Young people: tenure choices and welfare

WS4: Views from people aged 18-35, and housing & financial experts

MIND THE £££ WEALTH GAP
Intergenerational Justice and Family Welfare

Multiple uncertainties and welfare

Multiple uncertainties challenge young people's ability for financial planning with implications over the life course. Uncertainties in labour markets, the housing system and bonds to place/people were mutually reinforcing. Most participants had insecure, temporary and/or low-paid work that made it challenging to sustain housing costs (or contribute to pension funds), despite many having pursued higher education. Bonds to place and people/family offered a safety-net for episodes of unemployment and a rent-free home before one was able to afford the starting costs of a private tenancy or access to homeownership. While employment was the crucial 'problem', participants called for more diverse and secure housing options as a safety-net against wider concerns:

> *"Having a stable home, a place you can call home and you feel safe, it's a base!… And if you don't have it, everything else is falling apart; you cannot even get a job because the employers want you to have a permanent place of residence" (f, 29, social tenant previously homeless).*

Problematizing Generation Rent

Young people are not a homogenous group. Participants' housing experiences differed in relation to: age/lifecycle - educational attainment, earnings/savings, eligibility to state support and household formation were starkly different between the 18-21 and 30-35 old; socioeconomic background - e.g. those from lower income families who lacked family support found accessing homeownership more of a challenge; geography - the relation between housing and labour markets and the welfare-safety net differed across regions and rural/urban areas; household size - single people and households with children faced particular challenges obtaining a mortgage compared to childless couples. Young people's experiences of navigating the housing markets were thus very diverse. It is crucial that policy recognises this heterogeneity in order to provide young people with housing options that meet their needs.

Tenure choices

Whilst most participants aspired to own their home, they constructed this normalised ideal as a 'fallacy of choice', for it was not achievable in reality. Young people underlined how a lack of secure, well-paid employment made it even more difficult to realise their housing aspirations. They expressed universal frustration at the un-affordability of housing. Tightening mortgage criteria that required larger deposits were unachievable for many without family support while high market rents made it difficult to save. Many participants felt trapped and consigned to renting for the foreseeable future:

> *"I just think renting is just a waste of money. And it would obviously be ideal to get your own house and pay off your own mortgage; but I could never do something like that because of my situation. I feel I'm never going to get out of that and I'll constantly be renting"* (f, 19).

Whether participants were renting for under 5 or over 10 years, whether they could afford to exercise 'choice' or were able to rent just in the bottom end of the rental market, they unanimously called for more tenants' rights in the private sector:

> *"The issue is that private accommodation, is the landlord's property and you are just literally living in it. You have very little rights, very little room to improve your situation and the fact you pay a financial penalty to terminate your lease but they don't, is bizarre to me" (f, 30).*

Indebtedness

There was popular demand for free and independent financial advice for understanding the implications of early saving, credit, mortgage terms, student debt and eligibility for public support. Student debt was seen as a relatively acceptable form of debt compared to unsecured credit, yet experts problematized its long term consequences:

> *"I had two enormous overdrafts! I had my student loan but that just comes off with my salary so I suppose don't really see that as being paid, it just goes… But overdrafts, credit cards, that affected me, quite a lot of debt! I could have saved nearly £300 a month if I had not been naïve at 18 getting thousands of pounds worth of credit" (f, 25).*
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> *"Government's message that the student loans are not real debt, they are harmless, they are very friendly forms of debt, is just very dangerous. £45,000 loan is like half of a mortgage, it will prevent you from saving for later life. People shouldn't underestimate it" (Expert Interview).*

Despite the dilemma of costs versus returns, many young people wanted to pursue higher education in order to increase their employability. Policy should nonetheless recognise the impact that the cost of education has on young people's ability to access homeownership and more broadly to provide for their older age welfare.

Family support, unequal family resources

Family solidarity displayed many forms: <u>financial gifts/loans</u> of large or small sums; <u>space in the parental home</u> at no or subsidised cost; <u>services</u> including child care, transport, DIY; filling the fridge; <u>family bonding</u> time by paid holidays abroad and emotional support. There was no sense of entitlement to family support but concerns that it may jeopardise parents' welfare at present/later time. Young people were grateful while slightly uncomfortable for any size/type of help. They were also concerned for not being able to 'pay back' given the multiple uncertainties they faced, including expected employment flexibility across places.

While family solidarity may be celebrated from a social perspective, the forms of capital held by families were highly unequal and circumstantial. For instance financial gifts ranged from the odd £20 to full educational and renting costs including a deposit to buy. Similarly besides issues of availability, a room in the parental home came bounded with 'locational capital' regarding the extent to which it linked young people to, or segregated them from, employment, apprentice/internship and education opportunities (effects compounding across the life course). Moreover, some young people had no support at all given parents' emotional/geographical distance or parental distress (economic marginality, divorce). While differences in family support were acknowledged, they were not always directly witnessed given certain peer group homogeneity. Exceptionally, changing family circumstances resulted in the full realisation of the role of family support:

> *"Then suddenly we were left in a position where having lived very generously… I went to private school and university, and then suddenly everything changed. Suddenly there was very little family support available. To me, that came as quite a reality shock!"* (f, 26).

Young people tended to conceptualise differential family help as a 'lucky' or 'unlucky' family circumstance rather than a mechanism creating/reinforcing inequalities. The role of parental owner-occupied housing wealth in the transmission of inequality seemed however less important as young people were not yet receivers of parental housing wealth. However other parental resources, particularly savings and space, made a crucial difference and were clearly associated with parental tenure. Our study lends weight to previous research which suggests homeownership (and higher education) may increasingly become the preserve of the children of homeowners.

Adriana M Soaita and Kim McKee