

## Housing ‘Generation Rent’

### Introduction

‘Generation Rent’ denotes young people under 35 who are spending longer periods of their life in the private rented sector (PRS) because of challenges accessing both homeownership and social rented housing.<sup>1</sup> The 2007 global financial crisis resulted in stricter mortgage lending criteria and larger deposit requirements, which are out of reach for many young people who are navigating difficult labour markets, and have been hit hard by welfare reform agendas.<sup>2</sup> Furthermore, the shrinkage of the social rented sector (SRS), predominantly through Right-To-Buy sales but also due to declining capital investment, has resulted in such housing being reserved for those deemed to be the most vulnerable in society<sup>3</sup>. Consequently, many young people find themselves either living in the family home for longer, or moving into a privately rented property. This growth in the PRS has brought its own challenges, which in turn have led the Scottish Government to put forward proposals for reforming the sector.<sup>4</sup> In order to further explore some of these challenges for ‘Generation Rent’ in Scotland, this briefing paper will draw on qualitative interviews with key actors working in housing and housing-related support.

### Challenges in Navigating the PRS

Our research highlights three key challenges facing young people residing in the PRS. Many of these findings are consistent with existing literature<sup>5</sup>:

*Affordability:* Despite rents remaining below inflation in most parts of Scotland, our research highlights how young people are nonetheless struggling to pay their monthly housing costs. This is particularly the case in ‘hot’ housing market areas such as Aberdeen and Edinburgh where demand for properties is high. The knock on effect is that high rents prevent young people from saving money to buy a house, leaving them feeling trapped and unable to exit the sector. This geography of (un)affordability needs further investigation and underlines the intersection between young people’s housing ‘choices’ and their precarious labour market positions.

---

<sup>1</sup> McKee, K., (2015) Briefing Paper 6: Young People, Homeownership and the Fallacy of Choice, *Mind the (Housing) Wealth Gap* [online]. Available at <http://wealthgap.wp.st-andrews.ac.uk/files/2013/02/No-06-Fallacy-of-Choice1.pdf> Accessed 15 June 2015.

<sup>2</sup> Clapham, D. et al. (2012) *Housing Options and Solutions for Young People in 2020*. York: Joseph Rowntree Foundation.

<sup>3</sup> Pearce, J. and Vine, J., (2014) Quantifying Residualisation: The Changing Nature of Social Housing in the UK. *Journal of Housing and the Built Environment*, vol. 29, pp. 657-675.

<sup>4</sup> Scottish Government, (2015) *Second Consultation on a New Tenancy for the Private Sector*. Edinburgh: Scottish Government.

<sup>5</sup> Smith, M., Albanese, F. and Truder, J. (2014) *A Roof Over My Head: the final report of the Sustain project*. London: Shelter and Crisis.

*Quality:* Some young people in the PRS are living in properties containing dampness and poor insulation resulting in higher fuel costs. Overcrowding is also a problem particularly associated with the PRS over other tenures. Occasionally, a landlord may not renew the tenant's lease if s/he is perceived to be 'difficult' due to complaining about their living conditions (termed a 'revenge eviction'). The nature of the relationship between the tenant and their landlord is therefore a critical one, yet our research highlights instances of landlords either being unaware of, or being unwilling to meet their obligations.

*Security:* The flexibility inherent in short assured tenancies was viewed positively in that it provides young people with greater mobility and choice. However this benefit is offset when a landlord wishes to repossess the property and thus forces a tenant to leave regardless of the tenant's wishes. Such insecurity has a damaging impact on young people's abilities to feel 'at home' and to 'put down roots' in a community. Moreover, it was highlighted that some landlords may favour long-term tenancies, as they do not want the hassle of having to find a new tenant.

### **Problematising Generation Rent**

The term 'Generation Rent' is problematic in that it homogenises a very diverse group of individuals from different backgrounds, and with different experiences. Moreover, the changes in the housing tenure structure brought about the rise of the PRS affects all adults, so many of the issues PRS tenants face are not exclusive to young people. Nonetheless, young people are the largest age group within the sector (40 per cent of under 35s), and are feeling the brunt of changing housing and labour market dynamics, compounded by tightening eligibility within the social security system.

The heterogeneity within 'Generation Rent' was evident through the discussions of various sub-groups of young people, which were perceived to be more disadvantaged in the sector than others. These include young people: on low and insecure incomes; those with young families; migrant and seasonal workers; and students. This underlines the importance of thinking about intra-generational inequalities, as one participant reflected upon:

"I think there are some groups [of young people] who are better able to access [the PRS], I suppose. And that is about having a deposit, having references, good credit history, et cetera ... And in that situation yes, I think they are disadvantaged because if you are a landlord, you have only got the one property, you want to let it as quickly as possible and you have got me with a very good credit history and excellent references...it is pretty obvious who the landlord is going to choose" (Interview 4).

Those reliant on social security benefits were felt to be particularly vulnerable. Our interviewees' emphasised that the PRS is not suitable for these individuals, and that the SRS is much better equipped to accommodate them. Young people in receipt of the local housing allowance (LHA) are increasingly struggling to access PRS properties in which 100 per cent of the rent can be covered by their LHA. This leaves young people struggling to meet the gap from their own financial resources. There was mixed evidence concerning whether or not landlords have reduced their rent in line with reductions in housing benefit in recent years. Whilst some landlords deliberately target the 'benefits market' and have indeed reduced their rents, interviewees pointed out that the current market gives landlords the pick of tenants resulting in a higher likelihood of them opting for less 'risky' tenants. In addition, discrimination towards young people on benefits was also highlighted:

“And all the two and three bedroom properties within a 20-mile radius have got all, saying in their adverts ‘No DSS’, or essentially nobody on housing benefit...people just think, ‘Oh, people on benefits are going to be all the things that are in the media of people who just laze about and don’t do anything and eat takeaways every night and smoke all the time and all the rest of it.’ So maybe that is what people’s perception is and therefore think that they don’t want that in their property” (Interview 2).

Of the remaining groups discussed by the interviewees, the short assured tenancy system and its inherent insecurity was deemed to be most unsuitable for young families. The possibility of having to move frequently can be disruptive for children’s schooling, child care and other activities, thus compromising a family’s ability to settle in a community. Similarly, there was evidence that migrant and seasonal workers are not necessarily deliberately mobile and that their transient lifestyles are a result of being unable to access and afford longer term accommodation close to their work. There were also concerns over such young people being more likely to live in overcrowded and poor quality housing with language barriers preventing them from understanding their rights as tenants.

### **The Importance of Place**

As well as the heterogeneity of young people’s experiences due to personal circumstances and family background, the PRS challenges discussed also have a strong spatial dimension. Some parts of Scotland are substantially more expensive to live in compared with others and this applies not only to rent levels, but also the overall cost of living. This is due to intersections between housing and labour markets, as well as the unique pressures facing rural areas. For example, private landlords in rural areas may increase their rent levels during the summer months to capture the tourist market, exacerbating the difficulties for local people looking to rent. Closely tied to issues of affordability are the lack of jobs, services and public transport links in some of Scotland’s rural and island communities. One interviewee from the Scottish Borders explained that many young people leave the area to find jobs elsewhere due to the area’s declining labour market:

“...certainly of our kids leaving secondary school who go into higher and further education out of Borders for most of them that’s a one way ticket they don’t come back because there’s not a lot to come back to, the big employers of the Scottish Borders are the council and the NHS, the manufacturing base is all but gone so it’s pretty bleak” (Interview 10).

In addition to a lack of jobs, some rural areas in Scotland have little in the way of services and public transport meaning that individuals need to have access to a car or travel long distances to access their workplace or particular services such as Job Centres. Housing, therefore, is intertwined with jobs, services and transport. Young people looking for a place to live do not simply have to contend with rent levels, quality and security of tenancy. They may find a PRS property that is affordable and in good condition but it is in a location with poor public transport and/or a considerable distance away from the individual’s workplace. More understanding is needed of these spatial dimensions.

### **The Interweaving of Housing, the Economy and Politics**

The strongest theme to emerge from the interviews was the interwoven relationship between housing, the economy and the political ideologies underpinning related policies. Young people’s housing options are tightly connected to their positions in the labour market and, by extension, whether or not they are reliant on social security benefits. They are priced out of homeownership

not just because of the cost of the mortgage and sizeable deposit requirements, but also because of their economic precariousness:

“Locally here the economy’s pretty flat and there’s not a lot to cement younger people here, because the jobs aren’t here. So if there’s no jobs they can’t access the housing; they’re alternatively dependent on housing benefit or low-wage part-time work and that’s difficult to get the wherewithal to satisfy the mortgage company” (Interview 10).

Zero-hours contracts were mentioned by several interviewees as being particularly problematic. Not only does this type of work prevent an individual from accessing a mortgage, but also those living in rental accommodation do not know from one month to the next whether they will be able to pay their rent. Consequently, some young people turn to food banks, payday loan companies or live in fuel poverty to ensure they have enough money each month for their rent. Rent arrears and other forms of personal debt can easily escalate for young people in these positions and likewise for those on benefits who are at risk of being sanctioned. Indeed several interviewees feared that sanctioning will increase with the rolling out of Universal Credit in the coming months.

The interconnection between housing and the broader socio-economic context of the nation underlines the need to think beyond traditional housing solutions. Whilst building more housing is valuable and important, the challenges facing ‘Generation Rent’ cannot be addressed by housing policy alone. Austerity, welfare reform and the growth of Britain’s low-wage economy are significant. With the election of a new UK Conservative Government in May 2015, which seems set on implementing further welfare reforms and austerity measures, the financial situations of young people, particularly those reliant on social security benefits, are likely to worsen. Although the Scottish Government’s consultation on the PRS is to be welcomed, many of the difficulties faced by ‘Generation Rent’ stretch far beyond housing and therefore to fully assist these young people, housing should be considered within its broader context. Tensions within the current devolution settlement may however make this difficult for the Scottish Government to achieve, given social security remains largely a reserved power. Ongoing constitutional reform is therefore an important backdrop to these debates.

### **Further Information**

The full report: *Housing Generation Rent? What are the Challenges for Housing Policy in Scotland*, by Kim McKee and Jennifer Hoolachan (Centre for Housing Research, University of St Andrews) is also available for download. It was funded by the Carnegie Trust for the Universities of Scotland.

For more information please contact the lead author:

Dr Kim McKee, Centre for Housing Research, University of St Andrews

Email@ [km410@st-andrews.ac.uk](mailto:km410@st-andrews.ac.uk)

\*You may also be interested in CHR’s related research on [Young People: Tenure Choices and Welfare](#) –funded as part of a larger Leverhulme Programme Grant: [Mind the \(Housing\) Wealth Gap](#). It involved in-depth qualitative research with young people (under 35) across the UK.

