

Accumulation and Reproduction of Inequalities
through the Housing System.
The Role of Employment Instability and
Intergenerational Transmission in Transition to
Homeownership, Italy 1989-2016

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28th October 2019

Aim and Research Question This paper attempts to account for recent deterioration in homeownership rates for young cohorts in Italy by jointly considering labour market conditions close-by parental wealth transmission processes. A longitudinal analysis is conducted over a long-run observational window, covering three decades of representative survey data on Italian households. In particular, changes in accumulation of low-wage and fixed-contract episodes as well as household employment arrangements are tested as mediators of the decreasing likelihood to get homeownership for young people of younger cohorts. This is set alongside an investigation of events of intergenerational transmission of parental financial and housing wealth aimed at housing independence of offspring. This two-fold approach outlines an original contribution in the identification of familiar wealth-based determinants of social inequality.

Theoretical Background Italy is almost undisputedly considered a “home ownership society” (Castles and Ferrera, 1996; Dewilde, 2017). This entails easy access to the property of main residence virtually for every worker, primarily promoted by the pivotal role of the parental family. Nonetheless, already at the turn of the century, reduced probability to get access to homeownership for late 1950s birth-cohort was found (Kurz and Blossfeld, 2004). Nowadays, the “end of mass homeownership” and the rise of the “generation rent” among younger generations have been foretold, observed and investigated in Anglo-Saxon countries (Arundel and Doling, 2017), also looking at how housing uncertainty negatively affects transition to parenthood (Tocchioni et al., 2019). Dealing with such uncertainties, the need to reinvent a role for **a)**labour and **b)**resources has been claimed (Forrest and Hirayama, 2018).

- a)** Labour market insecurity is assumed to impede achievement of property of house via two concurring mechanisms: it directly reduces flows of income

and hampers house purchase; through a postponement of family formation it indirectly reduces the probability to get homeownership (Lersch and Dewilde, 2015). Looking at the Italian labour market, flexibilization was made by means of a battery of two-tier partial reforms facilitating fixed term contracts, introducing new forms of atypical contracts, while maintaining full protection for permanent contracts (Boeri, 2011). Extended research showed how flexibilization brought to entrapment in unfavored careers (Barbieri and Scherer, 2009) and a suboptimal substitution of protected and stable jobs with uncertain and unstable ones for younger cohorts (Barbieri et al., 2016). Unstable contractual arrangements, often combined with in-work poverty (Lohman and Marx, 2018), negatively affect chances of family formation and impede other achievements, not excluding housing independence and, supposedly, homeownership.

- b) Albeit seminal works already considered homeownership access as a combination of income and capital (Mulder and Smits, 1999), only recent advances started to include wealth (Wind et al., 2017; Lersch and Dewilde, 2018), though restricted to one generation and thus hardly incorporating the study of intergenerational transmission. What is currently lacking is a proper integration of the dimension of intergenerational transmission with findings and concepts on intergenerational transfers (Albertini and Kohli, 2013). Whether wealth is employed to promote homeownership of offspring is an assumption of the “homeownership society” definition, but still lacks actual evidence (Tomassini et al., 2003).

Data & Methods Relying on 14 self-harmonized waves of the half-panel Survey of Household Income and Wealth (SHIW 1989-2016 – Bank of Italy) and exploiting ad-hoc modules on housing properties, 2 longitudinal analytical samples of 12,985 independent individuals and 7,402 households are selected. Methods applied are: random-effects (RE) probit models on determinants of access to homeownership, combining socio-demographic, achieved characteristics (levels of education and labour market conditions) and contextual factors (geographical as well as seasonalities); conditional fixed-effects logit models (FE) on probability of transition to homeownership given worsening employment conditions; and distributed fixed-effects logit models (distributed FE) on wealth decumulation in time of nest-leaving aimed at new household formation.

Preliminary Evidence Preliminary evidence is that: a) long-run decrease in access to homeownership is partly due to worsening employment conditions; b) accumulation of risks in the labour market substantively impedes access to homeownership; c) wealth decumulation is a mounting strategy adopted by families to bolster housing independence and household formation of offspring; d) housing-rich families preserve housing wealth and dissipating families do not. All in all, the housing system is found to work as a device “in the hands of family” to recursively reproduce inequalities.

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