

SUMMARY OF FINDINGS

Bence Kováts

Becoming (In)Dependent

Trends and Determinants of Parental Support in
Housing Access in Hungary

Doctoral Dissertation

Supervisor:

Dorottya Szikra PhD habil.

Senior Research Fellow

Budapest, 2021

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Table of contents

Earlier research results and the relevance of research 1

Research questions and methods..... 9

Results 12

Selected bibliography 22

Related publications of the author 28

Earlier research results and the relevance of research

In social sciences, for long, housing outcomes were argued to be shaped by the interplay of two phenomena. The first phenomenon is commodification, the expansion of market processes impeding the population's access to housing. The second phenomenon is de-commodification, that is state intervention mitigating adverse social effects of market processes through regulation and redistribution. Commodification and de-commodification are argued to evolve in a cyclical way: de-commodification is argued to emerge as a result of a political movement triggered by the adverse social effects of commodification, however, cycles of de-commodification are followed by phases of commodification (Polanyi, 2001).

Global housing price appreciation caused by the expansion of mortgage lending and shrinking non-profit housing provision taking place since the 1970s in high-income countries have been topics widely discussed in housing studies in the past few decades as examples of commodification impeding housing access (Harloe, 1985, 1995; Harvey, 2006; Aalbers, 2016) and driving social inequalities in general (Piketty, 2014, p. 116; Ryan-Collins *et al.*, 2017). Despite the fact that these processes have been taking place for a long time, contours of state intervention to counter these trends are not yet emerging (Flynn and Schwartz, 2017). Recently, following the shock caused by the Great Financial Crisis, housing commodification has gained a new momentum while state action to limit commodification, such as the provision of non-profit housing, has been at best very modest.

These developments resulted in the increase of the burdens of

households; particularly new entrants to the housing market, young adults. The growing role of the family, beside the market and the state, to provide housing to its members, for long forgotten in housing studies due to its association with pre-capitalist times, has become a vividly discussed topic (McKee, 2012; Flynn and Schwartz, 2017; Isengard, König and Szydlík, 2018; Ronald, 2018; Ronald and Lennartz, 2018).

Recent increase in the reliance on support from the family in housing access was not only noted abroad but also in Hungary by a number of researchers (Székely, 2018; Balogi and Kőszeghy, 2019; Gagyí *et al.*, 2019). However, most Central and Eastern European (CEE) housing theorists suggest that the reliance on the family in housing provision, also known as familialisation, is primarily caused by the protracted transition from a state-controlled housing system into a market-based one and is predicted to disappear once the transition is complete

(Norris and Domański, 2009; Stephens, Lux and Sunega, 2015).

This paradigm, assuming the decrease of family support due to the expansion of the market, suggests that the relationship between the market and the family is the opposite in the region to that identified in highest-income countries where familialisation is discussed as the consequence of the recent wave of commodification. This former view also characterises some Hungarian housing theories as well, such as Csizmady, Hegedüs and Vonnák's (2019) account of the development of the Hungarian housing system in the past decades. Since links between the family and commodification in housing in Hungary are little explored both theoretically and empirically, a closer examination of this relationship in the particular Hungarian context affected by four decades of state socialism is worth pursuing.

The aim of the dissertation is to explore the above relationship.

However, this undertaking requires the evaluation of the long-term development of family support and its drivers while existing evidence about the phenomenon is scarce. What is more, existing data about the issue was analysed in different theoretical frameworks and was not linked to discussions in global housing studies. Several studies exist that examine family support through one certain type of support (Sik, 1988; Hegedüs, 1992; Medgyesi and Nagy, 2014), or as part of analyses focusing on broader themes such as Hungarian housing conditions or intergenerational status transfers (Örkény and Székelyi, n.a.; Sik, 1984; Róbert, 1986, 1991; Farkas *et al.*, 2005; Medgyesi, 2007; Dóra, 2018; Székely, 2018; Balogi and Kőszeghy, 2019).

Housing-related family support takes a large variety of forms and not all of them can be empirically explored in detail. Therefore, in order to trace the development of the phenomenon the scope of the inquiry needs to be limited to one type of family

support. The international literature usually examines housing-related family support through most frequent forms of housing-related parental support (hereinafter parental support): cohabitation of young adults with their parents (hereinafter intergenerational cohabitation), and housing-related parental inter vivos (between living family members) financial support (hereinafter financial support) that includes the transfer of money from living parents to adult children to access housing and the transfer of housing units (Albertini and Kohli, 2013; Albertini, Tosi and Kohli, 2018; Isengard, König and Szydlik, 2018; Ronald and Lennartz, 2018). Parental labour support in housing construction (hereinafter construction support) is usually discussed in the context of lower-income countries (Mathéy, 1992; Bredenoord, Lindert and Smets, 2014), however, since in CEE self-build is claimed to be an important aspect of family support (Hegedüs and Tosics, 1996; Tsenkova,

2009; Stephens, Lux and Sunega, 2015), it is included in the analysis.

Though longitudinal datasets are scarcely available about the above types of parental support, data about them can be found in several sources. Censuses, and various regularly conducted and one-off surveys about parental support, have so far not been analysed together. In the dissertation, these available aggregated data are collected and analysed through descriptive statistics.

Another important aspect of parental support is its determinants on the level of the individuals. The examination of national developments may reveal important causal relationships on the macro level, however, micro-level factors influencing parental support provide additional valuable information on the mechanisms affecting it. The impact of socio-economic characteristics of parents on the role of parental support in mitigating or enhancing existing inequalities is particularly

interesting. Since publications exploring determinants of intergenerational cohabitation and financial support on several case studies (of mostly high-income countries) abound (Mayer and Engelhardt, 1994; Gulbrandsen and Langsether, 2003; Albertini and Kohli, 2013; Mulder and Smits, 2013; Isengard, König and Szydlik, 2018; Lux, Sunega and Kázmér, 2018) and recent Hungarian microdata is also available on the subject, specific Hungarian patterns regarding the determinants of parental support can be identified and evaluated.

Research questions and methods

The research gap described above can be translated into two research questions. The first research question pertains to the change in the frequency and structure of parental support in housing since the Second World War over cycles of commodification, de-commodification and the transition between the two. In lack of longitudinal data about the frequency of the provision of labour support, financial support and intergenerational support provided by families, this question was evaluated through the employment of various research methods.

First, sources in ethnology about construction methods and construction statistics were used to provide a unique 93 years long time series of self-build, the form of housing construction involving significant labour of the family. With the help of this estimate, the long-term development of labour support in

housing construction can be traced.

Second, results of earlier ethnologic and sociological research about parental support in housing were gathered to identify long-term trends in the development of distinct types of parental support, finance and intergenerational cohabitation.

Finally, the analysis of two waves of the Housing Survey recorded by the Hungarian Central Statistical Office (HCSO) in 2003 and 2015 enabled the more precise measurement of the share of parental households providing support to their adult children, the spread of different forms of support and the development of parental support over periods of housing system formation. A special emphasis is laid on the effect of housing commodification, taking place in the form of the expansion of mortgage lending, on parental support.

The second research question pertains to the determinants of parental support in housing: how socio-economic characteristics

of parents affect the provision of (different types of) support? The effect of the determinants of parental support is examined through the logistic regression performed on the 2003 and 2015 waves of the representative Housing Survey recorded by the HCSO. In the dataset, evidence about housing-related support provided in the past to independently living adult children and major socio-economic characteristics of parental households are recorded. The provision of all kinds of housing-related parental support is recorded in the survey except intergenerational cohabitation which is only partly recorded as “the provision of temporary accommodation to adults children” in the past. On the one hand, results are evaluated in comparison with findings of similar international investigations. On the other hand, changes in the period between the two surveys are examined and evaluated in light of changes in the Hungarian housing system identified in the literature.

Results

The doctoral research produced a number of results that shed a different light on housing-related family support and challenge dominant theories of Central and Eastern European housing developments. Main findings are presented below:

- Evidence presented in the dissertation about types of parental support other than intergenerational cohabitation confirmed the earlier finding of the author (Kováts, 2020) that Hungary falls in the group of semiperipheral countries of the world economy in terms of young adults' reliance on parental support and does not cluster with core countries.
- Data collected in various surveys recording information about housing-related parental support also suggest that the semiperipheral course of development characterised

by a high level of parental support does not seem to have been significantly altered even in the period of state socialism. Nevertheless, the decrease of parental support was observed between the Second World War and the 1970s.

- The analysis of the development of parental support over periods of housing system formation through HCSO survey data found that the frequency of aid surged during the housing boom around the millennium characterised by the expansion of little-regulated mortgage lending. Easier accessibility of mortgages in a homeownership-dominated housing system does not mitigate the reliance on parental support, but through housing price appreciation it increases young adults' reliance on it either in the form of financial support or intergenerational cohabitation. The surge of private

renting at times of housing market stagnation suggests that rental housing is increasingly used as an alternative to home ownership financed from parental support and mortgage when housing prices are lower.

- Housing-related parental support has undergone a significant restructuring since the Second World War. In the immediate postwar years, approximately the same amount of parent households provided labour support, financial aid and intergenerational cohabitation to their children. Financial support has been on a continuous increase until today. Labour support in housing construction, apart from short-term surges, stagnated until the regime change when it started to rapidly decrease and has virtually diminished until the 2010s primarily due to stricter construction regulations. Labour support is mostly provided in housing renovation and not

construction today. Intergenerational cohabitation, existing at the time primarily in the form of traditional patrilocal cohabitation of extended families, first decreased by the 1970s due to urbanisation and rural house building programmes. However, as urban affordability problems rose, cohabitation started to rise and has been on a constant increase ever since.

- As a consequence of these changes, by the millennium, intergenerational cohabitation and financial support became by far the most frequent types of support. More than two thirds of parent households providing support to their adult children provided financial support (either in the form of cash or a dwelling), while around 60% of the 18-34 years old population lives in the same dwelling as their parents (Eurostat, 2020). Labour support in construction almost disappeared, however, if labour

support in housing renovation is also taken into consideration, it is still provided by somewhat less than 20% of parents supporting their children's housing career.

- Between 2003 and 2015, HCSO and EUROSTAT data showed the increase of parental support. At the same time, data HCSO data also recorded a significant increase in the share of parent households not providing support to their adult children due to the lack of their children's need while those not supporting their children due to the lack of their means decreased. Evidence about the characteristics of the two groups of non-supporting parent households indicates that the primary reason behind this change is that, as time passed since the economic shock brought about by the regime change, parents' economic capacity to support their adult

children improved. Still, a high share of these young adults not (yet) needing support fell in this category because they could not utilise parental aid due to either their own disadvantaged situation (e.g. have low capital and do not qualify for mortgage, and can therefore not make use of home ownership support), or that of their parents (e.g. who can only provide labour support in housing construction which can made less use of after the retreat of self-build).

- The logistic regression analysis of the effect of the characteristics of parental households on the provision of support found a strong, and after the millennium strengthening, positive impact of the highest occupational category, small household size and home ownership on the provision of support. While residence in Budapest was negatively correlated with parental

support in the 2003 survey, the relationship turned to the opposite by 2015 when living in Budapest positively affected parental support. These trends indicate the provision of support is becoming the privilege of parents in higher socio-economic status.

- The examination of the determinants of the provision of certain types of support among supporting parents also found that residence and occupational category influence the choice of certain types of support. Logistic regression analysis found that the provision of a dwelling is characteristic of parents from Budapest, whereas the provision of temporary accommodation is more likely among lower-class Budapestians. At the same time, in the provinces high-class people provide finances to their children in higher proportion and representatives of lower classes labour.

All in all, the doctoral research presented above confirmed that the commodification of housing brings about the higher reliance on the family in housing access even in the Central and Eastern European context where the literature assumed an inverse relationship. Since the start of commodification in the 1970s, an increasing share of parents have provided support to their children. When commodification was more intense and mortgage lending expanded, such as in the 2000s, different types of family support surged.

Due to stricter construction regulations, the loosening of traditional rural communities and the appreciation of building land, labour support, provided by less wealthy parents, can be utilised in housing access to a much lesser extent. At the same time, the provision of money and dwellings to children, characterising higher-status parents, rose to dominance. This restructuring increasingly makes the provision of housing-

related parental support the privilege of high-status families.

Policies promoting more reliance on the market in housing access in the form of liberal mortgage regulations or mortgage subsidies, dominating Hungarian policy-making since the regime change, entails the more significant role of parents in housing access. Higher reliance on parents, however, makes one's housing position and wealth more hereditary which can be less altered through one's efforts and decisions. In a familialised and commodified housing system characterised by fast housing appreciation in some urban locations, initial advantages of young adults with high status parents on the housing market are multiplied. Those with capital can take benefit of housing price appreciation while those without it are likely to lose the prospect of access to affordable and secure housing, and get stuck in intergenerational cohabitation or the unregulated private rental sector. At the same time, higher reliance on parents brings about

higher parental control over the housing and life decisions of young adults, and this concerns children of high-status parents more.

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