

Young people and housing: the need for a new policy agenda

Viewpoint
Informing debate

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Young people are the most mobile sector of the population. As a consequence, knowing the tenure in which a young person lives at any given moment is perhaps less important than knowing where they have been, and where they may move to next. Understanding the nature of this pathway is essential to the task of arriving at better policy to support people making their first housing decisions. Julie Rugg reflects on the current policy framework and considers the need to revise the policies to reflect the risks and obstacles specific to young people in the housing market.

Key points

- Young people are not a homogenous population, and it cannot be assumed that as a group they are marginalised in the housing market. Indeed, the market can serve their varied needs very well.
- However, the policy framework tends to overlook the risks people take when making their first housing decisions. As a consequence, some young people become trapped within chaotic housing pathways.
- Unhelpful value judgements are routinely attached to tenure, and are a substantial obstacle for young people negotiating the housing market. Some housing pathways have come to be regarded as more valid than others. For example, a period of living in social housing is acceptable if it comprises a stepping stone to owner-occupation. There needs to be a more neutral assessment of how different tenures serve the highly varied needs of this age group.
- There is no ideal outcome in terms of a single tenure being a universally appropriate end objective. For young people, a successful housing pathway is one which contains no extended period of catastrophic collapse which puts education, employment and emotional relationships on hold.
- Policy-makers, distracted by the task of creating stepping stones to owner-occupation for 'young professionals', have overlooked the extreme housing need of young people at the very bottom of the market, who lack the basics of secure and affordable shelter.

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Changing trends

In order to arrive at a housing agenda for the future, there must be a very clear understanding of the present and recent past.

There has been an increase in the proportion of young people who live as head of household in the private rented sector (PRS) (see Table 1). The tenure shift has been largely as a consequence of a decrease in the proportion of owner-occupiers. Another marked trend has been the increased proportion of younger people living in the parental home. In 1991, 50 per cent of men and 32 per cent of women aged 20–24 were living in the parental home; in 2006 these figures were 58 per cent and 39 per cent respectively.¹

Table 1: Percentage of heads of households in specified age group living in the PRS

	16-24 year olds	25-34 year olds
2001/2	43	13
2006	52	27
2008/9	58	31

Source: Survey of English Housing live tables: S102: Age of Household reference person by tenure.

It appears that substantial change has taken place to young people’s housing pathways. In the past, it may have been common for there to have been a move from the parental home into owner-occupation or social housing via a short stay in the PRS. Now it appears that reliance on the parental home has become protracted, and a much longer stay in the PRS takes place. Policy is somewhat conflicted given these two developments. For young people to continue to rely on their parents for housing is deemed to be unremarkable, particularly if the next step would be to secure social housing. Indeed, the principal rationale for the limited availability of support for younger people is that young people have this ‘safety net.’ At the same time, an extended stay in the PRS is considered to be markedly problematic if the next step is intended to be owner-occupation. It could be argued that the policy response for this group has been – if anything – to overprescribe solutions.

Both these changes to housing biographies are difficult to interpret. Very little is known about the housing experiences of people who left the parental home for the first time at the height of the housing boom and in the first stages of the housing market collapse. It might be supposed that constraints created by housing market failure explain the increasing proportion of young renters and people who remain in the parental home. However, choice and preference are as important in framing housing decisions. In a riskier, ‘post-boom’ housing world, the decision to rent a property – for the medium or even longer term – could be regarded as the most rational strategy.

This *Viewpoint* steps back a little from the search for remedies to consider a more detailed exploration of the difficulty at hand. It is tempting to fall into the supposition that ‘young people’ generally are a marginalised group in the housing market. In reality, young people are by no means a homogenous population, and it could be argued that the housing market – for the most part – serves many of their varied housing needs. Of greater concern is the fact that there are overlooked deficiencies in the current policy framework. These failures reflect an inability to pinpoint more accurately the risks that are

specific to people who are making their first housing decisions, and which leave some young people trapped within the most chaotic housing pathways.

Definitions: young people and early housing pathways

Young people are not a homogenous group. There is no pre-set, pre-defined timetable that lays out age-related stages that take an individual from dependence on and in the parental home through to financial independence in a home for which they have a legal responsibility to meet a rental or mortgage payment. All people under the age of twenty-one, or twenty-five or thirty do not carry common characteristics in terms of housing experience, need and aspiration. Furthermore, static representation of where a person of a certain age is living in terms of tenure is a poor reflection of what that housing circumstance means both within a dynamic housing pathway and within the understandings and expectations an individual attaches to that pathway. More simply put, where a person is is not always the best reflection of where someone was or where they may be going. So, for example, a high proportion of people in owner-occupation is not necessarily desirable if their housing pathway then leads – via repossession – through private renting and into the queue for social housing. A person in their early twenties who has never left the parental home is very different from a person living in the parental home after relationship breakdown has led to the end of a social housing tenancy.

It becomes important, therefore, to concentrate on the variety of pathways. The lack of recent research in this area means that it is difficult to establish which pathways have become more commonplace, which new types of pathway may have emerged, and which have faded in importance. There is no absolute list of different pathway ‘types’ but a summary of some pathways is given in Box 1.

Box 1: Some housing pathway experiences

Chaotic early parental home-leavers

This group may include people who leave the parental home as teenagers – perhaps aged 16 or 17 – in crisis circumstances. A breakdown in relationship between a parent or step-parent might deprive the teenager of a possible return to the parental home if other housing options fail. Often, ‘premature’ departure from the parental home leads to a chaotic careening from one insecure type of accommodation to another which might include periods of hostel living and street homelessness. A number of policy initiatives have aimed to support this group – in particular, where the person in question has left care. It may be expected that in recent years, chaotic pathways have become if not more common, at least more protracted.

Full-time students

A contrasting group is the number of people who leave the parental home to study in another place. Research has indicated that full-time students receive a ‘risk-free’ housing education. A year in halls of residence allows them gain independent living skills without risking homelessness if a mistake is made. Students are often offered greater levels of protection in the PRS, where their stay may be mediated by the operation of a local student housing accreditation scheme. The incursion of a larger number of private sector halls of residence has led some commentators to ask if this element of the housing market has become ‘commodified’ and as a consequence less supportive and increasingly expensive so leaving students with higher levels of debt and less able to enter home-ownership.

Young family-home makers

There is little information on the housing pathways of people moving from being childless couples to having a family. Having children reconfigures the

available options in an early housing pathway, in that for many young parents the opportunity to access social housing increases. However, there is evidence to indicate that dependence on the parental home may continue for some younger families, and creates substantial pressure on the young couple’s relationship. For all young families in all tenures there are issues around the ability to take a second step into a larger property as the family expands.

Cultural expectations: ‘flat shares’ and HMOs

Young single people living outside the parental home are expected to share accommodation: indeed, there is a vibrant market in rooms in shared houses, advertised for white-collar ‘young professionals’. Research has indicated that this development has emerged from a tradition of shared student living. However, the cultural understanding of a flat share may be different for younger ‘blue collar’ workers who may only be able to secure a room in a house in multiple occupation (HMO) at the bottom end of the market, which can be a much less secure and salubrious option.

Returners and stayers ‘stalled’ in the parental home

For some younger people, a defining feature of their housing pathway is a heavy reliance on the parental home, and there is often no single and definitive ‘leaving home’ event. Most often, a person will leave to secure independent accommodation and then – months or even years later – may return. People may return to the parental home in their late twenties or early thirties as careers or relationships break down. In some instances, young people simply do not leave the parental home: their protracted stay may be an active choice, or may reflect substantial constraint in the local housing market. Policy-makers have made blanket assumptions on the ability to return to or stay for long periods in the parental home, but there is little research on the impact of this trend.

Each of these pathways presents a different ‘ask’ of the housing market, and of policy-makers. Recent policy interventions, such as the introduction of the Local Housing Allowance, changing interpretations of homelessness obligations, and the availability of shared equity schemes will have created new opportunities and new obstacles. It is not always certain how these will have been understood and negotiated. Some pathways have come to be regarded as more valid than others; it could be argued that this is in itself a further obstacle that requires strategy. In addition, there are substantial cultural differences that will shape

the experience of existing pathways and frame the creation of new kinds of pathway. So, for example, in some minority ethnic households different pathways may be deemed acceptable for young women.

At the same time, these different pathways are being negotiated within a highly localised housing and labour market. For example, in areas where there may be a surplus of social housing, single young men with a low income may have a better chance of securing an independent tenancy. In other areas, even relatively high-earning young graduates may

find themselves still in the parental home, overtaken by demand for private rented property. It remains the case that young people face substantial problems in securing work, employment, housing and transport in rural locations. Some larger towns may have a ready supply of poorer-quality PRS properties, but these may be difficult to sustain perhaps because they are difficult to heat and in neighbourhoods subject to high levels of crime. Nationally, trends such as the reduced availability of mortgage finance will also influence the viability of some pathways.

In conclusion, it is worth noting that early housing pathways do not necessarily always have a well-defined, age-specific 'end point' that indicates a successful progression. There is a subsumed tendency to interpret social housing or owner-occupation as the conclusion of a housing pathway that should be achieved neatly by the age of twenty-five. Indeed, discussion of 'young people' as an age group has expanded to accommodate those up to the age of 30: statistics indicate that a greater proportion of this age group is in the PRS, having not yet attained their 'adult' housing status as an owner-occupier or social housing tenant.

Ideal pathway outcomes

Not only is there a presumption that housing pathways should have an objective endpoint: some endpoints are deemed more valid than others. In particular, owner-occupation is seen as the ideal outcome. However, there perhaps needs to be some space for discussion about whether owner-occupation is indeed the best housing option for young people. Certainly home ownership carries long-term benefits in terms of the accrual of equity. However, in the short term, young people may find mortgages less affordable compared with private rents, and an owner-occupied property something of a burden if work is being sought on the national rather than local labour market. In addition, it is easier to access more desirable locations by paying a rent than by purchasing with a mortgage. It is certain that young people can be ambivalent about owning a property, and less willing to view owner-occupation as a long-term goal.²

For some policy-makers, an extended stay in the parental home is considered the most appropriate outcome particularly for young people unable to meet their housing expenses from earned income. Indeed, the parental home is regarded as an essential safety-net, and a resource to which young people can return particularly on graduating from higher education. Few policy-makers choose to see reliance on the parental home as a problem, but this 'ideal' outcome is by no means universally available. Furthermore, there appears to be a number of conflicts between a blithe reliance on the parental home to continue to

house adult children, a reliance on the same home to offer long-term care for elderly relatives, and the desire to reduce the incidence of overcrowding.

The notion that young people may have a social housing tenancy as a long-term housing aspiration is viewed with considerable disquiet by some policy-makers. Recent debate has centred on the supposed detrimental impacts of social housing on the economic and educational attainment of tenants. This rhetoric sits at odds with the way in which such housing may be viewed by young people. They value social housing since it is thought to deliver affordable rents, security of tenure and the opportunity to continue to enjoy or to develop long-term neighbourhood networks of friends and family. It is perhaps ungracious to castigate younger people for this kind of aspiration, since it sits close to the heart of a desire to create a sustainable family home where it might be possible to explore education and employment opportunities.

Private renting is rarely considered an ideal housing outcome: early housing careers invariably include a stay in the sector, but where the stay becomes protracted, the belief is that a person has become somehow 'trapped' and unable to progress. Very little information is available on young people's longer-term experiences of private renting, beyond a first few years of student renting and 'young professionals' sharing. In all probability, many young people now progress through the PRS, perhaps from a HMOs in the teens and twenties to smaller flat shares as a young couple, and on to larger family homes. In theory, it could be argued that renting carries substantial benefit for young families: they may be able to move to areas with better schools and facilities for children than they might be able to afford if they were buying; and they would be more likely to secure a location close to family members able to provide childcare support; and they might want flexibility in order to take up work opportunities. Again more research is needed on whether the PRS is able to meet the range of housing needs evident in young households.

Nevertheless, what does become clear is that there is no ideal outcome in terms of a single tenure being a universally appropriate end objective. The imperative to create a single ideal outcome distracts attention from the much more fundamental need to ensure that early housing pathways do not have protracted periods of collapse. Where an individual has experienced a housing pathway that has included street homelessness, sofa-surfing or other episodes of highly insecure accommodation then there has evidently been a failure that has placed an individual's mental and physical health at risk. Other types of failure are also evident, and include situations in which parts of life – educational attainment, employment and emotional relationships – have had to be put on

hold. So, for example, a young couple in a single-bed owner-occupied flat may be unwilling to have children because they cannot afford to buy a bigger property; or a young couple continue to live apart with their respective parents because a market rent is not affordable, and they have no priority for social housing.

What makes young people fail in the housing market?

There are three characteristic elements of 'youth' that are likely to undermine a young individual's ability to operate in the housing market like any other – older – consumer: economic disadvantage; inexperience and discrimination. First, a young person is more likely to be economically disadvantaged as they move from full-time schooling into work or into higher and further education. The national minimum wage is nearly a pound an hour lower for workers between the ages of 18 and 22; unemployment rates are currently much higher among young people; benefit rates are lower; and earnings will naturally be lower as individuals will be at an early stage in their working life, perhaps negotiating a way through short-term contracts or seasonal work. Research has indicated a link between lower earnings and a delayed entry into owner-occupation. These studies also indicate that financial support from relatives is often essential in facilitating movement out of the parental home.³ Younger family members are often given help with the payment of mortgage deposits, or in meeting the requirement for a rental deposit or advance rent payments. Where this kind of family assistance is not available, young consumers' exclusion in the housing market can become more marked.

A second characteristic element of youth in the housing market is inexperience and consequent vulnerability. Here, the notion of vulnerability is given a very broad definition, and can be seen in terms of liability to exploitation and unfair dealing. An individual leaving the parental home for the first time will need basic advice and information on their housing options, on how to settle essential financial transactions, and on complex legalities defining rights and responsibilities. Again, the family is expected to advise and protect younger members by coming with them to look at properties to rent or buy; by advising where rent or house prices are deemed either unreasonably high or unfeasibly low; or by explaining the process of applying for a social housing property. A young person without this kind of support may be liable to make mistakes that could be costly financially or that could place them in a position of acute housing need.

A third, final, characteristic is being subject to discrimination. Landlords generally prefer not to let to

younger tenants, perhaps because it is believed that this kind of tenant will prove to be problematic in terms of behaviour, or because of the two characteristics outlined above – economic marginalisation and inexperience. In addition, there is evidence of blanket discrimination against young people in full-time education. Policy discussions have considered restricting the ability of young people to live close to their place of study.⁴ Discrimination against younger households reduces their housing options, and means that they are likely to accept more marginal and riskier housing arrangements.

As time goes on, young people are less likely to demonstrate or be subject to these three characteristics: their earnings may increase or become steadier; their knowledge of the housing world and experience of living independently mean that they are better able to make more informed decisions; and age discrimination will cease to apply. It would be unfeasible to expect that no mistakes would be made along the way, but it is the consequences of failure that carry some burden of responsibility in policy terms. For the vast majority of young people, the parental home remains a resource to which it is possible to return and indeed dependence on the parental home may continue for an extended period. Where there is an unwillingness or inability to return to the parental home, then questions remain about the responsibility of statutory authorities to intervene.

Policy failures

The Single Room Rent

The biggest policy failing is that young people on low incomes do not receive the same level of help paying their PRS rent as someone over the age of 25. This age limit has recently been revised, and will soon increase to 35. The Single Room Rent (SRR) rests on the principle that people under the age of 35 should be given assistance that is pegged at the level of a room with shared facilities. It is argued that under-35s reliant on benefit should not be able to access better-quality property than their 'working peers', who might only be able to afford to meet the cost of shared facilities from their earned income. The competing and confused suppositions underpinning the rationale for the SRR and subsequent changes brought about by the Local Housing Allowance and the 2010 Comprehensive Spending Review are now so far confused as to be impossible to disentangle. However, it is clear that the regulations suppose that young people 'should' live in shared housing because many do. But shared housing arrangements differ substantially. First-time students commonly demand en-suite facilities. Young professionals can access flat-shares with their friends, and look for properties with dishwashers and digital

TV. For a young person on a low income, a house in multiple occupation more usually offers the prospect of shared facilities with older strangers, where common areas may be felt to be unsafe. Few middle-class parents would see this kind of housing as being safe for their teenaged children. However, policy-makers do not question the appropriateness of houses in multiple occupation when the teenager is on low income.

Respect for family networks

A further and related difficulty is the need to ensure that young people can continue to access family support. The allocation of social housing has, in the past, included 'sons and daughters' policies, so that the children of social housing tenants may gain priority access to property close to their family. Extended family and neighbourhood networks are a characteristic of many social housing developments, and can create a secure environment for a young person even if that area may be deemed 'undesirable' by outsiders.⁵ This is not to say that young people should be given blanket priority in terms of social allocation. Rather, where decisions are made about housing options for younger people, then a respect for family networks should be part of the agenda. It might be that a private letting – closer to those networks – would be a better option for a young household than a social letting some distance away.

Where familial support is lacking, state response is not always adequate. It has been noted that the state does accept responsibility for the welfare of care-leavers aged 16–17, but there remains a substantial gap in accepting responsibility for those aged up to 21. During these years the majority of young people will probably make one or more returns to the parental home. No such provision is available to care-leavers. Furthermore, there are concerns relating to the continued availability of Supported People funding to offer the assistance that some young people may need to secure and retain a social housing or privately rented tenancy. The welfare system presumes that young people can access family support, and so reduces benefit entitlement. Where family support is lacking for a young person, the state does not intervene if that young person falls into difficulty.

Low-cost home ownership

Finally it is worth considering how far young people's housing needs are being met by low-cost home ownership and shared equity schemes. The intention of this type of scheme is to offer a 'staircase' to young social housing tenants so that, over time, they become full owner-occupiers. However, questions remain as to whether this kind of scheme readily meets the *housing* needs of young people, in particular with regard to flexibility. Low-cost home ownership schemes do not always work well in

terms of the ability of the renter/purchaser to sell their equity share and move on. It could be that these schemes are more suitable for older households with more settled work and family commitments.

Conclusion: a new policy agenda

There are a number of areas where the policy agenda could benefit from debate supported by new evidence.

Inflated aspirations and real need

Housing policy for young people needs to refocus attention on those young people who are economically vulnerable and socially isolated. In recent years it has come to be expected that home ownership should be within reach of young, single individuals with limited ability to pay a deposit. This is not a realistic expectation, but nevertheless policy agendas have been deflected by the desire to meet it. Policy attention has to be directed to a more pressing concern: the existence of very extreme housing need amongst young people disadvantaged by the benefit system and without access to family support. This group is now so marginalised that it has become invisible in policy terms.

Protecting young renters

The vast majority of young people rely, at many different stages in their housing pathway, on the PRS. Many young people's experience remains fixed at the very bottom of the rental market. Young people generally have limited access to help with deposits, since deposit guarantee schemes are often unwilling to accept the risk of dealing with shared properties and cannot always persuade landlords to let to young people given the SRR restrictions. Without help with deposits, young people are compelled to rely on the poorest-quality shared property. If policy-makers expect young people to stay in the PRS, then means-tested assistance with access to that accommodation must be made available in every area.

PRS tenancies generally end because the tenant wants to move to another property. In the minority of cases where the tenant is given notice by the landlord, this is usually because of rent arrears or because of problems relating to anti-social behaviour. There is no research to indicate whether the experiences of young people losing PRS tenancies is markedly different to that of other age groups. It might be supposed that because of the SRR and generally lower incomes, young people would be more likely to fall into difficulties with paying the rent; or, because of limited options, be part of shared households where anti-social behaviour becomes problematic. Unless the reasons why tenancies fail becomes clearer, then it is highly

unlikely that effective policy can be devised to support pathways through the PRS. A blanket assumption that young people should be given longer tenancies simply fails to address the heart of the problem.

Develop the right products

The growth of large-scale private sector halls of residence for students is a reminder that it is possible to develop products aimed at the youth housing market. It could be argued that providers of private halls of residence have been cynical, in promoting accommodation at inflated cost, particularly in London. The foyer movement offered high-density housing to younger people on low incomes who demonstrated a commitment to seek work, training or further education. The accommodation itself was popular with younger people, although issues remained with the housing offer being conditional. Furthermore, the desire to use foyers to tackle homelessness and unemployment created complex funding arrangements.

It may be that there is a case to explore the development – by social housing providers – of young worker ‘hotels’ with up to 20 or 30 spaces, and which would offer rooms that had kitchen facilities but shared bathrooms, and that could be let at the equivalent rate of the Single Room Rent. The hotels would not be a measure to tackle homelessness and would not offer any level of support. Rather, they would be aimed at lower-income young people in their first jobs.

Review strategies in the context of the current market

If young people are going to spend longer living in the PRS, there has to be certainty that the PRS can indeed meet the changing housing needs of younger tenants at a variety of stages in their housing pathway. For example, security of tenure may not be an issue for single people in their early twenties, but may become a bigger concern for younger families, who may also struggle to pay a market rent. There needs to be a better understanding of the long-term economic viability of private renting for younger families.

Customise housing options

Where housing options teams operate, they need to include officers with specific training and knowledge of housing and young people. Too many reports have indicated that a lack of inter-agency co-operation has stymied the delivery of housing advice to young people.

Local agencies should have the confidence that every young person referred to a housing options team would receive all the information needed to help negotiate the local market and access any available support.

Revise the Single Room Rent

The SRR is, simply, inequitable. Its provisions place vulnerable young people in even more vulnerable housing situations. At the very least, the regulations should be amended so that a young person who is judged to be vulnerable in a sharing situation should have access to benefit at the level of a self-contained property. The vulnerability judgement might apply in the case of a young person with experience of addiction, abuse, street homelessness or mental health difficulties. This measure would carry the advantage of assisting with moving on from hostel accommodation, and might – in the long run – comprise a cost-saving for the Department for Work and Pensions.

About this paper

This paper is a think piece to review issues around young people and housing and offers an independent assessment of policy failures and proposes new policy agendas. Although it reflects on recent research and policy discussion, it does not comprise a detailed discussion of the literature or of policy in practice.

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