8·22·25

WSJ Print Edition

When You're Living All Together Now

COUNTING HOUSE |

ROBYN A. FRIEDMAN

When multiple generations live under the same roof, family harmony is best preserved with some careful planning and documentation

Whether it is college graduates taking over the basement because they can't afford to buy or rent, or grandparents seeking the security of family as they age in place, multigenerational households in the U.S. have skyrocketed. According to the Pew Research Center, between 1971 and 2021, the last year for which these statistics are available, the number of people living in multigenerational households quadrupled. The trend is driven by financial issues, the need for caregiving for both children and older adults, and delays in new household formation by young adults.

The arrangement comes with challenges. Twenty-three percent of adults in multigenerational households say it is stressful all or most of the time, and 40% admit it is stressful some of the time, according to Pew. That is why flexible floor plans that enhance privacy, a healthy respect for boundaries and candid discussions upfront among family members are key to the success of any multigenerational arrangement.

Darlene Gibson, 56, and her husband, Jim Gibson, 58, have been sharing their 2,600-squarefoot home in Goodyear, Ariz., with Jim's mom, Cheryl, since they purchased it for $422,490 in 2021. Before moving in, Cheryl, 79, was living on her own in rural Virginia, where she was isolated and dependent on others to get around. Today, the family is living together in a style of home that is becoming more popular as multigenerational living becomes more common.

Miami-based Lennar has sold its Next Gen home design since 2011, according to Alan Jones, the company's division president in Tempe, Ariz. These models include an attached private suite with a separate entrance, kitchen, living room, bedroom, bathroom and laundry facilities.

Jones said that while prices vary by market and model, the price of a typical 3,000-squarefoot Next Gen home is approximately $15,000 more than a similarly sized home without the multigenerational features.

Many homes sold by Fort Washington, Pa.-based Toll Broth-ers can also be customized for multigenerational living.

Many existing homes are suitable for multiple generations as well. According to Realtor.com, nationally, about 3.8% of homes listed between Jan. 1 and June 21 advertised an additional dwelling unit, in-law suite or casita in the listing description, and homes featuring one of these additional dwelling units had median listing prices 20.6% higher than the market median. (News Corp, owner of The Wall Street Journal, also operates Realtor.com.)

Cheryl Gibson now has the equivalent of her own apartment, where she bakes and gets together with friends. She's lost weight because she's active in the community, using the clubhouse for bingo and craft night. When she needs to go to a doctor's appointment, Darlene and Jim are there to support her.

Note

But the arrangement only works, Darlene said, because of mutual respect. Except for emergencies, no one enters the other party's living quarters without knocking first and being invited.

If you're planning to share your home with relatives of different generations, here are some things to consider.

Agree on all financial and legal details up front.

Hillery Dorner, a real-estate attorney with Dorner Law & Title Services in Concord, Mass., suggests that the parties outline everyone's expectations, responsibilities and financial obligations in a written cohabitation agreement. The agreement should include an exit strategy to lay out what happens if one of the parties dies, gets divorced, needs to move to assisted living or just wants to leave the shared home. If title to the property is held by all parties jointly, that exit strategy should include a method of valuing the home in case one party wants to buy the other out, according to Zachary D. Schorr, a real-estate attorney in Los Angeles. Plan to revisit the agreement every year or so to update it to reflect changing finances and needs.

Decide whose names go on the deed.

If you need your parents' help to qualify for a mortgage, it is likely the lender will require them to be on the deed and mortgage. Decide whether you want to own the property as joint tenants with right of survivorship, where the surviving party automatically owns the entirety of the property if the other owner dies, or tenants in common, where a deceased owner's share goes to his or her heirs, which could possibly leave the survivor as a co-owner with strangers. Schorr said that holding title in the name of a trust is a good option as well, assuming the lender will allow it. "With a trust, there would be a mechanism for who gets what if someone dies or wants out," he said.

Create an emergency fund.

Donna Butts, senior fellow at Generations United, a nonprofit that advocates for intergenerational programs and multigenerational living, suggests that families create an emergency fund, to which everyone contributes, to cover unexpected repairs. That fund could also be used to modify the home to allow older adults to age in place or to childproof the home for young children. "Updating a home for one generation can positively impact multiple generations," she said. "That front-loading washer makes it easier not just for older adults but for children who want to help. Accessibility enhances everyone's ability to enjoy the home they share."

MAYA NGUYEN

No page 3