

# Housing Affordability Crisis and Delayed Fertility: Evidence from the USA

Irakli Japaridze<sup>1</sup>    Nagham Sayour<sup>2</sup>

<sup>1</sup>Canada Mortgage and Housing Corporation and McGill University

<sup>2</sup>Zayed University

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# Introduction

- Housing unaffordability is a growing issue in many advanced economies, including the USA, UK, Canada, Japan and several EU countries.
- **Research Question:** How does housing unaffordability affect completed fertility?
- **Key Hypothesis:** Housing unaffordability delays childbearing, increases mothers' age at first birth, and thus leads to lower completed fertility.

# Hypotheses

- **Hypothesis 1:** Tenure status affects the time to childbearing. Specifically, renters start childbearing later than homeowners.
- **Hypothesis 2:** The harder the transition to homeownership, the longer the waiting time to start childbearing. Specifically, the higher the home price relative to income, the longer the families wait to have their first child.
- **Hypothesis 3:** Postponing the start of childbearing is associated with lower completed fertility. Specifically, the older the age at first birth, the lower the completed fertility

# Methodology

- Dataset used:
  - 2000 US Census (5% sample)
  - 2015–2019 Panel Study of Income Dynamics (PSID)
  - 1990 US Census
- Methodology:
  - Cox Proportional Hazard Model (measuring time to first child)
  - Individual controls: age, race, education, dummy variables for whether the mother is in the labor force and employed
  - Area level controls: median household income, median housing value, female managers rate and female labor force participation rate

# Results

- **Result 1:** Renters delay childbirth significantly more than homeowners
  - Renters are **45.9%** less likely to have a child at any given moment than homeowners.
- **Result 2:** Renters in areas where housing is relatively unaffordable delay childbearing significantly more than those where housing is relatively more affordable
  - The probability of having a child among renters decreases by **2%** as relative housing prices increase, conditional on renters not having a child before
- **Result 3:** Delayed childbirth correlates with reduced completed fertility.
  - As the mother's age at first birth increases by 1 year, her total completed fertility decreases by 0.04 children

# Implication

- Hysteresis phenomenon: Even if the housing crisis is solved soon, it can still have significant demographic effects in the future
- Urgent need for policies addressing housing unaffordability to mitigate fertility decline.
- Possible solutions include improved mortgage access and better rental housing options.
- Preventative housing policies, not only reactive ones, are crucial to counter long-term demographic effects.

# **Thank You!**

Questions?