

A close-up photograph of a hand holding a silver key. The keychain is shaped like a house with two windows and a door. The background is plain white.

# A new housing benefit deal for young people

November 2014

## WHY WE NEED A NEW HOUSING BENEFIT DEAL FOR YOUNG PEOPLE

***“Our politicians are reaching for solutions that seem to just only be skimming the surface of real structural problems young people are beginning to face. Sadly it looks like they are avoiding making challenging decisions, such as pledging to build more homes and provide more opportunities for well-paid work, which would improve lives and communities and really bring down the benefits bill. Unless we begin to join up how to lower housing costs, improve low pay and make welfare support work in particular for young working women, we may be risking scarring a generation of young women’s career ambitions, aspirations for housing independence and the individual confidence that come from these . We hope that UNISON’s report puts these challenges on the table for discussion and enables solutions that remove young people from a potential structural poverty trap and overall will improve their living standards”.***

*Eileen Best, Chair of UNISON Women’s Committee*

## A NEW HOUSING BENEFIT DEAL FOR YOUNG PEOPLE

### Report Summary

In order to secure for young people the opportunity and a sustainable pathway to home ownership or quality ‘affordable’ rented homes, that is able to support young people to achieve meaningful life goals, careers and ambitions, we need to look at the structural complex interdependencies of housing, welfare reform of housing benefit and employment.

If we can get these components to work together in a mutually supportive way underpinned by a long term housing plan which over time allows generations of young people to progress from one type of housing sector to another throughout their life and employment journey then we can avoid the tinkering and sticking plaster approach currently leading some young people in the direction of a poverty trap.

There is a widely accepted view that the housing market supply is dysfunctional and all sectors face a crisis of affordability. The unavailability of both social housing and affordable mortgages has created pressure on the private rented sector (PRS) so that as a consequence choice is more limited and costs are rising higher in the PRS.

As a consequence of young people not being offered the opportunity to live in social rented accommodation at the start of their housing journey whether they are in or out of work, the under 35 age group now make up over half the tenants in the private rented sector.

For young people starting off their housing and career ambitions the reality of the current housing market to provide them with ‘affordable housing’ may look daunting. Affordable housing is defined in this report as:

*Comfortable, secure homes in sound condition that are available to rent or buy without leaving households unable to afford their other basic needs (e.g. food, clothing, heating, transport and social life).*

The reliance on the PRS has impacted on young people in the following ways:

**Young working people** can't afford the Private Rented Sector (PRS) rents. The current rent to salary ratio across the UK on average is 41% and in London this figure is 44%. Rent is also still increasing for some tenants annually with an estimated 30 – 40 % of total PRS tenants annually facing a rent rise. For this group who aspire for either quality affordable rented accommodation or wish to save up a deposit not only do they have harmful rents but also often poor quality housing and little tenure or security rights, high letting agency fees and problems with deposits.

The latest figures also show that aspirations for home ownership are falling amongst the young and in part it could be explained by the evidence which shows that young workers who have been able to buy have largely (59%) relied on financial help from their family and friends to buy their home.

**Young single in - work and out of work people** receiving housing benefit living in the PRS are subject to the reduced Shared Accommodation Rate (SAR) which is leading to reduced, unsafe and poor quality shared housing options, debt and increased homelessness. Facing higher rents and reduced benefits is likely to act as a disincentive to work more, and most likely create more debt and rent arrears as well as increase the risk of placing young people in a poverty trap whilst leading to a higher housing benefits bill.

The report looks at the current impact of the over reliance on the PRS to meet housing support for young people both in work and out of work and the failure of the current Local Housing Allowance (LHA) and SAR system within the PRS to provide decent affordable, suitable and safe housing for young people. In particular women and vulnerable groups' personal safety and health needs are being put at risk.

The report also looks at whether the government's current programme of affordable rents is able to assist young people with their housing needs and in particular analyses the impact it is likely to have on in –work claimants needing top up housing benefits and the rising housing benefit bill. The evidence reveals that much more housing provision, particularly in the social rental sector, would be needed in the next 30 years to give young people wider housing options and by increasing supply lower the costs of housing overall, PRS renting, reduce the housing benefit bill and offer better value to the tax payer for rent subsidies.

Finally the report links housing and welfare reform needs of young people who are in work or out of work and looks at the employment statistics highlighting the gender differences between young women and men in work sectors, pay and apprenticeship take ups to demonstrate that young women are more likely to be worse off than young men and more needs to be done to address the gender divide in young people's employment and welfare support.

In particular Universal Credit (UC) needs to be reviewed as it is likely that young people, along with more vulnerable and complex UC claims, are likely to need more local nuanced support with UC enquiries. This is especially given both the higher mobility rate in housing and the more frequent job changes and precarious work such as zero hours etc that young people face.

**The report concludes that without long term structural reform** for young working people the lack of affordable housing will be felt in rising homelessness, stalled social mobility and aspirations, declining ability towards pension saving, contributions towards taxes and the wider economy and an ever rising benefit bill.

## RECOMMENDATIONS

### 1. Welfare Reforms

- The Shared Accommodation rate is abolished for under 35 year olds. Failing that we recommend that the Government launches a full review of the operation of the Shared Accommodation Rate with a view to widening exemption for vulnerable groups with specific housing needs such as pregnant women, people with children, people with disabled and mental health issues and LGBT people
- Housing benefit entitlement for 16 – 25 year olds should remain
- Move the LHA entitlement rate back to the median local marker rate from the 30% market rate and move the up rating back to RPI from CPI so that housing benefit payments reflect more closely market rents and widens the pool of LHA provision
- A full equality impact assessments of the LHA welfare reforms is carried out to identify the effects of reforms across equality groups and ensure that the emerging 'sub LHA housing market' within the wider PRS is not leading to the disproportionate placement of certain groups being housed in the 'sub market' or leading to a two tier PRS system
- A comprehensive assessment of how welfare reforms on under 35s are resulting in increased rent arrears, evictions and homelessness in order to identify ways of preventing homelessness and supporting people who have become homeless
- A full review of the take up of the Discretionary Housing Payment (DHP) provision and an impact assessment for the long term need for the rent subsidy
- Commission research into the impact that the variation in Council Tax Reduction Schemes across the country is having on young people's geographical mobility and increased levels of poverty and rent arrears in different areas

### 2. Improve supply and quality of housing

- Provide an impact assessment on young people's ability to afford 'affordable rent' under the new affordable rent schemes and the need for more social rent units to meet young people's demand for housing they can genuinely afford and which lowers their dependency on housing benefit subsidy
- Provide investment in housing. Building more homes is crucial to solving the rising private rent crisis, lowering the Housing Benefit Bill and ensuring that buying properties are affordable and not beyond the reach of many young people. UNISON is calling for a significant increase of all types of housing but in particular social housing is going to be needed to meet and sustain the 'benefits to bricks' transition

- Regulate the increasing poor quality and standards of private rented property in general and in particular that which is still affordable to LHA claimants
- Introduce rent controls or caps or sustainable rents tied into longer term tenancies to ensure control of runaway rents, provide more freedom from letting agent fees and regulate the right to longer tenancies in the PRS so that young workers can enjoy a stable home life and feel invested in their community

### **3. Ensure Universal Credit (UC) makes work and housing needs pay**

- Universal Credit needs to be reviewed to look at how entitlements ensure that high rents do not undermine the incentives of working for young low paid workers
- The work programme for young people should be abolished and replaced with work guarantee schemes for young people being paid on the National Minimum Wage and with decent training and skills development that can provide a pathway out of low paid or precarious work and offer better future secure employment
- Address the gender pay gap of young people and gender divisions in employment sectors where young women are tending to stay in 5 traditional low paid sectors and taking up less apprenticeships than young men
- To prevent increasing rent arrears for low paid young people more needs to be done to re -model and ensure safer delivery of universal credit payments and provide advice and support which can accommodate young people dealing with fluctuating contracts at work, zero hour contracts, explain the new in - work benefits taper and make work pay
- The sanctions and in - work conditionality regime to enable young people to meet their employment needs and avoid housing benefit arrears should be reviewed
- Housing benefits claimants under UC should have the right to choose if they wish to have their housing element paid direct to themselves or their landlord and the current proposal whereby people will have to wait for 5 weeks before any payment under UC new claims can be received should be abolished – this will only increase rent arrears and debt for young people
- Under universal credit it is likely that young people, given both the higher mobility rate in housing and the more frequent job changes and precarious work such as zero hours etc. that young people face, will need more help to assist in UC claims locally. A local UC hub could resolve housing and council tax inquiries, assist in referrals in debt and rent arrears, energy bill management schemes, credit unions, local authority letting agencies, landlords, specialist welfare support organisations and employment agencies

## 1. THE NEW HOUSING BENEFIT RULES FOR SINGLE YOUNG PEOPLE 18 - 35

The coalition Government announced a range of Housing Benefit reforms in the Budget of June 2010, both to housing benefit for private renters known as the Local Housing Allowance (LHA) and housing benefit in the social sector, as part of its aim to reduce benefit expenditure. These reforms began to be implemented from 2011. The main effects for young people have come from:

- changes in the LHA calculations
- the extension of the Shared Accommodation Rate (SAR) from 25 to 35 year olds
- the introduction of the under-occupancy charge, more commonly known as the Bedroom tax

### Major Housing Benefit changes since 2010

June 2010	LHA reduced and set at the 30th percentile of local rents from 2011-12 instead of the median rates for each areas
June 2010	Increase deductions for non-dependents: reverse previous freezes on uprating and maintaining link with prices from 2011-12
June 2010	Introduction of the under occupancy penalty or 'bedroom tax' from 2013-14
June 2010	Affordable Homes Programme (AHP) - Introduction for social landlords to be able to ask tenants for rent up to 80% of market rent levels and the replacement of the capital grant supply subsidy for social housing with a revenue subsidy (with a significant portion coming from HB)
June 2010	Discretion of LAs to make direct HB payments to landlords would be widened temporarily where it was considered that this would support tenants in retaining and securing a tenancy
June 2010	Switch to Consumer Price Index (CPI) from the Retail Price Index (RPI) for LHA from 2013-14
June 2010	The existing system of monthly HB uprating was ended in April 2012 and LHA rates were frozen for a year. In April 2013 rates were uprated for a year at the 30th percentile of market rents or the September 2012 Consumer Price Index (CPI) rate, whichever was the lower
June 2010	LHA: caps on maximum rates for each property size, with 4-bed limit from 2011-12
June 2010	Scrapping £15 excess from April 2011
SR 2010	LHA: Increase age limit for shared room rate from 25 to 35
2011	Increase in the Discretionary Housing Payment (DHP) budget by £10 million in 2011/12 and by £40 million for 2012/13, 13/14 and 14/15
January 2012	The upper age limit for the Shared Accommodation Rate (SAR) for single people without dependent children was raised from 25 to 35. Under 35s in private rented accommodation can now only claim housing benefit at the rate for a single room in a shared house

	The estimated numbers affected by the extension of SAR was 62,500 <sup>1</sup>
Autumn 2012	Increase Local housing allowance by 1% for two years from 2014-15 with provision for high rent areas
March 2013	Welfare Benefits Up-rating Act annually up-rates HB by the 30th percentile of market rents or one per cent, whichever is the lower, for April 2014 and April 2015, with some exceptions in areas where rental levels are changing more rapidly
April 2013	Capping total benefits received by working age households at £500 per week for a couple or family and £350 per week for a single person with no children

As a result of these entitlement changes, housing benefit rates and access to different types of housing or living accommodation arrangements are now significantly reduced for many people under 35.

## 2. YOUNG PEOPLE IN THE HOUSING MARKET

### 1. Young households by sector

The latest English Housing survey<sup>2</sup> shows households are now comprised of

- 18% in the private rented sector
- 16.8% in the social rented sector
- 65.2% in the owner occupied sector

The survey showed that overall the private rented sector contains by far the youngest demographic of the three housing tenures. Under the age of 45 were:

- 73% of private tenants
- 37% of social renters
- 27% of owner occupiers

A recent TUC survey<sup>3</sup> of under 35s confirms this demographic structure:

- 26% have bought a home
- 45% are private tenants
- 5% are social tenants
- 23% are living with a parent, relative or friend

ONS (2013) shows across England 25% of under 35s are still living in their childhood bedroom.<sup>4</sup>

<sup>1</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220261/eia-hb-shared-accommodation-age-threshold.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220261/eia-hb-shared-accommodation-age-threshold.pdf)

<sup>2</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/284648/English\\_Housing\\_Survey\\_Headline\\_Report\\_2012-13.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/284648/English_Housing_Survey_Headline_Report_2012-13.pdf)

<sup>3</sup> <http://touchstoneblog.org.uk/2014/11/housing-costs-are-hitting-young-workers-the-hardest/>

## 2. Young people 16 – 35 as the most prominent group in the private rented sector

Young people under the age of 35 make up a significant proportion of tenants in rented accommodation in the private rental sector:

- Nearly half of all the tenants in the private rented sector are under 35<sup>5</sup>
- 45% of young people rented a house in 2013 up from 31% in 2009
- Half of 16 – 35 year olds are in private rented accommodation

## 3. Young people on housing benefit in the social housing sector

- Two-thirds (66%) of all social renters were in receipt of housing benefit in 2012 - 13.<sup>6</sup>
- 54% of under 25s in receipt of housing benefit were social renter 2013
- 52% of 25 – 35s in receipt of housing benefit were social renter 2013

**Table 1. Housing Benefit claimants by age and housing type, Great Britain, August 2013**

Age of Claimants	All housing	Local authority tenant (SRS)		Registered social landlord tenant (SRS)	
		Recipients Thousands	as % of all HBR in age group	Recipients Thousands	as % of all HBR in age group
Under 25	352	74	21%	114	33%
25 to 34	908	195	22%	277	30%
35 to 44	958	229	24%	322	34%
45 to 49	480	129	27%	183	38%
50 to 54	404	117	29%	162	40%
55 to 59	326	102	31%	138	42%
60 to 64	328	108	33%	143	44%
65 to 69	344	119	35%	151	44%
70 plus	944	361	38%	446	47%

Source: DWP: Stat-xplore<sup>7</sup>

## 4. Young people in receipt of housing benefit outside the social housing sector

Based on the figures above it is likely that with the given trend of young people being in private rented accommodation more under 35s receiving housing benefit, over time are likely to be in the private rental sector (PRS) or non social housing rental market.

<sup>4</sup> [http://www.shelter.org.uk/\\_data/assets/pdf\\_file/0019/802270/Building\\_the\\_homes\\_we\\_need\\_-\\_a\\_programme\\_for\\_the\\_2015\\_government.pdf](http://www.shelter.org.uk/_data/assets/pdf_file/0019/802270/Building_the_homes_we_need_-_a_programme_for_the_2015_government.pdf)

<sup>5</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/335751/EHS\\_Households\\_Report\\_2012-13.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/335751/EHS_Households_Report_2012-13.pdf)

<sup>6</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/335751/EHS\\_Households\\_Report\\_2012-13.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/335751/EHS_Households_Report_2012-13.pdf)

<sup>7</sup> <https://stat-xplore.dwp.gov.uk/>

An estimate deduced from the DWP figures above is given here:

- 47% of under 35s receiving housing benefit are in the non social housing sector
- 46% of young people under 25 and 48% of people 25 – 35 receiving housing benefit and living in the PRS or non social housing are potentially affected by the LHA/SAR changes

This estimate is reflected in the DWP report on the impact of recent reforms to the Local Housing Allowance which states that there was a nine per cent growth in the overall PRS HB caseload from January/March 2011 to June/August 2013 – although the under 35s had dropped significantly in some areas like London.<sup>8</sup>

## 5. Young people and increased mobility to meet their housing needs

Under 35s across all housing tenures tend to be more mobile<sup>9</sup>:

- 81.2% of all those aged between 16 and 34 have said that they have moved in the past year
- 66.1% of 16-34 year olds within the private rented sector have moved from one private rented home to another within the past year which reflects the wider trend of tenants in the PRS as a whole being highly mobile, accounting for over half of all household moves in 2012/13, far higher than the proportion of households that live in the sector (18 per cent)
- 50.8% of those aged 16 to 34 who have moved into the owner occupied sector in the past three years have done so from the private rented sector

## 6. Young people in the owner occupier market

- The proportion of younger mortgagors under the age of 35 has declined from 21% in 2008-09 to 18% in 2012-13
- 78% of tenants aged 16 - 34 have said that they hope to buy a property in the future
- Yet only (35%) of under 25s are saving a deposit compared to 43% of over 30s according to a recent TUC survey of 2,400 young workers<sup>10</sup>

## 7. Housing benefit claimants under 25

- Housing benefit claimants under 25 were 7% of the total number of claimants in 2013
- This was 357,000 out of just 5 million in total and cost £1.8 billion out of £24 billion
- Under 25s are least likely to be council tenants
- Of the 357,000 under-25s on Housing Benefit in August 2013: 165,000 (47%) were lone parents; 31,000 (9%) were in a couple with dependent children; 161,000 (44%) were single

<sup>8</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/329953/summary-lha-monitoring-impact-of-changes.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/329953/summary-lha-monitoring-impact-of-changes.pdf)

<sup>9</sup> <https://www.gov.uk/government/statistics/benefit-expenditure-and-caseload-tables-2013>

<sup>10</sup> <http://touchstoneblog.org.uk/2014/11/housing-costs-are-hitting-young-workers-the-hardest/>

**Table 2. Housing Benefit claimants under 25 years of age Great Britain, August 2013**

Financial year	All ages		of whom: under 25 years of age		
	recipients (million)	HB spend (bn)	Recipients (thousands)	% of all recipients	HB spend £(bn)
2009-10	4,549	20.0	363	8.0%	1.8
2010-11	4,799	21.4	383	8.0%	1.9
2011-12	4,932	22.8	382	7.7%	1.9
2012-13	5,046	23.9	375	7.4%	1.9
2013-14	5,053	24.0	357	7.1%	1.8

Sources:

DWP Benefit and Expenditure Caseload tables 2013<sup>11</sup> DWP Stat-xplore and Library calculations<sup>11</sup>

### **3. KEY FINDINGS LOCAL HOUSING ALLOWANCE (LHA) and SHARED ACCOMODATION RATE (SAR)**

#### **Reforms to the Local Housing Allowance (housing benefit in the private rented sector):**

The caps on the amount for Local Housing Allowance that can be received for different properties; a shift to up-rating housing benefit in line with the consumer price index, instead of the retail price index; and reducing the value of Local Housing Allowance (LHA) by setting benefit rates at the bottom 30<sup>th</sup> percentile instead of the median of rents in each local rent area.

#### **A summary of the DWP research (July 2014) findings on the impact of LHA:**

##### **LHA impacts overall**

- Landlords have not tended to lower rents with the introduction of the new LHA 30% market payment
- Reduced LHA rent payments have been made up by tenants (89%)
- The majority of LHA claimants want to stay put ,despite the LHA reductions, due to additional costs of moving, staying near family and support networks or not being able to find alternative affordable accommodation
- A 'core' LHA sub-sector market is emerging, particularly in London, where rents are in the process of becoming increasingly differentiated from the wider PRS market
- This segmented rental market was appearing in areas where it was increasingly difficult to rent to non LHA applicants due to the wider neighbourhood environment and quality of housing
- There was also less mobility of LHA claimants out of the lower value segment of the PRS in London, which was in turn therefore marked by an increasing concentration of LHA claimants
- 47% of landlords said they had experienced an increase in rent arrears since the reforms were introduced
- 31% of tenants said they had borrowed money to cope with rent shortfalls

<sup>11</sup><https://stat-xplore.dwp.gov.uk/>

- Landlord lettings to LHA recipients was reduced (by 6% nationally and 12% in London) and some claimed (19%) that voids increased
- Evictions and non renewal have increased for LHA tenants
- 37% of landlords had taken action to evict, not renew or end tenancies of LHA tenants since April 2011, compared to 27% who had taken action against non-LHA tenants
- The number of households giving the end of an assured shorthold tenancy as the main reason for homelessness almost doubled between 2011 and 2013
- Discretionary Housing Payments (DHP) has been vital in helping to support some tenants to meet increased rental shortfalls. Landlords gave several examples where the use of DHP had sustained a tenancy, although other landlords felt that the temporary nature of the support was merely staving off the inevitable

*(N.b a full summary is in appendix 1)*

### **Reforms to the Shared Accommodation Rate (SAR)**

The Shared Accommodation Rate in January 2012 was extended to single under 35 year olds, whereby they could no longer receive the full LHA entitlement but would receive less housing benefit based on a shared accommodation rate. This rate allows under 35 year olds to claim the modest rate for a single room within a shared house rather than the rate for a self-contained one bedroom flat or a house under LHA entitlements.

There were 9 month transitional protection payments before existing LHA claimants were moved onto the new SAR and single under 35s already renting privately a self contained home could claim local housing allowance (LHA) to cover the rent on a one-bedroom home as long as they:

- were able to pay their rent on their own when they moved into the home
- have not claimed LHA in the past year

They could claim full rent for the first 13 weeks. After 13 weeks, the maximum payment they will get towards their rent is the shared accommodation rate. If young people have been in their home for less than a year, they are limited to the shared accommodation rate from the start of their claim.

The shared accommodation rate does not apply to single young people under 35 if they are council or housing association tenants however the 'spare bedroom(s) penalty' does apply. This housing benefit reduction is called the under-occupancy charge, but more commonly known as the 'bedroom tax' as the council limits a housing benefit payment if it decides the tenant has 'spare' bedrooms that are not occupied.

Under the bedroom tax the number of bedrooms people can claim for is based on the number of people living in their home. Single under 35s occupants in social housing are expected to move or now pay for any outstanding rent as their housing benefit is reduced by:

- 14% for one 'spare' bedroom
- 25% for two or more 'spare' bedrooms

## **A summary of the DWP research (July 2014) findings on the impact of SAR:**

### **SAR impacts**

- Local Housing Allowance has had the most impact on Shared Accommodation Rate claimants under the age of 35 than any other group, with huge implications on their benefit entitlements, rents and property choices. These changes have led to a widening of the gap between rents and housing benefit causing financial hardship and problems to thousands of those affected
- SAR claimant numbers have fallen: The number of claimants aged between 25-34 fell by 13% between end of 2011 and August 2013, compared to 9% for single people under 25
- The largest decreases were in the higher rent areas of London. The 25–34 group caseload fell by 39% in London Centre, by 26% in London Cosmopolitan areas and 25% in London Suburbs
- In London Centre, the 25-34 Group accounted for 15% of all the PRS HB caseload throughout 2010, but only 10% by June/August 2013
- The difference in the scale of reduction in PRS HB caseload for the 25 - 34 Group affected by the SAR could not be fully explained by any labour market or area effects. The changes to the age threshold for SAR therefore seem to have had a specific impact on the number of HB claimants in the 25-34 Group and this effect was more notable in London than elsewhere
- Landlords letting to fewer than 35s decreased. 29% in London and 17% nationally said they no longer let to under 35s
- A significant number of advisers reported that those affected had 'dropped off the radar' and there was a widespread perception that 'hidden homelessness' (e.g. 'sofa surfing') had increased among this group

*(N.b a full summary is in appendix 1)*

## **4. THE LHA and SAR SYSTEM WILL INCREASINGLY RESTRICT WHERE YOUNG PEOPLE LIVE DUE TO LACK OF AFFORDABLE HOUSING SUPPLY OF SHARED ACCOMMODATION**

### **Reduction in housing provision for LHA claimants**

The most significant impact with overwhelming evidence given to the DWP select committee's enquiry into 'Support for housing costs in the reformed welfare system'<sup>12</sup>, including UNISONs response<sup>13</sup> highlighted that the decision to link the maximum LHA award to only 30% of the

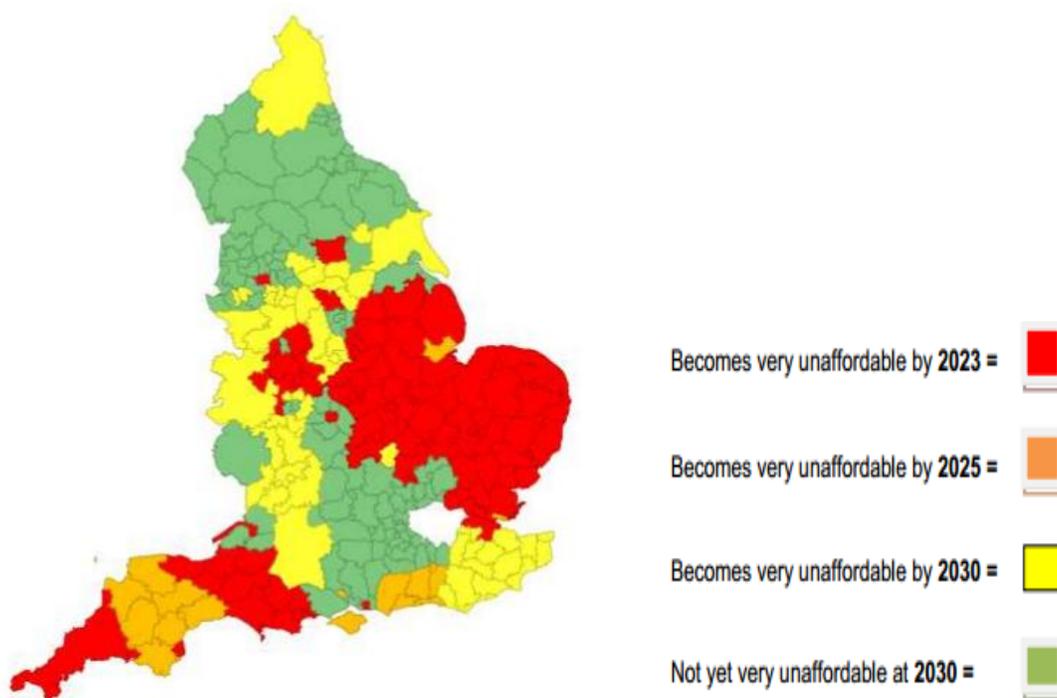
<sup>12</sup> <http://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/inquiries/parliament-2010/housing-costs/>

<sup>13</sup> <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/support-for-housing-costs-in-the-reformed-welfare-system/written/2646.html>

lower rental market and CPI up rating would over time leave an increasingly small proportion of the private rental market accessible to claimants on housing benefit.

It will in short mean that, with the exception of those in historic social tenancies, many high demand areas will be no-go areas for people on lower incomes as the LHA DWP 2014 review demonstrates in central London already.

The map from a Shelter/CIH analysis of the linking of LHA to CPI is stark.<sup>14</sup>



'Very unaffordable' denotes a local area where less than 10% of the private rental market is available to HB claimants. In practice the number of landlords letting to HB tenants will be at most half of this number, it will mean that less than one in twenty properties will be affordable.

This would be a very significant diminution in the ability of our welfare state to prevent the exclusion of lower income households from parts of the country. To be part of a mobile workforce it is crucial that everyone has access to help with housing costs.

The DWP has provided evidence to confirm this showing that in 2013 around 70% of LHA rates were set at the 30th percentile, dropping in 2014 to around 45%.<sup>15</sup>

<sup>14</sup> Shelter/CIH (2011) The Impact of welfare Reform Measures on Affordability of Low Income Private Renting Families. Separate research by Cambridge University has looked at London and confirmed a similar trend.

<sup>15</sup> <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmworpen/720/72005.htm>

## **Housing choices available to those on the SAR are even more limited**

For young people receiving only the SAR the figures are even worse. Crisis points out the calculations used for SAR do not accurately reflect the price of a room in a shared house. This calculation therefore undermines the entire purpose of the rate. So whilst ministers say that the cheapest third of properties should be available to young people Crisis research<sup>16</sup> shows that fewer than 2% of rooms in shared houses are available and affordable to those on the Shared Accommodation Rate.

The change to the age threshold for the SAR had affected 62,500 people but as this had not been matched by any initiatives to increase supply it inevitably drove up prices further.

In some areas of the country such as rural areas and market towns there is very little shared accommodation for young people.

Over time therefore there will be a decreasing affordable supply of quality LHA properties in the bottom 30% of the market, as rents go up over time and the CPI uprate reduces entitlement payments moving further away from actual market rents, hence reducing the amount of properties available.

## **Limited supply as Private Sector landlords reduce provision of SAR to under 35s**

The extension of the SAR to those aged under 35 has increased by 50%<sup>17</sup> the number of people in receipt of the rate and put further pressure on an already limited supply. Yet since the introduction of the SAR more landlords are also currently reducing their willingness to supply quality accommodation to under 35s. This will increase the competition even more on a short supply of shared rental accommodation.

According to the DWP research<sup>18</sup>, a higher proportion of landlords in Inner London (29%) than overall sample (17%) said they no longer let to claimants under the age of 35.

The recent All Party Parliamentary group on the private rented sector in its latest report Access to the private rented housing for the under 35s<sup>19</sup> provided evidence which showed the effect of the changes to SAR:

- A reduction in the supply of shared accommodation affordable at the shared accommodation rate makes it unattractive for professional investors to invest in the sector owing to low rents and risks of not being paid
- A reduced willingness to supply quality accommodation owing to concern over low rates and not being paid by the tenant

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<sup>16</sup> <http://www.crisis.org.uk/data/files/publications/Crisis%20Shut%20Out%20Briefing.pdf>

<sup>17</sup> <http://www.crisis.org.uk/data/files/publications/Crisis%20Shut%20Out%20Briefing.pdf>

<sup>18</sup> <https://www.gov.uk/government/publications/monitoring-the-impact-of-changes-to-the-local-housing-allowance-system-of-housing-benefit-interim-report-rr-838>

<sup>19</sup> [http://rla.org.uk/policyhub/wp-content/uploads/2014/10/Under-35s-Inquiry-Report\\_Oct14.pdf](http://rla.org.uk/policyhub/wp-content/uploads/2014/10/Under-35s-Inquiry-Report_Oct14.pdf)

This was put most succinctly by findings of a study by the Residential Landlords Association (RLA) which revealed that the number of its landlord members taking on LHA claimants has dropped by 50% or halved:

*“The Residential Landlords Association pointed to research that it had carried out of its members which showed that 51% of those renting to tenants under 35 in receipt of the shared accommodation rate do not intend to renew existing tenancies when they run out. The RLA continued: “We find this very worrying as where will these tenants go once their existing tenancies expire with shared accommodation being in such short supply? We feel that this is an early warning sign of the attitudes of Landlords now that these changes are starting to take effect and we feel that this needs to be taken seriously”.*

The SAR entitlement is set at the wrong amount for landlords and there is uncertainty of rent being paid in full due to the mismatch of SAR and actual market rent and tenants having to make up the difference.

### **Rent shortfalls**

The LHA reforms and SAR extension have resulted in single young claimants experiencing unsustainable shortfalls between the benefit they receive and their rent levels. Whilst the DWP research shows that 13% moved as a result since 2012 other SAR claimants have remained and are likely to be funding the shortfall themselves or getting into debt.

Crisis estimated that even before the extension of the rate, it previously caused substantial problems for the under 25s, a group that is also restricted to a lower level of Job Seekers Allowance as well. They only get just under £57 a week rather than £71 a week in jobseekers allowance. This group experienced far larger shortfalls than other age groups. Before the changes nearly 70% of SAR claimants faced a shortfall between their housing benefit and rents. The average was £29 a week.

With the new LHA entitlements payments fell on average by £13.06 per week for SAR claimants under 35, for those who in 2011 had been entitled to the one bedroom rate and £7.23 for others.

The introduction of the Targeted Affordability Fund (TAF), as a means of increasing LHA levels in areas of higher than average rent rises, is not assisting enough in areas where rents are rising by more than the TAF maximum of 4% yearly, particularly in London (8% rent increases). Targeted Affordability Fundings' main aim is also only to stop large gaps from opening up between the 30th percentile of local rents and housing benefit rates. It does nothing to tackle the underlying problems with how rents in shared accommodation are assessed by the Value Office Authority (VOA).

### **Rent arrears are increasing**

As a result of Housing Benefit rising more slowly than rent levels due to the CPI up rating link, many private sector households are now even more likely over time to see their arrears levels increasing.

Increasing rent arrears on the whole appear to be the norm in most types of housing benefit changes. These are the result of either reduced payments in housing benefits such as the

reduced LHA entitlement and bedroom tax reforms, putting tenants in arrears, but also due to the move to direct payments under universal credit where the payment goes to the claimant not the landlord.

LHA reforms are leading to increased levels of rent arrears and evictions. The DWP study shows that 47% of the landlords surveyed reported that they had experienced an increase in rent arrears since the reforms were introduced.

In a bedroom tax survey of rent arrears the evidence also suggests that they have increased due to the implementation of the under occupancy penalty. In an Inside Housing welfare reform focus group survey<sup>20</sup> 9 out of 10 social landlords reported that rent arrears had increased. Some housing groups have quoted rent arrears for bedroom tax claimants have risen from 35% in April 2013 to 80% in October 2014. This is backed by the DWPs own hardship report<sup>21</sup> which found that 60% of the 523,000 tenants affected have been unable to meet housing benefit shortfalls of between £14 and £22 a week in full.

However increased rent arrears are not just attributed to the bedroom tax but also vulnerable work conditions and the new sanctions regime. The following comments from the same report highlight that it is mainly in work low paid with or without housing benefits which are struggling the most:

- 'We have also seen a rise in debt from customers on fluctuating contracts at work that result in hard-to-manage household accounts impacted on by a different wage each week'
- 'We are also picking up more cases with sanctions [when benefits are suspended for failing to comply with requirements set by the job centre] have been applied'
- 'One of the interesting things we have found out through our profiling information is that the majority [of total] arrears we have are attributed to working age people who either do not claim housing benefit or are on partial housing benefit '
- 'Although we have not done any analysis on this yet, I would assume that this is related to a tightening in eligibility for in-work benefits, unstable work - including zero-hours contracts - and generally low wages.'

On the Universal Credit demonstration projects as well there was a high level of switch back which equated to 20% of claimants in the demonstration projects. This demonstrates that even with high level of intervention support, which will not be available under the national central scheme of Universal Credit, that a lot of people will not be able to cope with managing a monthly budget and paying their rent.

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<sup>20</sup> <http://www.insidehousing.co.uk/landlords-bedroom-tax-prep/7005812.article>

<sup>21</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/329948/rr882-evaluation-of-removal-of-the-spare-room-subsidy.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/329948/rr882-evaluation-of-removal-of-the-spare-room-subsidy.pdf)

## **Evictions and Homelessness are increasing**

Due to the growing discrepancy between the average area rents and the amount of LHA that households can claim private sector landlords are becoming increasingly reluctant to rent to LHA recipients and evictions and non-renewal of tenancies are increasing, leading to an increased risk of homelessness among Housing Benefit recipients.

This is confirmed under the DWP LHA impacts study showing 37% of landlords had taken action to evict, not renew or end tenancies of LHA tenants since April 2011, compared to 27% who had taken action against non-LHA tenants<sup>22</sup>. The DWP 2014 study revealed that the number of households in England giving the end of an assured short hold tenancy as the main reason for homelessness almost doubled between 2011 and 2013, Fifty-nine per cent of this increase occurred in London, where an additional 3,880 households gave the end of a tenancy as the main reason.

With the SAR extension in 2012 rough sleeping among those under 35 increased by 17% in London. The largest decreases of 25 – 35 LHA claimants were in the higher rent areas of London (for example by 39% in Inner London). This suggests that the extension of the SAR to single claimants up to the age of 35 may have resulted in hidden homelessness by forcing thousands of young people to sleep on friend's floors, sofa surf, or sleep in various unsuitable environments.

Crisis<sup>23</sup> state that 8% cent of young people say they have been homeless in the last five years whilst the number sleeping rough in London has more than doubled since 2010. Research by the charity Centrepoin in 2011, using wider data sets than the government, estimated that at least 80,000 young people experience homelessness in the UK every year. The SAR impact will contribute further to homelessness as continued lack of affordable accommodation available to young people on housing benefit will not only increase homelessness but also make it much harder to house a homeless person which is what most homeless charities reported to the DWP Select Committee.<sup>24</sup>

In the recent All Party Parliamentary group on the private rented sector in its latest report Access to the private rented housing for the under 35s<sup>25</sup> Crisis, cited a survey it had conducted of housing advisers which *“found that 94 per cent reported seeing less accommodation available to SAR claimants since the extension of SAR”*.

The evidence of increased homelessness amongst young people due to the lack of housing support to meet their housing needs demonstrates that any move to remove 16 – 24 year olds from housing benefit entitlement would likely place more young people at risk of homelessness

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<sup>22</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/329953/summary-lha-monitoring-impact-of-changes.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/329953/summary-lha-monitoring-impact-of-changes.pdf)

<sup>23</sup> <http://www.crisis.org.uk/pressreleases.php/525/desperate-shortage-of-homes-for-single-people-says-crisis-as-charity-opens-its-doors-for-christmas>

<sup>24</sup> <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmworpen/720/72011.htm>

<sup>25</sup> [http://rla.org.uk/policyhub/wp-content/uploads/2014/10/Under-35s-Inquiry-Report\\_Oct14.pdf](http://rla.org.uk/policyhub/wp-content/uploads/2014/10/Under-35s-Inquiry-Report_Oct14.pdf)

and inappropriate housing. According to Homeless Link<sup>26</sup> nearly half of under 25s become homeless because parents are no longer willing to house them.

Nor will it help those who have to claim housing benefit because they are in low paid jobs and face high rents. Removing such a vital source of support will be a huge blow for young people struggling to set themselves up in life.

*Every day at work I speak to young people homeless people who feel like they are drowning and trapped in their situation. The voluntary sector works with them and gives them some hope but housing benefit restrictions often mean they are stuck in their current situation.*

*Many of these young homeless people manage to hold down jobs in what can be very difficult situations; however by being employed it can often make it harder to escape homelessness due to reduced housing benefit.*

*It's good that the shared accommodation rate should not apply if you can show you lived in a homeless hostel for three months or more, or you live in supported housing provided by a housing association, registered charity or voluntary organisation. This is great but does not take into account other forms of homelessness such as sofa surfing, Nightstop projects, rough sleeping or using local authority accommodation.*

*After dealing with these issues at work I go home to find many of my friends, family and fellow Unison Young Members are struggling with the exact same issues. They also feel like they are drowning and trapped in their situation due to housing benefit restrictions and lack of social / affordable housing.*

Joe Kirwin, Unison National Young Members Forum Co-Chair, Whitley Bay, North Tyneside

### **The shift to local welfare support is not sufficient enough to mitigate negative impacts of housing welfare reforms**

The Government is placing greater emphasis on local welfare support or 'localism' provided by local authorities but the rate and pace of change, uncertainty of funding and localisation of rules and discretionary powers to meet this agenda alongside significant austerity council budgets cuts has placed greater pressure on local authority budgets and decision makers.

The changes creating this pressure include:

- the abolition of the discretionary social fund
- the abolition of council tax benefit
- the replacement schemes
- the increasing reliance on discretionary housing payments to mitigate the impact of cuts to housing benefit

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<sup>26</sup> <http://www.homeless.org.uk/connect/news/2014/jan/27/nearly-half-of-under-25s-become-homeless-because-parents-no-longer-willing>

## **Discretionary Housing payments (DHP) and Direct Payments to secure housing**

The DWP LHA research showed that both DHPs and Direct payment to landlords were increasingly necessary for tenants to secure and maintain their tenancies:

### **Use of Discretionary Housing Payments (DHPs) and Direct Payments<sup>27</sup>**

- DHP has been vital in helping to support some tenants to meet increased rental shortfalls. Landlords gave several examples where the use of DHP had sustained a tenancy, although other landlords felt that the temporary nature of the support was merely staving off the inevitable
- Many of the housing advisers suggested that DHPs were rarely being used by tenants to provide breathing space to scan other more affordable housing options. It was primarily seen as 'a short-term fix' and the relatively small proportion of tenants who were receiving DHPs (6%) echoed this view
- Some of the tenants who were in receipt of a DHP were not sure what exactly it was, and how it was to be distinguished from their LHA entitlement. Nonetheless, all tenants receiving DHPs were very relieved to have them
- One reason for landlords being prepared to retain tenants who were struggling to pay the rent, at least for the moment, was the increased use of direct HB payments to them, especially in lower demand markets
- The survey results suggested that there has been a marked move back towards landlords seeking the security of direct payments, and not just under the criteria stated in the new LHA measures. 30% of landlords in wave 2 said they received direct payments for all their tenants and a further 17% for the majority of tenants

13% of 25 – 35 year olds were dependent on DHPs to meet the rental shortfall, according to the DWP LHA review, which suggests that the SAR is being wrongly calculated. Without this support the SAR would exclude more young people from housing and contribute further to increased levels of rent arrears, evictions and homelessness.

The temporary nature and discretionary use of DHPs, reports of the post code lottery, variations in local authorities' priorities for DHP and the use of conditions on payments by some local authorities are issues of concern as it means that young people in different areas are receiving different amounts of support. A more universal way of supporting young people's housing needs would be to abolish the SAR across the UK.

### **Post code lottery of Council Tax Reduction Schemes**

The move to localise Council Tax support has also created a post-code lottery whereby in some areas residents qualify for 100% support while in other areas someone in the same circumstances has to pay as much as 20% of their Council Tax. Councils have also introduced their own eligibility rules which have led to some unlawful cases affecting young vulnerable women. The 2014 case won by CPAG reveals that universal rules and guidance for local

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<sup>27</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/329953/summary-lha-monitoring-impact-of-changes.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/329953/summary-lha-monitoring-impact-of-changes.pdf)

welfare support are needed if welfare is to be universal and not restrict people's choices of where they live.

*Sandwell unlawfully included a rule, without prior consultation, excluding anyone from claiming a reduction in their council tax who has not lived in the borough continuously for the last two years. As a result, anyone who had recently moved into Sandwell borough had to pay the full rate of council tax regardless of their income or ability to pay.*

*The CPAG supported three vulnerable women claimants who were living in a neighbouring borough, but lost their homes and had to move into Sandwell for compelling reasons. One left to escape domestic violence; another had to move following a bereavement; and the third was hospitalised after attempting suicide. Two of the women were originally born in Sandwell and have close relatives living there. They were all refused a reduction because they did not meet Sandwell's two year residency rule and were required to pay the full rate of council tax, which they could not afford to pay.*

*CPAG argued that the two year residency rule in Sandwell's council tax reduction scheme is unlawful under the Local Government and Finance Act 1992 and under anti-discrimination laws and that Sandwell Council failed to consult properly or comply with its equality duties. The Council acted outside its statutory powers, the two year rule is irrational and discriminates on grounds of race and gender and the Council failed to hold any consultation or comply with its equality duties.<sup>28</sup>*

The All Party Parliamentary Group for the Private Rented Sector<sup>29</sup> recently reported during the course of its recent inquiry concerns that some local authorities are now charging council tax on bedsit accommodation. This is worrying for single young people choosing bedsits as a cheaper form of housing if they are also subject to additional council tax charges.

There is currently little impact assessment data on how the various Council Tax Reduction schemes in operation across the country is having on levels of poverty in different areas or geographical mobility, particularly for low paid in - work housing benefit recipients who may have to pay for council tax separately from their benefit calculations.

There is also little understanding for in work benefit recipients of how Council Tax Reduction schemes will interact with work tapers under Universal Credit. Keeping council tax support separate – and allowing it to vary across the country – undermines this simplification that Universal Credit is to bring. Universal Credit is intended to rationalise work incentives by replacing various overlapping means tested benefits into a single one, therefore a separate means tests for council tax support could undermine this, with the potential to reintroduce some of the extremely weak work incentives that Universal Credit was supposed to eliminate.<sup>30</sup>

The IFS has pointed out that, because of the 10% funding cut, councils would need either to reduce support for those previously entitled to the maximum Council Tax Benefit or weaken work incentives through more "aggressive" means-testing. Excluding Council Tax support from Universal Credit has the potential to seriously undermine the objectives of Universal Credit in

<sup>28</sup> <http://www.cpag.org.uk/content/council-tax-reduction-minimum-local-residence-rule>

<sup>29</sup> [http://rla.org.uk/policyhub/wp-content/uploads/2014/10/Under-35s-Inquiry-Report\\_Oct14.pdf](http://rla.org.uk/policyhub/wp-content/uploads/2014/10/Under-35s-Inquiry-Report_Oct14.pdf)

<sup>30</sup> <http://www.jrf.org.uk/publications/reforming-council-tax-benefit>

terms of enabling claimants to see clearly the financial benefits of taking up a job or working more hours.

PRS high rents combined with uncertain payments of council tax for the low paid could have a detrimental effect and lead to inconsistent work incentives for some individuals.

## **5. THE LHA and SAR SYSTEM WILL INCREASINGLY REDUCE THE CHOICES OF HOW YOUNG PEOPLE LIVE AND LOWER THEIR QUALITY OF LIFE,**

### **Poor quality SAR housing market with overcrowding, health and poverty implications**

Sub LHA housing markets are already emerging within certain neighbourhoods and this is likely to continue if landlords don't see the financial benefits of investing in shared accommodation for under 35s. The dangers of sub markets emerging are that they are likely to have lower quality housing standards than the wider PRS which already is considered to have low unregulated standards. It may also lead to increased overcrowding in shared accommodation particularly in areas like London, as to be financially viable for landlords to let to sharers subject to the SAR extension it is likely they would need to increase the amount of people per property.

St Mungo's for example told the DWP Select Committee inquiry into housing support<sup>31</sup> that the majority of PRS accommodation affordable to those in receipt of Housing Benefit was near the "lower limit" of minimal standards of accommodation. It was finding that, before placing people in available properties, "a lot of work has to be done around addressing issues that have a big impact on health, around damp and other issues".

Crisis<sup>32</sup> states that for those on lower incomes who often have extremely limited choice over where they live and are not in a position to move, the PRS is not fit for purpose and is poorly equipped to provide a long term home. For example, physical standards are a serious problem in the PRS with 37% of properties considered non-decent. It has listed recommendations to the DCLG around improving property conditions and standards in the private rented sector. Shelter has also highlighted the issues around poor quality housing in its Shelter's '9 million renters' campaign.<sup>33</sup>

There is widespread agreement that as the PRS increasingly becomes a long term tenure for people on low to middle incomes, neither able to access social housing or to buy their own home, more has to be done through regulatory practice to raise the standards and security of the PRS. This includes providing stable PRS homes: 35% of all private renters, compared with 8% of social renters and 3% of owner occupiers had lived in their home for less than one year. The government should consider how to increase the use of longer term tenancies which have the potential to offer greater stability for tenants and greater assurance over rental income for landlords.<sup>34</sup>

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<sup>31</sup> <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmworpen/720/720.pdf>

<sup>32</sup> <http://www.crisis.org.uk/data/files/publications/Crisis%20response%20to%20DCLG%20review%20of%20property%20conditions%20in%20the%20PRS.pdf>

<sup>33</sup> [http://www.shelter.org.uk/\\_data/assets/pdf\\_file/0005/763088/6430\\_05\\_9M\\_Renters\\_Campaign\\_Brief\\_V6\\_opt.pdf](http://www.shelter.org.uk/_data/assets/pdf_file/0005/763088/6430_05_9M_Renters_Campaign_Brief_V6_opt.pdf)

<sup>34</sup> <http://www.crisis.org.uk/data/files/publications/Crisis%20response%20to%20DCLG%20review%20of%20property%20conditions%20in%20the%20PRS.pdf>

Suggestions to improve, modernise and reform the PRS with longer tenancies, greater security, more predictable rents, better regulation and proper enforcement of safety and decency standards include:

- A national Landlord register in professionalising the sector, helping to identify rogue landlords and make it easier to disseminate information, best practice and training to landlords
- A minimum Decent Homes Standard should be introduced for private renting. Shared housing should be regularly inspected to ensure compliance with standards.
- All landlords should be registered in a self-financing scheme. Landlords may be removed if found guilty of illegal eviction, harassment, theft of deposits or serious disrepair
- Introducing rent repayment orders where a landlord has illegally evicted a tenant or where the property is in a serious state of disrepair
- Mandating private landlords to install and maintain smoke and carbon monoxide alarms and have electrical installations regularly checked
- Proposals to tackle retaliatory eviction by restricting the use of section 21 notices where a property is in a serious state of disrepair
- Introduce rent controls or caps or “sustainable renting contracts” which embed security and affordability of long-term rents in contracts
- Give local authorities freedoms to introduce local landlord licensing schemes
- Licensing of letting agents supported by tough regulation on fee charges
- Estate agents should be brought under the ambit of the Financial Conduct Authority

*I believe that housing is one of the biggest issues facing young people. High rents and low pay make decent housing unaffordable for many. Nearly every young person I meet has a story to tell about their housing difficulties - whether it be an exploitative landlord, insecure lodgings or expensive letting fees.*

*As youth homelessness rises and more and more people are forced to stay at home with their parents, there is a real need for change and policies which offer hope for our generation.*

Greta Holmes Yorkshire and Humberside, UNISON National Young Members Forum

### **Unsuitable housing for pregnant women, women feeling domestic abuse, vulnerable people, LGBT people and parents not living with children**

UNISON is particularly concerned about the impact of LHA SAR reforms on pregnant women and those who have experienced domestic violence or abuse, vulnerable people, LGBT people and parents not living with children being forced to live in unsuitable and unsafe shared accommodation with strangers, over whom they have no control, in potentially dangerous environments:

- Personal security is at risk due to larger shared settings having greater problems that could impact on the health and wellbeing of the residents due to security risks, personal safety ,crime, the chaotic lifestyles of some sharers, drug dealing, drug use, high tenant turnover and anti-social behaviour and poor quality standards
- The quality of shared accommodation being poor and insecure with broken locks, many keys in circulation, people wandering in and out of the property, and residents not knowing who they are sharing with exacerbates the vulnerabilities of young women
- The safety of visiting children is at risk in such environments due to parents living in shared accommodation and having to share with strangers
- The amount of people in certain groups unsuitable for sharing is now to be increased for both working and non –working young people
- Existing problems have increased in relation to mixed ages and mixed sex housing and inappropriate sharing for vulnerable groups of claimants - homeless, ex-offenders, people with alcohol and drug problems victims of domestic violence and people with mental health problems
- Some of the concerns about shared accommodation include: noise levels, cleanliness of communal areas and doubts about the backgrounds of other residents. As such shared accommodation is totally inappropriate for young divorced or separated parents who do not have custody of their children

### **Pregnant women**

The situation regarding pregnant or expectant single women under the age of 35 is of great concern, as they are only entitled to a room in a shared property. They cannot apply for housing suitable for them and their (as yet unborn) child, they have to wait until the baby is born before they can become eligible for a place of their own, and so are forced into shared accommodation with a newborn. This is unacceptable. The poor quality of shared accommodation often means that such mothers and their new born may be forced to live in overcrowded and insecure homes, which puts them at a health risk.

Pregnant mothers should have access to appropriate and long-term accommodation and should not have to go through the stress of having to find a new home after the birth of their baby.

### **Higher numbers of vulnerable women accessing shared accommodation**

The evidence suggests that higher numbers of vulnerable young women – who have experienced domestic violence or abuse in the past - are likely to be forced into shared accommodation.

According to Women’s Aid: “More than half of domestic violence survivors using refuge or outreach services are single women without children under the age of 35. Many refuge services are likely to be exempt from the shared accommodation rate of housing benefit. However, the Shared Accommodation Rate is likely to apply to survivors when living in other kinds of accommodation. The shared accommodation rate will apply to survivors after they have left refuge accommodation for three months or more.”

Crisis has warned that safety and security is of paramount importance to women, most of whom prefer to share with only females or live in self-contained accommodation due to the risks of sharing accommodation with some males who may be disposed to behave violently or aggressively towards women. For young women who have experienced domestic violence or abuse in the past, feeling unsafe in their home environment is traumatic yet the extension of the SAR has in effect put more young vulnerable women at greater risk not only to their physical self but to their mental well being – for example, by creating stress and feelings of insecurity and danger. While there is a safety net in place to protect the public from dangerous ex-offenders, only those who pose a serious harm to the public (the most dangerous) are exempted from the SAR, this leaves other potentially dangerous offenders who are not exempt. There is great concern that such individuals will likely pose serious harm to young vulnerable women living in shared accommodation.

Crisis states that the poor security in shared accommodation means that the ex-partners of victims of domestic violence can easily access the property.<sup>35</sup>

A study by St Mungo's also shows that almost half of their female clients have experienced domestic violence. The report warned that women who have experienced homelessness have interrelated complex problems, such as mental and physical health problems, which are rooted in histories of domestic violence and abuse. This in turn contributes to homelessness. Further, the study revealed that many women are 'hidden homeless, living outside mainstream support'<sup>36</sup>.

Crisis has also reported that some SAR claimants make substantial top-ups to their housing benefit to live in self-contained accommodation rather than to share, with a subsequent impact on their income. *"The potential consequences of sharing on the wellbeing of vulnerable groups points to the unsuitability of this type of accommodation, as well as the pressure that SAR puts on individuals as they try and sustain self-contained accommodation in the face of this unsuitability (Crisis, 2011).*

### **Parents and family relationships**

There is also concern about non-resident parents who want to maintain a good relationship with their children, as shared accommodation does not provide a conducive environment for doing so. For parents living in shared accommodation who live some distance away from their children, maintaining family relations may not be possible, as some landlords prohibit overnight visitors, making it difficult for parents and children to maintain contact. Further, the environment in shared accommodation is often chaotic, with parents having to share with strangers, and sometimes the poor behaviour of other residents puts the health and safety of children at risk in such environments.

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<sup>35</sup> Crisis 2011) Unfair Shares

<sup>36</sup> St Mungo's (2014) Rebuilding Shattered Lives

UNISON case studies provided by Debbie Hollingsworth, UNISON member, Housing related support worker within the voluntary sector, Oxford city, Oxfordshire county October 2014

1) *Young Romanian women, working on a zero hour contract - got into arrears because of all the constant changes to working hours, landlord said she could pay them off by working (physically) for him which turned out to be minor house maintenance and light builders work. She had an accident on site but because she was unofficially there had no recourse. She had to go off sick with no SSP payable. Landlord then started to sexually harass her. No family in the country and minimal support network. Landlord always stated he was visiting other tenants and she could not secure the front door i.e. with a chain because he could argue that he needed open access. In addition this woman was subject to regular harassment from the other male tenants who often had parties in the property and were heavily intoxicated. She often spent days in her room too scared to come out.*

2) *I have supported several young women with mental health conditions ranging from Bipolar, psychotic episodes, Personality Disorder, Schizophrenia, Social Phobia Anxiety, OCD all of whom are expected to share accommodation which severely impacts further on their Mental Health and well-being. Some have self harmed and overdosed as a result of their housing situation. Unfortunately most of these women did not qualify as priority need for social housing and although a few did, something about leaving their last tenancy rendered them as intentionally homeless.*

3) *Care leavers - especially unaccompanied minor asylum seekers - accommodated in 1 bedroom flats between 18 and 22 by Social Services then not eligible. Extremely vulnerable because of cultural and language differences but also many suffering from Post Traumatic Stress Disorder and extreme paranoia.*

4) *Numerous females who have experienced domestic / sexual abuse who have not accessed a refuge, made reports to the police or considered as no longer at risk. These women self isolate, have no confidence and are susceptible to further abuse.*

5) *Three young female lone parents whose children were removed by Social Services on a temporary basis whilst being supported to address the issues leading to the decision. As a result they had to give up their property as they were no longer eligible for 'family size' accommodation, however this means contact at home is impossible and always seeing the children outside is very costly. It is also harder for them to have the children back prior to having suitable housing but they cannot afford to rent the appropriate sized property until the children are back in their care. (Catch 22)*

### **The need for abolition or exemptions**

UNISON believes that it is not acceptable for young pregnant women, women feeling domestic abuse, vulnerable people with disability, health and dependency problems, LGBT people and parents not living with children to be forced into shared accommodation with strangers – some of whom have a criminal past. They should have access to a self-contained one- bedroom accommodation or other suitable accommodation to meet their needs.

Various groups of tenants are exempt from the SAR, including social housing tenants and those in supported housing provided by hostels, refuge centres and other supported hostels as well as those entitled to severe disability benefits, but there are other vulnerable groups who are not exempted. They include those with serious mental health issues, disabilities, health problems,

pregnant women and those who have experienced domestic violence or abuse in the past and are no longer in refuge accommodation. Campaign groups, including Crisis and Shelter have called for further exemptions to be introduced to protect the most vulnerable, including pregnant women from the impacts of the SAR.

Despite the government's decision not to introduce further exemptions arguing that it would not be cost effective to provide exemptions for this group due to the wide variation in people's circumstances, and that while sharing accommodation "*may be unsuitable for some it is not the case that it would be unsuitable for everyone in a particular group*"<sup>37</sup> UNISON believes that the SAR as a whole should be abolished at best and at second best the exemptions for these groups should be applied.

## **6. MAKING WORK PAY FOR YOUNG PEOPLE , PARTICULARLY WOMEN , THROUGH UNIVERSAL CREDIT AND HOUSING REFORMS**

It's not just vulnerable or unemployed young people in receipt of housing benefit but working young people in low pay or precarious work, NEETS, graduate interns or on trainee schemes who may be dependent on housing benefit top ups. Youth unemployment is higher than the national average and October 2013 showed that 958,000 people aged 16-24 were unemployed (1 in 5). Whilst for the 25 – 35 group overcoming the problems with low pay is a pressing need.

For this group of young people a stable and safe housing environment underpinned by the right welfare and employment support is crucial to supporting their journey into stable employment.

### **NEETs and young people under 25**

In a recent homeless survey<sup>38</sup>

- 44% said their parents were no longer willing to accommodate them
- 14% said a friend or relative was no longer willing to accommodate them
- 13% were victims of abuse or violence

For these individuals, remaining at home is simply not an option and Housing Benefit provides a vital safety net ensuring a successful move to independence. Research also indicates that nearly half of young homeless people face additional issues:

- More than 40% are not in education, employment or training (NEET) and many lack independent living skills
- 20% have substance misuse or mental health issues
- Around a fifth have poor numeracy and literacy skills

Much more needs to be done to help NEETS yet there is no data on the number of claimants of housing benefit under the age of 25 who are (a) undertaking apprenticeships and (b)

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<sup>37</sup> House of Commons Library (updated March 2014) Housing Benefit: Shared Accommodation Rate

<sup>38</sup> <http://www.homeless.org.uk/connect/news/2014/jan/27/nearly-half-of-under-25s-become-homeless-because-parents-no-longer-willing>

undertaking another form of training. (See Appendix two on Parliamentary Questions asked and the responses).

The Women's Trust demonstrate how much is at stake for a future generation of young women in particular in its current research on the barriers and solutions to getting young women into training and employment:

***There is an urgent need to reduce the numbers of young women caught in the vicious cycle of poverty. We also need to prevent the number of young women facing a lifetime of disadvantage – financial, social and emotional – from growing year by year.<sup>39</sup>***

### **FACTS about Young women**

- 36% of girls are leaving school, 100,000 per year, without the level of qualification needed for further education or employment
- 1 in 5 young women aged 18-24 are not in education, employment or training (NEET). This figure, equating to approximately half a million young women, has remained consistent for the last 13 years. In 2013, 90,000 more young women than young men were NEET
- The latest figures show that there are 418,000 women aged 18-24 who are NEET
- Over the last 12 months an average of 20% of young women aged 18-24 were NEET at any given time.
- Young women are much more likely than young men to remain unemployed or NEET for longer periods. The average period unemployment for young men is 19 months compared to 36 months for young women
- Women who are NEET between the age of 16 and 24 are likely to be unemployed for an average of 36 months before their 30th birthday
- Women who are unemployed in their youth can expect an average salary of only £8,647 when they are 30-34 years old
- Nearly one in four women NEETs (23%) has been offered a zero hours contract – as one of them put it “like pay as you go, literally” – and one in five (20%) has been offered a job paying less than the National Minimum Wage. There is similar exploitation of male NEETS but women have fewer choices in the first place
- Although only 20% of those classed as NEET are carers or parents, 80% of young mothers (aged 18-24) are NEET and they are criticised and judged harshly by society<sup>40</sup>
- The level of emotional distress amongst young women is very high. 44% say their finances fill them with dread, 30% have self-harmed, 17% have been diagnosed with a serious mental health problem, 62% lack self esteem
- Young women's voices are not heard and they are stereotyped. 77% believe that they are judged by their looks, 33% say they feel they are judged unfairly when they ask for help, over 33% do not believe that there will ever be equal pay for women

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<sup>39</sup> [http://www.youngwomenstrust.org/assets/0000/0002/YWT\\_Report.pdf](http://www.youngwomenstrust.org/assets/0000/0002/YWT_Report.pdf)

<sup>40</sup> [http://www.youngwomenstrust.org/assets/0000/0214/Strategic\\_Plan\\_Website\\_2014\\_to\\_2015.pdf](http://www.youngwomenstrust.org/assets/0000/0214/Strategic_Plan_Website_2014_to_2015.pdf)

### The gender divide in work sectors and with pay for young people

- Women are more likely to be employed part time: 56% of men are employed full time compared to 36% of women who are employed full time
- Women are more likely to be on low pay: 27% of female employees are paid below the Living Wage compared to 16% of male employees
- The Gender pay gap persists: Mean hourly earnings for women is £14.48 compared to the Mean hourly earnings for men £17.24
- Women are overrepresented in minimum wage jobs: Women hold 50% of all jobs but 59% of minimum wage jobs and men held 50% of all jobs but 41% of minimum wage jobs
- Younger people amongst the low earners: Greater proportion of young people are paid below the Living Wage: 72% of 18-21 year olds are paid below the Living Wage and 27% of 22-29 year olds are paid below the Living Wage
- 21% of all UK employees are paid below the Living Wage
- Young people are overrepresented in minimum wage jobs
- More male apprentices so far in 2013/14: Total of 195,000 apprenticeship starts so far this year with 101,000 male apprentices and 94,000 female apprentices
- 61% of female apprentices work in just 5 sectors (predominantly low paid and zero hours) compared to just 19% of men in those sectors

**Table 3: Female apprenticeships are concentrated in fewer sectors<sup>41</sup>**

61% of female apprentices work in just 5 sectors compared to just 19% of men in those sectors		
Male	Sector	Female
4%	<b>Health and Social Care</b>	<b>20.5%</b>
6%	<b>Business Administration</b>	<b>14.5%</b>
0.4%	<b>Children's Development</b>	<b>9.5%</b>
0.7%	<b>Hairdressing</b>	<b>8.5%</b>
7%	<b>Hospitality and Catering</b>	<b>8%</b>
81%	<b>Other</b>	<b>39%</b>

UNISON is keen to see more emphasis on welfare and employment support for young working people to enable them to move off housing benefit subsidies. There are concerns that:

- The various work programmes for young people have not addressed employment issues of low pay and gender divide
- For in - work claimants it is not clear how universal credit will fully impact young people receiving housing benefits with rising rents in the PRS and a continued gender divide in employment pay and conditions
- There are predictions that potential work incentive gains from universal credit will be offset by rising rents in both the PRS and Housing Association sector
- Young people will be increasingly at risk of being placed in a 'poverty trap' if they face higher rents and it will not make work pay due to low wages nor will they be incentivised to increase their income if it is merely lost in rising rent payments

<sup>41</sup> [http://www.youngwomenstrust.org/assets/0000/0214/Strategic\\_Plan\\_Website\\_2014\\_to\\_2015.pdf](http://www.youngwomenstrust.org/assets/0000/0214/Strategic_Plan_Website_2014_to_2015.pdf)

- A young, mobile workforce would be reduced as young people would be unwilling to take risks such as moving for work because there would be no safety net for them given the uncertainty of the welfare and housing support they may receive in that area.

*This past week I was offered a two month part time, paid internship copywriting for a website/app. I'll get £400 a month and the experience I'll get by having my reviews published is invaluable. You might think great, well done; you've managed to land that elusive thing - a paid internship! More than that, it's also in an industry that I'm passionate about, which adds bonus points. The truth, though, is that if I wasn't getting paid I likely wouldn't be able to take the job, due to costs that I'll incur travelling to and from the offices, going to restaurants and cafés in order to review them and so on. Luckily I'll be getting £100 a week, which, whilst not extravagant, should cover these things.*

*This, however, is where I ran into a problem. In the eyes of the government, as I am going to be earning more than the amount of Jobseekers Allowance I usually get each week, I am deemed as being 'above' the line of needing any additional money from them, even though I am only working part time. Because of this, the amount of housing benefit which I receive, to help pay my rent, will decrease. This leaves a shortfall which I have to make up from my wages, as well as paying for bills, food, travel, and other incidentals of my job.*

*Of course I understand that there has to be a cut off point for providing people with help, but on the money which I am going to be bringing home, after paying out the extra towards my rent it's going to be tight. I'm incredibly lucky that I will still have more money than I currently do on JSA, but a lot of others aren't so fortunate. Especially amongst young women, the rise of part time, low paid work which leaves them no better off than when they were unemployed is a real problem. When you're faced with the choice of either taking such a job, or remaining in the arguably more stable benefits system, some will prefer the safety of knowing how much they have coming in. Zero hour contracts are still legal, and used to exploit a large percentage of workers, adding extra stress to the already fraught realities of being poor.*

*Right now I am borrowing money left right and centre from friends, just to keep up with my bills, make essential trips across the city, and put food in my cupboards. Once again I realise how lucky I am that I have friends who are able and willing to loan me money which they won't see back for a while, and it is with a lot of hesitation that I ask to borrow from them. However right now it is my only option to survive.*

*It is with great hope that I take up this internship, and I will be budgeting carefully to ensure I am not left worse off because of it. There is a possibility that it could lead to a full time position, but I can't count on that. For now I will keep searching, and make sure I keep using my voice to let people know the realities of life for young women today.*

**With kind permission from Jenny Mullinder Young Women's Trust, 28 October 2014**

### **To offset these concerns**

- More help with NEETs is needed to address the gender divide in jobs and pay
- More research on how work incentives can be improved for young people, graduates and trainees under universal credit. The Living wage commission<sup>42</sup> stories show how tight the margins are between low paid and the incentives to work which is relevant to young people of whom, 72% are on the living wage
- Replace the current workfare with decent job guarantee schemes for young people
- To prevent increasing rent arrears for low paid young people more needs to be done to re -model and ensure safer delivery of universal credit payments and provide advice and support which can accommodate young people dealing with fluctuating contracts at work, zero hour contracts, explain the new in - work benefits taper and make work pay

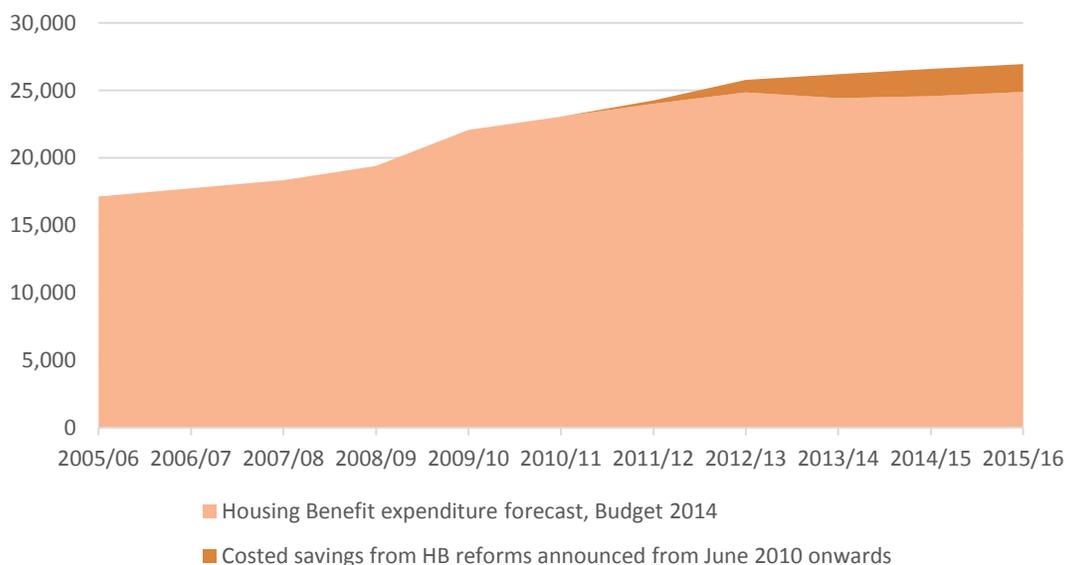
<sup>42</sup> <http://livingwagecommission.org.uk/life-on-low-pay/>

- The sanctions and in - work conditionality regime to enable young people meet their employment needs should be reviewed. Sanctions can also lead to housing benefit being suspended with claimants effectively having to reapply for it causing delay and arrears
- Housing benefits claimants under UC should have the right to choose if they wish to have their housing element paid direct to themselves or their landlord and the current proposal that people will wait for 5 weeks before any HB payment under UC new claims should be abolished – this will only increase rent arrears and debt for young people
- Under universal credit it is likely that young people, given both the higher mobility rate in housing and the more frequent job changes and precarious work such as zero hours etc. that young people face, more help will be needed to assist in UC claims locally. A local UC hub could resolve housing and council tax inquiries, assist in referrals in debt and rent arrears, energy bill management schemes, credit unions, local authority letting agencies, landlords, specialist welfare support organisations and employment agencies.

## 7. WITHOUT REFORM THE HOUSING BILL WILL CONTINUE TO RISE

The combined effects of the 2010 welfare reform changes are reasonably significant. In total, the cuts will save over £2bn per year by 15/16, though clearly only a fraction of overall expenditure and not sufficient to prevent the HB bill rising again by the end of the Parliament.<sup>43</sup>

**Table 4: HB expenditure, real terms (2014/15 prices), £m**



- The housing benefit bill will continue to rise by 2018/19 to £25.4 billion. The reliance on the PRS means that additional costs are emerging due to the balance of claimants moving to both the PRS and RSL caseload where the average weekly housing benefit award in the private sector is £106 a week, 23% more than in housing associations (£86 per week) and 39% higher than in local authority properties (£76 per week).<sup>44</sup>

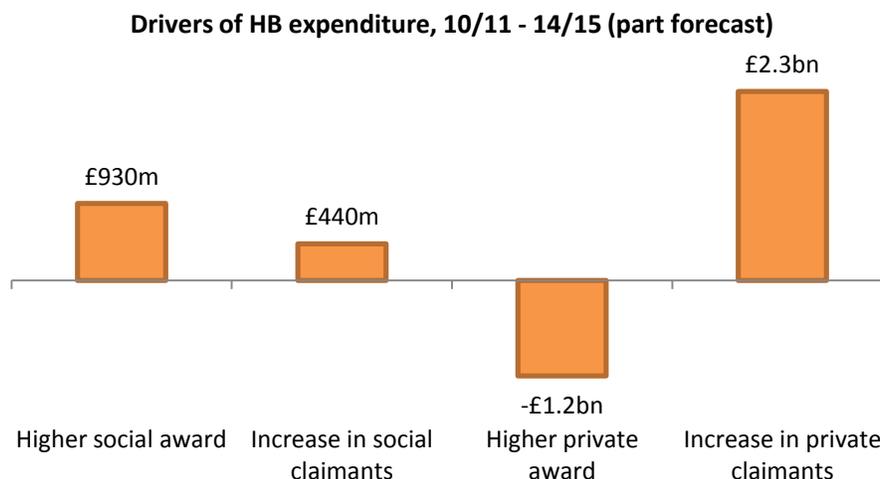
<sup>43</sup> House of Commons Library figures

<sup>44</sup> [http://www.ippr.org/assets/media/publications/pdf/benefits-to-bricks\\_June2014.pdf](http://www.ippr.org/assets/media/publications/pdf/benefits-to-bricks_June2014.pdf)

- Department for Work and Pensions analysis shows that 1,058,570 people who were 'in work' claimed HB in May 2014, a 61% increase on May 2010. It means that of the 4.99 million people in receipt of HB in May 2014, 21% were in some form of employment.<sup>45</sup>

A closer look at the expenditure changes below reveals that:

- the decrease in LHA award which leads to reduced expenditure of £1.2bn over the Parliament
- the growth of in-work claimants with 1 in 5 HB claimants in work



- The UK currently spends around £24 billion a year on housing benefit spending and this is forecast to rise to £27bn by 2018/19. The bulk of this increase is predicted to come from rent subsidies in the private sector. It also reflects the number of people in part-time or low-paid work
- As the in – work group of claimants will grow as rent rises and more subsidies are needed
- The bulk of this increase is predicted to come from rent subsidies in the private sector. In 2008-09 there were 598,000 households claiming housing benefit in the private sector by 2012-13 that figure has grown to 988,000 households
- The reliance on PRS means that additional costs are emerging due to the balance of claimants moving to both the PRS and RSL caseload where the average weekly housing benefit award in the private sector is £106 a week, 23% more than in housing associations (£86 per week) and 39% higher than in local authority properties (£76 per week)<sup>46</sup>
- The Affordable Housing Programme (AHP) with affordable rents (ARP) is predicted to have cost £1.4 billion more in HB

<sup>45</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/344650/stats-summary-aug14.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/344650/stats-summary-aug14.pdf)

<sup>46</sup> [http://www.ippr.org/assets/media/publications/pdf/benefits-to-bricks\\_June2014.pdf](http://www.ippr.org/assets/media/publications/pdf/benefits-to-bricks_June2014.pdf)

- The switch to 'Affordable rents' means that housing benefit will rise as this will rely on even more rent subsidy, in place of capital grants via Housing Benefits. The NAO has estimated that the ARP will lead to an average additional housing benefit cost of £17,500 per property over a 30 year programme
- Tinkering of under 25s to try and claw back money to meet the government's target of a further £10 billion is difficult as 56% of under 25s have children and so its negligible what would be saved against the increased risk of dismantling a safety net for young people where currently there is little data on this group

The problems with introducing complex housing welfare reforms and universal credit without mending the dysfunctional housing supply or having a transitional long term housing plan is that it is likely to:

- a) confuse both tenants and landlords with rent entitlements
- b) increase the risk of work incentives and poverty
- c) not provide the supply of affordable or social housing needed
- d) increase house prices and PRS rents due to continued mismatch between supply and demand - with homeownership dropping
- e) increase the housing benefit bill

Young people are caught in the middle of this housing trap. Private rents in the PRS will rise up to 25% by 2025 and private rents will rise from about average of £9,000 per year to £12,000 a year in 2020 (NHF 2013).

Rather than cutting individuals Housing Benefit and increasing the risk of poverty the evidence shows that it would be more prudent to actually cut the £26 billion housing benefit budget by building more social homes that allow for social rent and therefore lower entitlement payments.

## **8. THE NEED FOR SOCIAL HOUSING AS PART OF WIDER SUPPLY OF ALL HOUSING**

The latest research shows that poverty for people in social housing has decreased whilst poverty for people in the PRS has gone up dramatically. This is not surprising given the higher income to rent ratio in the private sector (up to 55%) compared to the social sector (up to 33%).

The social sector meanwhile is predicted to fall to 16% share of the housing market from its current 18%. The government's affordable rent programme has not increased the social rent sector provision as the rents have been set up to 80% of the market rent.

Concern with the new focus on affordable rents rather than the supply of social housing to provide social rents has been documented well<sup>47</sup> and various organisations have commissioned and published research into the impact of affordable rent levels on tenants both in the social sector and PRS:

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<sup>47</sup> <http://www.publications.parliament.uk/pa/cm201213/cmselect/cmpubacc/388/388.pdf>

- Private developers have not met the gap in public funded social housing provision
- Private renters in the PRS will rise up to 25% by 2025 and private rents will rise from about average of £9,000 per year to £12,000 a year in 2020 (NHF 2013)
- The average private rent in England is £163 a week; the average mortgage repayment is £149<sup>48</sup>
- Funding new house building (affordable homes programme) via rent subsidies (Housing benefits) has increased spending but not housing outputs creating a spiralling interdependency of reliance on the PRS leading to rising Housing Benefit costs
- The current emphasis on affordable rents as opposed to social rents will, in fact, be a transfer away from social rent to higher intermediate rents
- The Centre for Housing<sup>49</sup> 2014 briefing states that the total new supply in England has stayed just above the 100,000 mark for six years, about half the output needed to meet official projections up to 2021 of 220,000 new households each year, and even further below the commonly accepted target of 250,000 per year needed to meet growth and tackle the backlog
- The review also notes concerns that due to the focus on units to be let at Affordable Rent, social rented output has fallen significantly
- The growth in the PRS combined with the decline in young people being able to access social housing has in turn increased the existing and future potential higher bill for those eligible for housing benefit
- Shifting the balance from capital grants to revenue subsidy increases risks for providers of social and affordable housing. A larger share of financing is now vulnerable to rent arrears, tenancy voids, changes to social rent policies, and benefits system
- Between 30% and 40% of people in the PRS receive Housing Benefit - the figure is currently not a definitively accurate figure<sup>50</sup>
- It is estimated that 40% of public housing expenditure, £9 billion a year, is going to private landlords with no return to the tax payer

There are numerous excellent current reports and Housing Reviews (Shelter, IPPR, Lyons review) setting out the serious and urgent need to mend the current UK dysfunctional housing market supply with different approaches as to how this can best be done but with all one thing in common that social housing must be core to any house building programme for the next 30 years.

Future government house building programmes must place the growth of the social rented sector at the core of new home building to enable the transition from 'benefits to bricks' for the future generation.

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<sup>48</sup> <http://www.theguardian.com/money/2014/jul/23/rent-trap-keeps-young-off-housing-ladder>

<sup>49</sup> <http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/UKHR%20Briefing%202014%20bookmarked.pdf>

<sup>50</sup> <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmworpen/720/72005.htm>

Young people will become further restricted in housing options as it is likely that on low wages they are not going to be able to afford the new affordable rents at 80% of the market. The housing benefit will have to therefore pay out more (as modelled between 30% and 60% in some affordable rent schemes in London) and it may trap young people into further housing benefit dependency or debt and not make low paid work pay.

The Public Accounts Committee's (PAC) report on the financial viability of the social housing sector and the Affordable Homes Programme was critical of the potential impact of higher rent levels on tenants for this reason:

*“The Department has not done enough to understand the full impact of higher rent levels on tenants. Housing providers can charge higher rents than before (on average 65% of market rents in London and up to 80% elsewhere). This will affect tenants’ ability to afford the new housing and may exclude some of the poorest from accessing this new housing. Where higher rents are paid through increased housing benefit, tenants may find themselves caught in an even stronger benefit trap where it has become even harder to find sufficiently well paid employment to make working worthwhile, countering the Government’s objective of ensuring that the benefit system makes work pay. However, the Department does not hold information on the rent levels being charged for individual properties and it has not considered the impact on tenants or prospective tenants of these rent levels or the interaction with wider Housing Benefit reforms. The Department should consult tenants and providers to understand the impact of the higher rent levels on tenants, and commission research into the financial and other characteristics of those tenants living in ‘affordable rent’ homes and build the results into future programmes.”*

Finally investing in supply allows the taxpayer to share in the rising value of social properties and the rents that can be charged on them. In contrast giving housing benefits to the PRS involves a public subsidy of a privately owned asset without the taxpayer sharing in any of the revenue or capital gain.

## Appendix One

**A full summary of the DWP evaluation research<sup>51</sup> of the impact of LHA/SAR changes**  
(Wave refers to two stages of research: Wave 1 late 2011 and Wave 2 late 2012/early 2013)

### **Landlords have not overall reduced rents but some have negotiated lower rents:**

- the average award for all LHA tenants fell from £114.46 (March 2011) to £106.07 (November 2013)
- the LHA reforms reduced existing claimants' maximum entitlements in given property types by an estimated average of £6.84 per week
- This comprised of average contractual rent reductions for landlords of £0.79 per week and average reduced LHA relative to contractual rents for tenants of £6.06 per week
- 89% of the incidence of reduced LHA entitlements was on tenants and 11 per cent on landlords (except in London which was 74% on tenants and 26% on landlords)
- 10% increase (between waves one and two) in the proportion of Inner London landlords who had negotiated a lower rent with their tenants

### **Residential mobility**

- Tenants who were no longer on LHA were almost three times as likely to have moved home as those who were claiming it. Most tenants had not moved very far: the majority of movers were living in the same local area and the same local authority (LA) district as before
- There was a strong desire among many households to stay put, especially in high demand PRS markets, due to social and support networks, the desire to avoid children moving schools, the proximity to employment and the lack of other affordable housing options elsewhere
- A third of LHA claimants who had moved said they had difficulties finding new accommodation
- The cost of moving home – particularly the need to pay a deposit and high charges levied by lettings agents – was an important reason why many respondents had not moved
- The proportion of respondents who mentioned 'wanting to pay a lower rent' as a reason for moving increased from 5% in wave 1 to 15% in wave 2
- This was echoed by the wave 2 landlords survey undertaken in late 2012, where 23% of respondents said that there had been an increase in tenants wanting to move in the past year because they could no longer afford the rent
- The LHA reforms were not the most significant reason why claimants moved, but they were becoming more important over time

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<sup>51</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/329953/summary-lha-monitoring-impact-of-changes.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/329953/summary-lha-monitoring-impact-of-changes.pdf)

### **Geographical mobility has been affected most notably in London**

- The proportion of in-region moves remained constant at 93%
- London, especially central London. Here the proportion of those claimants who moved to elsewhere within central London fell from 64% in January/March 2011 (just prior to the reforms) to 50% a year later
- Claimants living in Inner London were significantly less likely to have moved than those living elsewhere
- An analysis of moves made by LHA claimants at local authority level shows a ripple effect out from central London boroughs to neighbouring districts, rather than a leap-frogging to more distant local authorities
- The most popular destination for those PRS HB claimants moving out of London Cosmopolitan areas was Enfield; but the biggest increase over time was to Barnet

### **The emergence of a core LHA PRS sub market in London**

- There may have been some displacement from the 'inner ring' around the central core to outer London over the past year
- On-flows of LHA claimants in London Centre fell sharply in the year immediately after the reforms began to be introduced (2011/12) and then stabilised during 2013. This perhaps suggests that a 'core' HB sub-market now remains
- Rents in the LHA sub-market in London may be in the process of becoming increasingly differentiated from the wider PRS market
- Some landlords also suggested a more segmented rental market was appearing in London, with a 'core' LHA sub-sector remaining, where it was difficult to let to non-LHA applicants because of the wider neighbourhood environment
- There was also less mobility of LHA claimants out of the lower value segment of the PRS in London, which was in turn marked by an increasing concentration of LHA claimants

### **Coping with rent shortfalls varied**

- 46% of claimants said they had spent less on self-defined 'household essentials'
- 38% said they had spent less on 'non-essentials'
- 31% said they had borrowed money from family or friends

### **Rent arrears increased**

- 47% of landlords said they had experienced an increase in rent arrears since the reforms were introduced (an increase of 7% from wave one)
- 10% at wave one (2011) and 12% at wave two (2013) were in rent arrears
- 2% of tenants in arrears at wave one said that the reduction in HB was the single most important reason why they were behind with their rent
- By wave two 1/5<sup>th</sup> tenants ascribed their arrears to reductions in HB
- According to tenants, the most common response by their landlord to any arrears was to ask tenants to pay the money back gradually over time

### **Landlord lettings to LHA recipients was reduced and voids increased**

- In wave two (2013) the proportion of landlords letting to out-of-work benefit claimants was lower (73%) than in wave one (79%)
- Among Inner London landlords, it was 54%, down from 66%
- 35% of landlords in wave two (compared to 31% in wave one) said they were 'considering' or 'planning' to exit the market for LHA properties in the following 12 months
- Significantly greater proportions of landlords with property in London were seeking to reduce lets to LHA tenants and were planning to exit the LHA sub-market altogether in the future
- 19% of landlords overall felt that rental voids had increased as a result of the LHA reforms
- 26% of respondents from rural areas referred to this impact
- 17% of landlords in the high demand Inner London PRS also said that voids had increased because of the LHA measures

### **Evictions and non renewal increase for LHA tenants**

- 37% of landlords had taken action to evict, not renew or end tenancies of LHA tenants since April 2011, compared to 27% who had taken action against non-LHA tenants
- By wave two, 25% in London and 20% in Great Britain landlords said they had taken actions (non-renewal or cessation of a tenancy, or eviction) against tenants specifically because of the effects of the LHA reforms
- The number of households giving the end of an assured shorthold tenancy as the main reason for homelessness almost doubled between 2011 and 2013

### **Use of Discretionary Housing Payments (DHPs) and Direct Payments**

- DHP has been vital in helping to support some tenants to meet increased rental shortfalls. Landlords gave several examples where the use of DHP had sustained a tenancy, although other landlords felt that the temporary nature of the support was merely staving off the inevitable
- Many of the housing advisers suggested that DHPs were rarely being used by tenants to provide breathing space to scan other more affordable housing options. It was primarily seen as 'a short-term fix' and the relatively small proportion of tenants (6%) receiving DHPs echoed this view
- Some of the tenants who were in receipt of a DHP were not sure what exactly it was, and how it was to be distinguished from their LHA entitlement. Nonetheless, all tenants receiving DHPs were very relieved to have them
- One reason for landlords being prepared to retain tenants who were struggling to pay the rent, at least for the moment, was the increased use of direct HB payments to them, especially in lower demand markets
- The survey results suggested that there has been a marked move back towards landlords seeking the security of direct payments, and not just under the criteria stated in the new LHA measures. 30% of landlords in wave 2 said they received direct payments for all their tenants and a further 17% for the majority of tenants

### **SAR claimant numbers fell**

- The caseload for single 25 to 34 year olds with no dependent children increased in the two years leading up to the change in the SAR age threshold (January 2012)
- The caseload for the 25–34 group began to fall steadily, both in 2012 and 2013
- The number of claimants aged between 25-34 fell by 13% between end of 2011 and August 2013, compared to 9% for single people under 25
- The largest decreases were in the higher rent areas of London. The 25–34 group caseload fell by 39% in London Centre, by 26% in London Cosmopolitan areas and 25% in London Suburbs
- In London Centre, the 25-34 Group accounted for 15% of all the PRS HB caseload throughout 2010, but only 10% by June/August 2013
- The difference in the scale of reduction in PRS HB caseload for the 25-34 Group affected by the SAR could not [therefore] be fully explained by any labour market or area effects. The changes to the age threshold for SAR therefore seem to have had a specific impact on the number of HB claimants in the 25-34 group and this effect was more notable in London than elsewhere

### **Reduction in LHA entitlement for SAR claimants**

- LHA entitlements fell on average by £13.06 per week for SAR claimants under 35, for those who in 2011 had been entitled to the one bedroom rate
- This was a larger reduction compared to the estimated impact of the reforms on the whole sample of claimants (£6.84 per week) and the whole of 25 to 34 year olds (£7.23 per week)
- For those single people in the 25–34 group who were not already in shared accommodation in January 2011, contractual rents for a given property have been reduced, on average, by £4.80 per week, suggesting that the incidence of the reduction in LHA was 63% (£8.25 per week) on tenants and 37% on landlords

### **Residential Mobility for SAR**

- Mobility rates among SAR claimants under 35 are higher than any others affected by the LHA changes. Of those not already in shared accommodation (6.9% of all recipients), about 13% moved into shared accommodation in response to the reforms
- 11 months after the point of impact of the reforms, individuals likely to be affected by the increased scope of the SAR were more likely than the sample as a whole to move house

### **Landlords letting shared accommodation**

- In wave two, a significantly higher proportion of landlords in Inner London (29%) compared to the sample as a whole (17%) said they no longer let to the under 35s
- 1/5 of the overall sample (31% in the Inner London sub-sample) said that demand for shared accommodation had increased in the previous year
- Some landlords said they had encouraged people to rent together and move out of self-contained rented accommodation

- In interview, many landlords said they were reluctant to move into the Houses in Multiple Occupation (HMO) market, due to the perceived financial burden of additional management and maintenance costs
- The proportion of landlords in wave two who planned to expand the shared accommodation they let increased from 5% in wave one to 13% by wave two; in Inner London it increased from 1% to 22%

### **Evictions and non renewal increase for SAR tenants**

- In the qualitative interviews with landlords, those taking action to evict or not renew tenancies for tenants affected by the SAR changes were asked about where tenants had moved to. Landlords generally had no idea about the housing circumstances or mobility patterns of those affected
- A significant number of advisers however, reported that those affected had 'dropped off the radar' and there was a widespread perception that 'hidden homelessness' (e.g. 'sofa surfing') had increased among this group
- This was reported in the majority of case study areas but was perceived to be more acute in Inner London case study areas
- The results would suggest that some market adjustment was starting to emerge by the end of 2012

### Parliamentary Question(s) asked via UNISON

**Question 1:** Tabled on: 12 September 2014

To ask the Secretary of State for Work and Pensions, what representations he has received on the effect of the shared accommodation rate on (a) pregnant women, (b) those fleeing domestic violence, and (c) other vulnerable people; and what research he has commissioned on those issues. (209235)

**Answer:** Submitted on 13 Oct 2014 at 12:53.

**Steve Webb:**

There have been a number of representations about the extension of the age threshold for the Shared Accommodation Rate and the effect of the change on certain groups of people.

However, the cost of identifying which representations were about the specific groups quoted since January 2012 would be disproportionate.

Whilst there is no research planned by DWP to look at the impact on the groups of people mentioned, the Department commissioned an independent evaluation of the changes to Local Housing Allowance, including the extension of the shared accommodation rate. The final reports were published in July 2014 and are available at the following link:

<https://www.gov.uk/government/publications/local-housing-allowance-monitoring-the-impact-of-changes>

**Question 2:** Tabled on: 12 September 2014

To ask the Secretary of State for Work and Pensions, how many (a) male and (b) female claimants of each cohort have had the shared accommodation rate rule applied to their claim since its introduction. (209237)

**Answer:** Submitted on 13 Oct 2014 at 12:07.

**Steve Webb:**

The information is not available in the format requested. The information which is available is point in time monthly caseload information on the shared accommodation rate from December 2012 onwards which can be found at:

<https://stat-xplore.dwp.gov.uk>

Guidance on how to extract the information required can be found at:

[https://sw.stat-xplore.dwp.gov.uk/webapi/online-help/Stat-Xplore\\_User\\_Guide.htm](https://sw.stat-xplore.dwp.gov.uk/webapi/online-help/Stat-Xplore_User_Guide.htm)

**Question 3:** Tabled on: 12 September 2014

To ask the Secretary of State for Work and Pensions, how many claimants who have had the shared accommodation rate applied to their claim have subsequently moved home; and whether his Department has commissioned research to find out their eventual destinations. (209238)

**Answer:** The answer was submitted on 13 Oct 2014 at 11:53.

**Steve Webb:**

The information requested is not available. The Department commissioned an independent evaluation of the changes to Local Housing Allowance, including the extension of the shared accommodation rate, by a research consortium from the Centre for Regional and Social Research (CRESR) at Sheffield Hallam University, the Institute for Fiscal Studies (IFS), the Blavatnik School of Government at the University of Oxford and Ipsos Mori. The final reports were published in July 2014 at the following web link:

<https://www.gov.uk/government/publications/local-housing-allowance-monitoring-the-impact-of-changes>

**Question 4:** Tabled on: 12 September 2014

To ask the Secretary of State for Work and Pensions, how many appeals have been made against the application of the shared accommodation rate; and how many of those appeals have been successful. (209232)

**Answer:** The answer was submitted on 13 Oct 2014 at 11:29.

**Steve Webb:**

DWP does not hold this information.

***Dave Anderson MP has asked pursuant of wpq 209232 can the minister explain why the DWP doesn't hold this information and who, if anyone, does***

**Question 5:** Tabled on: 12 September 2014

To ask the Secretary of State for Work and Pensions, how many and what proportion of local housing allowance claimants receive discretionary housing payments; what proportion of such claimants on the shared accommodation rate receive discretionary housing payments; and how many such shared accommodation rate claimants who were (a) female, (b) male and (c) persons aged over 25 years receive discretionary housing payments. (209233)

**Answer:** The answer was submitted on 13 Oct 2014 at 11:32.

**Steve Webb:**

This information is not available.