

Young people living in single-person households

YSI - Netherlands - Country case 3

1. Problem setting

In an interview with Dr. J. Van Ophem he noted that the Dutch governmental policy is not particularly supportive towards young people living alone. Although young(er) people living in single-households is a vast group in the Netherlands, this subgroup has not received much attention in Dutch policies, perhaps due to the fact that living alone for them is often a transitional phase after which they marry or start living together with a partner. That being said the conditions for younger people living alone are not that beneficial in the current timeframe in the Netherlands. Below several of these conditions are further elaborated.

Debts among young adults

Research¹ into debts among young adults (i.e. age 18 - 27) showed that 33% of young adults in the Netherlands have loans that they need to pay off. The debts are caused by either irresponsible behaviour of the young adult him-/herself, the underestimation of financial study debts (often in combination with the difficulty to find a job straight after graduating and the relative low starting income when finding a job, consequently making it more difficult to pay back the study debt), and life events such as living completely independently for the first time (often, but not necessarily in a single-person household), unemployment or industrial disability or a broken relationship with their partner.

The abolishment of the basic scholarship

As from september 2015, Dutch students who start their higher education can no longer count on receiving a basic scholarship offered by the Dutch government. The basic scholarship was abolished and instead the Dutch government has introduced a social loan system for students, which means that students are now completely reliant on loaning money to finance their study² (if they do not receive financial help from their parents or others of course). The consequence is that students are, by the end of their studies, largely in debt, more than they were before the new system when part of the loan was transferred into a scholarship when successfully finishing the study within a set time frame. The current student population is thus under greater

¹ De Ruig & Westhof (2015).

² An additional scholarship will be available though for children whose parents have a low income; when parents' income is less than € 30.000,-, their children can apply for an additional scholarship of € 365,- a month, if the income higher (up to € 46.000) the children can receive a smaller scholarship.

risk of greater financial debts with all the corresponding possible consequences (see below for an example).

The increase of flexible labour contracts

In the Netherlands the proportion of employees with a temporary contract has, in the last 10 years, seen a faster growth than in most other European countries³. The Netherlands is in the top-3 of countries in the EU-15, behind Spain and Portugal. Especially in the large cities, the number of flexible workers is prominent. At least 4 out of 10 employees in the Dutch labour force do not have a permanent labour contract, and of the 15-25 year olds 65% has a flexible contract. Dutch employees are on average 28 year old when receiving a permanent contract. The growth of flexible labour contracts is concentrated relatively strongly amongst those who are lower educated; 17% against 8% of those who are higher educated. The chance of unemployment and poverty is three times higher for people with a flexible contract than for people with a permanent contract. They also enjoy less social security and invest less in building a pension⁴. A flexible employment can thus create feelings of uncertainty or insecurity as they have a greater chance at losing their job⁵, which means both job insecurity and consequently also the uncertainty of income in the future.

Consequences for housing opportunities (of people living alone)

One of the consequences of having a flexible contract is that it offers far less possibilities to buy a house. This is especially prominent for single young adults as they are not considered for a complete mortgage when having a flexible contract. Both the Dutch housing market and the situation on the labour market, currently, does not offer a starter at the labour market (with a starters income and a flexible contract) much chance at buying his/her own house. Young people are therefore often dependent on the capability of their parents to help them with buying their own apartment or house. The less fortunate students/youngsters are reliant on renting a house, either through social housing or on the private market. The private renting market is often very expensive, while social housing is only available if your income does not exceed a certain threshold.

The above mentioned social student loan system also has an impact on the living situation of young adults. Statistics⁶ show that the implementation of the social student loan system went hand in hand with a considerable growth of students staying at home instead of living by

³ Chkalova, K., Goudswaard, A., Sanders, J., Smits, W. (2015).

⁴ Euwals, De Graaf-Zijl & Van Vuuren (2016).

⁵ Bierings, Kooiman & de Vries (2015).

⁶ <https://www.kences.nl/assets/files/2017/voorpublicatielms2017.pdf>

themselves. In recent years, when students were still able to receive a scholarship the amount of students living in single-person households was much larger⁷.

Another consequence of the more difficult financial situation of young adults is that more often children move back in with their parents after they have been living alone for a while. According to the Central Bureau of Statistics (i.e. CBS) 25% of the Dutch young adults (who left home in 2009) returns to their parental home within 5 years after leaving⁸. This percentage has grown when compared to 2004 (20% returning home within 5 years) and 1995 (16% returning home within 5 years). According to the CBS this growth can be explained because of the higher rate of young adults who, after leaving the parental home, live in a single-person household. Less than 33% of those leaving home are living together with a partner, where in 2000 this was true for 43% of the young adults leaving home. Those living in single-person households thus have a higher chance to return to the parental home. For 1 in 5 of these so called 'boomerang children' financial reasons are the most important motivation to move back into the parental home.

Less available housing for young adults

In the Netherlands governmental policy is aimed at stimulating the (continuing) growing group of elderly Dutch citizens to live at home longer and independent. This is a contrary movement compared to the 1950's/1960's when in the Netherlands the policy was aimed at stimulating the elderly to live in nursing homes or homes for the elderly, with the goals to create living space for young people and young families. As it was said in the country report it was and remains the government's ambition that Dutch elderly citizens will remain independent and self-reliant for a longer period of time, with the direct effect of reducing the strain the growing group of elderly has put on the care taking industry. The amount of for example nursing homes and the amount of nurses available in the Netherlands is currently still not equipped for handling the growing number of elderly citizens and this way also the costs of care taking are suppressed.

Currently there is however no public discussion on the availability of affordable housing for single young adults. (The situation for students is somewhat different, as the shortage of affordable and acceptable housing for students, especially in the four large cities has received some attention by the media in 2017.) No specific action is undertaken to make it more easy for young adults to buy their own house.

Young buyers are experiencing more difficulty finding an affordable housing situation of which the shortage of affordable housing (under € 200.000 euro) for starters is the main reason. As

⁷ Please be aware that the social student loan system ('voorschot') was implemented in september 2015 and was therefore applicable for students who started their higher education. Students who were already studying and are thus part of the old scholarship system ('stufi')still have the rights of the old system and therefore the right to the old scholarship. The statistics therefore show a very prominent change in living-choices by the Dutch student population.

⁸ <https://www.cbs.nl/nl-nl/nieuws/2016/19/meer-boemerangkinderen> (in Dutch)

the demand for this sort of living is great⁹, the housing prices also rise quickly, thus even more limiting the options for young adults. In 2013 starters bought a family house, now in 2017 young adults with a modal income are even experiencing difficulty to buy an apartment in a city¹⁰. The Dutch cities are particularly popular with young adults starting on the labour and housing market as the cities offer greater work opportunities. The amount of available housing in the Netherlands has been decreasing in the last couple of years, not only in the four largest cities, but also in other cities.

There are still enough houses that need serious renovation work, but renovation costs money and as the requirements/demands for receiving a mortgage have become more severe, people now more often than not have to fund renovations of their bought house with their own money. The solution therefore would seem to lie with building more new houses, and not only family housing but also housing for singles living alone. Before the financial crisis in the Netherlands 80.000 new houses were built, where this is now somewhat more than half of this. As the prices for hiring are also still rising, both hiring and buying a house have become more difficult for young adults, especially those who are still studying, have a lower income and no or little job security.

Of course this situation is generally known, also by the Dutch government, it is however not an important enough topic. It is expected (for example by Dr. Van Ophem) that this lack of attention is due to the fact that living alone for the target group of young adults is often a transitional phase which is only temporary and will end after the singles marry or start living together with a partner. The topic of creating or ensuring affordable housing opportunities for this group however, should be put on the agenda of the Dutch government however.

3. Sources

Chkalova, K., Goudswaard, A., Sanders, J., Smits, W. (2015). Dynamiek op de Nederlandse arbeidsmarkt: de focus op flexibilisering (i.e. Dynamics on the Dutch labour market: the focus on flexibilisation). Zoetermeer: Central Bureau of Statistics (CBS).

De Ruig, L. & Westhof, F. (2015). Voor mijn gevoel had ik veel geld. Jongvolwassenen en schulden. (*I felt I had a lot of money. Young adults (i.e. 18-27 year olds) and debts.*) Zoetermeer: Panteia. To be found here (in Dutch):
<http://www.effectiveschuldhulp.nl/files/4814/3634/8199/eindrapport-voor-mijn-gevoel-had-ik-veel-geld-jongvolwassenen-en-schulden.pdf>

⁹ Information from the Dutch association of real estate agents (i.e. NVM).

¹⁰ According to Peter Boelhouwer, professor Housing Market at the Technical University of Delft in Dutch media.

Euwals, R., de Graaf-Zijl, M., & Van Vuuren, D. (2016). Lusten en lasten ongelijk verdeeld. Verklein verschillen vast, flex en zzp. CPB Policy Brief. The Hague: CPB (CPB Netherlands Bureau for Economic Policy Analysis). In Dutch, see here:
<https://www.cpb.nl/sites/default/files/omnidownload/CPB-Policy-Brief-2016-14-Flexibiliteit-op-de arbeidsmarkt.pdf>

Kreyenfeld, M., Andersson, G., & Pailhé, A. (2012). Economic uncertainty and family dynamics in Europe: Introduction. Demographic Research, 27 835–852.

Websites:

CBS (2017), background of flexible labour and the relation with family development in the Netherlands:

<https://www.cbs.nl/nl-nl/achtergrond/2017/39/flexibele-ardeid-en-relatie-en-gezinsvorming>

Boomerang children in the Netherlands (in Dutch):

<https://www.cbs.nl/nl-nl/nieuws/2016/19/meer-boemerangkinderen>

On students living longer in the parental home (in Dutch):

<https://www.kences.nl/assets/files/2017/voorpublicatielms2017.pdf>