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What Drives the Formation of Extended and Multifamily Households in the Philippines?

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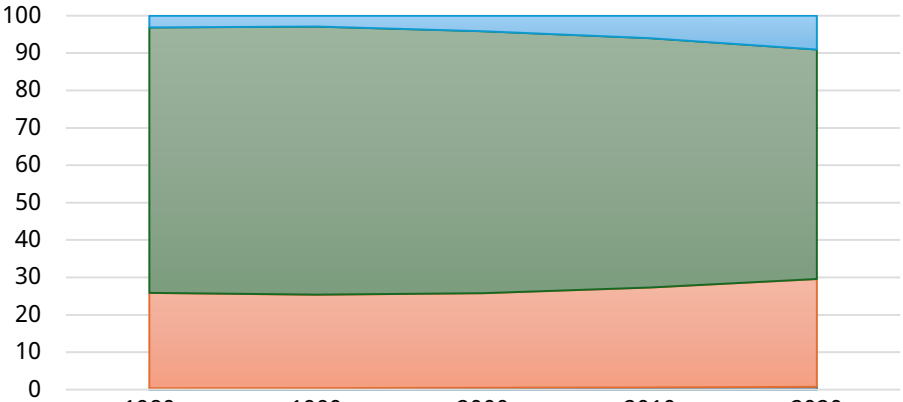
SALIENT POINTS

- The rise of extended and multifamily households is not necessarily detrimental to society. Such living arrangements can offer support to the elderly and help young adults manage the demands of household responsibilities, childrearing, and careers. These benefits can support the country's demographic dividend.
- The positive association between the presence of a child coupled with rising residential prices and the formation of extended and multifamily households reflects a housing affordability constraint on the formation of new households among young adults with children.
- Young adults with minimal educational attainment are unlikely to form extended and multifamily households due to work mobility or a lack of capacity to sustain such a household.

Composition of extended and multifamily households

Household structures in the Philippines are veering away from the typical composition of householder, spouse, and child. The percentage of extended and multifamily households has increased (Figure 1). Many householders are accommodating relatives beyond their spouse and child. This shift in household structure may stem from constrained decision-making that existing government policies have not effectively addressed.

Figure 1. Distribution of households by household type (%), 1980–2020



	1980	1990	2000	2010	2020
Alone	3.16	2.91	4.15	5.99	9.06
Nuclear	70.96	71.69	70.07	66.7	61.38
Extended and Multifamily	25.51	24.98	25.29	26.71	28.8
Nonrelated	0.37	0.42	0.49	0.6	0.77

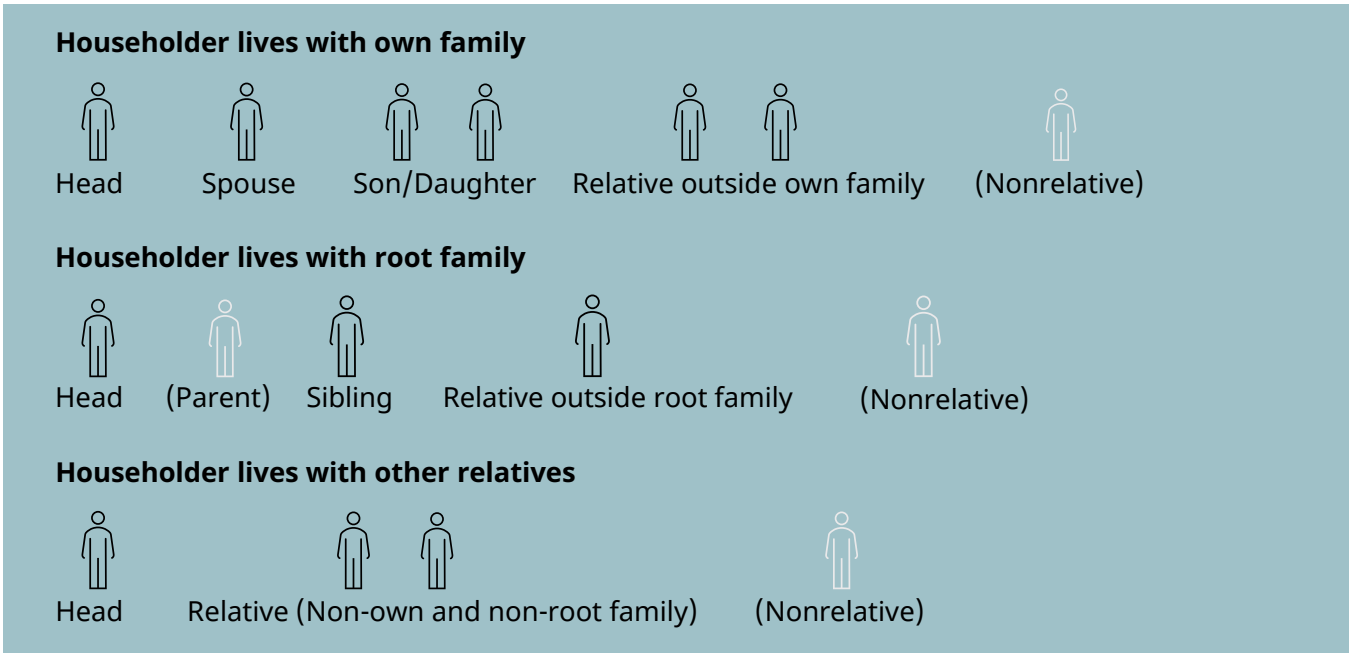
Notes:
1. 1980: Weights only inflate sample households to around 25 percent of the total households in the Philippines. Observations with non-unique household IDs were dropped in the household dataset to enable merging with the population dataset.
2. 2000: Households with two householders were categorized as multiple families.
Sources: Adapted from Ballesteros et al. (2024); basic data from NCSO (n.d.), NSO (n.d.-a, n.d.-b, n.d.-c), and PSA (n.d.)

Extended and multifamily households can be classified into three types: (1) the householder lives with his/her own family, (2) the householder lives with his/her root family, and (3) the householder lives with other relatives (Figure 2). In 2020, the first classification had the largest size compared with the others, likely due to the household management support needed by those with sons or daughters in the membership. These sons or daughters may have decided to stay with their parents, return to their parental house, or seek help from other relatives while raising their own families. However, these are only assumptions, and further analysis is required.

Factors in the formation of extended and multifamily households should be examined to gain a better understanding of the situation. Focusing on the young adult generation would provide valuable insights, as they are expected to have already moved out of their parents' house to form new households. Their housing choices are potentially affected by decisions related to work, marriage, and childcare, but determining whether such factors encourage young adults to move out or live with relatives would require further analysis. Such an examination was conducted by Ramos et al. (2024), which serves as the basis of this *Policy Note*.[1] In Ramos et al. (2024), a regression model was run using a manually constructed panel dataset involving around 10.7 million individuals on average (25 to 34-year-olds in 2000, 35 to 44-year-olds in 2010, and 45 to 54-year-olds in 2020), with the proportion of those in extended and multifamily households as the outcome variable. Moreover, a regression model with the outcome of being in an extended and multifamily household was run for 25 to 34-year-old individuals in the year 2020, which comprised around 15.1 million persons.

[1] It used basic data from the Census of Population and Housing datasets of the Philippine Statistics Authority (PSA n.d.; NSO n.d.-a, n.d-b); construction statistics of the PSA (2024a-c); and the 2022 LGU segmentation report from the Local Government Academy. The estimation excludes data from the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), which would require a separate study to allow for contextual analysis, as its situation may differ significantly from that of other regions. BARMM is an autonomous region with its own legislative and judiciary systems, separate from those at the national level. Its ethnicity and culture are also distinct from those of other regions.

Figure 2. Components of extended and multifamily households, 2020



Notes:
1. Households in the Bangsamoro Autonomous Region in Muslim Mindanao are not included in this figure.
2. While members outlined in white may be included in the corresponding classification, their presence is uncommon.
Sources: Adapted from Ramos et al. (2024); basic data from PSA (n.d.)

Many young adults ages 25–34 are living in extended and multifamily households

Illustrations of the household types to which 25–34-year-old individuals in 2020 belong, and the roles of those in extended and multifamily households, provide some insights into their recent household arrangements. Figure 3 shows that around 36 percent of these individuals are in extended and multifamily households, and around 18 percent of them are householders. Many young adults are already living in extended and multifamily households, and they are likely not earning enough to become householders. Their decision to live with relatives may be further explained through the regression results.

Regression results using the 2020 model reveal variables that have significant effects on the formation of extended and multifamily households. The work status of young female adults, marital status, place of work, and wealth contribute to decisions on household formation.

Benefits of living in extended and multifamily households

Supporting working young female adults

A working young female adult has a higher probability of living in an extended and multifamily household compared to a nonworking female. Women may need help from extended or multifamily household members in managing domestic responsibilities, especially if they are working. In other words, relatives may offer support by performing tasks traditionally assigned to women. The absence of such support can take a toll on women when they try to handle more responsibilities at home than their workload and time allow.

Maximizing resource-sharing opportunities

The results show that wealthier individuals are more likely to belong to extended and multifamily households, suggesting not only their capacity to support larger households and preference for convenience but also

the resource-sharing opportunities arising from having more household members. Individuals with a marital status of single may also recognize the potential benefits of sharing resources with relatives, given their higher probability of being in extended and multifamily households compared to those who are not single. For instance, payments for household appliances can be shared among members. Additionally, preparing food for a larger group may be more practical than cooking for one person or dining out.

Ensuring security at home while at work

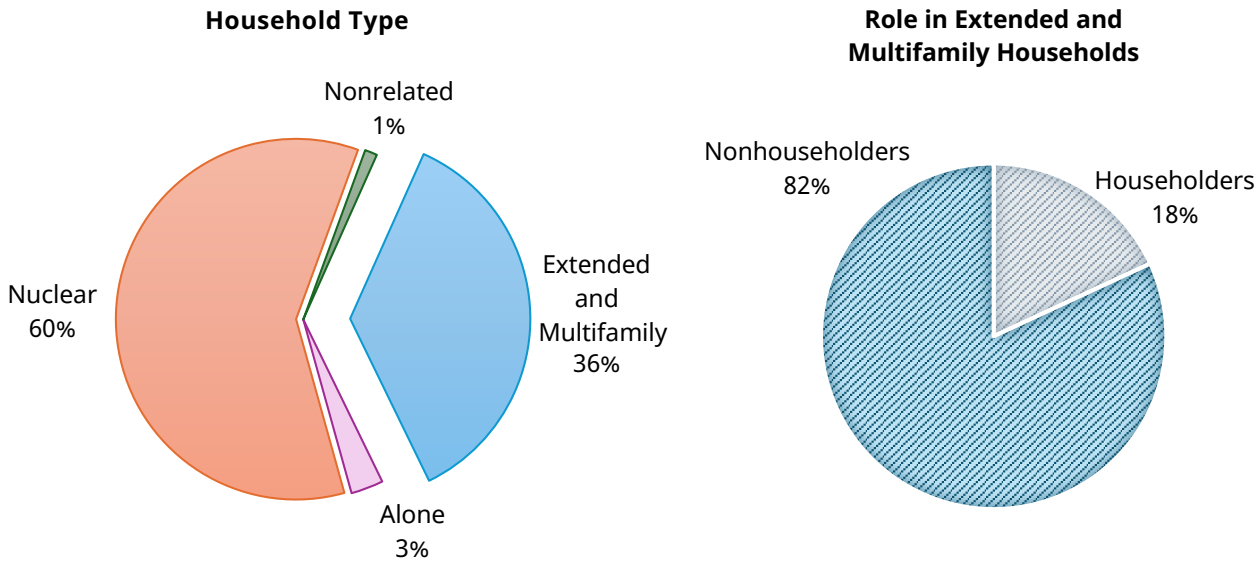
There is also a higher probability of being in extended and multifamily households among individuals whose workplace is located in a different area from their residence, compared to those who work and live in the same province and city/municipality. There may be no suitable jobs available within their residential area, or these household members may lack the capacity to secure good employment nearby. Some relatives may assume the responsibility of maintaining household security and management while other members are employed elsewhere.

In the 2000 to 2020 regression model, it is found that the formation of extended and multifamily households is significantly influenced by the presence of an elderly person, the individual's highest educational attainment, and the presence of a child in the household, along with increasing residential prices.

Providing care for the elderly and shelter for the young

An increase in the proportion of individuals living with an elderly person is associated with a rise in the percentage of persons in extended and multifamily households. This result may reflect the nature of elderly care arrangements in the Philippines, where the younger generation or relatives reside with older family members. Elderly individuals may prefer to receive care from family than from nonrelatives. It may also reflect the housing ownership capacity of the elderly and the limitations faced by younger individuals, who are experiencing a shortage in the supply of affordable housing. As pointed out in Ballesteros et al. (2024), homeownership increases with the age of the household head, and elderly individuals are usually homeowners who may even have sufficient space to accommodate additional members.

Figure 3. Distribution of 25–34-year-olds by household type and their roles in extended and multifamily households, 2020



Note: This figure does not include data from the Bangsamoro Autonomous Region in Muslim Mindanao.
Sources: Estimates from Ramos et al. (2024) and the authors; basic data from PSA (n.d.)

Escaping rising residential costs for those living with a child

The presence of a child in a young adult's household discourages living in extended and multifamily households. There is a preference for a nuclear household among young adults living with a child. However, they shift their preference toward an extended and multifamily household as residential construction prices increase. This shift in association implies that rising housing prices pose a constraint on young adults' ability to live in a nuclear household and, consequently, the formation of new households.

Extended and multifamily households are an unlikely arrangement for individuals with lower levels of education

In terms of educational attainment, as the proportion of individuals with only preschool or kindergarten education or no completed grade increases, the proportion of those living in extended and multifamily households tends to decrease. These individuals may lack the capacity to sustain such living arrangements, or they may be more mobile, often relying on short-term or temporary housing. In contrast, those with higher educational attainment are more likely to have a secure and stable future, which enhances their ability to accommodate additional household members.

Ways forward

The formation of extended and multifamily households is not necessarily detrimental to society. Having additional relatives in the household presents opportunities for resource sharing. By pooling funds, members may be able to afford goods and services that would otherwise be more expensive if fewer people were contributing. Such household arrangements can also support working young female adults, young adults employed far from home, the elderly, and young families with children—especially when access to facilities or professionals catering to their needs is limited. Relatives can provide care and assistance with household management, which may even be preferred by those needing support. These benefits can support the country's demographic dividend.

However, the shift in household structure from the typical composition of householder, spouse, and child to the inclusion of other relatives appears to stem from constrained decision-making that existing government policies have not successfully addressed. Some young adults live in extended and multifamily households because they do not earn enough to become householders or afford their own housing. Those living with a child may prefer to form their own household, but rising residential costs limit their options. As a result, they turn to resource-sharing with relatives and live with elderly family members who have the capacity to own housing and accommodate additional household members.

This *Policy Note* recommends the following measures to remove constraints on household formation:

1. **Heighten efforts in addressing housing market problems such as rising housing prices and the lack of supply of affordable housing, especially in job centers.** The low attainability of housing constrains individual and family decisions, negatively affecting new household formation and potentially accelerating population aging. The government should therefore give greater attention to housing issues by implementing enabling policies that ensure the availability of decent and affordable housing and prevent speculative surges in housing and real estate prices. It should also ensure rental housing access, especially among young adults whose job mobility could be limited due to housing constraints.
2. **Equip young adults with skills, especially those with low educational attainment.** Individuals whose highest level of education is preschool or kindergarten, or who have not completed any grade, are often unable to benefit from the resource-sharing opportunities offered by extended and multifamily households. These individuals are

likely experiencing intergenerational poverty and may lack relatives who can provide financial and household management support.

3. **Expand access to facilities and professionals that cater to the needs of the elderly, working young female adults, young adults employed far from home, and young families with children.** An expanded access provides an alternative option for these groups. It can address housing congestion and reduce household management burdens, potentially increasing childbirth rates, labor market participation, and productivity.

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