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The Costs of Living for Today’s Generation

We live in a world where more than half of young adults in America are living with their parents. Gone are the days of moving out at 18 and living on your own. A steady increase in housing prices, inflation, mortgage rates, rent costs, and a lack of wage compensation has ballooned into a massive problem recently. Many young adults are faced with the decision of living independently at the cost of unrealistically long work weeks, or move in with their parents with the sacrifice of independence. The question is presented, what caused this? What can we do to fix the problem?

Before we get into the nitty gritty that is the current economic crisis for young adults today, I’ll give you some backstory into what started all of this. A good starting point is the 2008 market crash due to a housing bubble caused by a “…combination of cheap debt, predatory lending practices, and financial engineering that led to many borrowers being placed into unaffordable mortgages,” (Lloyd) Sound familiar? There is a similar situation occurring right now in the world, but economists say another housing crisis is ‘very unlikely’. (Lloyd) The effects of the market crash included increased inflation, higher unemployment rates, and a drop in median US household earnings. One of the reasons the housing market crash started in the first place, was because of corporate greed. That same kind of greed is what led our current housing crisis to be where its at today. Couple that with rising inflation rates, higher gas prices, a rapidly increasing number of young adults moving back in with their parents, and we have a potentially massive problem on our hands. This issue began to reveal itself in March of 2020, the first lockdown of Covid-19.

Covid-19 affected me like a lot of other young adults. My senior year of high school was cut short when everything shutdown. They gave me my diploma and expected me to go out and either find a job or go to college. Unemployment started to increase at this time which really only gave me one option. College. Like many others, I was ready for college and the hardships it brings, the only problem I faced was the rent costs they were charging. See, the pandemic pushed a domino further along the path of hardship. With people losing their jobs, people became worried and desperate. Homeowners had to increase rent prices to cover their losses. This is where Sharon comes in. Sharon Parrot and her team at the Center on Budget and Policy Priorities have dedicated their efforts into finding and consolidating information about food, housing, and employment hardships since the start of the pandemic. Looking into the issue of housing and specifically the inability to pay rent or mortgage is shown as "1 in 6 Renters Not Caught Up on Rent During Pandemic, With Renters of Color Facing Greatest Hardship" (See Figure 5.) These statistics are found from adult renters reporting to the Census Bureau. This number has fallen from a peak of 15 million people - "in January of 2021 but has remained above 10 million people - about 1 in 7 adult renters - since the end of March." (See Figure 6) This statistic shows just how many people were struggling to pay rent. What this statistic doesn’t show you, are the ones who paid the rent, but at a cost of something else. Some may have had to go without meals, transportation, medical, or other expenses. A package named "The December relief package" and the "American Rescue Plan" was a financial boost of $46 billion designed to help those who were struggling with rent and to avoid eviction. However, the lack of proper infrastructure to get these funds to renters in need created a sense of urgency. The Supreme Court ended their ruling on the CDC’s eviction moratorium which helps renters who haven’t received financial help (Parrot). The eviction moratorium allows renters more time to receive the rent relief before being evicted. It sounds nice, getting support from the government to help you or your family pay for rent and avoid eviction, what this doesn’t show is the homeowners struggling to pay the mortgage of the home due to renters not paying. These problems will have long lasting effects for time to come.

**When talking about possible long-lasting effects due to the pandemic, a topic is introduced in the form of young adults and important life decisions. An expert in this field of work is** Mark Mather. He is the vice president of U.S. programs at PRB who has 20+ years of experience working in 2020 census, child well-being, household and family structure, inequality, poverty, and much more. Mark talks about how even before the crisis that is Covid-19, young Americans were postponing key life events such as having children and getting married (Mather). More information is shared in the example of Figure 1. It explains how as time has gone on there has been a general decline in marriages, as well as a growing gap between marriages consisting of greater education vs less education. Potentially related but otherwise seen as a general decline, Mather explains, “The economic impact of the coronavirus may cause more young adults to postpone births, leading to further declines in birth rates, especially among women under age 30.” A decline in birth rates means a lot of things. There are pros and cons in this scenario, such as a decline in birth rates could be seen as a good thing to prevent and slow down over-population. The problem that comes with a decline in birth rates is when it becomes extreme. Take a page out of China’s book where they have had birth restrictions that has led to an overpopulation of male compared to female births. These come with their own problems such as sex slavery and much more that I won’t go over. Another problem that comes with a decline in birth rates is the speed of innovation and progression. The less people that are born, means the less doctors, engineers, and even teachers that are brought into the workforce. Essential workers start to dwindle.

Getting married and having kids aren’t the only important decisions that a young adult will face. Besides choosing between career and going to college, you need somewhere to live. Many young adults today are living with their parents. According to a statistic provided by Tristan Bove, a journalist for Fortune, “…58% of adults younger than 24 were still living with their parents last year, according to census data.” More than half of all adults in the US younger than 24 are living with their parents. The idea of moving out at 18 and living by yourself is completely unrealistic. It begs the question, what has caused this problem? While not a definitive answer, a possible prosecutor comes in the form of two words. Corporate Greed.

The Mena Report, a Newswire based out of Amman (Jordan) has been documenting Middle Eastern studies, Middle Eastern and International Business, and more importantly information between United States Senator Elizabeth Warren and a handful of private equity-backed residential firms. Warren has sent letters to three of these private companies such as Progress Residential, American Homes 4 Rent, and Invitation Homes (Mena Report). She was looking for information on whether or not these companies have been trying to make money off of the misfortune of those unable to afford rent or housing during the pandemic. Senator Warren said, “We can't solve the housing affordability crisis, and lower housing costs for consumers, unless we crack down on predatory practices by WallStreet investors.” Some of these predatory practices include equity stripping, bait-and-switch schemes, loan flipping and many others. The practice impacting the housing market the most is by residential firms raising the prices of their lower end homes, bringing up the average cost of a home. They do this to cover their losses over the pandemic and turn profits. They call this padding their bottom dollar, and it is hurting millions of homes throughout the United States.

Now that I’ve discussed and given insight into the problem at hand, there are people that disagree and think the problem is due to this generation of young adults simply being too lazy to work hard. They also mention along the words of “Everywhere you look, places are looking to hire, but people just don’t want to work”. While these types of arguments can be valid, they are too much of an easy scapegoat for the older generations to use. I want to introduce Heather Long, Alyssa Fowers, and Andrew Van Dam, who are a group of authors working for The Washington Post. They are looking into the mysteries of covid, specifically the economy and the unemployed. There is a large variable of people that are looking for a job, but a lack of openings in their previous specialization. This can be seen as, “…there are 1.8 million job openings in professional and business services and fewer than 925,000 people whose most recent job was in that sector.” This similar mismatch is seen in education and health services, where millions of jobs are open, but not enough people to fill the positions (Long). During the pandemic many lost their jobs and went into unemployment. During this time some were able to get their jobs back, others didn’t have a choice and went into new fields of work. Job openings closed while lower paying jobs stayed open. With the newly raised rent costs, people were unable to work jobs paying low or minimum wages. A graph from Trading Economics shows data from the U.S. Bureau of Labor Statistics, show a minimal increase of median household wages in the United States. An increase from $25.45 to $27.06 over a year.

**INFLATION**

Reade Pickert, a journalist employed by Bloomberg to keep up with and document economic changes brought in by covid-19. In this article Pickert investigates the “39-Year High of 7%” consumer price inflation that the United States is facing. One of the reasons behind the high inflation rates are tied to desperate businesses trying to fill open positions by increasing pay to attract and retain workers, specifically at the lower end (Pickert). Reports show that the CPI (Consumer Price Index) will continue to be high, but only temporary. “Economists expect CPI growth to moderate to around 3% over the course of 2022…”

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