
The Pound in your Pocket

Accommodation costs and financial wellbeing



national union of students

Pound in Your Pocket briefing: Accommodation costs and financial wellbeing

This is the second of our briefings on our findings in the Pound in Your Pocket research programme into student finance. These briefings are intended to help unpick the wealth of findings that our data has unearthed and as such are not exhaustive. If there's an area you would like us to brief on, please just let us know.

This briefing looks at some of the evidence from Pound in Your Pocket and our recent Accommodation Costs Survey which was completed in conjunction with Unipol, a student housing charity. This enables us to start thinking about the relationship between accommodation costs and financial wellbeing.

The analysis also makes use of the POLAR2 classification data from HEFCE which shows how the chances of young people entering HE vary by where they live. The classification comprises five quintile groups of areas ordered from '1' (those wards with the lowest participation) to '5' (those with the highest participation). Pound in Your Pocket collected postcodes at point of application, so that we could look at the relationship between a student's background and their experiences. We matched these postcodes with HEFCE's POLAR 2 Classification.

This briefing should help you understand how accommodation options can differ across your membership in a number of ways, and should give you evidence to influence local policy as well as engage with the national policy consultation which we will launch on the 16th January.

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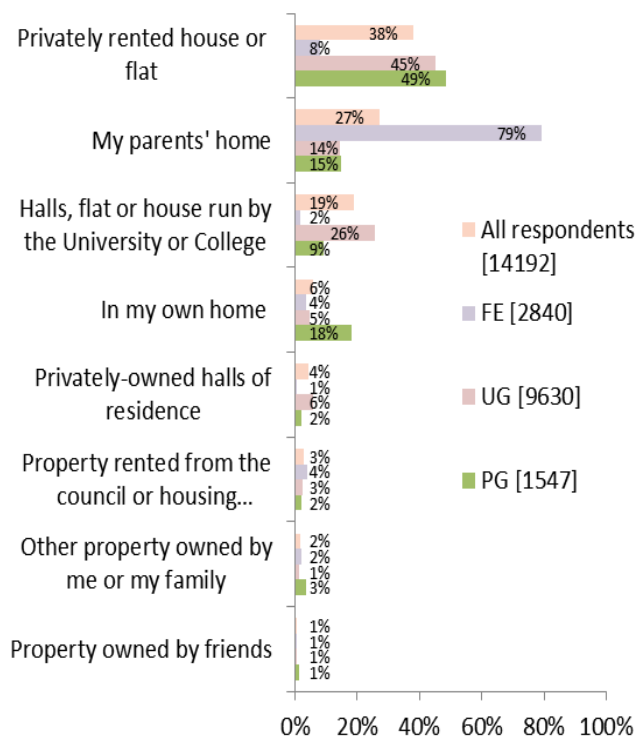
Students and accommodation choices

Where do students live?

Students across both further and higher education live across a broad range of accommodation types, and housing choices are based on a complex range of factors. There is a strong tendency among FE students aged 16 – 18 on entry to their course to live in the family home (91 per cent). However, the accommodation choices of older FE students, as well as those in higher education are more evenly spread across a range of options. The most common options are the private rented sector, institutionally owned accommodation and their parents' home. A larger number of postgraduate students live in their own home and significant numbers of students across all modes of study live in other types of housing including privately owned halls of residence and social housing.

There is also significant variance in accommodation choices across different groups of students, with, for example, those with adult caring responsibilities more likely to live with parents, student parents more likely to live in their own home and students defining as lesbian, gay, bisexual or other less likely to live with parents.

Where do you live during university/college term time?



Students and accommodation cost

Just as accommodation choices range hugely, so do levels of rent. 84 per cent of FE students aged 16 – 18 at the start of their course do not make any contribution to rent or mortgage payments (largely due to the tendency of this group to often live in the parental home). The majority of FE students aged 19 and over, as well as undergraduate and postgraduate students pay between £200 and £399 per month in accommodation costs. This varies significantly according to location with those studying in London and the South likely to be paying far more for accommodation than those in much of the North.

Purpose built accommodation and rising costs

This year, NUS and Unipol released the Accommodation Costs Survey, a large scale piece of research looking at the rising costs of purpose-built accommodation (often referred to as 'halls of residence'). This research is conducted every two to three years and examines rent and amenity levels of purpose-built developments, whether provided by institutions directly or through a private provider.

Doubling rents in ten years

This research showed that rents in purpose-built accommodation have doubled in the past ten years, with weekly rents for a room in halls now averaging £123.96. For institutions, this average is a little lower at £118.49, with private providers significantly higher at £140.07 per week. These increases are largely driven by expanding top-end provision among private providers (and to some extent, institutions), and steep increases in the cost of standard rooms on the part of institutions. Location is also likely to affect pricing with the Accommodation Costs Survey revealing that weekly rent is almost 50 per cent more expensive in London compared to the North West, the most affordable region. This has brought into question whether purpose-built accommodation and a residential experience of higher education can be considered genuinely affordable or accessible for all students.



Link to student support

The rate of increase of purpose-built accommodation costs is particularly staggering when compared to the parallel increases in levels of student support. Over the past six years, while average annual rent for a room in halls has increased by 63 per cent, the maximum rate of loan an English domiciled student can receive has increased by just 25 per cent in the same period. As a result, accommodation costs put far more strain on student incomes than they did previously and may put living in halls of residence beyond the reach of many.

Ability to pay and accommodation choices

POLAR2 and accommodation patterns

In terms of accommodation choices and the potential for cost to impact on this, we can look to the POLAR2 groupings and the way that housing behaviour differs across these in the Pound in Your Pocket findings.

Quintile 1 patterns

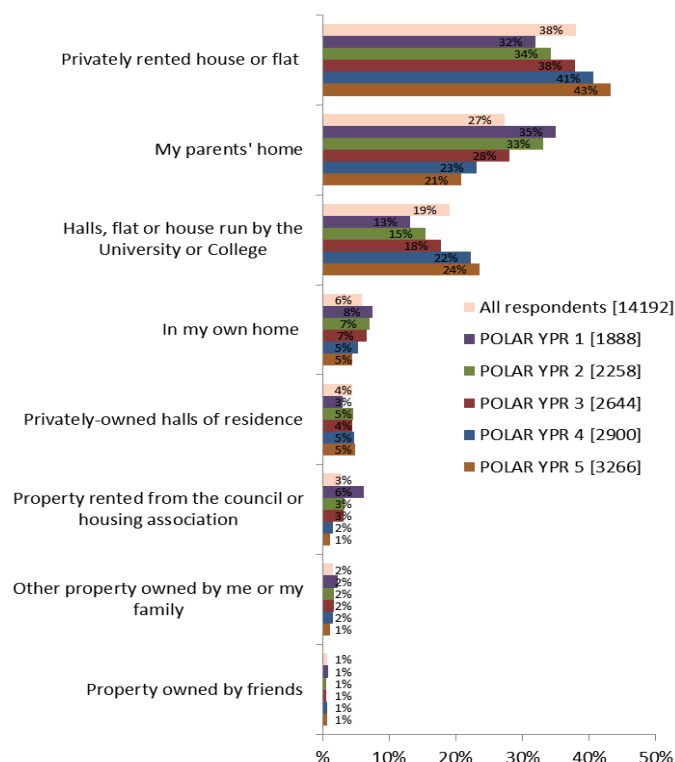
There is significant variance across categories, with clear linear correlations as demonstrated by the graph below. Students in quintile 1 (denoting that they are from an area with low HE participation) are far more likely to live in the parental home, social housing or their own home and much less likely to live in the private rented sector and purpose-built student accommodation (whether institutionally or privately owned).

With the exception of living in their own home, all of the options which are more popular among students in quintile 1 are associated with lower levels of cost. Those living in their own home are more likely to be mature students returning to study later in life.

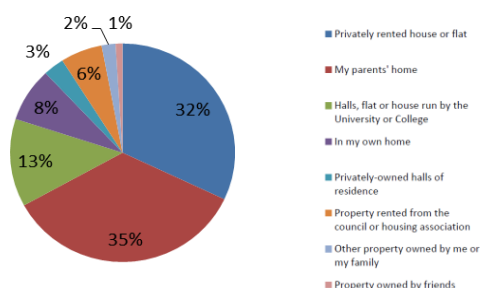
Quintile 5 patterns

Conversely, students in quintile 5 (an area with high participation in HE) are much more likely to live in the private rented sector and almost double more likely to live in institutionally owned accommodation indicating that social background and/or ability to pay are likely to be key determining factors in whether students participate in what is seen as 'traditional' student accommodation such as halls of residence and private shared housing.

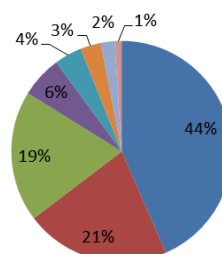
Where do you live during university/college term time?



POLAR YPR - quintile 1



POLAR YPR - quintile 5



Impact of accommodation options on choice of institution

Additionally, the accommodation which is more associated with students in quintile 1 is less likely to involve relocating. If these accommodation choices are often made, at least in part, in relation to financial considerations, it should be noted that this is also likely to limit their choice of institution.

Accommodation costs' impact on financial wellbeing

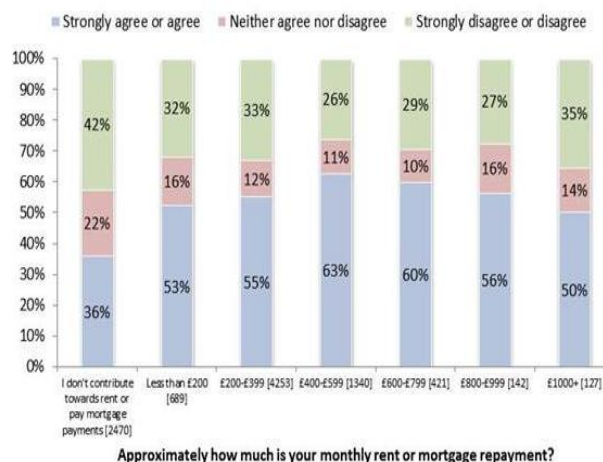
Correlation with concern about living expenses

The Pound in Your Pocket research demonstrated that those who contribute to rent or mortgage payments have much higher levels of anxiety regarding meeting basic living expenses when compared to those who don't contribute. This is no surprise, given that this is likely to be the largest area of expenditure for those students who have to pay some kind of contribution towards it (whether this is in the form of rent or mortgage payments). 56 per cent of students who make a contribution to accommodation costs regularly worried about this compared with the 36 per cent of students who did not contribute.

Impact of level of cost

However, there is not a clear linear correlation between level of accommodation cost and level of concern – the highest level of cost is actually associated with the lowest level of concern amongst all but those who do not contribute to rent or mortgage payments at all. Interestingly, the peak of concern is among those paying between £400 and £599 per month, which are standard costs for middle to higher end purpose-built accommodation.

I regularly worry about not having enough money to meet my basic living expenses such as rent and utility bills

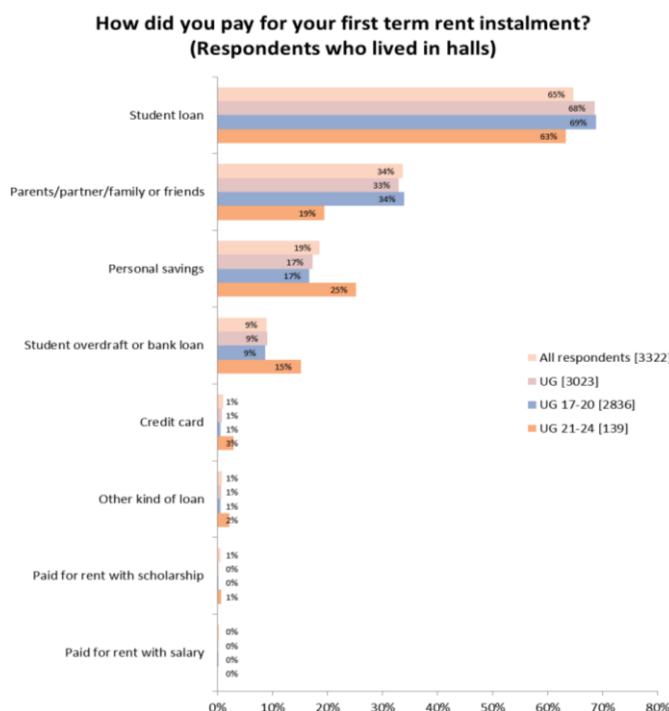


Interpreting these findings

It therefore seems likely that students opting for much higher cost accommodation do so because they are confident in their ability to pay, while some of the seemingly more moderate costs may be causing problems for a large number of students. This may be due to either lack of availability of more affordable accommodation or students finding that they have overstretched themselves.

Accommodation costs and debt

Students who reported that they lived in halls of residence were asked how they funded their first rent payment. 65 per cent used their student loan payment to make their first installment, and many supplemented this with a combination of family support, savings, scholarships or their salary. However, a significant group of students also reported that they had taken on debt (other than student loan debt) in order to meet this cost – this could be by using credit cards, overdrafts, bank loans or other types of loan (including from payday lenders).



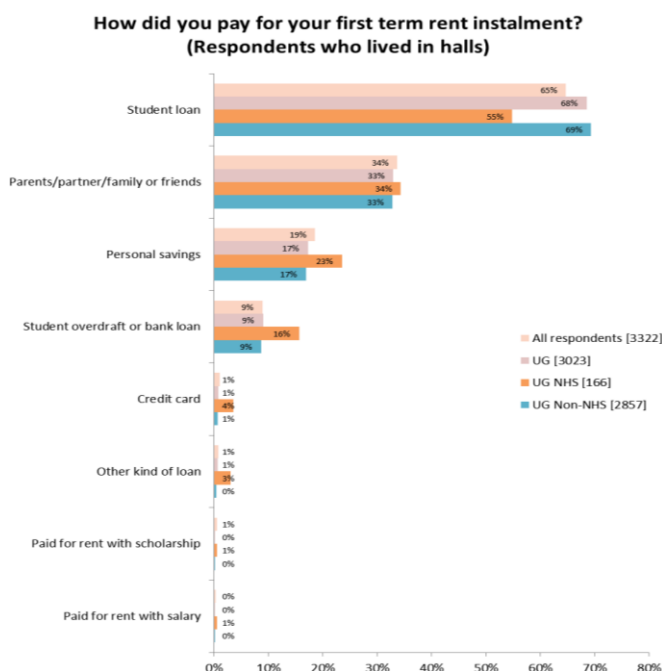
Prevalence of debt

Overall, 11 per cent of students reported having taken on non-student loan debt of some form to meet their first installment. It is important to note that the data only covers the first installment and therefore does not pick up those students who may have taken on debt later on in the academic year. It also does not enable us to establish whether those students who have taken on debt early in the year may end up owing much larger amounts later on if their budget continues to fail to balance.

Debt reliant student groups

It is also interesting to note that the proportion of students taking on debt in order to pay their first installment is not uniform across

all students living in halls. The group most commonly taking on accommodation-related debt are NHS students (23 per cent), followed by undergraduates aged 21 to 24 (20 per cent) and postgraduate students (18 per cent). Interestingly, all three of these groups are also much more likely to use some personal savings. It may be that this is used in tandem with some level of debt in some cases, or that those students in these categories with access to savings are less likely to need to take on debt to cover their accommodation costs.



What does this mean and what can you do?

Each of the findings above could be useful in discussions you are having with your institution. This may be particularly useful in discussions around rent setting for any accommodation your institution own and manages. You may want to use this evidence to ensure that they are aware of the impact placing the majority of their accommodation at the top end of the pricing spectrum may have on take up and participation among some groups of students.

NUS will be producing a guide to campaigning on accommodation costs within your institution and making use of the findings of both Pound in Your Pocket and the Accommodation Costs Survey.

You may also wish to undertake your own research in relation to your own students' experiences of local accommodation options, particularly in terms of those students who have chosen to remain in the parental home rather than relocating.

Questions you can ask are:

- What are the obstacles for students in finding affordable accommodation options at your institution?
- How does accommodation choice impact on broader academic experience?
- How might accommodation impact on other costs, such as transport?
- How does accommodation impact on the social experience of students?

If your institution offers accommodation:

- What would a progressive rent structure look like at your institution?
- Is the rate at which accommodation costs have risen at your institution in recent years in line with inflation/student support?
- Are you involved in the rent setting process and your institution's future development plans?

Further actions

- Respond to the Pound in Your Pocket consultation which launches on the 16th January.
- Read the [Accommodation Costs Survey](#)

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