Family sharing - a minimum income standard for people in their 20s living with parents

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January 2019

Published by the
Centre for Research in Social Policy
Loughborough University
Leicestershire
LE11 3TU

ISBN 978 0946831 55 5

Acknowledgements

We would like to express our gratitude to all of the people who took part in the research, who gave their time and shared their views and experiences so generously with us. We would also like to thank Lisa Jones and Juliet Stone at the Centre for Research in Social Policy for providing administrative support and background data analysis. We are also grateful to Ilona Haslewood at the Joseph Rowntree Foundation for her support with this research.

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Executive summary

A rising proportion of young adults are living with their parents well into their 20s. This accounts for almost two thirds of singles in their 20s, with the greatest increase in the last decade among those aged 25-29 where over half now live with their parents. This report aims to fill a gap in the analysis and understanding of household living standards by considering how such living arrangements affect household costs, and hence the minimum that people require for an acceptable living standard. It does so as an extension of the Minimum Income Standards research, based on what members of the public in particular types of household consider are the essential goods and services that such a household requires in order to meet material needs and participate in society.

This research involved a sequence of five deliberative focus groups, comprising both young adults and parents living in households where someone aged 20-30 lived with one or both parents. These groups were able to build consensus about how living in this way affects minimum living requirements, showing how much saving is achieved collectively by parents and young adults living together, rather than living apart. On the other hand, participants expressed a wide range of views about how households share costs in terms of young adults contribution, and reached no single conclusion. As a consequence, the study makes it possible to calculate the spending and combined income requirements of these households, but rather than break this down to show how much each individual within these households requires, it provides illustrative calculations about the implications of the size of a 'board' contribution in a range of scenarios.

Giving their perspective on motives and attitudes towards this kind of family sharing, participants all identified saving on rent, which is difficult for young adults to afford, as being the most important driver. Both young adults and parents talked about living with parents in one's 20s as having become a normal and socially accepted phase of life, and one in which parents could feel positive about helping their children, including to save money that may help them move on by putting a deposit on their own home. Nevertheless, the arrangements could also bring constraints and tensions, with both young adults and parents feeling it could limit privacy and impact on independence. Parents could also feel conflicted about the desire to help their sons and daughters, alongside the observation that the financial benefits are to some degree used to enjoy a good lifestyle today and not just saving to move on.

The detailed discussions about the minimum requirements of a household comprising a young adult living with one or more parent identified a number of expenditure areas, such as clothing, transport and most leisure activity that are unaffected by household sharing because they are individual in nature. These comprise about half of required household expenditures (excluding rent – the assumed tenure in the Minimum Income Standard). The biggest saving that comes from living with one's parents is that the young adult does not have to pay ***rent***. Since this living arrangement is seen as normally involving an existing family home, responsibility for rent and home maintenance is viewed as that of the parent, with the son or daughter not expected to directly contribute. The same goes for most ***household goods,*** with the cost of furniture, for example, seen as part of the parents' cost of maintaining their home, although some aspects of buying goods for their own bedroom were viewed as the young adults' responsibility. A further substantial saving comes from only having one set of ***household bills*** such as utilities and council tax, which parents would pay in the first instance, but the young adult is expected to make a contribution for 'board' that helps share the cost of these bills. The sharing of ***food*** and division of cost in buying it was more complex. There is considerable sharing of most cupboard items and some meals, bringing economies of scale. Parents are expected to do most of the food shopping, but as with bills, this may be reflected in a son or daughter's contribution towards board. Some meals would be cooked individually, with the young adult buying some of their own ingredients. More significantly from a cost perspective, young adults in this research agreed that because it is harder to socialise at home than if you have your own place, the amount of eating out compatible with a minimum level of social participation is higher than for a single person living independently, and this offsets the household savings from sharing groceries. Finally, some shared ***toiletries*** and ***household consumables*** would be bought for the household, again as part of the household shop, although others are the responsibility of individuals.

The overall effect of these budgets on minimum household costs is to bring substantial savings in spending on rent, bills and household goods because they are living as one rather than two households. The estimated saving adds up to £44 a week for non-rent items, plus £91 for rent when comparing these costs for a young adult living with their parents to the combined costs of living separately, with the young adult living in a self-contained flat and the parents in the family home. These savings can vary significantly, especially the rent saving, according to what alternative living arrangements one assumes. For example, if the comparison is with a young adult sharing accommodation with other singles, the saving falls by about £25 a week including rent. If the comparison is with parents scaling down and living in a flat rather than a family house, this reduces the saving by a similar amount. Nevertheless, in each of these scenarios, the economies from parents and young adults living together are substantial. Savings are also similar in absolute terms for a young adult living with a lone parent as living with couple parents, and this represents a larger percentage of the overall family budget in the lone parent's case.

In deliberating over how these savings might end up being shared between a young single adult and their parents, groups concluded that you cannot generalise - because the amount that the young adult contributes to household costs is affected both by the financial circumstances and the attitudes and feelings of those involved.

Determining such a contribution was not seen as either a commercial transaction or something that can be calculated by some formula for what is 'fair', but rather are influenced by the extent to which parents desire and are able to help their children, and whether they see this as a means of pursuing a shared goal. Nevertheless, three illustrative calculations are made here based on the housing assumptions outlined above. First, a modest 'board' contribution of about £100 a month would be sufficient to ensure that parents 'break even' and are no worse off as a result of paying additional costs such as higher food and fuel bills, while the household saving of £44 a week above (plus rent) would accrue to their son or daughter. On the other hand, if there were no board contribution, the young adult would make an overall gain of £68 a week compared to living alone (again not counting rent), but the parents would spend an additional £24 as a result of them being there. Conversely, some participants in this research suggested it would be reasonable to share the savings with a board contribution higher than the additional costs to parents, giving a formula which would result in a saving to parents of £12 a week, and hence reducing the young adult's non-rent saving to £32. Even after such a board contribution, the young adult's savings from living with their parents reduce greatly what they need to earn in order to make ends meet. For example, a young adult who makes the £100 a month board contribution that allows their parents to 'break even' would need to earn just under £9,000 a year as a minimum, compared to £18,400 a year if they were living in a self-contained flat, or £16,400 in shared accommodation.

In conclusion, young adults living at home with their parents is first and foremost a means of making their lives more affordable by saving on rent, but the wider effects on family living standards are determined by a complex set of factors. While outcomes vary greatly across different families, the overall picture is one in which the economies of living together are significantly greater than for un-related sharers, because more is shared. Most of this gain accrues to young adults, but there is agreement that they should contribute to their board by making a payment to their parents the size of which determines whether parents end up worse off, better off or breaking even. While most families do not think in these terms, for parents on lower incomes, the economic burden of such arrangements can be substantial and can interact with benefit receipt. If present trends continue and young adults stay even longer in the parental home, the well-being of parents supporting adult sons and daughters well into their own retirement could become more of an issue.

1 Introduction

One way of capturing trends in low household income has been to measure the income of households against the Minimum Income Standard, an evidenced benchmark of an acceptable standard of living in the eyes of the general public (Davis et al., 2018). This standard considers how much single people living alone, couples and families with children need to spend in the course of their daily lives. Over the past decade, as UK income growth has faltered, the number of people identified as living in households with incomes below a socially acceptable minimum has risen (Stone et al., 2018).

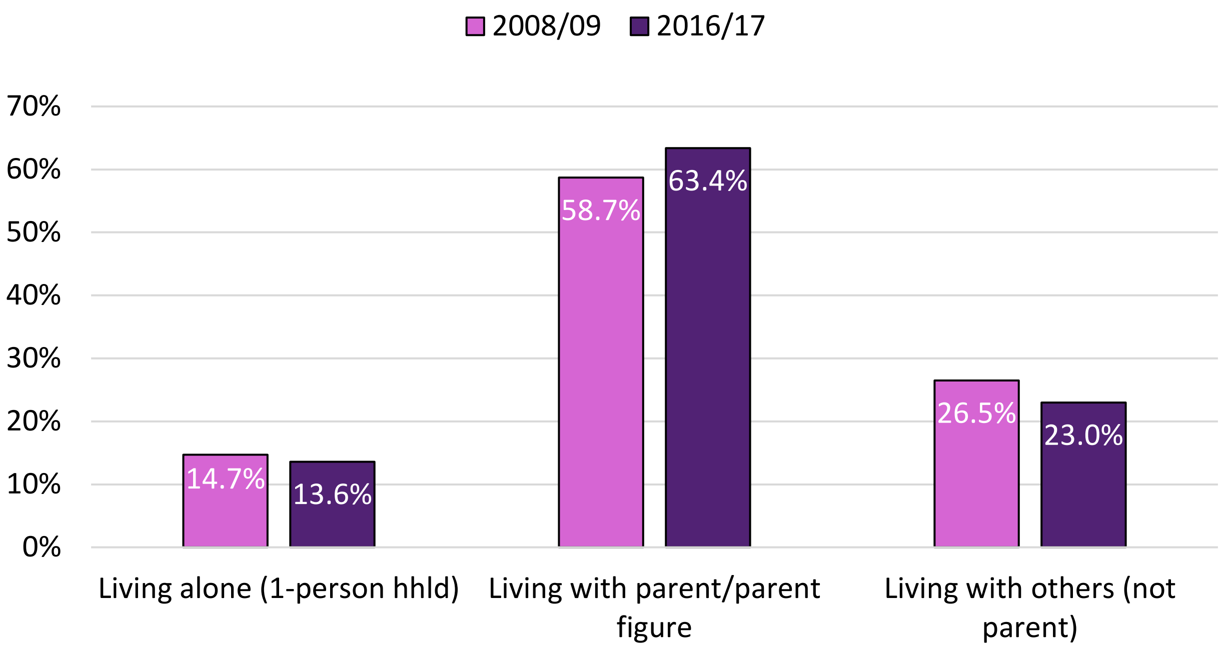
The same squeeze on the growth of income relative to costs that is causing more households to have difficulty affording a minimum budget is also contributing to trends in the formation of households. Most notably, young single adults who find it hard to afford to live on their own may consider living more cheaply with other people. Two common ways of doing so are living with their parents and sharing with other singles. Assessing low income in such sharing households brings new challenges, which requires consideration of the extent to which their members share living costs, and the effect on these costs of doing so. This report explores such issues in the case of single adults aged 20-30 who live with their parents.

In recent years, there has been a gradual but continuous increase in the proportion of adults under 30 who live with their parents. Labour Force Survey data on the whole age group (ONS 2017) shows that 19% of 20-34 year olds lived with at least one parent in 1997, and by 2017 this had grown to 26%. The biggest proportionate increase for any year of age over this 20-year period was for 29-year-olds, rising from 10% to 14% living with parents. Above this age, the rate tails off sharply, to just 6% by the age of 32, about the same as two decades ago. In other words, more adults are living with their families into their late 20s, but above that age the numbers remain low.

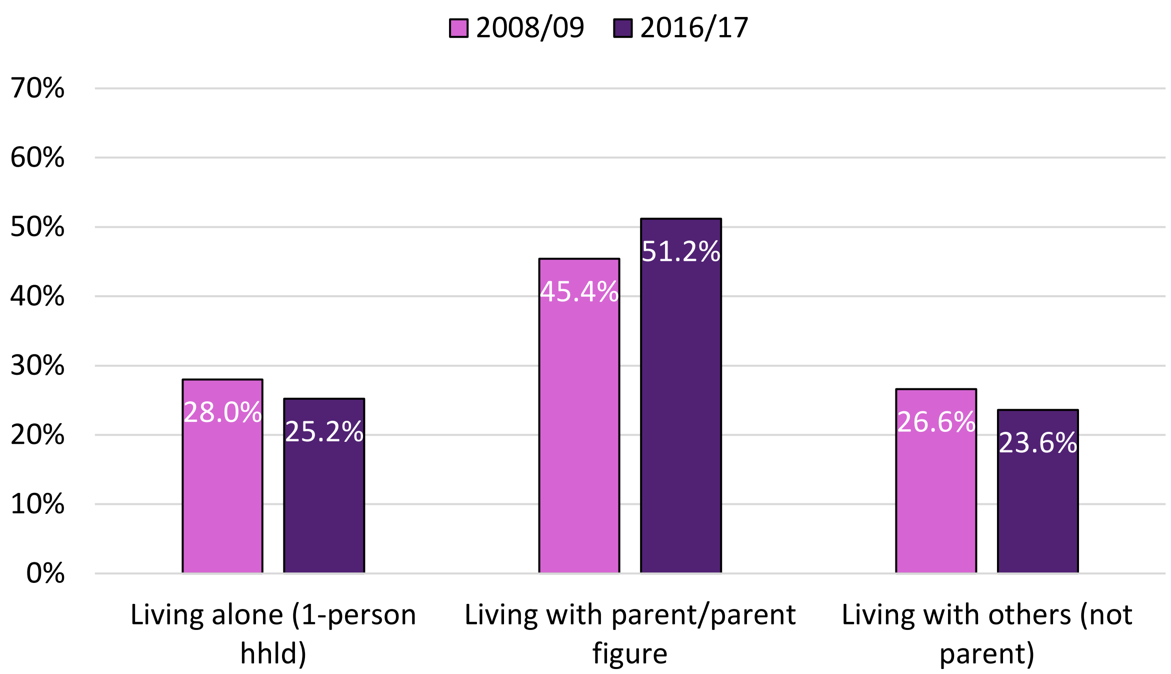
More specifically for the purposes of this report, we can consider recent trends in what kinds of households *single* adults in their 20s live in (this covers about 55% of people in their 20s: it excludes those living with their partners and/or dependent children). Household data from the Family Resources Survey are analysed in Figure 1. Almost two thirds of singles in their 20s, around 3 million individuals, now live with their parents. In the past decade the increase in this proportion has been greatest for singles in their late 20s, a majority of whom now live with at least one parent (or with an equivalent such as a former guardian or grandparent). One striking feature of Figure 1 is that as well as fewer young adults living alone, the percentage of young adults living with others but not their parents has also fallen nationally. For every hundred singles aged 25-29, six fewer are living outside their families' home than in 2008, of which three fewer are in shared housing and three fewer are living alone. Another important observation is that being 'single' now only means 'living alone' for one in four people in their late 20s, and for fewer than one in seven people in their 20s overall.

Figure 1 Living arrangements of single adults in their 20s, 2008/09 and 2016/17

a) Aged 20-29 years



b) Aged 25-29 years



Source: Family Resources Survey 2008/09 and 2016/17

These trends in the ways in which young singles are living raise issues about household costs and living standards. Analysis of poverty and low income have tended to focus on 'nuclear families' and single person households, and have given relatively little thought to the economic situation of households where adults live together, other than as a couple. Two particular aspects of living standards arise from such an arrangement. The first is what influences such households' overall costs. Since a household is defined in terms of people living together and sharing cooking facilities and/or living space, we may expect them to economise by such sharing. However, individual adults living in the same home but not as couples may lead largely separate lives. The overall costs of such households are therefore influenced by what goods and services are shared. Two people eating a communal meal in front of a shared television can expect lower costs than if each cooked separately and had a separate TV.

A second important aspect is the way in which sharing adults pool their resources to cover common costs. This is related, but not identical, to the issue of what items are consumed collectively. Payment for common items, such as food for the cupboard or electricity bills may follow a different pattern for a group of unrelated adults than for a couple with their 22-year-old son or daughter. For unrelated adults living together, there may be little pooling of income, so someone who enjoys a comfortable lifestyle outside the home may be sharing with another who is struggling. In the case of young adults and their parents, redistribution of resources within the household is more likely.

Aims of this research

This research forms part of the Minimum Income Standard programme seeking to identify minimum costs for different types of household. This regularly includes researching minimum costs for a single person, living alone, based on what items groups of single people agree are required in order to meet material needs and have the opportunities and choices to participate in society (Davis et al., 2018; the method is summarised in Chapter 2 below). A supplementary research project (Hill et al., 2015) has considered the situation of singles who shared homes with unrelated adults. It found that costs for such singles are slightly reduced by the sharing of some bills and a few common household goods, but that the main savings come from having only one set of housing costs (rent, water and council tax).

The present research fills in another important part of the picture: the household costs of people in their 20s who live with one or both of their parents. As a shorthand, this report refers to 20-30 year olds in this context as *young adults*.

As discussed above, this living situation raises issues not only of how overall household costs are reduced by people living together, but also about how daily life, its costs and the living standards that result are shared between parents and young adults who live with them.

Specifically, the study had three main aims:

1) To assess how the combining of single young adults and their parents into one household, rather than living separately, affects the combined minimum living costs of these individuals.
2) To consider how these costs may be shared between parents and the young adults who live with them, and the implications for the living standards of each.
3) To comment on motivations, attitudes and norms associated with this style of living, insofar as they affect costs and how they are shared.

All these aims were approached with reference to the perspectives expressed by young adults and parents living in the type of household under study. In line with other research on the Minimum Income Standard, research was therefore focused on group discussions among members of the public who live in the type of household being studied.

This is not a general study of the living standards of people in their 20s living with their parents: it is focused on how this living situation affects single people's ability to reach a minimum standard of living. However, the general attitudes and motivations that influence people to live in this way are relevant to this issue of acceptable living standards. In particular, where young adults live with their parents primarily or partly in order to make life more affordable, this helps frame discussion of minimum requirements and of how costs should be shared. Moreover, the extent to which they see this as a transitional life stage, and where they think it is leading, also influences attitudes about what is acceptable at this stage of life.

The remainder of this report is developed as follows.

Chapter 2 sets out the methodology. Chapter 3 considers the attitudes and motivations of parents and young adults who share accommodation. Chapter 4 presents the main results in terms of what goods and services are required for such households, and who pays for them in the first instance. Chapter 5 calculates what this means for how much it costs, as a minimum, for parents and young adults to live together, compared to how much it costs for them to live apart. Chapter 6 then discusses how these living costs might be shared, and who gains from the savings involved. Chapter 7 presents a short conclusion.

2 Method

This study uses the Minimum Income Standards (MIS) approach to consider the minimum acceptable living costs for households where a young adult (aged 20-30) lives with their parent(s). This chapter briefly outlines the MIS method before going on to describe how it was applied in the context of this research.

The Minimum Income Standard is the income that people need in order to reach a minimum acceptable standard of living in the UK today. Fundamental to MIS is the definition of a minimum which was devised by the public when the research first started (Bradshaw et al., 2008) and has since been used in all groups:

> *A minimum standard of living in the United Kingdom today includes, but is more than just, food, clothes and shelter. It is about having what you need in order to have the opportunities and choices necessary to participate in society.*

This definition is about more than survival alone – it includes items that the public think people need in order to be part of society – to be able to take part in things and have choices in life. However, it is based on minimum requirements and as such it covers needs, not wants; necessities, not luxuries.

The method involves a sequence of discussion groups with members of the public who have detailed negotiations to agree the goods and services that a household would need in order to achieve this minimum acceptable living standard. Groups are composed of participants from the particular household type under discussion – for example, pension age groups decide the minimum for people of pension age. However, group members are asked about the needs of a hypothetical individual (a case study) so as to de-personalise discussions and help to avoid focus on their own individual needs and preferences. They go through all aspects of the budget including quantity, quality and duration of items required inside the home and what is needed for life outside. The aim is to reach consensus through an iterative process, whereby researchers feed back information from one group to subsequent groups to check agreement or resolve differences of opinion. In certain areas, for example nutrition and energy use, relevant experts check the budgets. The resulting lists are priced to construct weekly budgets and the research is reviewed and updated regularly to keep it up to date (Davis et al., 2018).

Applying MIS to households where young adults live with their parents

Study design

This study involved asking groups about the minimum needs and budget requirements for a single person aged 20-30 who lives with their parents. Participants in the groups all lived in this situation – some of them young adults and some parents. Those who took part were not related so no parents of a young adult participant or vice versa were recruited. The groups were held in cities in the Midlands and South Yorkshire. Each comprised between seven and nine participants, with a mix of gender, socio-economic and ethnic backgrounds and couple/lone parent households. The young adults who took part were aged 20 to 30, and the parents aged 40 to 63 with children living at home who were aged 20-30. Participants included those who had (or whose children had) never left home as well as those who had left but subsequently returned to the family home.

The study was based around five staged focus groups, each with a particular purpose, in order to build up an overall framework for thinking about costs and how they are shared. First were two ‘orientation’ groups – one with young adults, and another with parents. These groups had an exploratory role and were used to provide background information and context about the issues involved where young adults live with their parents. They discussed why young adults might live with their parents, what areas of life and budgets are affected by living together and how costs are shared, and also developed the case study example (see below). Next three decision-making groups were tasked with going through the existing MIS budgets in detail to identify differences between the needs and costs of a single working age person living on their own compared to someone living with their parents. The decisions of one group were taken to the next for checkback and review. Two of these groups were comprised of young adults followed by a final group containing both young adults and parents. Groups lasted between two and a half and three hours depending on the stage of research.

Specifying the case study

One thing that was important to clarify, both for recruitment of participants and for the focus group deliberations, was what exactly do we mean by ‘young adult’ who is living with their parents. While it is recognised that there are many different scenarios and types of household in which adult children live with parents, in this study we are looking at a single person, aged 20-30, who is living with a parent or parents, but they lead independent lives and do not have caring responsibilities for one another. Furthermore, the young adult is not a student/in full-time education, because this will have particular implications, for example around financial independence or accommodation needs differing during term or holiday times.

As in the main MIS research, a ‘case study’ was constructed in the orientation groups. It was developed by the first group of young adults, agreed on by the second orientation group of parents with the example accepted as a realistic model by subsequent groups and used throughout the research.

Case Study:

> *Charlie (or Charlene) is aged 20-30 and lives with their parents in a rented house where they lived as a child, and they have their own bedroom.*

The case study is an important tool in MIS research to focus discussions onto a shared example and away from differing personal experiences – particularly relevant in this research where familial relationships were inevitably involved in the subject under review. The case study has to contain enough information so that people can relate to it, without being too specific. It was agreed that age 20-30 was an appropriate and acceptable age range for someone to be living at home - by 20 it was thought that young adults would have gone through a transitionary period from school/college and thus seem less like a dependent child, while 30 was seen typically as an age at which one would think of moving on – a perception borne out by the sharp reduction in the number living with parents around that age, referred to in Chapter 1. It was felt that (as in the main MIS) renting was the most suitable tenure to talk about, in particular so that discussions around sharing or contributing to costs would not be coloured by issues such as whether a parent's mortgage has been paid off. It was explicitly stated that Charlie had their own bedroom as groups noted that this is an important individual space for a young adult living at home. Participants decided not to state whether Charlie had always lived in the family home or had left and moved back in as it was felt that this does not in itself affect a young adult's needs. It was also agreed not to state whether there are any siblings in the case study home as the focus here is on the individual needs of Charlie.

How it worked in practice: reaching consensus in some areas, but not in others

In the decision-making groups participants were presented with lists of items included in the main MIS budgets for singles and for couples, in order to consider how these would be combined when both were living together. For some kinds of items, particularly shared household goods such as furniture, reference was also made to the items specified in MIS for a family home, since this was seen as a logical starting point in considering the living situation of a young adult who remains in or returns to such a home. Starting with these previously agreed MIS budgets, groups considered what such a household requires, if living with parents affects needs and changes things on the lists, which items are consumed as individuals and which separately, and who would pay for them. The last of these issues was considered in two stages: who would actually buy different items, and then whether and on what basis a young adult would expect to make a financial contribution to their parents to reflect shared items that the parent was paying for up front.

The initial aim, reflecting the MIS approach, was for successive groups to build up consensus over both the overall costs of the households and the implications for both the young adults and the parents in terms of the costs they would face in this arrangement compared to if each lived on their own. In practice the groups and process worked well on building a picture of how a young adult (like Charlie) living with their parents would live and what aspects of life would be shared or individual. On the whole decisions about which items to include in household budgets were agreed fairly readily, with the participants reviewing and refining decisions effectively over the three decision-making groups. It was also agreed which household items would be similar to the family model and paid for by parents (such as household furniture), which were individual items and personal costs such as mobile phones/laptops and activities outside the house, which parts of the budget would be partly shared such as food and toiletries and within these how much would be shared and how much individual.

However, on one key aspect a consensus proved impossible to reach: the basis on which a ‘board’ payment from young adult to parents would be made to contribute to parents’ costs. There was consensus that such a payment was appropriate, but not how much might be a ‘fair’ contribution, given that it would be influenced by many situational and emotional factors (discussed in Chapter 6). Each of the three decision-making groups had a different perspective, and indeed a wide and often conflicting range of perspectives was expressed in each of these. Therefore, the last two chapters of this report produce a single set of ‘results’ for a household, but a range of scenarios showing effects on individuals. Chapter 5 presents results on the overall minimum costs for households, a useful calculation that will allow estimates of the number of households with overall incomes below MIS to take account of family sharing. Chapter 6, which explores the outcomes for individuals, shows some examples of what this would mean in different scenarios. This includes the scenario that young adults contribute ‘board’ payments sufficient to ensure that their parents ‘break even’, in the sense that the presence of a son or daughter in their home neither increases nor reduces their net costs; but the young adult still has far lower net costs than if they were living on their own or with others in a house share. Scenarios with results based on the higher and lower contributions suggested in certain groups are also presented.

3 Motivations and attitudes towards living with parents

This chapter presents themes and issues emerging from the research which help set the context in which young adults live with their parents. This research does not comment on whether or not living with parents *should* be seen as a minimum standard of living for young adults. Rather it recognises that this is a way of living for many people, and as such seeks to broaden understanding, in particular around the cost implications. This chapter draws on discussions among groups, to give some insight into their conclusions about what households require and who pays. In orientation groups and throughout the research, participants considered a range of factors that influence how these households live, what they need for a minimum acceptable living standard and how items and costs are shared within a family in this situation. The discussions revealed both similarities and differences in the views and attitudes of the young adults and parents who took part.

Reasons for living with parents – constrained choices

The motives behind young adults living with parents can be multi-dimensional: a combination of structural, economic and personal factors can act as barriers to living elsewhere and attractions for young adults stay or move back home. This includes for example, finishing college/university, relationship breakdown, (un)employment and income situation as well as changing attitudes and norms (Burn and Szoeke, 2016; Lewis et al., 2016; Sassler et al., 2008; South and Lei, 2015; Stone et al., 2013; Warner et al. 2017). For participants in this study, motives were framed largely by a constrained set of choices, caused in particular by high housing costs; the overwhelming reason for living with parents was financial. House prices, the amount needed for a deposit and the high costs of private rents, even house sharing, combined to encourage young adults to remain at, or return to living with their parents. These factors weighed heavily in the groups' discussions, and are corroborated by evidence showing that higher housing costs are associated with lower home ownership among young people, and influenced by other factors including delays in forming relationships, later completion of education and housing benefit reforms that have reduced young adults' entitlements (ONS, 2016). Participants in the present study felt there was little choice, particularly where the combination of high housing costs and relatively low pay made living on their own seem unobtainable:

> *'Because rent is so high I mean virtually everywhere in the UK as well particularly in Manchester I mean how ridiculous it is in London just around the M25. I think for 20 to 30 year olds the large majority would, if they had a choice would want to stay in their own place in a studio or a one bedroom flat. The difference in what you pay in terms of board to your parents you can save so much I think, that is why.'*
>
> (Man, Young Adult/Parent Decision Group)

A common motivation for young adults was saving money in order eventually to move out, with the predominant view of living with parents being a stage or transition (see below). This could give a distinct sense of purpose, with living at home seen as a necessary means to an end, ideally to get a deposit, mortgage and buy their own property – so moving their lives on. Participants noted that living more cheaply with parents would quicken the process, reasoning that it would be very hard if not impossible to save enough otherwise; large sums that would otherwise go to rent could be saved towards a deposit. For some families this could be seen as a joint project, where parents share the goal of wanting to help their children save money to set up home on their own.

> *'Wanting to own a home one day is harder when you're going out and renting a place whereas if you're staying at home and you're able to save a bit more, and then hopefully you can save for a deposit or something, whereas when you've moved out then you have so many financial responsibilities especially if you're saving it is almost impossible to get on that ladder.'*
>
> (Woman, Young Adult Orientation Group)

> *'I would rather save money now because I can save a lot more at home than rent which just feels I am giving someone else money that I could be putting towards a mortgage.'*
>
> (Woman, Young Adult Orientation Group)

From the parents' perspective, having an adult child remain or move back home is not necessarily seen as an unconstrained choice as it involves a sense of responsibility related to family relationships and bonds. Wanting to help and support a child by letting them live at home in order to save money was influenced by feelings that young adults today can face more economic uncertainty, insecure employment and their earnings are less likely to cover private rents, compared to when they were young. In this sense parents saw themselves and their home as an important 'safety net'. However, some parents felt that they would rather not be in this position and had little choice but to house their child if they wouldn't or couldn't afford to support themselves. Furthermore, parents felt obliged to offer security in times of need, where individual or personal factors influence young adults to remain in or move back to the family home – such as unemployment, illness or relationship breakdown. It is important to note that this is not necessarily one-sided, as young adults may stay or move back home to support parents who experience such life events. Both young adults and parents agreed that the obligation to house adult children can extend to keeping a room for them even after they move out.

> *Mother 1:* *'I think you have always got to think they need a room.*
>
> *Mother 2:* *And they very often come back as well. They come back again don't they?*
>
> *Mother 3:* *….Yes, you wouldn't keep their things, but you know you would always need somewhere for them, I think that is just the deal isn't it when you have a 'baby'.'*
>
> (Parent Orientation Group)

Man: *'And I think that is just a parental instinct, if your child needs that support they are obviously going to pick up no matter… no matter what the situation is, they are there to support you.*
Woman: *Yes, I think my mum always says like there is a bedroom, like the door is always open if you want to come home yes.'*

(Young Adult Orientation Group)

In this context being the parent of a young adult, whether or not they have moved out, can inhibit downsizing and potentially incur extra housing costs through an expectation that parents need a larger property in case a child returns home. This can have financial implications particularly for parents on limited incomes, for example renting a larger than necessary property, and being subject to 'bedroom tax' (reduced housing benefit) if under occupying social rented accommodation.

'Once the child moves out of the house, you have got that spare bedroom that you have got available and then you have got the spare bedroom tax that you have got to pay on top of that, so it is more money that they have got to pay out.'

(Man, Young Adult Orientation Group)

Attitudes and views about living together

An accepted norm (for a certain period)

Reflecting recent trends in living arrangements noted in Chapter 1, participants felt that sharing with parents was the norm for many single young people today. They saw it as an acceptable way of living in one's 20's, and while it is not necessarily how they really *want* to live, it was common among their friends and peers, so they did not feel it to be unusual or stigmatised.

'I am 29 and a lot of my friends are in similar situations … more than half of us still live at home with our parents.'

(Woman, Young Adult Orientation Group)

Parents noted a change in attitude towards living at home from when they were young and felt that fewer young adults moving out, alongside constant media reporting of housing unaffordability, has helped to destigmatise this way of living for young adults.

> Mother 1: *'The thing is like when we were younger, people were leaving home and sharing flats and houses but now they're not doing that. People they know are not leaving home and sharing accommodation so what can they do? They will only be on their own, won't they?...*
> Mother 2: *She doesn't know anyone who has left home, she is 21, none of her mates have left home…*
> Mother 3: *…Because it is not uncool today for a 20-year-old or a 25-year-old to go: I live at home with my mum and dad. If you said it when we were younger they would go "what is wrong with you"?'*
>
> (Parent Orientation Group)

> *The media has almost helped with that hasn't it? because you know we're surrounded by the message that you can't afford it, you know you can't get on the ladder, it is on the news every day, so I think that it's kind of securing that thought process isn't it?"*
>
> (Mother, Parent Orientation Group)

However, this sense of acceptability was time limited, and appeared to tail off at the older end of the 20-30 age range. There was general consensus that by thirty you'd want to think of moving out, with several participants stating this as their aim. After the age of thirty it was felt less acceptable, with people more conscious of how they would be seen by others at this stage, not being 'quite where they should be in life'. This reiterates that living with parents is viewed as an acceptable way of living in one's twenties, but is thought of as a period of transition to living independently, albeit one that could last a decade or more, rather than a permanent state of affairs.

> *'I don't feel like I like living with my parents anymore and that is probably because I am 30 now and a lot of the time people may look at you as "oh you're 30, why are you still living with your parents?"... I think for me at times it can be a bit of a negative especially when like if you're on a date or whatever it might be you're maybe looked at as a person who's not quite where they should be in life.'*
>
> (Man, Young Adult Orientation Group)

Some participants also noted cultural differences in attitudes and practices around sharing with parents: in some cultures it can be usual or expected for young adults to live with and be supported by their parents for longer, for example until they get married (see also Lewis et al., 2016).

Benefits of living with parents

A key positive aspect of living with parents for a young adult was that it avoids the unnecessary cost of rent, and (as covered in detail in Chapter 4) can involve parents paying for a range of household costs. This produces large savings compared to living alone, or to living in a house share where costs are split more evenly. As well as giving young adults a chance to save, as noted above, it can give them more disposable income for items it would be harder to afford otherwise, such as for clothes or electronics, a social life, holiday or saving to go travelling or to buy a car. In this context it is seen as an enabler - allowing them to have a life, rather than the alternative existence of scraping by on what's left after paying rent.

> *'I feel like there is two routes when you're this age, like one route is moving out not having much spare money, perhaps living with friends in a shared house, and from then on your life is kind of set up because you have got the financial payments 24/7, or you have got the route of moving back home where it is a bit easier, you have got more money to enjoy yourself and spend on fun things.'*
>
> (Woman, Young Adult Orientation Group)

> *'Now my daughter bought her first car outright from what she wasn't paying me, and so it has given her independence, pride, she can see something what she is getting, but it is because of what she's not paying that has got that you know like the achievement.'*
>
> (Mother, Young Adult / Parent Decision Group)

Other advantages came from shared family life. For some participants living with parents included the attraction of receiving 'home comforts', for example cooked meals and domestic tasks – although this was also an area where there was a range of experiences around the extent to which household tasks were shared. As outlined in Chapter 4, sharing of food also has cost implications compared to if someone is living on their own or cooking completely independently.

> *'You have kind of got the home comforts as well you know, it is knowing I have got a cooked meal ready for me when I come home from work and I don't have to worry about cooking something myself… A lot of people have come back from uni; it is kind of easy to get comfortable, you just get used to it again and yes, trying to save as well.'*
>
> (Man, Young adult Orientation Group)

Challenges and tensions of shared living arrangements: privacy and (in)dependence

Some challenging aspects of shared living were raised by both young adults and parents which had implications for independence and how they lived in the household. These related to finding themselves in a position between living as an independent adult, but still in the same environment as they did as a dependent child.

From the young adult's perspective, privacy was an issue, both in terms of physical space and how they lived their lives. This had two effects on needs and costs (see also Chapter 4). One was that their bedroom was seen as a very important personal space, somewhere they would spend time: it was an area where they had more say and investment in the contents compared to the rest of the house which was seen as their parents' domain.

> *Woman 1: 'I think because a lot of the time you spend like if it's not with your parents you would be in your room so it is really important to create a nice like space for yourself.*
>
> *Woman 2: Yes, I need my privacy a lot and my parents like to get involved in my life quite a bit so with me it was like my room is my zen.'*
>
> (Young Adult Orientation Group)

Secondly, living with parents meant that young adults felt less able to bring friends or partners back in the same way as if they lived on their own or in shared accommodation. This meant a greater need to go out more to socialise or to eat out.

Young adults and parents both noted potential tensions that could occur around living as an adult and supporting/being supported – negotiating this transitional life stage between independence and dependence could be challenging when tied up within a close (familial and spatial) relationship. Young adults recognised that it could affect their independence if their parents were still doing things for them and expressed some frustration at still having to justify or keep parents informed about what they are doing and where they are going.

> *Woman 1: 'I think it's affects your independence in the sense that if you have got the home cooked meals at home, you're not likely to cook for yourself, you're not likely to go shopping. You know there is certain things that you just rely on your parents to do for you because you're just used to it so it does hinder on your independence and obviously other people then do look at you in a certain way as well.*
>
> *Woman 2: It's true like when I moved out I didn't know how to work a washing machine.*
>
> *Woman 3: Although you're a young adult you're not an adult at home, like I know that my parents don't care where I'm going but they still feel the need to everyday say "oh are you going out? Where are you going? What time are you going to be home?" Just having that same conversation and when you're at uni you don't need to have that conversation with anyone.*
>
> *Man: And if you're not back at that time they're calling you.'*
>
> (Young Adult Orientation Group)

Living together was also noted by parents as a potential source of strain - for example, when it had gone on some time, where the relationship was difficult, or it was felt that the young adult was taking advantage or not taking responsibility around the home (Warner et al, 2017). Occasionally parents talked about wanting their life or space back. Another issue was where it was felt that living with parents was supporting their children's lifestyle (rather than saving for the future), which could be frustrating when it appeared at odds with their own spending. One aspect of this conversation related to a perception of changes in what young adults feel they need today compared to when their parents had been that age. Such norms inevitably change across generations, and this can create an uneasy relationship where the parent feels they are helping support a lifestyle when their priority is to support their sons and daughters to prepare to move on. Parents in the orientation group referred to how they had expected to 'rough it' in order to live in a bedsit, whereas their sons and daughters had higher expectations.

Mother 1: *'I think that [saving] is maybe what they tell people they're doing but I think you know to have some more disposable income I kind of don't blame them, you know but I'm not seeing a hell of a lot of saving, purely because he hasn't got much money I guess but there isn't the drive…*
Mother 2: *Then they will go out and spend £150 on the latest trainers that are on the market.*
Mother 1: *Yes, too right.*
Mother 2: *You know he just bought himself an Apple iMac and he found £1750 very quick so he can save.'*

(Parent Orientation Group)

Nevertheless, parents talked positively about their role in wanting to support their children (as long as they could afford to); they saw it as paving their way to independence. There was also a view that dependency is being extended, with more people going to university and the associated debt this incurs, less certainty in the job market, and people getting married or starting families at a later age (reflected in recent data ONS, 2016). Some parents felt that young adults are less responsible or don't have the budgeting skills that they had when they were younger. However, it was felt that attitudes towards saving tended to gain in momentum with age, as young adults became more careful with money and had a stronger desire or plans to move out the further along the 20-30 age spectrum they were. There was also admission that parents can be contributing to this extended dependency by 'spoiling' their adult children. Some parents talked about enjoying the company of their children, the emotional attachment and not wanting to let them go – one foresaw 'feeling redundant as a parent' when her child moved out. It could be hard to negotiate this balance between preparing their child for life 'out there' and extending dependency.

> *'You feel like you're helping, and you try and get them ready for the wide world but there are a lot of negatives that when it tips over to too long I think then they are maybe spoilt for life. Are they going to make it on their own you know?'*
>
> (Mother, Parent Orientation Group)

Implications

This chapter has outlined some of the positive and negative aspects of living together, for both young adults and parents, factors that influence how they live their lives and have potential financial implications. A key reason behind such living arrangements is the cheaper cost of living for young adults – to save in order to move out and to ease current budgets. However, issues associated with living in this extended phase between dependence and independence highlights the complexities behind such arrangements. There was overall consensus among participants that young adults in their 20s should not live 'as children', and that this extends to making some contribution to the household as adults. However, discussions around how this could or should be calculated highlighted that this is not straightforward, as one mother noted 'there ought to be a formula to work it out'. One reason is that living in the same home as adults is not the same for parents and their sons or daughters as for unrelated sharers: relationships are heavily influenced by emotional bonds, not just by practicalities or contractual arrangements. The extent of contribution to family expenses will depend on the financial situation of both parties and be influenced by the attitudes, motives and emotions of those involved (see Chapter 6).

The following chapters go on to present minimum budget calculations for a young adult living with parents (Chapter 4), what this means in terms of overall costs and saving for young adults and parents (Chapter 5), and finally what it might mean for savings for individuals once a contribution has been made by young adults to the household's costs (Chapter 6).

4 Minimum costs for a household in which someone in their 20s is living with their parents

This chapter considers the minimum requirements of a household comprising a young adult living with his or her parents, and the implications for the budget of such a household. It also discusses who in the first instance would cover these costs.

The first of these aspects, what the household requires, was investigated in this research in order to establish what savings are obtained from living as a single household, compared to young adults and their parents living separately. Groups in this research were able to reach consensus on issues such as how many meals are shared and whether young adults and their parents need separate televisions when living together, which affect overall household costs and economies of scale.

The second aspect, who pays for what, is relevant to who realises these savings. As explained in Chapter 2, groups were unable to reach a consensus about how much a young adult should contribute to the expenses of the household when living with their parents. What they did agree on was who was likely to pay for items in the first instance. In this context, this chapter reports on who pays directly for items, but with the caveat that this does not imply that where parents cover household costs directly, young adults have no responsibility for contributing to them. Chapter 6 below discusses further the issue of young adults making a monetary contribution towards ‘board’.

Overview: which expenditure categories are affected, and which are not

The following analysis considers which of the categories of spending that are included in the MIS budgets are affected by a single person living with their parents.

A substantial proportion of what these adults would spend as individuals or couples is not affected by household arrangements. Groups agreed that expenditures on clothing, transport, leisure activities[1] and holidays, laptop computers and mobile phones are all specific to the individual, and unaffected by household arrangements. On the other hand, costs related to paying for one's home, paying household bills and providing most household goods are collective items that are affected by whom you live with. Food and drink, consumed inside and outside the home, is partly individual and partly collective and an area affected by living with parents. Personal services such as haircuts and dentistry are individual, and personal goods such as toiletries are largely individual but with some items like soap and toilet paper being bought for the home.

Overall, just under half of a single person's MIS budget (excluding rent) relates to items in categories unaffected by living arrangements, because they are individual items paid for by the person who uses them. The research produced the following findings about the remaining expenditure areas: those where living together might make a difference.

Providing the home: rent and maintenance

The most significant cost affected by young adults and parents living together is that they only need to pay for one home and not two. This means that the young adult saves the cost of the rent that would be paid if living separately, and as made clear in Chapter 3, this is the most important motive for young adults to live with their parents. The issue then arises of how much the parent is paying to rent or buy the shared home, and whether the young adult should directly contribute to this cost. The predominant attitude expressed by participants in this research was that living with parents is a means of living rent-free, and that in general rent costs would not

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[1] This relates to the cost of activities such as cinema, gym etc, rather than eating out which is discussed below.

be directly split between parents and the young adult. This was based on the view that a parent already living in a family home, paying for it through a rent or a mortgage, or owning it outright, will not incur additional costs as a result of an adult son or daughter living there, that it is the parent's home and that they would take financial responsibility for a rent or mortgage. Some participants suggested that it is not really cost-free for a parent under financial pressure who might be able to save money by scaling down if their son or daughter did not live with them (an 'opportunity cost' discussed further in Chapter 6), but overall, the perception was that parents do not generally expect a contribution to rent.

A similar rationale was applied to looking after the home. Any decoration or repair costs were seen as the responsibility of the parents, on the basis that it is 'the parents' home': they have the long term stake in it, rather than it being a shared property.

Paying household bills

Running any household requires the payment of a range of bills: council tax, utility bills, landline/broadband rental, insurance and TV license. As with rent, it was assumed that parents would in the first instance pay these bills. All of these would bring further savings compared to living separately, in most cases equal to what the young adult would have paid in their own accommodation. In some cases, these savings would be offset by additional expenditure by parents, such as on higher heating bills resulting from more people living in the household. Groups agreed in principle that while parents would pay for all these costs up front, a 'board' consideration should partly reflect such regular household expenditures. Thus they distinguished these bills from the provision and maintenance of the home itself, which was entirely seen as the parents' concern.

One household bill that could potentially be affected by an additional person in the house is the landline connection that groups of working age singles and couples say a home would need in order to access broadband. (Landline telephone calls are no longer considered essential.) Groups of young adults and parents discussed whether the package specified for a couple would be sufficient if their son or daughter was also living with them, and concluded that a faster connection would be needed. This was linked especially to streaming putting a high burden on the wifi; streaming rather than a separate television was seen as the way the young adult is likely to watch films and other media in their room. This produces a small extra cost of £6 a month, and it was agreed that it would be reasonable for the young adult to pay this (whether directly or taken into account in a board payment).

Household goods

Most household goods were seen as items already present in the parents' home, which the young adult would not need to contribute to buying, producing a significant saving compared to living alone and having to buy one's own furniture, curtains, crockery, toaster or television. Since most of these goods are long-term features of the home, seen as the parents' home, they were considered fully the responsibility of the parent to buy. They were thus regarded in a similar way to the provision of the home itself: as something that is 'already there', rather than expenses for which the young adult shares a responsibility.

Within this broad picture, several issues arise affecting the overall cost of goods for the household, and who pays for them.

A significant difference from the research on non-related sharers is that in a family, most items are used jointly by members of the household and therefore do not have to be duplicated. In particular, whereas single sharers said each needed their own cooking utensils and crockery, young adults sharing with their parents felt that it was completely acceptable to share this equipment because it was with family members, and they would use what is provided by parents, bringing significant savings.

Shared items also included the family television, which parents and young adults would have each needed if living separately. While considering whether the young adult may need a television in their room, there was agreement across groups that they are more likely today to get entertainment through other media like phone or streamed media on a laptop. In this context it is interesting to note that while sharing produces an economy in terms of only requiring one television, entertainment and communication overall brings limited savings as a result of sharing because it has become more individualised: each individual requires a laptop and a mobile phone, so there are not the economies that may have been present at a time when a family telephone or a family computer provided for a household's needs.

Some items would be different for young adults and their parents living together compared to the parents living separately. For example, the living room would need a larger sofa, in line with the one specified for a family with children, than would be needed for a couple only. Although parents living on their own in the same home as their children had grown up in might have this larger sofa, when they come to replace it they could opt for something smaller, so this can be seen as an additional cost. Similarly, while they might still have a wardrobe in their children's bedroom even if they leave home, they would not need to replace it after it wore out other than if their son or daughter was living there. This makes the household goods budget about 10% higher for a couple living with an adult son or daughter than for a couple living alone.

A further variation relates to some specific household goods that young adults living with their parents would purchase for themselves. Participants mentioned a lunchbox and water bottle to take to work, associated with having an independent life outside the home. They also emphasised that their bedroom would be the one room in the house where they had their own private identity, and would express this by being responsible for some of the goods. Various ways of doing this were discussed regarding who would pay for bedroom furniture. One view was that a young adult might furnish their own room if they were closer to moving out and expect to take furniture with them, but the consensus reached was that it would be acceptable to have the basic furniture provided by parents (using the MIS model for a secondary school child) and it would remain in the house if the young adult left. They would spend a small amount on decorations in order to personalise the room, and would also purchase some better quality bedding than is allowed in MIS for a secondary school child, to attain a degree of comfort that they would not have expected as a teenager. This decision reflects the fact while the default assumption was that the goods in this family home would be no different from if parents lived with a secondary school child, single adults in previous MIS research had specified more comfortable bedding than family budgets provide for a secondary school child. As well as saying they would buy the bedding, young adults also said they would also contribute to the cost of their own towels, noting that these might be used outside of the home, for example taking on holiday or to the gym. While these decisions had only minor impacts on budgets and who pays for them, the young adults in groups who lived with their parents attached a symbolic importance to them. They were aware that in most aspects of their home lives they were not operating as independent adults in the way that they would if they lived separately, and accepted this reality with the home seen as the parent’s domain, but felt that these were more individual household items which were associated with their personal lives or identity and it was appropriate to take responsibility for these aspects.

Consumables: food, drink, eating out, personal goods, household items

While household bills and household goods can be readily regarded as part of the cost of running the home, items such as clothing and transport are purely individual items, food, drink and some toiletries come somewhere in between. They are regular expenses that may be consumed individually or collectively.

In the case of ***food***, groups agreed that there would be a combination of shared and individual consumption. ‘Cupboard items’, staples such as cereals, bread, teabags and items that are not a main component of a meal, were seen as things that are there for members of the family to use as needed, which parents would buy as part of a weekly shop. Some meals would be eaten as a family, again bought by parents. In other cases, young adults would cook for themselves and eat separately, buying some distinctive items like meat and vegetables, but also using items from the cupboard. This would also be the principle applied to packed lunches that a young adult might make for themselves to take to work, buying some things like sandwich fillings but supplementing this with cupboard items bought by their parents. This resulted in the assumption that most food eaten at home would be paid for in the first instance by parents, but with a recognition that a ‘board’ payment from young adult to parents may partly reflect that fact.

In considering which meals young adults would eat at home with their family, at home on their own or outside the home, a significant emphasis was given to the last of these categories. Young adults living with their parents felt there was a greater need to eat out and increased the budget to cover eating out at a modest level twice a week, rather than the once a fortnight allowed for single adults living on their own in the main MIS. They justified this as a minimum by pointing out that it is harder to cook for friends and entertain at home when living in one’s parents’ house than in a self-contained flat. They also said that if eating weekday lunches outside the home, half would be bought out as an economical 'meal deal' rather than a packed lunch. This is because when sharing a kitchen with parents, it could be seen as parents' space; young adults talked about not wanting to 'get in the way' to make a packed lunch if parents are also preparing food, having less defined individual foodstuffs runs the risk that items are used by parents making it harder to plan for packed lunches than if they lived alone, and also convenience, in particular for young adults in their early 20's. This also contributed to food costs, adding to the amount spent directly by the young adult and reducing the saving on food from living with parents (although this saving is still substantial).

Overall, a realistic model for costing young adults' food expenditures was agreed, comprising half of dinners (i.e. seven per fortnight) to be eaten with parents, two dinners a week (four per fortnight) to be eaten out and the remainder (three per fortnight) to be eaten by the young adult individually at home. Weekend lunches are assumed to be eaten as a family at home, and weekdays split evenly between packed lunches and meal deals. Breakfast items were included in 'cupboard costs' bought by parents.

The overall outcome of this food model is to realise substantial economies of scale from eating together compared to if young adults and their parents lived separately, but for this to be more than cancelled out by a greater amount of food eaten outside the home. The calculations are shown in Chapter 5.

Alcohol drunk at home was seen as being in a different category to food – there was some suggestion that young adults' modest allocation for drinking at home, such as the occasional can of beer, might be subsidised by parents, but in the end the decision was that this would be bought by the individual.

Personal goods such as medicines and toiletries, are consumables that are mainly individual, but some items would be bought for the home. Groups spent some time considering which would be put in what category, but most of the budget ended up in the category that individuals would buy for themselves. This related to how products are used but generally more expensive items such as razor blades and deodorant were individual, with some items that would be communal such as soap being very cheap on a per-week basis. One exception was toilet paper, which is a significant recurring cost that would be bought communally. A significant argument about some items like a hair dryer concerned independence and the ability of young people to live their own lives. After some debate it was eventually agreed that while it is possible for a young adult to share a hair dryer, they should not have to go to their parent's room to borrow one, and would sometimes be staying away from home, so would need their own. In some cases items were deemed to be split between individual and shared use – for example, painkillers or shampoo, where a young adult would sometimes use what was in the house, but also at times buy their own. Overall for personal goods, there were no significant economies in overall family costs as a result of living together.

Finally, consumable ***household items*** such as cleaning products, washing powder, cling film etc were seen as shared items, and bought communally as part of the regular household shop.

5 Implications for overall household costs

The implications for minimum costs of young adults living with their parents can be looked at both at the family and at the individual level. This chapter starts by looking at the overall effect on minimum costs for young adults and their parents of living as a combined household. That is to say, what is the difference between their overall costs if they live together compared to if they live as two separate households. Chapter 6 then considers the individual consequences of this, in terms of how costs may be allocated between the young adult and the parents.

Table 1 summarises how much a family comprising couple parents and their 20-30 year old son or daughter save weekly from living together rather than as two separate households (based on the MIS model of a single person living in a one bedroom flat, and a couple living in a two bedroom house).

Table 1 Summary of overall weekly household savings from single young adult and parents living together

	A. Single household (living on their own)	B. Couple (living in family home)	C= A+ B Total, both households	D Household with young adult living with parents	E = C-D Saving from combining households
Costs incurred mainly as a household:					
- **Household goods**	£11.23	£13.28	£24.51	£16.26	**£8.25**
- **Household bills, excluding rent** (council tax, water, fuel, insurance, decoration, TV license, broadband)	£45.64	£61.90	£107.55	£68.59	**£38.96**
Costs incurred mainly as individuals (Clothes, transport, leisure, personal goods and services, mobile phone)	£101.58	£190.36	£291.94	£291.96	**-£0.02**
Food and drink (mixed household and individual)	£55.14	£93.31	£148.44	£151.39	**-£2.94**
Total, excluding rent	£213.59	£358.85	£572.44	£528.19	**£44.25**
Rent[2]	£91.12	£115.11	£206.23	£115.11	**£91.12**

[2] Rent levels based on one-bedroom property for single and two-bedroom for couple with or without young adult. Rents calculated as in Footnote 3.

The greatest savings from living together is that there is one rather than two sets of rent or household bills as the young adult does not have to pay to live in the flat, and the effect of having an extra person in the family home will incur only minor additional bills. Leaving aside rent for the moment, household bills such as council tax, fuel, water and broadband cost about £46 a week for a single living independently. In contrast, having a young adult living in the family home adds only about £7 to the bills that the parents would be paying there anyway (for example by adding to fuel bills and requiring a faster broadband connection), giving a combined household saving of £39 a week. Nearly two thirds of this saving in bills comes from Council Tax (16.50) and domestic fuel (£8.00).

A smaller, but still significant saving of £8 a week comes from combining household goods (for example only needing one television and one set of cooking equipment). Food and drink, including eating out, actually costs slightly more as a result of parents and young adults sharing: as explained above, some economies of scale for eating in are more than offset by young adults saying that you need to eat outside the home more, for social purposes, if living with your parents than if living alone.

Overall, as shown in the table, the saving comes to £44 a week without rent. But even a modest rent creates savings of over twice that level. This is because the saving for a young adult of not having to rent their own place will not be offset by any additional housing cost from them occupying part of a family home that is anyway being rented or bought by their parents. The £91.12 a week saving shown is calculated as a modest single person's rent in an inexpensive part of the country, and can thus be seen as representing a 'minimum', which will vary greatly in practice[3].

[3] The standard for rent used in MIS is the average of lower quartile rents in local authorities in the East Midlands, as an example of a relatively modest rent in a relatively low rent region.

Importantly, Table 1 above has had to make assumptions about what kind of home the young adult and the parents would be living in were they not living together. The savings from living together will in practice vary according to which alternatives they are being compared to.

For the young adult, the above comparison considers the case where the alternative is for the young adult to live in a self-contained flat – the calculation made for a single person in the main MIS research. However, as shown in Chapter 1, among single people in their 20s not living with their parents, more now share accommodation than live alone, although in their late 20s slightly more still live alone than in shared accommodation. Table 2 shows, in a comparison between a young adult living with their parents and living in a shared house, savings to the family overall are lower than if the alternative were for the young adult to live alone, but these savings remain substantial: £32 a week in non-rent items and an estimated £76 a week in rent.

Table 2 Weekly family savings from living together if alternative for young adult is shared accommodation

	Total excluding rent	Rent
How much less it costs for young adult to live in shared accommodation than alone	£11.81	£14.70
Adjusted savings: young adult remains in family home rather than moving out into shared house	£32.31	£76.42

For parents, the calculations have so far been made on the basis that the parent couple lives in the family home even after their son or daughter has left home. This was the prevailing assumption of participants in this research. A young adult's decision to live with their parents was not, in most cases, assumed to have implications for parental housing costs, because it was assumed that they would normally stay in that home while a son or daughter was in their 20s, if only to enable them to come back when they wanted to. However, the main MIS finding is that a couple living on their own requires as a minimum only a one bedroom flat, not a family house. This could be said to create an 'opportunity cost', in that their adult son or daughter's presence at home prevents parents from saving money from living somewhere cheaper.

Even though not all parents consider scaling down immediately after their children leave home, this 'opportunity cost' is relevant for two important reasons. The first is that for some parents on low incomes, it is real. There were participants in this research who noted that it can be difficult for a parent or parents to afford to maintain a home of adequate size for their son or daughter to live in. Some also talked about instances of friends whose parents had downsized after they moved away, but they had later moved back and had to sleep on a sofa or in a conservatory.

> *'My mum is really struggling right now which is why .. we're downgrading to a two bedroom so I am no longer going to have a bedroom [as will have to share with a sibling].'*
>
> (Woman, Young Adult / Parent Decision Group)

A second reason for considering the 'cost' to parents of grown-up sons and daughters of maintaining a family home is that, even though this may be considered appropriate whether or not they are presently living there, it represents a higher minimum cost than is assumed in MIS. Seen in this way, the additional cost of maintaining a family home at this stage of life is not a consequence of the decision of a young adult to live with their family, but simply a cost of having a son or daughter of that age.

Mother 1:	'*When I bought this house, my son moved in with me and he met somebody and after six months he said I'm sorry mum, but I am going to be moving out, so that left me with all of the bills and everything, but it didn't work out and he did end up coming back. But yes, if he hadn't then…*
Mother 2:	*That would have been the opportunity to go and get a one bedroomed.*
Mother 1:	*I know*.
Researcher:	*So, it is a difficult thing.*
Mother 3:	*Yes, I think really you know if you're looking at people who are in that position where they have paid their mortgage off and they still have the big family home, I guess it is a whole different ball game for that scenario isn't it? But I don't, I rent somewhere*.'

(Parent Orientation Group)

In this context, Table 3 shows what difference it makes having a young adult and their parents living together, compared to if each lived separately in their own flat. In this calculation, some of the savings reported earlier are offset by the additional cost of having a house. Nevertheless, substantial savings still remain, estimated at £37 in non-rent costs and £78 in rent per week.

Table 3 Weekly family savings from young adult and parents living together compared to each living separately in a flat

	Total excluding rent	Rent
Additional cost of couple living in 2-bedroom family home rather than 1-bedroom flat	£7.48	£13.28
Adjusted savings: living in family home compared to separate flats	£36.64	£77.84

This comparison also provides the basis on which to take family sharers into account when setting a minimum benchmark against which actual household costs can be compared, when reporting on the number of households below MIS (Stone et al, 2018). For families that include additional members other than parents and their dependent children, whose needs are measured directly in the main MIS research, each member needs to be given a weighting. For a couple with one or more 'non-dependent' sons or daughters, this can be derived by considering what percentage to add to a couple without children budget to reflect additional living costs, including the cost of living in a larger property than the flat assumed for the couple without children. This does not include additional rent or water bills, since the 'after housing cost' income measure used in such comparisons subtracts the actual amount spent on these items. For the remaining costs, the savings add up to £21.60 a week, which is 11.3% of the 'after housing cost' budget of a single person. This allows us to estimate that for each additional adult who lives with a parent, household cost rise by 11.3% less than a single person's budget. This compares to a 5.3% saving for an un-related sharer (Hill et al, 2015).

Thus, the household savings generated by a single adult living with parents are modest other than for housing costs, but just over double the equivalent savings from a single person living with unrelated sharers. It is also worth noting that both of these savings are far lower than the economy of two members of a couple living together, compared to separately. The after housing cost weekly MIS budgets are £191 and £323 for a single and a couple, respectively, meaning that the second member of a couple costs 31% less than the first – well over double the economy of living with a parent. This reflects the much greater amount of sharing in the case of a couple. It is worth noting that official measures of poverty and household income give the same weightings to additional adults in a household, regardless of whether they are part of a couple, a relation or a non-related sharer. This is likely either to underestimate economies of scale in couples or over-estimate economies of scale for other adult sharers, or both.

Lone parents

The results presented in this chapter have focused on the case of couple parents, rather than on young adults living with lone parents. The research considered the specific example on those living with couples as a 'case study' example to help limit the complexity of the discussions. However, it is also worth considering how the calculations in this chapter are likely to work out in the case of a lone parent. In practice, the savings identified above are likely to be very similar. The most significant savings identified relate to a young adult not having to pay for the bills and household costs that they would have to if they lived on their own. This will apply whether they live with a lone parent or with couple parents. Moreover, MIS assumes the same size property and a similar range of furniture and other goods and services for the household in the case of lone parents and couples with a given number of children. Some bills vary slightly, such as fuel bills, but the effect of adding an additional adult to these overall bills will be similar. The biggest cost differences between lone parent and couple households relate to individual costs such as clothing, which are unaffected by where individuals live.

The one important exception to this is council tax. If a single young adult lives with their lone parent, the 25% council tax discount that applies to single-adult households does not apply. As was mentioned by a lone parent in the groups, this is a tangible additional cost falling on the parent, albeit offset for the family by the son or daughter not having to pay council tax separately. In practice, depending on the circumstances of parent and young adult, the matter of who pays such a specific and identifiable cost could be negotiated – a participant in this situation in our research had passed this on to their son. It is also worth noting that other savings identified above, which will be similar in absolute terms to the case involving couple parents, therefore represents a more significant share of overall costs for a lone parent. These factors make it more likely that a young adult living with their lone parent on a low income may see this arrangement as a useful way of both saving money, and sharing the economies between them.

6 Who pays and who benefits from sharing a home?

Chapter 5 showed that the minimum cost of a young adult living with their parents is significantly lower than the combined minimum cost of each living separately. But to whom do these savings accrue? This issue is relevant in the context of family attitudes towards sharing, discussed in Chapter 3 above. Parents wish to help their sons and daughters, but also to teach them responsibility. To what extent do they therefore think that they should contribute to the costs of the household, and what implications does this have for who ends up better or worse off from this arrangement?

We can start by considering the consequences of groups' conclusions about what comprises a minimum budget and who would pay for each kind of item directly. Following on from the savings identified in Chapter 5, Table 4 considers who in the first instance pays more and who pays less in each area of expenditure where living together makes a difference.

The first area considered is household bills, the area where there are the greatest gains because the young adult does not need to cover their own council tax, fuel and other household expenses that would be incurred if they lived independently. (This is also true of rent, a large saving, which will vary in size from case to case.) Because parents are expected to pay these bills in the first instance, and they are mainly at the same level as if their son or daughter lived elsewhere, the arrangement makes little financial difference to the parent, other than having to pay somewhat higher fuel bills because of having a third person in the house. Similarly, for household goods, significant savings accrue for a single from not having to buy their own television, crockery, furniture or other items, and for parents there is a small additional cost from having to provide some such goods for an additional occupant.

In the case of household consumables, particularly food, the picture is different. Here, the concept of parents financing a weekly 'family shop' was widely agreed on, and this would provide a large part of what young adults would eat, as well as some toiletries and cleaning products. While this gain to the young adult is reduced by incurring a higher eating out budget than if they lived independently, there remains a substantial additional cost to parents of buying items consumed by their son or daughter.

The overall result is that before making any board payment, the young adult saves substantially more than the £44 a week overall household saving calculated in Chapter 5. In addition, the parents pay about £24 a week helping to cover some further costs that reduce the young adult's costs further, saving almost £70 a week before rent.

Table 4 Allocation of weekly savings and additional costs, before 'board' payment

(Young adult living with parents, compared to young adult living on their own and parents living in family home.)

	Combined saving	Gain by young adult	Extra cost to parent	Explanation
1 Household bills covered mainly by parents				
Council tax	£16.51	£16.51	£0.00	Young adult does not have to pay these bills: a saving compared to living alone. In most of these cases it costs the parent little or nothing more to have an extra person in the house. Fuel bills rise modestly. Broadband bills rise with faster connection needed, but this is covered by the young adult, who save the difference between renting their own broadband and paying for this boost.
Fuel	£8.03	£12.81	£4.78	
Water rates	£6.00	£6.00	£0.00	
Insurance and decoration	£2.54	£3.06	£0.52	
Broadband	£2.99	£2.99	£0.00	
TV license	£2.89	£2.89	£0.00	
2 Household goods, bought mainly by parents				
Household goods (durables)	£7.29	£7.76	£0.47	Young adult does not need to buy furniture, crockery, TV, etc. For some items, costs are slightly higher for three people in house than for couple living alone, so small extra cost to parents.
3 Consumable items, some bought in weekly shop by parents, others by individual				
Personal goods (mainly toiletries)	-£0.03	£1.89	£1.92	Some shared items e.g. soap, toilet paper supplied by parents (but most toiletries are individual).
Consumable household goods	£0.96	£1.82	£0.86	Parents supply cleaning materials, washing powder, kitchen roll, etc.
Food	-£2.94	£12.91	£15.86	Cupboard food and some meals supplied by parents. Some economies of scale, but overall gains offset by young adult eating out more (adding an extra £12.50 per week), which offsets the £25 gain to young adult of paying little for groceries.
Total, non-rent	**£44.23**	**£68.64**	**£24.41**	
Rent	£91.12	£91.12	£0.00	

A contribution for 'board'

Throughout this research young adults and their parents agreed it is appropriate for someone living with their parents to make a contribution to household expenses if they could afford to do so. Yet there was also near-unanimity that the appropriate level of this contribution cannot be generalised. Part of this is because of the different situations of the individuals involved, including the working status and pay of both the young adult and their parents, which influenced what it would be fair to ask as a contribution. Yet in the process of the research, it became evident that contributions were thought of in a way that went far beyond considerations of what is affordable and what is fair.

In an effort to explore whether groups could set down some principles of what would be a 'fair' contribution, the researchers invited the first decision-making group of young adults to consider a formula for how much a young adult might contribute if they could afford to. Participants in this and other groups found this a difficult exercise since they do not generally think about board payments being attributed to specific costs: it is more of a general contribution to the cost of the household. Nevertheless, this group suggested that it could be based on a percentage of household bills (not rent) and a percentage of the weekly household shop – two areas of household spending that it felt reasonable to contribute to. They suggested 15% of bills and 10% of the weekly shop. A second group of young adults accepted the principle of this formula, but set it at a substantially higher level: 15% of bills and 25% of the shop (having first suggested a third because there are three people in the household, but then modifying this in light of young adults eating some meals out). These differences were not just about numbers: the first group saw the contribution to the shopping bill as contributing to rather than covering their costs, whereas the second group saw it in terms of making a proportionate contribution to the costs that they incurred:

> *'Parents never expect you to pay for everything, so I would just want to pay for a portion of your portion if that makes sense.'*
>
> (Woman, Young Adult Decision Group)

> *'Certainly in my family they would just say look split it three ways.'*
>
> (Man, Young Adult Decision Group)

While these two groups engaged in thinking about what is a fair contribution and came to different conclusions, several members of the final group, a mix of young adults and parents, strongly viewed such a 'calculus' as inappropriate. One reason is the complex range of motivations expressed by parents, that are individual to each family, on the one hand related to how parents would like to help their children get on in life (for example enabling them to buy a car), and on the other wanting to ensure that they mature and feel like adults. In the same group, a young adult expressed the importance of having the 'self-respect' associated with knowing that you pay your way, and in several groups it was noted that some parents would not be in a position to subsidise their son or daughter. However, perhaps the most fundamental barrier to finding any 'formula' for fair contributions is because many of the participants did not see family relationships as being 'transactional' in the manner of, say, a landlord and tenant, but rather as a process of pursuing shared goals. How much a parent asks as a contribution depends on what they feel they can contribute to the well-being of their son or daughter, not what is financially 'fair'.

> *'I think it is hard for us to break it down into percentages when it comes to your children and put it into that context, it doesn't work, for me it just doesn't work because it is like… your children are your children even if you were all starving'*
>
> (Mother, Young Adult / Parent Decision Group)

While it is therefore not possible to report on a contribution for board considered to be normal or fair, the calculations made in this research allow some key observations to be made about the implications of the size of a board contribution.

First, that if either no contribution or only a token board contribution is made by young adults living with their parents, the net result will be for parents to be financially worse off. Table 4 above shows that they could have £24 less a week or over £1200 a year less to spend. Some parents may accept this willingly, but for those on low incomes, it is worth noting that this additional cost can significantly lower parents' own living standards.

Secondly, however, a board contribution of £24 a week or just over £100 a month could, in the scenario envisaged in this research, allow young adults to retain most of the savings that they gain from living with their parents (as against living on their own), while not making the parents worse off. Including rent, they would make £135 a week in savings, compared to £160 a week before the board contribution. Moreover, £100 a month is a modest contribution compared to some of the amounts that participants in this research gave as examples of what happens in practice. It was suggested by some in the final group that such a 'break even' point is a useful benchmark, although some others felt this is not the way that parents think about the consequences of helping their children.

> *'I think as a child you don't want your parents to see you as a burden so possibly a happy medium would be to make sure that the parent isn't out of pocket but also giving the best opportunity for the child to save as much as possible…. a parent might sort of think of the break even concept as quite corporate and quite cold, but they're still helping their child out because it is still making a saving.'*
>
> (Man, Young Adult / Parent Decision Group)

> *Mother 1: 'For me as a parent, breaking even it doesn't come in to that context of oh I have got to break even, I have got to do it, it is just like if there is money there…*
>
> *….*
>
> *Mother 2: …I just think it's, when it is a child, when it is your you know your child it is a gesture.'*
>
> (Young Adult / Parent Decision Group)

Thirdly, according to the most generous formula for a board contribution suggested by any of the groups, a 25% contribution to the weekly shop and a 15% contribution to bills, both parents and young adults would be financially better off than living separately. This would result in a £36 a week or £150 a month contribution, and result in young adults still being over £120 a week better off including rent savings, and the parents being £12 a week better off. Thus there are scenarios where both parents and young adults can improve their living standards by living together. This was significant because, although the advantage of living together was most commonly related to the economic well-being of the young adults, there were some cases where the needs and resources of parents came into focus, and some participants were very aware that in certain situations, a young adult's contribution to the family finances can play a crucial role.

> *'It all depends on their situation, so a lot of my money supports the family as well because my mum being on benefits, she's not really got a lot to survive herself so a lot of my money is spent on supporting the family that way as well.'*
>
> (Man, Young Adult Orientation Group)

> *'…there are numerous families out there that probably are quite dire and stuff in terms of their financial situations and as much as blood can run quite far and is quite thick, sometimes finances can cause fault lines in relationships so that needs to be considered…. There are families out there that are struggling quite a bit and having this idea in terms of what is reasonable for a child to contribute I think is quite an interesting and quite important thing really.'*
>
> (Man, Young Adult / Parent Decision Group)

Finally, it must be noted that variations referred to in Chapter 5 can significantly alter these results. For example, in the case where a parent on a low income is constrained from scaling down and reducing their housing costs by the fact that they are accommodating their son or daughter, the 'cost' for the parent increases by over £20 a week, including rent. In this case, the contribution to board requiring the parent to 'break even' almost doubles, to £45 a week, around £200 a month. For a lone parent with nobody else living with them, the presence of their grown-up son or daughter makes a difference of at least around £6 a week (based on a modest, Band B property), which would need to be added to the board contribution to cover this extra cost to the parent.

Effect on minimum earnings requirement for a single young adult

One question that this study started out with was how much less does a young adult need living with parents than if on their own? This can be expressed in terms of earnings. The minimum earnings requirement calculated in MIS for a single in a self-contained flat is £18,400 a year (Davis et al., 2014). For the reduced outgoings of a single person in shared accommodation, this falls to £16,400. The additional savings from living with parents make a greater difference, however. Even after making a £24 a week board contribution (the point at which parents 'break even' as explained above) a single person living with their parents can meet their own minimum budget earning just under £9,000 a year – mainly as a result of not having to pay any rent. (For someone making the high board contribution to help cover parents' additional housing costs, referred to above, it would be just over £10,000.) Earning £9,000 a year equates to working about 22 hours a week on the National Minimum Wage for over-25s, or 23½ hours for 21-25 year olds. That is to say, living with parents can help enable young adults on very modest part-time earnings to buy the minimum that they require. Someone working full time would therefore potentially be able either to live above the minimum or to put money aside in savings.

Interaction of living standards for different family members

The calculation in the previous section shows that a young adult can meet their own minimum needs with a lower income if living with their parents than if they are living independently. However, interactions between the income and living standards of different members of such families are relevant in a range of ways. One is that where a young adult has adequate income but lives with parents who themselves have incomes below MIS, the living standards of all family members are likely to be affected. In the scenarios described, reaching such a standard depends in some respects on parental spending – for example in providing adequate housing, household goods and most food eaten at home. Furthermore, sharing with parents who require support themselves can mean that some of the assumptions made above regarding who gains from family savings may no longer hold. In such a case, more of the benefits may potentially go to parents if the young adult takes more responsibility for covering costs or pays a larger board contribution. It should also be noted that if a parent receives Housing Benefit support with rent or Council Tax Support, this can be affected by the presence of a non-dependent child in the household. More generally, the economic well-being of the young adult may interact with that of the parent over time, who themselves may be moving from one life stage to another. As a parent moves from caring for dependent children, to a post-child phase and eventually into retirement, they would normally expect living costs to go down, and may plan their finances accordingly. Having a son or daughter living at home may either disrupt or be factored into such calculations. It is beyond the scope of this study to consider the implications for parents' living standards, but these need to be borne in mind.

7 Conclusion

Spending time living with parents has become a more commonplace feature of early adulthood than in previous decades. It is considered by many families to be a normal, expected phase of life, and more than just a temporary transition. This study does not take a view on whether such arrangements are desirable, but rather takes them as a given feature of contemporary society. It considers two economic aspects of young adults living with their parents that affect whether those involved are able to reach minimum acceptable living standards: how much it saves parents and young adults to live together, and how such savings are shared. These economic outcomes are not straightforward to estimate, partly because they vary according to the different economic situations of the individuals involved, and partly because they are inevitably entangled with many non-economic aspects of family life, notably the extent to which lives are shared and attitudes towards parental responsibility for adult children.

Despite these complexities, this study has demonstrated that sharing a home can substantially reduce the combined living costs of young adults and their parents compared to if they are living apart. Most of these savings come from savings on rent, but there are also considerable savings on bills; furthermore, the economy of having only one set of household goods and buying most food eaten at home for the household rather than the individual, creates further savings, greater than those experienced by non-related sharers living mainly separate lives.

The most obvious and immediate effect of these savings is to allow a young adult to have an acceptable living standard on a much lower budget than if they were living independently. Parents themselves do not necessarily expect to share in this benefit, and can potentially be worse off as a result of paying more for goods and services as a result of living with a young adult. However, at the minimum standard of living discussed in this study these additional costs are not great, and it takes only a modest contribution towards board for them to be no worse off, or even better off, than living separately from their son or daughter.

While parents in this study did not tend to think in these terms of gains and losses, for some low income families, sharing costs can offer an opportunity for both sides to improve their living standard, depending on the interaction of incomes with social security benefit receipt where relevant. For some families, the net additional cost of having an adult son or daughter at home will be particularly significant because it prevents any saving that could come from scaling down housing after your children have grown up. If the trend to staying at home longer becomes extended to affect more families, including after parents stop earning, these considerations could become more prominent. While for many families, sharing homes is seen as a means of the older generation helping out the younger who are hit by high housing costs, the economic well-being of parents of modest means who may have to help out their grown-up children well into their own retirement cannot be ignored.

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ISBN 978 0946831 55 5