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(Un)Affordable housing and the residential separation of age groups

Residential age segregation in England and Wales has been growing in recent decades, with older and younger adults increasingly living in different neighbourhoods. Our research has found that age segregation is higher in areas where housing is least affordable, revealing a new concerning consequence of the housing crisis. The spatial separation of older and younger adults is a potential source of intergenerational tension and raises questions about social cohesion in the UK.

Key Points

- Levels of residential age segregation between older (65+) and younger (25-44) adults increased in the 2000s, following an already upward trend in the 1990s.
- The residential separation of age groups is a widespread phenomenon and is happening in both urban and rural areas, in London and elsewhere.
- Residential age segregation in England and Wales is most pronounced in areas where housing is least affordable.
- These trends raise concerns about potential intergenerational tension and have implications for the development of policies designed to promote social cohesion between age groups.

Introduction

Given that people have different housing needs at different stages of life, and housing types tend to be clustered, it might be supposed that residential age segregation is expected and unproblematic. However, residential age segregation, like ethnic or social-economic segregation, emerges from an intricate interplay between changing individual/household preferences at different life

stages on the one hand, and external constraints on the other, with housing affordability being particularly influential. Therefore, increasing residential segregation between generations can be considered problematic if it reflects an inability of some households to access the housing that they need. House prices rose steeply in the 1990s and early 2000s, and both owner-occupied and

private rented housing have become increasingly less affordable relative to incomes. The steady decrease in the construction of new housing in the UK since the 1970s, along with an increase in single-person households, has led to a substantial shortfall in housing supply in some areas. At the same time, policies have been introduced that stimulate housing demand (e.g. Help-to-Buy, Buy-to-Let). The effect has been an upward pressure on house prices, which have also responded to low interest rates and mortgage lending practices. In such housing market conditions, it is no surprise that levels of housing affordability have significantly declined in many neighbourhoods as average house prices have outstripped average earnings. The result is that many, predominantly younger, people on lower incomes face significant constraints on where they can afford to live.

The study

We use data from the 2001 and 2011 censuses to examine the degree of potential contact (i.e. the likelihood of interaction), between older and younger adults across neighbourhoods in England and Wales. Using a standard measure of segregation, the Interaction Index, we compute the probability of an older adult sharing the same neighbourhood with a younger adult. The Interaction Index has values ranging from 0 to 1, with lower values indicating higher segregation. In this study, the Interaction Index (I) is measured for all of the smallest geographical units from the census (181,408 Output Areas in 2011) for each neighbourhood (7,201 Middle Layer Super Output Area in 2011) in England and Wales. We focus on older adults aged 65 and over, and younger adults aged 25 to 44. The use of these two age groups

allows us to see whether residential patterns of people who have reached, or are nearing, retirement age, are increasingly (dis)similar to those of people in their prime childbearing years, who are building a career and/or family.

The study also considers housing affordability for each neighbourhood using data from the Office for National Statistics. Housing affordability is computed as the ratio of median house prices to mean net household (annual) income. To give an indication of the most and least affordable areas, quartiles of housing affordability are used, these divide the rank-ordered data into four equal parts (Q1: 25%, Q2: 50%, Q3: 75% and Q4: 100%).

Main findings

Increasing residential age segregation

As Table 1 shows, residential age segregation between older and younger adults across neighbourhoods in England and Wales increased in the noughties, with lower values of interaction indicating higher age segregation over time (from 0.591 in 2001 to 0.564 in 2011). The results also indicate that the number of neighbourhoods with higher levels of age segregation (I values less than 0.5) has more than doubled during the study period, from 1,036 (14.4%) to 2,270 (31.5%), showing that the likelihood of older and younger adults sharing the same residential area has diminished in many neighbourhoods. In contrast, the number of neighbourhoods with low age segregation (I values higher than 0.75) has increased only slightly, from 431 (6%) to 583 (8%). These results suggest that increasing residential age segregation within neighbourhoods is a widespread phenomenon.

	2001		2011	
Interaction Index	0.591		0.564	
Interaction Index (categories)	Freq.	%	Freq.	%
High segregation - Values less than 0.25	11	0.15	19	0.26
↕ Values between 0.25 and 0.49	1,025	14.23	2,251	31.26
↕ Values between 0.50 and 0.74	5,734	79.63	4,348	60.38
Low segregation - Values equal or greater than 0.75	431	5.99	583	8.1
All Census MSOAs	7,201	100	7,201	100

Note: Census Middle-Layer Output Areas (MSOAs) have an average population of 7,800 persons and 3,200 households

Table 1. Residential age segregation between older (65 and over) and younger (aged 25-44) adults across neighbourhoods, England and Wales, 2001-2011

The role of housing (un)affordability

Our study of the relationship between age segregation and housing affordability clearly indicates that recent increases in residential age segregation are most pronounced in neighbourhoods where housing is least affordable (quartile 4), and least pronounced where housing is most affordable (quartile 1) (Figure 1).

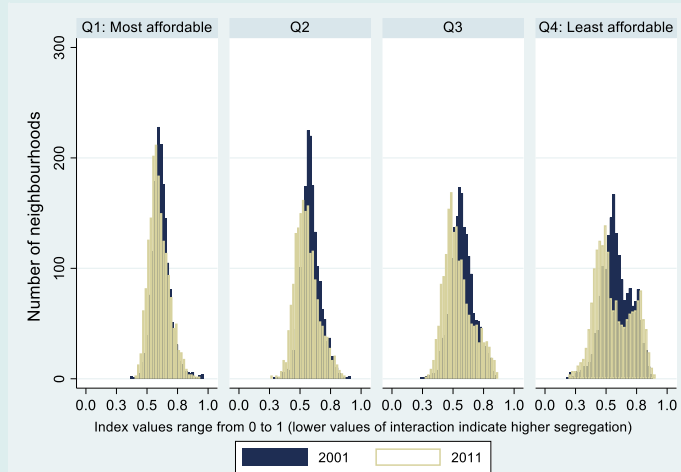


Figure 1: Residential segregation between older (aged 65 and over) and younger (aged 25-44) adults across each neighbourhood in England and Wales by quartiles of housing affordability

As younger adults generally have fewer resources to invest in housing compared to older adults, this suggests that younger adults are being priced out of the market in more expensive neighbourhoods and are instead locating (or staying put) in more affordable neighbourhoods. Conversely, since older adults are relatively less likely to move house, they are becoming more isolated from the

younger generation by remaining in, or moving to, less affordable neighbourhoods. This relationship is not driven by the effect of London house prices, as our results reveal a similar association between housing (un)affordability and residential age segregation outside London. In fact, as can be seen in Table 2, the highest levels of age segregation (lowest I values) are found in urban areas outside London where housing is less affordable (quartiles 4 and 3). And the least age segregated areas are all located in predominantly urban areas where housing is most affordable (quartile 1). Thus, housing affordability appears to be driving socio-spatial segregation by age, especially in urban areas.

Policy implications

The constraints on where young people can afford to live impact on other aspects of life, such as starting a family and employment opportunities. Increasing residential separation by age also implies reduced interaction between generations that could threaten social cohesion. It seems that residential aspirations have been significantly hampered by recent housing market failures, just as public resources have become constrained and employment conditions have worsened. In the UK, these changes are reshaping not only the composition of the housing stock, with more focus on private renting as the main alternative to home ownership, but also the residential distribution of older and younger adults. Within this context, the danger is an increase in intergenerational tensions as different age groups compete for limited national and local public resources. Given that the residential environment within which individuals live shapes other aspects of their lives, including

Interaction Index	Affordability		MSOA code	Population 2011	ONS urban-rural classification	Local Authority District	Government Office Region	
	Ratio	Quartile						
Highest ↑	0.191	11.4	Q4	E02004140	5,178	Urban city and town	East Devon	South West
	0.196	11.6	Q4	E02004800	7,457	Urban city and town	New Forest	South East
	0.203	11.6	Q4	E02004238	7,094	Urban city and town	Christchurch	South West

↓	0.929	4.7	Q1	W02000422	6,043	Urban city and town	Cardiff	Wales
	0.936	4.3	Q1	E02006859	7,384	Urban major conurbation	Thurrock	East
Lowest	0.978	4.5	Q1	E02006875	7,484	Urban major conurbation	Leeds	Yorkshire and The Humber

Note: The affordability ratio indicates that, on average, working people could expect to pay around 11 times their annual earnings on purchasing a home in the neighbourhoods with the highest levels of residential age segregation. In contrast, working people could expect to pay around 4-5 times their annual earnings on purchasing a home in the neighbourhoods with the lowest levels of residential age segregation.

Table 2. The highest and lowest levels of residential segregation between older (65 and over) and younger (aged 25-44) adults and corresponding housing affordability ratios and quartiles in neighbourhoods (MSOAs), England and Wales, 2011

the resources and opportunities available to them, the potential consequences of increasing age segregation are considerable. Policy makers should consider how such negative implications might be addressed by policies that increase the affordability of housing and encourage age mixing in local communities.

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Authors

Albert Sabater
(University of St Andrews, CPC)

Elsbeth Graham
(University of St Andrews, CPC)

Nissa Finney
(University of St Andrews, CPC)

*Edited by Teresa McGowan
(University of Southampton, CPC)*

www.cpc.ac.uk

ESRC Centre for Population Change

Building 58
Faculty of Social Sciences
University of Southampton
SO17 1BJ
Tel: +44(0)2380592579
Email: cpc@southampton.ac.uk



@CPCpopulation



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