave home to live alone or with friends.
- f** A tighter regional housing market and higher unemployment rates strongly reduced the probability of setting up home with a partner and slowed departure from the parental home.
- f** 22% had gone back to their parental home at least once before age 33. The propensity to return varied greatly by the first destination, with 11% of those going to live with a partner and 53% of those living away as students returning.
- f** 65% had entered owner-occupation as their first major tenure, while 26% went into social housing. Those with middle class parents spent more time renting privately before entering either one of the major tenures.
- f** Young single motherhood was not a major force in creating social housing tenants. While early parenthood substantially increased the chances of entering social housing, the young mothers in this cohort usually entered with a partner.
- f** There was considerable movement between tenures: one-quarter of owner-occupiers left owner-occupation at least once by age 33, while 57% of those who had first entered social housing had changed tenure.

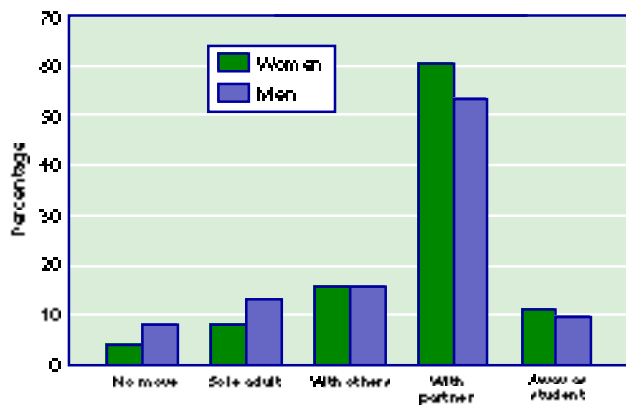
Introduction

The cohort upon whom this study has focused reached their 16th birthday in 1974, and were making their main household formation and housing decisions in the late 1970s and the 1980s. Nevertheless, the estimated influences of personal characteristics, family background and housing and labour market developments on these decisions have contemporary relevance. In particular, they allow us to make inferences about how the patterns of household formation and housing tenure may be changing among today's young people. Information on more recent cohorts from the British Household Panel Study supports the findings on tenure changes, and is suggestive of changes in household formation patterns. Thus, the information drawn from the experience of this cohort is not only of historical interest.

Leaving home

Almost all cohort members (96%) had left home by the age of 33. Women generally left the parental home sooner than men. The age at which half have left (the median age) is 20 years 9 months for women and 22 years 11 months for men. More women than men moved directly into a partnership, but this is the route out of the parental home for about 55% of cohort members. The vast majority of partnerships for this generation were marriages – just over one-quarter cohabited. Another 15% moved from home to live with friends or others, and 10% first lived away as students.

Figure 1 First move from parents per 100 population by age 33



Factors which influence leaving home

Young people with better economic prospects (as indicated by higher test scores at 16) and from more affluent family backgrounds (as indicated by higher family income at 16 or having a father in a non-manual job) left home sooner and were more likely to leave home to live alone or with friends. A tighter regional housing market, as indicated by higher relative house prices, strongly reduced the probability of setting up home with a partner and slowed departure from the parental home.

Periods of being out of a job increased the departure rate from home to live alone or with friends (possibly having to move to look for work), but reduced men's chances of entering a partnership. There was also a temporary 'shock' associated with obtaining one's first full-time job (possibly having to move to take the job) which increased the departure rate to live with friends/others, and for women, the exit rate to live alone also increased significantly. A higher unemployment risk regionally, as distinct from one's own employment status, also affected the speed and type of departure from the parental home. A higher regional unemployment rate slowed young people's departure and significantly reduced men's departures into partnerships and women's chances of living with friends or others.

Women's leaving home rates rose significantly if they became pregnant, and movements into partnership became more common. Men who fathered their first child when still living with their parents were also significantly more likely to leave the parental home and enter a partnership.

Owner-occupation was the most popular tenure for first departures from the parental home, making up two-fifths of *all* of these new homes, and three-fifths of those with a partner. Private rental accommodation also played an important role in leaving the parental home, catering for one-quarter of all first moves and two-fifths of moves to live with friends or away as students.

Students

Young people who had originally gone to live away as students exhibited dramatically different patterns of moves from the parental home after completing their continuous full-time education.

Table 1 First move from home (%)

Destination	Did not live away as students		After living away as a student	
	men	women	men	women
With no other adults	14.4	10.1	22.6	14.3
With friends or others	16.7	16.9	46.8	42.7
With a partner	58.9	67.4	28.9	42.8
Remain at home	10	5.6	1.7	0.2

Approximately equal proportions of women who had lived away as students (about two-fifths) moved to live with friends as moved into partnerships, compared with 67% of women who had not lived away as students who moved into partnerships (see Table 1). Only 29% of men who lived away as students then left to live with a partner, compared with 59% of men who did not live away as students. For the cohort members who were living away as

students, both men and women, the partnerships were more likely to be cohabitations; nearly 60% cohabited, as compared with 26% of those whose first move from home was directly into a partnership.

Returning home

About one-fifth of cohort members had returned to their parents' home at least once before the age of 33. The propensity to return varied greatly by first destination. Just over half of those who went to live away as students returned, as did two-fifths of those who departed to live with friends. However, only 11% of those who went to live with a partner ever returned. The majority of returns occurred within two years of the leaving date.

First major tenure

Owner-occupation and tenancy with local authorities or housing associations ('social housing' for short) are the dominant forms of tenure in Britain. 90% of cohort members had entered either owner-occupation or social housing by the age of 33. A total of 65% became owner-occupiers, while 23% of men and 28% of women moved into social housing.

The age at which half of the cohort became owner-occupiers was 27 years for men and 25 years 7 months for women. In 55% of the cases, the first move into a major tenure was the same as the first move from the parental home. Among those whose first major tenure was owner-occupation, the vast majority were living with a partner at the time of becoming owners (90% of women and 80% of men; most were married).

Private rented accommodation

Overall, 41.7% of cohort members had lived in private rented accommodation at least once by the age of 33. The length of stay in private rental was relatively short – 50% of cohort members were private tenants for three years or less.

People with middle class parents were more likely to rent privately and they also spent more time in private rented accommodation before entering either owner-occupation or social housing. 52.5% of those with parents in non-manual occupations had ever rented privately, as compared with 34.5% of those with parents in manual occupations. The average length of a first spell in private rented accommodation was seven months longer for those whose parents were in non-manual occupations – 43.5 months, as compared with 36 months for those whose parents were in manual occupations.

Factors which influence first major tenure

Higher regional unemployment slowed down entry into either of the two major tenures (owner-occupation and social housing). In large part, this reflects later departure from the parental home in poorer regional labour market conditions. Young

women whose parents were social tenants delayed entry to a major tenure in tighter regional housing markets, and women whose parents are owners entered one of the major tenures more quickly.

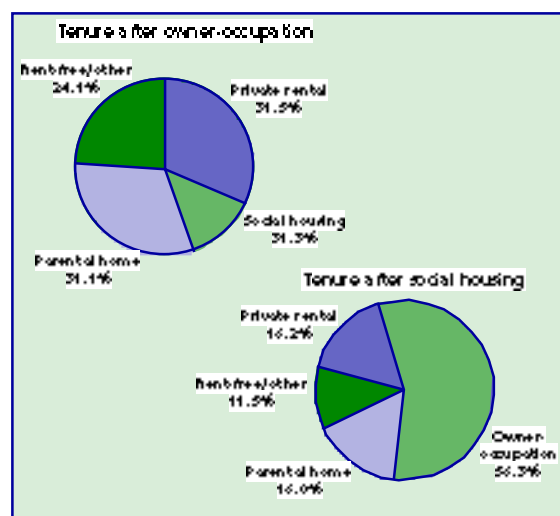
Parenthood shifted tenure patterns dramatically. Young parents moved into one of the major tenures much sooner than those who remained childless until after entering a major tenure, and the chances of becoming a social housing tenant increased dramatically as well. Women who had their first child prior to any partnership were even more likely than other mothers to become social housing tenants, but such births are rare (only 5% of women in the 1958 birth cohort had a birth prior to any partnership, and this has risen to only 8% in more recent cohorts). Furthermore, only 10% of this small minority of mothers were living alone with their child in social housing six months after the birth. Almost one-half of these mothers were living with their parents six months after the birth. Thus, young single motherhood is not a major force in creating social housing tenants. While early motherhood certainly increased the chances of entering social housing substantially, the young mothers in the 1958 cohort usually entered with a partner.

People with better earnings prospects, those with parents who were owner-occupiers or whose fathers were in non-manual occupations were more likely to become owners. Having a job also increased the chance of becoming an owner-occupier. Regional house prices had little impact on the likelihood of becoming an owner.

Changes in major tenure

There was considerable movement out of and between the two major tenures: one-quarter of those who had become owner-occupiers moved out of owner-occupation at least once by the age of 33, while nearly three-fifths of those who had first entered social housing had changed tenure by age 33.

Figure 2 Changes in first major tenure: tenure at next address



Only about one in seven of those who moved out of owner-occupation moved into social housing; the most popular next tenures were private rental or the parental home. Well over half of people leaving social tenancy became owner-occupiers. Departures from owner-occupation appear more likely to occur because of dramatic changes in circumstances: just over half of moves out of owner-occupation were accompanied by a major change in household composition, but only just over a third of moves out of social housing were accompanied by such a change. Both joining new partnerships and partnership breakups strongly influenced the risk of changing tenure. Being unemployed significantly increased the chance of leaving owner-occupation, but not social housing. Higher house prices and a higher unemployment rate in the region reduced the probability of leaving social housing.

About the study

The NCDS collects information from a cohort of people born during the week of 3rd-9th March 1958. In addition to monitoring their development over the first weeks of their lives, they or their parents were interviewed when they were 7, 11, 16, 23 and 33. The primary information related to household formation and dissolution comes from the fifth follow-up interview during 1991. These analyses are based on the 10,503 cohort members who had completed the housing section of NCDS5 at age 33 and were in their parents home at age 16.

This research was carried out by Pamela Di Salvo (SSRU, City University), John Ermisch (ESRC Research Centre on Micro-social Change, University of Essex), and Heather Joshi (SSRU, City University).

Further information

A non-technical report, Household formation and housing tenure decisions of young people by John Ermisch, Pamela Di Salvo, and Heather Joshi, highlights some of the policy implications of this work. It is available from the ESRC Research Centre on Micro-Social Change, University of Essex, Wivenhoe Park, Colchester CO4 3SQ (Tel: 01206 872938).

Further documentation on the technical aspects of this study is published in the following reports:

An Economic Analysis of the Leaving Home Decision: theory and a dynamic econometric model (Working Paper no. 95-11) and A Model of the Dynamics of Tenure Choice (Working Paper no. 95-12) by Pamela Di Salvo and John Ermisch, and Pre-marital cohabitation, childbearing and the creation of one parent families (Working Paper no. 95-17) by John Ermisch, are also available from the ESRC Research Centre on Micro-social Change, price £3.30 including postage and packing (Tel: 01206 872938).

Household Formation and Tenure Decisions among the 1958 Birth Cohort: A Descriptive Analysis by Pamela Di Salvo, John Ermisch and Heather Joshi (NCDS Working Papers. no. 41) is available from the Social Statistics Research Unit, City University (Tel: 0171 477 8484).

Related Findings

The following *Findings* look at related issues:

Social policy

- 37** The rise of cohabitation and childbearing outside marriage (May 95)
- 72** The difficulties of setting up home for young single mothers (Feb 95)
- 79** Affordable childcare and housing (Jun 95)
- 80** Social backgrounds and post-birth experiences of young parents (Jul 95)

Housing

- 108** Young people in and out of the housing market (Mar 95)

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Social policy

- 4** Family and parenthood (Feb 95)

For further information on these and other *Findings*, contact Sally Corrie on 01904 654328 (direct line/answerphone for publications queries only).



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