

# Understanding the Housing Aspirations of People in Scotland



PEOPLE, COMMUNITIES AND PLACES

# **Understanding the Housing Aspirations of People in Scotland**

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**September 2015**

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# Executive Summary

## The Research

This study was commissioned to provide policy makers and practitioners with a more nuanced, qualitative understanding of housing aspirations, complementing existing survey data. The project involved interview and focus group research with 80 people across Scotland (Feb-June 2015). The sample of participants was selected to reflect Scotland's diverse geographies and socio-economic variances in Scotland's citizens.

## Housing Aspirations in Hard Times

The housing aspirations of people in Scotland are complex and multi-faceted, formed through the dynamic relationship between subjective desires and objective reality. Policy decisions that take into account people's expectations therefore need to consider how people's aspirations come to be. That is, how their subjective preferences are shaped and formed by their objective conditions, such as their economic resources and the opportunities available within their local housing market. This is vital, for aspirations do not exist in a vacuum. They are shaped by perceptions of opportunity and constraint, and so are liable to shift and change in response to external social, economic, political and cultural factors.

Past research has tended to equate housing aspirations with homeownership. Yet, while this remains a strong future goal for people and the study highlighted the existence of 'frustrated renters', it also drew attention to people with aspirations to rent, and the positive value attached to social housing in particular.

Whilst housing supply debate has tended to focus on national affordable housing supply targets and initiatives to support building in different tenures, it was evident that tenure and house-type were not the main priority for people. The overwhelming majority of participants stressed that location was the most critical dimension in realising their long-term housing goals. A number of factors emerged as significant here, with variances between different socio-demographic groups. These related not just to the aesthetic and infrastructure dimensions of where people lived, but crucially were also bound up with social attachment to place, and familial and community bonds. Addressing these locational preferences requires land being made available through the planning system in areas where people want to live. Yet this is more than just a planning issue. It necessitates a shift in policy thinking to consider housing in its more holistic sense, as a 'home' nestled within a wider place-based community and regional economy.

## Drivers of Housing Aspirations

Aspirations are shaped by the dynamic relationship between subjective preferences and the objective reality of economic constraint and available housing opportunities. It is vital to consider these two dimensions in tandem.

With regards to people's personal preferences (the subjective), these were shaped by stage in the life-cycle and lifestyle choice. Needs varied by household size and age composition. In terms of lifestyle, some individuals preferred to rent as it enabled them to live in a 'better area' than they could afford to buy, with others reluctant to live in social housing because of a perceived lack of control over where they may be allocated a property. Tensions were therefore evident between tenure, type and location.

Turning to objective reality, two factors were critical: economic resources and available opportunities in the local housing market. Perceptions of opportunity and constraint were strongly influenced by state intervention in housing and social policy (e.g. Right to Buy, MIRAS, welfare reform), and links between housing and the wider economy.

Frustrated aspirations to own were most evident amongst 'the squeezed middle' (economically active households on low to moderate incomes). Here the link between housing opportunities and the wider economy was strongly evident, with young people in particular despondent that they could not save enough for a mortgage deposit, or indeed, lacked the income to sustain mortgage payments. Economic precariousness was a key driver shaping aspirations.

Perceptions of the private rented sector (PRS) proved to be a pivotal driver for aspirations to live in other tenures. Whilst those with the economic resources to successfully navigate the PRS market had positive experiences of the sector and enjoyed its flexibility, those on low and/or insecure incomes were in a more vulnerable position. The research found evidence of both poor and illegal practices with regards to repairs, retention of deposits and landlord inspections. A further recurring theme was the lack of security of tenure. This was a source of anxiety, especially for those with young children. Linked to this, tenants were reluctant to enforce their rights because of fear of a summary eviction or the withholding of an all-important landlord reference. This highlights how aspirations cannot be considered out of context, for they are shaped and moulded by the wider system of opportunity and constraint. New legislation on the PRS seeks to address some of these concerns expressed by 'frustrated renters'.

Across the sample, the need for more 'affordable housing' (both private and social) was a common theme. Whilst some reflected on the challenges this caused for their own housing situation, others made reference to the negative impact on their children and grandchildren whom they regarded as being disadvantaged. This was framed in terms of inter-generational differences and inequalities.

## **Diversity between People and Places**

Significant differences in housing aspirations between older and young people were evident. This levelling down of expectations to own amongst the under 35s was driven primarily by challenges in securing mortgage finance. By contrast, past policies such as the Right to Buy and MIRAS (Mortgage Interest Relief at Source) were central in enabling older households to access homeownership and accrue

considerable housing wealth. In turn this wealth was passed down the generations, with family support playing a key role in helping young people get on the housing ladder. Despite this there was no evidence of inter-generational conflict. The under 35s in our sample tended to blame their situation on the broader economic context (austerity, financial crisis).

Yet intra-generational inequalities were also apparent within cohorts. This was particularly evident amongst the under 35s, for example between those who could access family support and those who could not, and those who were in stable, well-paid jobs and those in more economically precarious positions. In terms of disability, a lack of adapted accommodation was highlighted which led to some people feeling they were 'forced' to leave their local area to access suitable accommodation, and once there 'trapped' in their property due to limited options to move.

The role of geography in creating opportunity and constraint is critical. Housing markets were more competitive and expensive in locations where labour markets were buoyant. By contrast where housing costs were lower, affordability pressures work in different ways (due to unemployment and low income). Distinct pressures were also evident in rural areas such as more limited housing opportunities; difficulties accessing services; lack of accessible transport; and more challenging labour markets. These factors not only posed barriers for people wishing to remain in the area where they grew up, but increased the financial pressure on household budgets.

## **Knowledge about Housing Options**

There was scant knowledge of housing options beyond the three main tenures, with ignorance and misunderstanding about low-cost homeownership schemes, and little or no awareness of other options such as self-build and mid-market rent. This may reflect that people were often relying on the advice of family and friends, or going online for their information, and so may not necessarily be getting a full or accurate picture of their available options.

There was little evidence of people seeking support from specific advice agencies (e.g. Shelter, Citizens Advice Bureaux, Money Advice) except in time of crisis. Although when a problem arose this support was highly valued.

A small number mentioned seeking advice from their local authority, for some this was because they were local authority tenants, for others it was because they saw the council as an important gatekeeper of services. Those with a mortgage also made reference to advice from mortgage brokers and financial advisors. This underlines the importance of independent housing advice.

## **Key Policy Recommendations**

Six key policy recommendations flow from these empirical findings:

- Aspirations **cannot be fully understood without situating personal goals within the wider social, economic, political and cultural context**. They do not exist in a vacuum; but are shaped by perceptions of opportunity and constraint, and therefore liable to shift and change in response to external as well as personal factors. This more nuanced understanding is something that needs to be considered in the development and implementation of future national housing policy agendas. How policy thinks about aspirations **creates a framework** within which policy agendas are delivered in practice at a variety of scales.
- A need for **tenure neutral policies that maximise affordable housing opportunities for both owner-occupiers and renters**. This includes traditional social rented housing as well as intermediate tenure options. Given the increasing role of the PRS in housing the nation's population, **resources to enforce existing legislation around standards** are also required to improve tenant satisfaction. The new legislation on the PRS is therefore to be welcomed, but its effectiveness will need monitoring.
- People **buy into a neighbourhood as much as a property**. Housing policy at the national level therefore needs to acknowledge more overtly the **importance of this spatial dimension**; this is apparent in current processes for allocating affordable rented housing resources. A focus on national levels of housing supply targets solely in terms of numbers runs the risk of ignoring these **vital locational dimensions**. This not only includes aesthetic and infrastructure aspects, but also attachment to place, and links between housing and labour markets. This spatial dimension not only requires land being made available where people want to live, but a more nuanced understanding of housing as being a 'home' nestled within place-based communities and regional economies.
- Need for a more **in-depth understanding of the subjective dimensions of housing affordability**, and the trade-offs people make in relation to housing costs and other demands on their household budgets. This is critically important in a context where wages are stagnant and the cost of living is rising. **Further research could inform** future affordability policies across all tenures, and help develop targeted support measures.
- Entrenched inter-generational inequalities cannot be tackled unless **bold action is taken around inherited wealth** and the often 'lucky' gains made through house price inflation. Those **unable to access familial financial support are significantly disadvantaged** in realising their housing aspirations.
- Better **information and advice about the breadth of housing options available**. There is little knowledge of opportunities beyond the main three tenures (owner-occupation, social renting, PRS). This could be addressed through **citizenship education** with young people, or by resourcing local authorities to deliver '**housing options**' style advice to all citizens regarding the opportunities open to them. Funding for **advocacy organisations** to provide independent help and advice is also key.

# 1. Introduction

## Background and Aims

- 1.1. One of the Scottish Government's (2011) housing and regeneration outcomes is to deliver housing that meets people's needs. This qualitative research project was commissioned to provide policy makers and practitioners with a better understanding of this aspect of need and demand as it relates to aspirations. It seeks to add depth and nuance to existing survey data (SHCS 2013; Ipsos-MORI 2010; Clegg et al 2007). This report presents the findings from this research, which involved semi-structured interviews and focus groups with 80 people. The study had four key research questions:
- What are peoples' short and long-term housing preferences, in terms of tenure, house-type and location?
  - How might we understand the drivers behind these preferences?
  - How do these preferences vary by different sections of the population? (Specifically older and younger households, the squeezed middle<sup>1</sup>, people with disabilities, those in rural areas, people in actual/potential regeneration areas).
  - How knowledgeable are people about the different housing options available to them? Where do they get their information/advice from?

## Research Methods

- 1.2. The study adopted a qualitative methodology, involving interview and focus group research with 80 people across Scotland between February-June 2015 (See Appendix for details). The sample of participants was recruited to reflect Scotland's diverse geographies and socio-economic variances in Scotland's citizens. We adopted a two-pronged approach to recruitment operating at different scales:
- **National level (Scotland wide):** we contacted 500 past respondents to the Scottish House Condition Survey, receiving a response rate of 6 per cent (n=30). We topped this up through advertising online and through drawing on our network of gatekeeper organisations (n=15).
  - **Local Authority Case Studies:** we recruited 35 people across five case studies in: Aberdeen City, Argyll and Bute, Perth and Kinross, Renfrewshire and the Scottish Borders (See Appendix 2 for profiles).

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<sup>1</sup> The 'Squeezed Middle' reflects a category of low to middle income households who are feeling the impact of the recession because of wage stagnation and a decline of in-work benefits. They earn below the median income, but are not reliant on social-security benefits (The Economist 2013).



These locations were chosen to reflect variances in house prices and tenure structures, as well as to allow for an exploration of rural and urban differences.

## 2. Policy Context

- 2.1. This chapter provides an overview of existing knowledge and research into the ‘housing aspirations’ of Scotland’s population, covering issues relating to tenure, property type, location, and differences within and between different demographic groups. It provides necessary contextual information to this study.
- 2.2. Previous research commissioned by the Scottish Government (Ipsos-MORI 2010) has shown that the majority of the population ‘aspire’ to homeownership, reflecting its status as the dominant housing tenure in Scotland, whereby 61 per cent of households are owner-occupiers. Household preferences for homeownership are often underpinned by the financial attractiveness of the tenure. Many people perceive it to be more financially advantageous, viewing property as an asset that can be either used as a future investment, or to provide security for their family by passing it on to future generations (Lowe et al 2012; Clegg et al 2007). This sense of ownership has also been cited as providing households with the flexibility and independence to carry out modifications and improvements to their homes, avoiding reliance on landlord-tenant relationships and providing feelings of security, freedom, responsibility and status (McKee 2011; Monk et al 2011). In addition, paying a mortgage may be seen as preferable to paying rent, as the household may eventually reduce their housing costs by paying a mortgage off, as opposed to paying rent to a landlord indefinitely (McKee 2015; Edwards 2005).
- 2.3. Yet, while homeownership remains a strong future goal for people – even in light of the negative impact of the recent credit crunch (Ipsos-MORI 2010), research suggests that increasing numbers of households find it difficult to realise it. Access to owner-occupation has been affected by a number of factors, including the withdrawal of historic policies such as MIRAS and restrictions in Right to Buy<sup>2</sup> discounts that facilitated home ownership for previous generations, declining affordability as property prices rise ahead of household incomes, and the dual combination of large deposits and stricter mortgage lending criteria (Halifax 2015; Moore 2013). One consequence of this is that homeownership has become unobtainable for many people. Research has highlighted that non-owners in Scotland save the least money towards house deposits each week (£25) compared to other regions of the UK (Halifax 2015). Constrained access to owner-occupation has in turn led to changes in the tenure structure in Scotland, whereby the private rented sector (PRS) has more than doubled since 1999.

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<sup>2</sup> The Housing (Scotland) Act 2001 introduced the modernised Right to Buy, which restricted available discounts and increased the qualifying period. The Housing (Scotland) Act 2014 will end the Right to Buy from 1<sup>st</sup> August 2016 for housing association and council tenants.

This recent growth parallels a fall in the number of owner occupiers and shrinkage of the social rental sector (Table 1).

Table 1: Tenure Change in Scotland, 1999-2014 (Scottish Household Survey 2015)

	1999	2006	2014
Owner-occupied	61%	66%	60%
Social housing	32%	25%	23%
Private rented	5%	8%	14%
Other	2%	2%	2%

2.4. These trends indicate that particular housing tenures may become more or less realistic, obtainable, and attractive to households at different times according to their framing by wider social and economic policies and processes, as well as individual notions of opportunity and constraint. The proportion of owner-occupiers has declined slightly in recent years, with research undertaken by Ipsos-MORI (2010) highlighting that many people became more aware of financial risks associated with the tenure in the wake of the recent credit crunch. These concerns mirror the findings of other studies, which indicated that some individuals may see homeownership as a financial burden and harbour concerns as to their ability to maintain mortgage repayments in the event of changes to their personal circumstances or income (Edwards 2005). Declining affordability has led to changes in household behaviour amongst prospective first-time-buyers, with evidence suggesting that they are delaying owner-occupation until later in life, as property prices rise ahead of household incomes (Scottish Government 2009). But economics is not the only driver, for as already highlighted government intervention in housing also plays a key role in shaping available opportunities.

2.5. While homeownership remains the largest tenure in Scotland, not all households necessarily desire to become owners. Evidence shows that some households prefer to rent in the social rented sector due to reasons of low and predictable costs, better affordability in relation to incomes, tenure security, and reduced tenant responsibility for maintenance and repair (Craigforth 2015; McKee 2011; Clegg et al 2007). Social housing is perceived to offer a stable and secure home without the risks or expense associated with owner-occupation, with certain demographic groups such as young people and vulnerable households regarding it as a positive and aspirational tenure of choice, particularly if they have at some stage lived in the sector (Smith et al 2014; Clapham et al 2012; ECOTEC 2009). Research by Ipsos-MORI showed an increase between 2007 and 2010 in the proportion of people who, post-recession, viewed social renting as a

more stable tenure choice than owning, highlighting the dynamic and changing nature of aspirations in accordance with social and economic trends. Yet access to social housing is constrained for many households, partly due to limited supply but also allocations policies that prioritise those in greatest housing need (McKee and Phillips 2012).

- 2.6. The difficulties in accessing homeownership and social housing have contributed to a growth in the private rented sector in Scotland, particularly amongst certain demographic groups such as young people, lower-income families, and more vulnerable households. The flexibility of the PRS may be attractive to certain demographic groups, including young professionals, students and seasonal workers for whom the tenure may offer particular lifestyle advantages (Robertson et al 2014; Kenyon and Heath 2001). However, evidence shows that tenant experiences of the PRS are sometimes problematic due to issues of affordability, tenure insecurity, quality, and relationships between tenants and landlords (McKee and Hoolachan 2015; Scottish Government 2009; Smith et al 2014). It does not at present meet the requirements of all households, illustrated by survey data indicating a decline in people's desire for private renting when they next move (Ipsos-MORI 2010).
- 2.7. In addition to tenure, it is also important to recognise the interrelationship between housing type, tenure and location. While households may have aspirations for a particular tenure, they may also have subjective preferences for particular locations or property types. For instance, evidence has shown that the moving aspirations of social renters in Scotland tend to be related to desires for a better location or different property type to meet specific household needs, within the social rented sector (Ipsos-MORI 2010). Locational preferences can have a strong influence on housing aspirations, evidenced by the popularity of some house types in one area, and their unpopularity in another, showing that apparently undesirable house types may be viewed positively if located in particular areas (Townshend 2006). Moreover, the literature on residential mobility has long highlighted that people wish to live in areas with people 'like themselves' (Hedman et al 2011; Rossi 1955), which may contribute to patterns of segregation. Indeed, the changing socio-economic profile of social housing tenants since the 1980s has been a factor in reducing the perceived attractiveness of living in the sector (McKee and Phillips 2012; McKee 2011; Damer 1989; Forrest and Murie 1988).
- 2.8. Housing aspirations have an additional spatial dimension, in that the housing decisions that people make are intertwined with locational characteristics and attachments, and involve trade-offs between pragmatic concerns and the satisfaction of particular goals. The cost of living in particular areas can enhance or prohibit the aspirations of people and their ability to exercise 'choice' in the housing market, while research shows that links to labour markets, services, and transport are important factors that influence residential mobility (McKee and Hoolachan 2015; Hickman et al 2007). The latter issue is especially important in rural communities, which

often experience out-migration as households migrate or commute to find work (Stockdale 2006; Jones 2001). In addition, locational preferences include the physical, social and historical attachment that households have to places, where family and community networks are highly valued and people elect to live in particular neighbourhoods according to notions of identity and belonging (Cole 2013; Paton 2013).

- 2.9. It is clear that the notion of housing aspirations is complex and that there are a number of factors to take into account when trying to understand how aspirations are formed and shaped. Aspirations can vary over time, place, and are influenced by the evolving needs, preferences, and expectations of different demographic groups at different periods in the lifecycle, and within specific social, cultural, economic contexts (Beer et al 2011). High importance may be placed on particular property characteristics, for instance families often aspire to live in larger homes (Clegg et al 2007), and having adequate space, warmth and quality are seen as fundamental necessities regardless of tenure (Gannon and Bailey 2013). Aspirations are also likely to vary according to demographic groups. For instance, living in homes with specific adaptations and amenities strongly influences the housing decisions taken by disabled people (Mackie 2012; Dean 2003), while the needs of minority ethnic communities vary in terms of dwelling size, location, tenure, and cultural dimensions which may necessitate particular property types and homes (Netto et al 2011; Houston and Allen 2004).
- 2.10. While housing aspirations are often equated with tenure within the policy literature, with household preferences for homeownership being the dominant theme, this review has highlighted the need to consider a broader understanding. Moreover, if we look beyond the housing literature we begin to see a more complex understanding of 'aspirations', which draws attention to how personal goals evolve and interact with social, economic, cultural and geographical contexts (Speilhofer et al 2011). This suggests a need to consider people's subjective preferences in tandem with their objective conditions (e.g. economic resources, local housing opportunities), in order to deliver a more holistic and nuanced understanding. This is the approach to aspirations we adopt in this research project.

## 3. Findings

### Housing Aspirations in Hard Times

#### Understanding Aspirations

- 3.1. As highlighted in Chapter 2, the concept of aspirations is both contested and complex. In essence however, it captures how personal goals are situated in, and constrained by, broader structural factors. As our data highlights aspirations are formed by a complex relationship between people's subjective desires (their personal 'preferences'), and objective reality (what their economic resources and housing opportunities allow).
- 3.2. By understanding aspirations as being influenced by the context in which they are formed we can better understand their dynamic and changing nature. Aspirations are affected by particular opportunities and constraints, for example the Right to Buy afforded many households in the 1980s the opportunity to buy their council house at heavily discounted rates. By contrast, the lack of available affordable housing at present has resulted in more and more young people living in the PRS for longer. To fully understand people's housing aspirations it is important to understand how personal goals are embedded in, and shaped by, the wider social, economic and cultural context, which changes over time. This dimension has often been neglected in housing policy debates, where aspirations are often considered only as individual 'preferences' without any reflection on how these are shaped and come to be. As the remainder of this sub-section will highlight it is however vital to consider the dynamic relationship between the two (subjective desires and objective reality).

#### Levelling Down of Expectations

- 3.3. An examination of generational differences highlights this point well. Our data indicated strong aspirations to own amongst the older cohort within our sample (aged 45+), with people commenting how it was the most natural progression for people of their generation, and how they were supported in pursuing owner-occupation by policies such as the Right to Buy and Mortgage Interest Tax Relief at Source:

"My generation that's what we did, we got onto the housing ladder" (Participant 6, female/65+/homeowner/Falkirk).

- 3.4. By contrast the under 35s were more pessimistic about their ability to get on the property ladder, citing 'affordability' as the main barrier to realising their long-term preferences for homeownership.

- 3.5. People however thought about affordability in different ways linked to how it subjectively related to their own personal situation.<sup>3</sup> For some, the financial barrier was meeting the monthly PRS rent, for others it was saving the substantial deposit required for a mortgage, whilst others faced more immediate challenges of having the job security and income required to meet monthly housing payments, or had experienced income drops because of Housing Benefit shortfalls caused by welfare reform.<sup>4</sup> Other demands on household income (e.g. maintenance, bills) were also factors:

“It’s the deposit. I’ve got money in the bank but there’s no way if they were asking £30,000, maybe £10,000. There should be a bit of flexibility for first-time-buyers because they are wanting people to buy houses, but if you put in legal fees and everything it’s costing you a lot of money” (Participant 26, male/35-44/social renter/Aberdeen).

“I’d like to move up in the council to make enough to support the weight of a mortgage” (Participant 63, female/25-34/PRS/Renfrewshire).

- 3.6. Indeed, discussions of affordability highlighted strong links between housing and labour markets, with economic precariousness being a key challenge for those trying to access homeownership: a finding echoed by other research (McKee and Hoolachan 2015; McKee 2015). Affordability then is not simply a housing issue, but reflects the wider economic prosperity of the nation, including wage levels and the cost of living as Vignette 1 highlights. Yet these dimensions are not necessarily well captured by objective measures, which historically tend to use affordability ratios or residual incomes (Tang 2009). Further qualitative research is needed to explore in more depth these subjective interpretations of affordability across different groups and geographies, in order to provide policy makers with a more nuanced understanding of how people manage their housing costs in relation to other pressures on their income. This in turn could help inform policy debates about housing affordability across all tenures, as well as provide evidence for the development of support measures.

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<sup>3</sup> Our own approach to ‘affordability’ is to see it as a contested and subjective concept. It reflects personal judgements of one’s own financial circumstances, which are in turn shaped by wider structural factors (e.g. wage levels, local employment opportunities, cost of living)

<sup>4</sup> This related to Local Housing Allowance changes brought about by reforms to the Shared Accommodation Rate of Housing Benefit, which now affects under 35s, as opposed to under 25s.

## Vignette 1 Economic Precariousness: George's Story

**George, a young single male living in supported accommodation struggles with having to pay full rent and council tax as well as other household bills. Although happy in his social rented property he expressed a long-term preference to one day own his own home. However, changes in the wider economy have tempered his ability to do so. Despite having two jobs he was still struggling to make ends meet, never mind save up the required amount for a deposit:**

**“It's just money I think to be honest [...] It's hard. I work two low paid jobs because of the fact that with the one job most of my money's away before I have even got food or shopping and anything like that” (Participant 25, male/25-34/social renter/Glasgow).**

**George described how he was also trying to save for a van in order that he could go into business as a self employed gardener. George admits that the realisation of this ambition looks less likely as each day passes.**

- 3.7. Whilst the majority of participants in the study articulated long-term preferences to own their home, it is nonetheless important to avoid simply equating aspirations with homeownership. Many of the current (and previous) social renters in our sample asserted a desire to remain in the sector. In part this suggests a pragmatic adjustment of their housing expectations in relation to their financial circumstances (i.e. they cannot access or afford to service a mortgage), but it also reflects an awareness of the positive dimensions of social renting. These include security of tenure; not having responsibility for repairs and maintenance; and an affordable rent:

“The benefits [of social renting] are it's more affordable than to try and do something privately. I think there's some kind of reassurance in the fact that if something drastically went wrong you've got somebody that you can phone that will come and hopefully fix it” (Participant 46, female/35-44/social renter/Perth and Kinross).

“I would definitely take social renting. I think you are safer. You are less likely to get screwed and it is easier to get repairs done, definitely. Private renting is a mixed bag” (Participant 14, female/45-54/homeowner/Glasgow).

- 3.8. These important dimensions are echoed in an evaluation of tenant satisfaction recently published by the Scottish Housing Regulator (Craigforth 2015).

### **Renting: the new normal?**

- 3.9. This levelling down of expectations to own is in turn linked to the increase in renting as the 'new normal'. The growing phenomena of young people under 35 spending longer periods of their lives in the PRS has been



well documented by research into 'Generation Rent' (see for example, McKee and Hoolachan 2015). This label however encapsulates a broad and diverse range of experiences:

- The '**Squeezed Middle**' were typified by those with long-term preferences for homeownership, but who could not yet afford a deposit and therefore had little 'choice' but to rent privately. They did not see social housing as an option, partly because they did not perceive that they would have sufficient priority to qualify, but also because they had no or little control over where they might be allocated a property, and feared being put in a 'bad' neighbourhood where they did not want to live. Vignette 2 highlights some of the issues faced by this group.
- Households on **low and/or insecure incomes** in the PRS expressed more mixed tenure preferences. Some aspired to a social rented property because of perceptions it was more affordable, secure and the landlord would maintain the property, whereas others held long-term goals to be homeowners, despite significant financial barriers.
- The **under 25s** in our sample tended to be still living in the family home.<sup>5</sup> Some were very pessimistic about their chances of accessing homeownership, whilst others did not seem to have a grasp of the reality of the housing market and what housing costs in relation to average wages. Student debt was a further issue for some, for loan repayments both reduced the income they had available to save for a mortgage deposit and spend on current housing costs.

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<sup>5</sup> Figures from ONS (2013) highlight that 26 per cent of 20-34 year olds in the UK are now residing in the family home.

## Vignette 2 – The Squeezed Middle: Alison’s Story

**Alison and her partner managed to get onto the property ladder with ease in 2004 when they bought what they intended to be a one bedroom starter flat. When their son was born they were on course to realise their aspirations of buying a larger family home when the banking crisis and subsequent recession completely changed their financial position. They ended up voluntarily surrendering their property back to their mortgage provider, as they were struggling with repayments and it no longer met their needs. However, they were still left with outstanding mortgage debt to repay due to negative equity. The family are now living in the private rented sector, and do not see themselves buying another property:**

**“My partner works night shifts, and we were in a one-bed flat and basically there was no place for him to get peace and quiet to sleep. But unfortunately due to the recession and stuff and money, we couldn’t afford to get a mortgage for a bigger property. So basically we ended up voluntarily surrendering our flat” (Participant 5 female/25-34/PRS/Fife).**

### **Location, Location, Location**

- 3.10. Despite a tendency in housing debates to equate aspirations with homeownership, this research highlighted that location (as opposed to tenure or house-type) was the most important element of people’s housing preferences:

“I didn’t buy the house I bought the location. It’s not the ideal house” (Participant 75, female/45-54/homeowner/Dunblane).

- 3.11. This highlights that people buy into a neighbourhood, as much as a particular property or tenure type, a finding reinforced by research into residential location preferences (Hedman et al 2011; Rossi 1955).
- 3.12. The dimensions of location that were emphasised as important were wide-ranging and often varied by age and household circumstances:
- **Access to labour markets:** being able to access paid employment. Often cited as a challenge for people in rural areas.
  - **Access to services:** both public and private, such as libraries, post offices, banks, housing offices, GP surgeries, local shops and pharmacies.
  - **Good transport links:** to work, but also where a household lacked a car and needed to access services and amenities (as outlined above).
  - **Perceived quality of schools:** one of the top priorities for those with children.

- **Access to leisure and shopping:** needs varied across the life cycle. For example, whilst older households made references to retirement pursuits, those with children were interested in youth activities.
- **Neighbours and the Neighbourhood:** ‘good’ neighbours and a tidy well-kept environment including public spaces; often contrasted to noisy, anti-social neighbourhoods with perceptions of drugs and crime.
- **Green spaces:** such as parks and other public areas to be used for leisure and recreation.

3.13. Peoples’ location preferences were complex and multifaceted as one participant reflected:

“Because the place you live just affects your life in so many ways. It affects your commute. It affects your ability to do your ordinary errands. It affects your ability to have your kids in a decent school. So the place affects so many other things. Whether you are in a mortgage or if you rent or not, it affects the amount of money you have in your pocket” (Participant 14, female/45-54/homeowner/Glasgow).

3.14. In addition to labour market and infrastructure dimensions, the social dimensions of place were also evident, most commonly, the importance of being close to, and embedded within, family and community networks as Vignette 3 illustrates. As previous research has highlighted, place attachment is particularly strong in low-income neighbourhoods (Batty et al 2011).

3.15. Whilst the younger members in our sample emphasised the importance of family support in providing childcare, those at the older end of the age spectrum highlighted the need to be close to family for support due to illness or disability. Where no family was present locally, neighbours were often utilised as a valuable safety-net.

3.16. Perhaps unsurprisingly those individuals who ranked tenure or type as more important reported having problems with the condition of their property (type), or were unhappy with the cost and insecurity of living in the PRS (tenure).

3.17. Yet it was clear that people do not think of these elements (type, tenure and location) in isolation; they are entangled and interwoven, and reflect need, opportunities and constraints both now and in the future. Debates about housing aspirations therefore need to situate people’s preferences within this broader context, considering not only the dynamic relationship between the subjective and the objective, but also between tenure, house type and location.

**Julia moved out of the parental home and in with her partner who had a mortgaged property in her local area. She says they hope to one day be able to move to a bigger property, but she would not consider moving out of the area where she grew up because of family ties and strong place attachment:**

**“Well I grew up in Erskine, also my family are nearby so they are not far away. I am very much family orientated so I always nip up to my gran’s, my auntie’s and they always nip round to mine. I like having a full house and inviting everyone over. The schools in the area are great and so thinking for the future when I eventually have kids, I know that the schools will be great because I went to them, and I know basically everyone in the area”(Participant 45, female/16-24/living with partner/Renfrewshire).**

**Julia wanted her children to grow up in the same area that she did, so they could enjoy the same family bonds she took support from.**

## **Drivers of Housing Aspirations**

- 3.18. As this section will highlight, aspirations are shaped by the dynamic relationship between subjective preferences, and the objective reality of economic constraint and available housing opportunities.

## **Shortage of Affordable Housing**

- 3.19. Across the sample individuals asserted the need for more ‘affordable’ housing to be built: both in the private (homeownership) market, and with regards to more traditional social rented housing. As outlined in 3.5, participants had diverse perceptions of affordability. They reflected both on the costs of purchasing/renting a home relative to incomes (and compared to previous generations), a perceived shortage of supply, as well as potential developments being hindered by people demonstrating ‘not in my back yard’ attitudes (NIMBYism)<sup>6</sup>. Whilst some reflected on the challenges this created for their own housing opportunities, older participants made reference to the negative impact the perceived ‘housing crisis’ was having on their children and grandchildren whom they regarded as being disadvantaged. This issue of inter-generational inequalities will be returned to later:

“This house which has 4 bedrooms and another sitting room was under £5000 when we bought it; they’ve (house prices) gone up astronomically [...] I think they have to try and come down a bit so that people, young people particularly, can have a chance to buy a house” (Participant 10, female/65+/homeowner/Highlands).

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<sup>6</sup>NIMBYism has been widely documented in planning research (see for example, Matthews et al 2015). It draws attention to opposition to new developments from local people.

“There is so little social housing left. It is very, very difficult for people that are on low to medium wages to get married, have children and have them living in a reasonable dwelling” (Participant 14 female/45-54/homeowner/Glasgow).

3.20. The Right to Buy policy was frequently cited as a driver of this generational shift in housing opportunities, with many participants commenting how pleased they were it was to be abolished. Including those who had directly benefited.

3.21. Amongst those with frustrated aspirations to own, the links between housing opportunities and the wider economy were apparent, with young households despondent that their salary could not service a mortgage never mind allow them to save up for the required deposit to buy a property. This sense of frustration at being trapped in the PRS has been echoed in other research on this topic of ‘Generation Rent’ (McKee 2015). Yet as will be discussed further, there were also PRS tenants who wished to access social housing and who wished to stay in the PRS. Not just to cushion themselves from the impact of Housing Benefit reforms (see 3.5), but also recognising it as a vital safety-net in times of crisis. For example, some participants described social housing as being critical to them being able to escape domestic violence or homelessness, others how it provided them with the supported accommodation they needed to live independently.

3.22. Across the sample older participants were more likely to recognise the positives of social renting, and argue for a return to a greater role for the sector in housing the nation’s population. As the quote below suggests this is perhaps because they had direct personal experience of living in the sector and could appreciate the benefits it could offer:

“I was brought up in a council house all my life [...] it’s good in a way because if you are having a hard time and things go wrong with the house it’s going to get done as part of your rent whereas (with homeownership) you’ve not just got to pay the mortgage you’ve got to find money for anything that goes wrong with the house [...] I think there should be more social housing to rent” (Participant 50, female/45-54/social renter/Falkirk).

3.23. Whilst the majority of participants expressed long-term preferences for homeownership, this was not a universal position, with positive aspirations to rent (in both social and private sectors) also evident. These diverging opinions underline the need for a broad spectrum of policy responses to meet the preferences of different socio-demographic groups. This point will be returned to in Chapter 4.

### **Precariousness of the PRS at Bottom End**

3.24. The PRS is a highly diverse sector, and growing even more so. Historically associated with mobile young professionals and students, it is now housing a much broader spectrum of households including those on low and insecure incomes, and in receipt of social security benefits.

3.25. The private renters in our sample placed a strong emphasis on the flexibility the tenure had to offer, and of having a landlord who was responsible for repairs and maintenance:

“I like the fact that if anything goes wrong, me and my flatmate don’t have to pay for it. The landlord has got to cover it. It’s not really my responsibility” (Participant 20 female/25-34/PRS/Glasgow).

3.26. For those with financial resources, they were able to navigate the market and secure a property that offered a good standard of living and fitted in with their lifestyle. Those in the ‘squeezed middle’ with frustrated aspirations to own were however more likely to lament the cost of renting privately, which was often regarded as ‘throwing money down the drain’:

“Yes certainly you can’t avoid but feel a very big chunk of your monthly income is going down the drain, it’s not going anywhere you know, you’re not making it work for you in the future” (Participant 33, male/25-34/PRS/Stirling).

3.27. However, it is at the bottom-end of the market where more acute problems were apparent. Low-income households were in a more vulnerable position, especially in high demand rental markets such as Aberdeen. The experiences of our private renters highlighted the persistence of illegal landlord practices and a lack of enforcement of existing legislation, for example:

- **Unwillingness of landlords to carry-out repairs:** most commonly mentioned were in relation to draughty properties with poor/faulty heating, highlighting possible breaches of the ‘Repairing Standard’.
- **Unlawful retention of deposits:** not being held in Tenancy Deposit Schemes, with tenants also drawing attention to disputes about deposits being retained for cleaning and/or repainting.
- **Lack of written notice of landlord inspections:** turning up at the property unannounced for no reason.

3.28. A further recurring theme was a lack of security because of the short-term nature of the assured tenancy agreement (6 months typically). This was a source of anxiety for some, especially those with young children. Also apparent was a reluctance by tenants to uphold and enforce their rights for fear of a summary eviction, and/or the denial of the all-important landlord reference they needed to get another property. This is highlighted in Vignette 4.

3.29. A strong theme emerging from all the PRS tenant interviews was the importance of the tenant/landlord relationship. Whilst those with negative experiences described unresponsive or over-bearing landlords, by contrast those with more positive narratives stressed good communication and a quick response when they reported issues.

- 3.30. Perceptions of the PRS, sometimes founded on direct experience, sometimes not, proved to be a pivotal driver for aspirations to live in other tenures: both homeownership and social renting. This underlines how personal preferences cannot be considered out of context, for they are shaped and moulded by the wider context of opportunity and constraint in the housing system.

#### Vignette 4: Tenants' Rights in the PRS – Sharon's Story

**Sharon lived with her partner and two sons. She had previously made a homeless application to her local authority but was told that she did not have enough points. The family then had no choice but to take privately rented accommodation in Dundee, but found that it was too expensive, and moved to cheaper PRS accommodation in nearby rural Fife.**

**The family appreciated the quietness of their location and the fact that unlike their last tenancy, they did not have to suffer the behaviour of anti-social neighbours, or living in flatted accommodation. They were less happy about the condition of the property, including faulty heating, and the landlord's unwillingness to do repairs:**

**"If the landlord was good at doing repairs I'd probably be a lot happier but I just feel it's a waste of time, you tell them that some things need done and they say they're going to get somebody out to fix it and they never ever do" (Participant 1, female/45-54/PRS/Dundee).**

**Sharon was reluctant to enforce her rights regarding repairs, because of fears it would damage her relationship with the landlord and the family would be asked to leave. She wished to exit the sector and access a social rented property but felt it was unlikely to happen.**

#### Changes over the Life-cycle

- 3.31. Considering the other dimension of housing aspirations: people's subjective preferences, these were shaped to a degree by stage in the life cycle. People envisaged their housing needs, and in turn their preferences, changing over time because of shifts in household size (both growing and declining), and a need for adaptations in older age, or because of an illness or disability.

- 3.32. For example, those with young children or planning a family in the future (typically 24-35 age bracket) expressed preferences for a family-sized home, with a front and back door, and a good sized garden for their children:

**"We want a family house in which we can stay for a long time. A garage, garden and at least three bedrooms are a must" (Participant 63, female/25-34/PRS/Renfrewshire).**

3.33. Young adults still in the parental home aspired to independent living, whilst those already in the rental sector expressed frustrated aspirations to own. This is not surprising for the housing studies literature has long highlighted the importance of leaving the parental home in transitions to adulthood, and how this is often bound up with new family formation (see for example, Jones 1995).

3.34. Older households (65+, most of whom owned their property in our sample) talked about downsizing not for a smaller property per se, but rather to have everything on the one level (e.g. bungalow or cottage type property). Indeed, many of our older participants lived in properties much larger than they required:

“Given my age, I am a pensioner I would probably think about moving to a flat, a level flat, maybe a bungalow or a ground floor flat” (Participant 66, female/65+/homeowner/Renfrewshire).

3.35. The majority however expressed no real desire to move, with several claiming they already had their ‘ideal’ property. This was linked to wanting to age in place and remain in their home, which they had become attached to over time, and in which they had accumulated a lot of possessions:

“We have been married for a thousand years now and we have got a lot of stuff [...] financially I don’t need to downsize and I am in the house of my dreams. I will not be moving from this house other than in a wooden box” (Participant 28 male/65+/homeowner/Aberdeen City).

3.36. By contrast recent research has highlighted a desire amongst some older households to change tenure due to challenges in maintaining their ex-local authority property, and the need for adaptations (Satsangi et al 2015). This was not a theme that emerged in this study, but the cost of maintenance was an issue raised by homeowners more generally.

3.37. First-time-buyers described how they wanted to move up the housing ladder, progressing from a starter home (often a flat) to having their own “back and front door”. Indeed, discussions of density tended to be dominated by long-term preferences for detached properties, away from noisy neighbours. By contrast to first-time-buyers, those participants aged 55+ described a lower likelihood of moving home again, and of feeling settled in their property.

3.38. As discussed in previous sections, tensions were evident between tenure, type and location with some participants (especially at the low to middle income end) describing how they had to make trade offs. For example, some described how having stretched themselves for a mortgage they could not afford to maintain or repair their property.



## Lifestyle Choice

3.39. Again, returning to the relationship between subjective preferences and objective reality a small number of participants talked about tenure and locational preferences in relation to lifestyle choices. Here two distinctive aspects emerged.

3.40. First, there was the perceived stigma of living in social housing, which dissuaded a small number of households from considering that tenure as an option. Linked to this some participants expressed a view that it should only be for people in 'need', and so was not for 'them'. Second, there were also a small number who opted to rent privately as it enabled them to have a property type and location that they could not afford to buy. Whilst some in this category could afford to buy a property in certain neighbourhoods, these were not regarded as places they wanted to live in:

"I could rent something far nicer than I could afford probably to buy" (Participant 35, male/25-34/lived with parents/Aberdeen City).

3.41. This trend is evident in previous research into low-cost homeownership, which highlighted a preference for a new-build shared equity property over ex-local authority properties for sale on the open market (McKee 2010).

3.42. Uniting both these examples is the way in which tenure and location are interconnected, thereby underlining the importance of not considering these dimensions in isolation. For example, were social housing to house a broader cross-section of the population as it did in the past, people's attitudes towards it may shift. Similarly, if there were stronger mechanisms to address concerns about security of tenure and conditions in the PRS it may become more attractive. Indeed, measures in the Housing (Scotland) Act 2014 and ongoing consultations on reforming PRS tenancies aim to address precisely these concerns about private renting.<sup>7</sup> So whilst the majority of participants expressed long-term preferences to own their home, this needs to be situated within an understanding of how aspirations are shaped by the broader social, economic, cultural and political context.

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<sup>7</sup> The Housing (Scotland) Act 2014 introduces a new Private Rented Housing Tribunal to settle disputes; introduces new safety requirements on landlords; and allows third parties (e.g. local authorities) to refer concerns about the condition of PRS properties (Joint Housing Policy and Delivery Group 2015). In addition the consultation on reforms to PRS tenancies proposes greater security of tenure, giving tenants a stronger basis to assert their rights (Scottish Government 2015).

## Diversity between People and Places

### Inter-generational Inequalities

- 3.43. As mentioned previously, there are significant differences in housing aspirations between older and younger people. This levelling down of expectations to own was driven primarily by challenges in securing mortgage finance. Historical housing policies of the 1980s (Right to Buy, Mortgage Interest Tax Relief at Source) were central in enabling older generations to access homeownership and accrue considerable housing wealth. In turn, our research underlines how this wealth is also being passed down the generations through financial help and subsidised accommodation to children and grandchildren. This underlines the important role of family support in enabling young people to get on the housing ladder; a finding previously identified in other research on this topic (McKee 2015; Soaita and McKee 2015; Moore 2013):

“We lived with Mark’s parents for 18 months to save our deposit and we rented out my flat and then sold my flat in the latter stages to go onto the Help to Buy scheme” (Participant 27, female/25-34/homeowner/East Dunbartonshire).

“I’m sure my sons will be staying at home a long time, this is why we are paying them off to leave! Otherwise they will stay at home to save” (Participant 50, female/45-54/social renter/Falkirk).

- 3.44. These inter-generational transfers of both financial help with deposits and rent-free (or subsidised) accommodation in the parental home, highlights the way in which homeownership may increasingly be becoming the preserve of young people who can benefit from familial financial support.
- 3.45. Despite this, there was no evidence of inter-generational tensions or conflict. Indeed, baby-boomers expressed sympathy for younger family members and the challenges they had navigating the housing market. Although a small number commented that younger people today expected ‘too much too soon’, fuelled by easy credit and poor financial planning.
- 3.46. Similarly, the under 35s in our sample tended to blame their situation not on generational inequalities but on the wider economic context (e.g. austerity, difficult labour markets). These frustrations were most evident amongst the ‘squeezed middle’ – the group in our sample who tended to be living in the PRS due to their inability to access homeownership. This group were most likely to extol the virtues of homeownership, and highlight the negatives of renting. In particular they drew attention to the freedom, autonomy and financial investment that homeownership could bring.
- 3.47. Unlike the frustrated renters, by contrast, the older members of our sample (65+) tended to be largely happy with their housing situation. Many were outright owners who had realised their housing aspirations for homeownership.

3.48. A nuanced understanding of housing aspirations demands getting beyond inter-generational differences, and considering the diversity of experience within age cohorts. This was particularly evident amongst the younger age groups (under 35s). For example, between those who could access family support and those who could not, and those in stable, well-paid employment and those in a more economically precarious position. The under 35s who were feeling the brunt of labour market changes described having to make trade-offs between housing and other financial commitments, such as childcare costs and household bills:

“I think it’s so hard for normal people, as you said before, people who don’t have banks of mums and dads, to save up that deposit. Already our rent is really high, food is really high, petrol is expensive, so where do you get to save your money?” (Participant 20 female/25-34/PRS/Glasgow).

3.49. Although beyond the findings of this project, other research has drawn attention to the barriers facing vulnerable young people who cannot remain in the family home, or whose parents lack the financial resources to be able to provide assistance (McKee and Hoolachan 2015; Soaita and McKee 2015; Jones 2002). These challenges are exacerbated even further when young people themselves are on low and/or insecure incomes. The under 35s have been hit hard by a contracting welfare safety-net as a result of the UK Government’s welfare reform agenda (Beatty et al 2014), moreover, the shift in higher education away from grant support to student loans in recent decades has left young people with reduced disposable income when they start their careers (Macpherson and Lidell 2013). Their parents and grandparents faced a very different set of circumstances and transitions to independent living (Jones 1995).

3.50. In terms of other elements of intra-generational differences a lack of available adapted accommodation was highlighted; an issue that affected those with disabilities across different age cohorts. Where suitable housing was deemed to exist it was often not in locations where the households necessarily wanted to live, again highlighting tensions between house type and location. Vingette 5 unpicks some of these tensions.

## Vignette 5: Disabled Households Feeling Trapped – Suzanne’s Story

**Suzanne became disabled as the result of a complication during the birth of her second child. Consequently, she and her family had to relinquish the flat they owned and take an adapted council house. However the only suitable property immediately available was far away from where they wanted to live. The family therefore had to make the difficult choice to uproot their family from where they had established support networks:**

**“My daughter had a really good set up in her first year of school where we were [...] but she doesn’t get the support here and I find I’m more stressed. I have hospital appointments on average three times a week [...] and I constantly panic here because if I get to the point where I can’t drive [the] only person I’ve got that can give us assistance is my mum and she’s now over an hour away. It is a really lovely house and it is so much more accessible and that is great but we’ve had to make probably quite a lot of sacrifices” (Participant 46, female/35-44/social renter/Perth and Kinross).**

**Suzanne argued there was a need for more adapted accommodation so families were not forced to move outwith their local area to access suitable housing.**

- 3.51. These reluctant moves often resulted in people having to give up valuable social networks, and contributed to them feeling ‘trapped’ in their home because there were limited options in terms of location choice.

### Geographical Differences

- 3.52. When considering aspirations as the dynamic relationship between subjective preferences and objective conditions, the role of geography in creating constraints and opportunities becomes only too apparent.
- 3.53. Housing markets were deemed more competitive and expensive in locations where labour markets were buoyant (such as Aberdeen). By contrast in areas where housing costs were typically lower (such as Renfrewshire), links between housing and labour markets worked in different ways. In these locations, the issue was one of low and insecure income, and unemployment. More qualitative research is needed to understand the inter-connections between housing and labour market opportunities in the Scottish context across divergent geographies. Yet, this also needs to be situated within a qualitative understanding of ‘affordability’, which recognises affordability as being inherently subjective and contested (see 3.6).

3.54. Distinct pressures were also evident in rural areas across a number of dimensions:

- **More limited housing opportunities:** across all tenures, but a particular issue for young people wishing to leave the parental home. This is a finding previously identified by other research, which highlights shortages of affordable housing because of properties being purchased as second homes and used for holiday lets (McKee and Hoolachan 2015; Jones 2001).
- **Difficulties accessing services:** this was linked to spatial proximity but also access to transport, making it more difficult to go shopping for essentials, and access public and private services (see 3.11).
- **Lack of accessible transport:** this limits job opportunities and access to services, especially for those who do not have their own car and were dependent on public transport. Older participants (over 65) expressed fear of becoming isolated should important bus services end, or if they were no longer able to drive due to ill-health.
- **Challenging labour markets:** as previous research has highlighted young people often have to out-migrate to access education and employment opportunities (McKee and Hoolachan 2015; Stockdale 2006; Jones 2001). More limited employment opportunities in rural areas mean wages can be lower, which in turn impacts on the affordability of housing for local people.

3.55. These challenges not only pose barriers for people wishing to remain in the area where they grew up, but also puts additional financial pressure on the household budgets of all members of the local community:

“It’s a lovely area being next to the loch [...] however being so far away from it all wears thin, and this takes a big chunk out of my money because of petrol”  
(Participant 62, female/35-44/PRS/Argyle and Bute).

“Every time you want a pint of milk for example, it’s four miles to the nearest supermarket from here and you’ve got to go in the car so then you think do you really need it, can you manage without, what else can you do at the same time”  
(Participant 50, female/45-54/social renter/Falkirk).

3.56. A further issue evident in rural areas was the greater incidence of properties being off the main gas grid, making them cold and expensive to heat, which added to household costs. Interestingly this was perceived as part of rural living, and was not discussed as a driver to move.

## Knowledge about Available Housing Options

### Alternative Housing Options

3.57. It was clear from the research that there was a lack of knowledge about housing options beyond the three main tenures (owner-occupation, social renting, PRS).

3.58. Of all the Scottish Government's housing initiatives Help to Buy was the most well known, with a small number having some awareness of shared equity and the older shared ownership schemes, albeit this was often based on misunderstandings:

"Does [shared ownership] mean you are renting a room in your house?" (Participant 22, female/35-44/homeowner/South Lanarkshire).

"Yes, I've heard of [shared ownership] but I thought you had to have a council house?" (Participant 5, female/25-34/PRS/Fife).

3.59. There was limited knowledge of current opportunities for Mid-Market Rent (MMR) or Self-Build. Help to Buy was more well known, being perceived by those interested in this option as allowing them to buy a bigger home than they would ordinarily be able to afford. By contrast, intermediate tenures such as shared equity/ownership were viewed with more scepticism, with some participants expressing preference for a traditional mortgage:

"I don't know that much about (intermediate tenures) but it doesn't really appeal [...] I would rather just have a standard, normal mortgage" (Participant 20 female/25-34/PRS/Glasgow).

"Well we chose (Help to Buy) because basically it allowed us to buy a bigger house because we were getting 20% off what the house value was" (Participant 27, female/25-34/home owner/East Dunbartonshire).

3.60. Indeed, the two respondents who were currently living in intermediate tenures were less than satisfied by their experience of the schemes, reporting what they perceived as hidden costs when trying to increase their share. This was because they faced additional mortgage and legal costs every time they wanted to increase their share in the property. Shared owners also pay an occupancy payment in addition to their mortgage. One participant expressed frustration with her inability to re-sell her property and move on, blaming it on the property being over-priced in the first instance (although this is not necessarily an issue restricted to low cost housing options).

- 3.61. This echoes previous research on low-cost homeownership initiatives in Scotland, which highlighted a lack of understanding of how the specifics of these schemes worked and that households were not necessarily well informed at the point of purchase (McKee 2010). Nonetheless, evaluations highlight that these schemes can be successful in helping buyers meet their aspirations for homeownership over the longer-term as well as delivering on policy commitments to mixed tenure communities (ODS 2011).
- 3.62. The number of properties across Scotland provided for mid-market rent, funded by Scottish Government, rose from 18 in 2009/10 to 1006 in 2014/15<sup>8</sup>. These are rented out at below-market rents on a short assured tenancy basis. However, the lack of awareness of this option amongst participants suggests a need for more evidence based research around the targeting and promotion of these initiatives. As a forthcoming study of affordable housing need in Scotland highlights, MMR can deliver the most potential benefit in geographical locations where the gap between social and private rents is significant (Powell et al, forthcoming 2015). MMR also enables social landlords to diversify their business plans by offering differing housing products to different client groups.
- 3.63. As mentioned in 3.19 a strong narrative throughout all the interviews and focus groups was the need for more 'affordable housing' to be built. This was linked to a perceived 'housing crisis', fuelled in part by personal experiences of themselves or people they knew, but also from the media.

### **Where People Seek Advice**

- 3.64. Information and advice about housing options, and how to access them, was commonly sought from family and friends, drawing on the benefit of their direct experience.
- 3.65. The second most popular mechanism was through going online to search for properties, or to find out information about particular initiatives, such as Help to Buy.
- 3.66. Given the inter-generational differences highlighted and the changing context in which young people in particular now have to navigate the housing market relying on older relatives for advice may not however be the most informative option. They may not be familiar, for example, with more recent intermediate tenure options, or be able to offer advice about how to uphold rights in the PRS as this young person acknowledged:

"I think I would start off by asking family and friends for previous experience [...] (but) the information available to me now might not have been available to my parents like years ago" (Participant 45 female/16-24/living with partner/Renfrewshire).

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<sup>8</sup> Statistic supplied by Communities Analytical Services, Scottish Government.

- 3.67. There was little mention of people seeking support from specific advice agencies, such as Citizen's Advice, Shelter or Money Advice, except for in times of crisis. When things did get difficult this independent advice and advocacy service was however highly valued. A small number also mentioned seeking advice from their local authority, for some this was because they were local authority tenants, for others it was because they saw the local authority as a gatekeeper to other agencies. This lends support to local authorities potentially providing housing options advice, beyond homelessness prevention, so that all citizens can access up-to-date and accurate information about all tenures.
- 3.68. Those who expressed a preference for homeownership also made reference to seeking help from mortgage brokers or financial advisors to help them assess and evaluate different mortgage deals. This underlines the importance of independent financial advice to minimise financial risk.



## 4. Conclusions

### Key Findings

- 4.1. The housing aspirations of the people of Scotland are complex and multi-faceted. As this research highlights, policy decisions that take account of people's expectations need to consider how people's aspirations come to be. That is, how their subjective preferences are shaped and formed by their objective conditions, such as their economic resources and the opportunities available within their local housing market. This is vital, for aspirations do not exist in a vacuum. They are shaped by perceptions of opportunity and constraint, and so liable to shift and change in response to external social, economic, political and cultural factors.
- 4.2. Past research has tended to equate housing aspirations with homeownership. Whilst this study highlighted the majority had long-term preferences for homeownership, and the existence of 'frustrated renters', it also drew attention to people with aspirations to rent, and the positive value attached to social rented housing in particular.
- 4.3. Whilst housing supply policy has tended to focus on national affordable housing supply targets and initiatives to support building in different tenures, it was evident that tenure and house-type were not the main priority for people. The overwhelming majority of participants stressed that location was the most critical dimension in realising their long-term housing goals. A number of factors emerged as significant here, with variances between different social-demographic groups. These related not just to the aesthetic and infrastructure dimensions of where people lived, but crucially were also bound up with social attachment to place, and familial and community bonds. Addressing these locational preferences however requires land being made available by planners in areas people want to live. Yet this is more than just a planning issue. It requires a shift in policy thinking to consider housing in its more holistic sense, as a 'home' nestled within a wider place-based community and regional economy.
- 4.4. The drivers of housing aspirations were multiple: available opportunities in the housing market; stage in the life-cycle; life-style choices; and most significantly, economic resources and perceptions of what was affordable within the limits of household budgets. This underlines the importance of housing plans and interventions being situated within a broader understanding of the macro (and local) economic context. This includes not only labour markets, but all factors affecting household income such as welfare reform and the rising cost of living. There are strong spatial dimensions to these relationships with rural areas, for example, experiencing particular pressures.
- 4.5. The inter-connection between subjective preferences and objective conditions, which is the key finding of this research, is well illustrated by the

example of young people under 35. They face very different housing and labour market opportunities compared to their parents and grandparents generations. Not only are they in a more economically precarious position with regards to job security and wage levels, but they face different housing opportunities across all tenures, with many now living in the PRS for much longer periods of their lives. Many also start adult life with higher levels of debt due to the shift from student maintenance grants to loans. Social housing is not as easily available to their generation, with mortgage finance also more difficult to access. Yet young people are not a homogenous group. There are also significant inequalities within this cohort in terms of ability to remain in the parental home, access to financial assistance from family, and their own income levels and sense of economic stability.

- 4.6. Finally, there was limited knowledge of housing options beyond the main three tenures, with ignorance and misunderstanding about low-cost homeownership schemes, and other options such as self-build and MMR. This may reflect the fact people were often relying on the advice of family members or going online for their information, and so may not necessarily be getting a full or accurate picture of their options.

## Policy Recommendations

- 4.7. As this section outlines, there are six key policy recommendations flowing from these findings:

- **Housing Aspirations:** to meet household's needs and expectations policy makers need to adopt a more nuanced and sophisticated understanding of housing aspirations, which situates people's long-term goals within the wider social, economic, political and cultural context. This is about more than terminology. It is about recognising the fundamental inter-connection between individual personal goals and the wider context, and how these aspirations are shaped and come to be. Thinking about aspirations only as individual preferences (in an ideal world) does not tell us much about the rationales behind decisions, or the capacity of households to realise their goals. By contrast, this research has highlighted the important role of objective reality: both individual economic circumstances and the role of state intervention in housing, in shaping people's aspirations. This more nuanced understanding is something that needs to be considered in the development and implementation of future national housing policy agendas. How policy makers think about aspirations ultimately creates a framework within which national policy agendas are delivered in practice at a variety of scales.
- **Opportunities for all:** the need for more affordable housing (both rental and owned) was a key theme emerging from the research, as was the need to enforce existing legislation regarding conditions and standards within the PRS. This suggests a need to maximise opportunities across all tenures in order that people can realise their ambitions. Social housing remains a valued tenure in Scotland and would benefit from further supply. The consultation on PRS tenancy reforms may deliver greater

security of tenure, whilst new legislation in the Housing (Scotland) Act 2014 may force standards up in the PRS, thus addressing tenants' concerns. This latter issue is one that needs to be carefully monitored, but also resourced, so that action can be taken against landlords who fail to meet their responsibilities to their tenants. Yet helping households to achieve their goals of becoming homeowners is also important, and demands further supply in the private homeownership sector. This however needs to be traded off against potentially exposing them to greater financial risk than they can afford, which was a driver for the credit crunch in the first instance. This is where the targeting of intermediate tenures needs to be carefully considered. The 'squeezed middle' would perhaps be the group which would benefit most from these options, for they are economically active, albeit often on moderate incomes. More research is needed to determine how targeting might be best achieved, particularly in relation to MMR, which our participants had no real awareness of.

- **Spatial Dimension:** housing policy at the national level needs to acknowledge more overtly the importance of the spatial dimension; although this is apparent in processes for allocating affordable rented housing subsidy resources between areas. A focus on national levels of housing supply targets solely in terms of numbers, would run the risk of ignoring the important locational dimensions this research has illuminated. 'Where' housing is built is just as important as 'how many' houses, for people buy into a neighbourhood as much as a property. Moreover, these neighbourhoods are in turn part of a larger regional economy with opportunities and constraints in terms of accessing suitable labour market opportunities that enable households to meet their housing costs. More research is needed to understand these inter-relationships, and the spatial dynamics underpinning them. In addition, as previously mentioned, meeting these locational preferences requires land to be made available where people want to live. This is however more than a planning issue. Thinking about aspirations in a more nuanced way requires seeing housing in its broader context: as a 'home' nestled within a community of people with social connections and attachment to place, and also at a larger scale, as part of a regional economy, with access to jobs being critical in enabling households to realise their housing aspirations. Housing policy needs to be situated within this wider context, for housing aspirations are inherently geographical.
- **Understanding Affordability:** more in-depth qualitative research is needed to understand the subjective dimensions of housing affordability, and the trade-offs people make in relation to housing and other demands on household budgets. Whilst objective, economic models are valuable, they tell us little about the reality and complexity of household decision making. This is important in the post-credit crunch context where wages are stagnant and the state social security net is being further reduced. The full impact of UK government welfare reforms is yet to be felt, whilst interest rates look set to rise and may create further financial pressures

for marginal homeowners. These changes do not just affect householders, but also the capacity of landlords (social and private) to contribute to housing supply given the challenges these bring for their operating environment. Further research could provide an evidence base for future policy on housing affordability, and the development of targeted support measures for specific households.

- **Housing Inequalities:** Scotland, like many other western nations, demonstrates patterns of housing inequalities (McKee 2012). Most notably between baby-boomer generations and the current cohort of under 35s (often termed 'generation rent') with regards to their ability to realise preferences for homeownership. In turn this accrued housing wealth is passed down generations in the form of financial support, further reinforcing patterns of inequality. Tackling this would require difficult policy decisions around inherited wealth and the often 'lucky' gains made through house-price inflation over the longer-period. Yet it is important not to forget those who want to rent, many of whom are on low and insecure incomes, and who need the protection of a welfare safety-net across the life-cycle.
- **Information and Advice:** better information and advice is needed about the breadth of housing options available. Practically this could be achieved through citizenship education in schools or through youth organisations - targeting young people before they begin their pathways into housing. But also through local authorities providing 'housing options' style advice beyond their traditional focus on homelessness. Making accurate, information available to people is critical, but of course, needs to be resourced. Linked to this, financial support to enable independent advice agencies to continue to offer advice and advocacy when people are experiencing crisis is also vital. Whilst social housing tenants have recourse to the Social Housing Regulator, and mortgagors the Financial Services Authority, PRS tenants have been somewhat disadvantaged by comparison. The new regulatory and enforcement measures in the Housing (Scotland) Act 2014 are therefore to be welcomed. Educating tenants about their rights and how to enforce them is vital given the sector's increasing size and pivotal role in housing Scotland's population.

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# Appendix

## Research Methods

This study adopted a qualitative methodology, involving interview and focus group research with 80 people across Scotland between February – June 2015. The sample of participants was recruited to reflect Scotland's diverse geographies and socio-economic variances in Scotland's citizens. As outlined in Chapter 1 the aim of this project is to provide in-depth information to help understand the housing aspirations of people in Scotland now and in the future. Whilst Communities Analytical Services has a wealth of quantitative data (from survey based research) on housing aspirations, this study provides a rich and nuanced qualitative perspective, thus contextualising people's aspirations within the wider social, economic, political and cultural context of the nation.

Participants were offered a choice of how they wished to get involved in our research:

- *Semi-structured interviews*: either by telephone (n=64), face-to-face (n=4) or via SKYPE (n=0)
- *Focus groups*: either face-to-face (2 FGs, n=10) or online in an asynchronous focus group (1 FG, n=2), using the dedicated Visionslive online web-interface.<sup>9</sup>

The rationale for having flexibility in our research methods was to maximise recruitment and avoid any potential digital exclusion that might arise from relying on online methods alone. Despite our past experience in using online focus groups in housing research with young people (Moore et al 2015), there was little interest in this method amongst our participants in this project. This may reflect the wider age range of the sample (30 per cent were over 65), as well as the tighter fieldwork timeline involved.

The project was informed by purposive sampling, which is a common approach in qualitative research. It requires selecting participants relevant to the criteria we are interested in, and which enable us to answer our research questions. The aim here is not to create a representative sample, for qualitative research is not guided by the principles of statistical inference that is common to quantitative studies. Rather it is about ensuring a sufficient diversity in the sample to address our research questions by ensuring we can explore key characteristics we are interested in. Moreover, sampling frames are only ever a guide in qualitative research: a target to aim for; ultimately sample size is linked to 'saturation point' – data collection ends when new data fails to shed further light on the issue under investigation. To this end, we adopted a two-pronged approach to participant recruitment that was sensitive to the need to recruit different types of people from different

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<sup>9</sup> Visionslive offer a secure platform for running online focus groups in the social sciences: <http://www.visionslive.com/methodologies/online-focus-groups>

geographical locations. This operated at two scales: the national (Scotland) level and local authority (case study) level:

- **Nationally:** we contacted past respondents to the Scottish House Condition Survey who have given permission to be re-contacted for future research (n=500). The sampling frame was drawn from across Scotland and designed to target those individuals with the characteristics we were interested in. We received a response rate of 6 per cent (n=30). The majority of these respondents were in the older age range (over 65) and were outright homeowners. To compensate for this we advertised for further participants online (website, Twitter) and through our network of gatekeeper organisations (e.g. social landlords, advice centres). We received a further 15 participants through this route from across Scotland, who were drawn from both rural and urban locations.
- **Local Authority Case Studies:** we used a dedicated recruitment agency to recruit 35 people from across 5 local authority case studies in Aberdeen City, Argyll & Bute, Perth & Kinross, Renfrewshire, and the Scottish Borders. These locations were chosen to reflect variances across Scotland in terms of house prices and housing tenure structure, as well as to allow for an exploration of the differences between rural and urban areas. More details on the case studies can be found in the next sub-section.

Table 2 Sample by Case Study Location

<b>Case Study</b>	<b>No. of Participants</b>
Aberdeen	9
Argyll and Bute	3
Perth and Kinross	5
Renfrewshire	13
Scottish Borders	5
<b>Total</b>	<b>35</b>

In addition to geography, our sampling matrix was designed to reflect socio-economic variances across Scotland and was diversified by housing tenure, age, gender, ethnicity and also included individuals who self-identified as having a long-term illness or disability (see Table 3). A number of demographic groupings were identified at the outset of the project as of being of interest to policy:

- Older people
- Young people
- The squeezed middle
- People with disabilities
- People living in rural areas
- People living in (potential) regeneration areas

Our sampling strategy successfully recruited participants from each of these groups with the exception of those living in (potential) regeneration areas. Such individuals

are difficult to recruit unless specific geographical locations are identified at the outset drawing on knowledge and understanding of the micro-geographies of local housing markets.

Our research methods produced verbatim transcripts, which were imported and analysed in the Computer-Aided Qualitative Analysis Software (CAQDAS) NVivo. Guided by the principles of Grounded Theory (Charmaz 2006), analysis and fieldwork were conducted in tandem, allowing for emerging themes and concepts to be identified and refined through the project's lifespan.

Table 3 Sample Characteristics

<b>Characteristics</b>		<b>No. of Participants</b>
<b>Housing Tenure</b>	Homeowner (outright)	24
	Homeowner (mortgage)	12
	Private Renter	19
	Social Renter	15
	Intermediate Tenure (E.g. LCHO, MMR)	2
	Other (e.g. living with family/friends, temporary accommodation)	8
<b>Age</b>	16-24 years	9
	25-34 years	14
	35-44 years	8
	45-54 years	14
	55-64 years	11
	65 years +	24
<b>Gender</b>	Female	42
	Male	38
<b>Ethnicity</b>	White British	75
	White Other	2
	Black Minority Ethnic	2
	Roma	1
<b>Illness or Disability</b>	Yes	17
	No	63

## Local Authority Case Studies

Participants were sampled from **5 local authority case studies**, which included a mix of:

- rural and urban areas
- housing tenure structures
- local authorities with different patterns of income inequalities
- local authorities with different age profiles

These case studies included:

- **Aberdeen City:** is an urban local authority in the north-east of Scotland, and Scotland's third largest city. House prices in Aberdeen are amongst the highest in Britain, not just Scotland. The city has a strong economy, fuelled by the oil and gas industry, and more recently the renewables sector. This influx of economic migrants to the city (from within and beyond the UK) has further contributed to a thriving private rented sector, with rents at the top end being amongst the most expensive in Scotland. The city also has a vibrant student population. Nonetheless homeownership remains the largest tenure, although slightly below the national average.
- **Argyll and Bute:** this rural local authority in the west of Scotland has a geographically dispersed population in urban, rural and island communities. Two-thirds of households are in the private homeownership sector, with a significant percentage being owned outright. However the local authority also has one of the highest levels of ineffective housing: that is housing which is unavailable to local people because it is vacant, a second home or a holiday let. This makes it difficult for local people to remain in the area. In addition, across all tenures poor condition is an issue with nearly 90 percent of housing failing to meet the Scottish Housing Quality Standard. The issue of poor condition is complicated further by an increasingly ageing population.
- **Renfrewshire:** is an urban local authority in the west of Scotland that shares a boundary with Glasgow. Levels of social housing and homeownership are higher than the national average. Although the size of the private rented sector is smaller than across Scotland as whole, it has nonetheless doubled in the last decade, mirroring national trends. Average house price sales are lower than the Scottish average, and levels of sales have dropped considerably over the last decade. Renfrewshire's overall population change has experienced a small decline since 2001, and levels of deprivation are shown to be above the Scottish average.
- **Scottish Borders:** a rural local authority that shares borders with a number of Scottish council areas, and also with the English counties of Cumbria and Northumberland. Although unemployment is relatively low, wages are amongst the lowest in the country, which in turn has implications for the type of housing people can afford. Homeownership is expensive due to a decline in new housing supply, and commuters being attracted to lower prices relative to Edinburgh and the Lothians. The private rented sector has also grown significantly over the last decade and is now slightly above the

national average. Over 70 percent of the housing stock fails the Scottish Housing Quality Standard, with empty homes also an issue in the locality.

- **Perth & Kinross:** around two-thirds of the population lives within the city of Perth or its surrounding commuter villages. There are however also sizeable settlements in the more rural parts of this local authority, which is situated in central Scotland. Levels of homeownership are higher, and levels of social renting are lower than the national average. In addition levels of outright homeownership are high, as is the number of second and uninhabited homes. Affordability is a significant issue across the local authority area, and average house price sales are well above the national average, which creates challenges for first-time-buyers in particular. As a result the PRS plays a significant role in housing local people. In terms of deprivation indices, figures for Perth & Kinross are below the national average.

### **How to access background or source data**

The data collected for this social research publication may be made available on request, subject to consideration of legal and ethical factors. Please contact [Julie.Guy@gov.scot](mailto:Julie.Guy@gov.scot) for further information.



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ISBN: 978-1-78544-652-8

The Scottish Government  
St Andrew's House  
Edinburgh  
EH1 3DG

Produced for  
the Scottish Government  
by APS Group Scotland  
PPDAS56555 (09/15)  
Published by  
the Scottish Government,  
September 2015



Social Research series  
ISSN 2045 6964  
ISBN 978-1-78544-652-8

Web and Print Publication  
[www.gov.scot/socialresearch](http://www.gov.scot/socialresearch)

PPDAS56555 (09/15)