

How Housing and Labor Market Conditions Influence the Progression of Romantic Relationships

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Households in the U.S. spend a substantial fraction of their income on housing, which is exacerbated by the limited availability of subsidized housing and well-paying jobs in many areas. Yet, we know little about how local housing conditions shape the progression of romantic relationships. We link restricted geographic identifiers with romantic relationship histories from four waves of the National Surveys of Family Growth to examine how housing and labor market dynamics influence the likelihood and timing of cohabitation and marriage among sexual partners. We hypothesize that couples are more likely to enter into cohabitation quickly when county housing costs are high and labor market conditions are weak. We explore heterogeneity by socioeconomic status of the partners and characteristics of the relationship. Finally, we test whether the link between community economic conditions, housing costs, and shared living has become stronger as normative barriers to cohabitation have faded over time.

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Background

Low-income households spend a substantial fraction of their income on housing, a problem that is exacerbated by the limited availability of affordable housing in many areas. These problems have become more acute over time due to rising housing costs and stagnating wages for the less-educated. As a result, prior to the recession, one in three renters experienced a housing cost burden, spending over 30% of their income on housing, and one in five experienced a severe cost burden, with over 50% of their monthly paycheck going to housing costs (Belsky, Goodman, and Drew 2005). Even more renters have faced housing burdens in the wake of the recession (Desmond 2016).

At the same time, cohabitation has become an increasingly common part of romantic relationship progression: in the U.S., most couples now cohabit before marrying, and a majority of nonmarital births occur to cohabiting parents (Kennedy and Bumpass 2008; Manning 2013). Yet there has been little academic research in the U.S. examining whether housing costs—and housing market and labor market conditions more generally – shape the progression of romantic relationships. If romantic partners live in high-cost housing markets with weak labor markets, they may be more likely to cohabit, or they may start cohabiting sooner, relative to their counterparts in less costly areas. Qualitative research on cohabitation finds that couples report housing costs and economic strain as important reasons for why and when they started living together (Sassler 2004; Sassler and Miller 2017). However, we do not know whether these qualitative accounts translate into regional population-level differences in relationship progression.

Just as high housing costs increase the likelihood of shared living, subsidies that reduce housing costs may increase the likelihood of living alone (Curtis 2007). This is in part because U.S. housing subsidies offer people greater economic independence. But couples also face high marginal tax rates on their housing subsidies if they choose to live together, because most U.S. housing subsidies are calculated based on the earnings of all household members, including cohabiting partners. The addition of another earner to a household's income will reduce the subsidy amount almost dollar for dollar, and may even make the couple ineligible for the subsidy. Thus, the availability of subsidized housing may reduce the desirability of cohabitation for economic purposes among the least advantaged, rendering couples less likely to cohabit or extending the duration of time before they start to cohabit. Nonetheless, at the individual level research finds that moderately educated women – those with a high school degree or some post-secondary education -- transition into cohabiting unions more rapidly than do those who have a college degree (Sassler, Michelmore, and Qian 2018). The impact of housing availability and affordability on the likelihood and timing of cohabitation should differ by social class.

The hypothesis for a positive association between housing costs and cohabitation is unambiguous, but the association between local housing markets and marriage is less clear. On one hand, marriage may be more desirable for the economies of scale it offers, playing a similar

economic function as cohabitation. On the other hand, however, many cohabiting couples face tax penalties should they marry, which may reduce the potential economic gains to marriage. Low-income couples also perceive an economic “marriage bar” that necessitates achieving a certain standard of economic success –including stable, well-paying jobs and potentially some money in the bank (Edin and Kefalas 2005). If couples are struggling economically they may be less likely to tie the knot, and housing costs are a key contributor to economic struggles.

Taken together, the literature suggests that couples in the U.S. are more likely to enter into shared living arrangements when their finances are tight and housing costs are high. Yet this body of work has not examined whether, at the population level, contextual economic and housing conditions create regional differences in the progression of romantic relationships. Furthermore, the influence of local housing and labor markets on the progression of romantic relationships may have changed over time. Norms surrounding cohabitation have liberalized considerably over the past several decades (Sassler and Miller 2017; Thornton and Young-DeMarco 2001), so the link between structural economic conditions and shared living may have become stronger as normative barriers to cohabitation have faded.

Research Questions

Our primary research question asks how housing market and labor market dynamics influence the likelihood and timing of cohabitation and marriage among women and their sexual partners. Our hypothesis is that in higher cost housing markets and weaker labor markets, women in sexual relationships will be more likely to cohabit than those who begin their romantic partnerships in more affordable places. We also hypothesize that in higher cost housing markets and weaker labor markets, women in sexual relationships will start cohabiting sooner than those in more affordable places. We further examine variation in these processes, asking:

- 1) Do these associations vary by partners' socioeconomic status or race?
- 2) Do these associations vary by type of relationship (i.e. engagement, parental status)?
- 3) Have these associations changed over time and across cohorts?

Data and Method

The National Survey of Family Growth (NSFG) offers some of the best available data on the timing and progression of romantic relationships for the U.S. Using these data, researchers have analyzed the timing and tempo of relationship progression, from sexual partnerships to cohabitation to marriage and childbearing (Sassler et al. 2016; Sassler et al. 2018). We use data from the 2002, 2006-2010, 2011-2013, and 2013-2015 cycles of the NSFG.

The unit of analysis is the most recent sexual partnership reported by the female respondents. We organize the data in relationship-month format, with the first month being the start of the sexual partnership and the last month being the date the woman and her partner enter cohabitation, marriage, or end their relationship, if one of those transitions has occurred, or the survey date if the partnership is still continuing at the time of interview.

We have obtained geographic identifiers from restricted NSFG data that allow us to place respondents in counties and to incorporate publically-available data about the housing and labor markets of those metro areas during the course of the romantic relationship. We include several measures of the local housing market including: *housing cost burden* (the fraction of households spending more than 30% of income on housing costs); *housing wage* (hourly wage needed to afford the fair market rent in a given area); *vacancy rate* (fraction of housing units vacant – a measure of the tightness of a housing market); and *new housing construction rate* (fraction of housing units constructed in the past year). We also include indicators of the availability of subsidized housing, which reduces pressures on housing costs for low-income households and may reduce incentives for shared living: *subsidized housing per capita* (number of subsidized units per household); and *subsidized housing take-up rate* (number of subsidized units divided by number of qualifying households). Our measures of local labor market characteristics include: *minimum wage*; *unemployment rate*; *household income inequality* (90/50 and 50/10 ratios). We also include several demographic contextual controls for *racial composition*, *age composition*, and *sex ratio*.

We estimate cox proportional hazard models of the likelihood that a respondent and her sexual partner a) start cohabiting, b) get married, or c) end their relationship as a function of duration since the start of the sexual relationship, measured as the number of months since the sexual partnership began as well as a host of NSFG individual-level covariates. We then add county contextual characteristics to the model, accounting for any clustering of observations within the same county. Our hypothesis is that in higher cost housing markets and weaker labor markets, couples in sexual relationships will be more likely to cohabit than those who begin their romantic partnerships in more affordable places. Greater availability of subsidized housing will reduce these associations, but only for lower-income women. Our hypotheses regarding marital transitions are ambiguous, as discussed above.

We also conduct an analysis where the dependent variable measures the time to cohabitation—the number of months between the start of the sexual relationship and the start of the cohabiting relationship (for those who cohabit). We regress this measure of relationship tempo on the NSFG covariates and county contextual characteristics. Our hypothesis is that in higher cost housing markets and weaker labor markets, couples in sexual relationships will start cohabiting sooner than those in more affordable places. Our hypotheses regarding tempo to marriage are ambiguous, as discussed above.

Because we have multiple cycles of the NSFG that include romantic relationships that begin over a long period covering the latter half of the 20th century, a period of dramatic change in public opinion and prevalence of cohabitation, we also test whether the associations we find above vary significantly over time. We hypothesize that the link between structural economic conditions and shared living may have become stronger as normative barriers to cohabitation have faded. To test this, we include dummy variables for the decade in which the romantic relationship began and interact these relationship cohort dummy variables with our county contextual characteristics.

Status of Project

Our restricted data application was approved in summer 2018 and we began analyses using the restricted NSFG data in September 2018. Members of the project team have ample prior research experience using the public use NSFG data, which we can bring into the restricted data environment. Our final analyses using the contextual county data will be reviewed and approved by NCHS in January 2018.

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