UNISON Fact Sheet: Why we need a new housing benefit deal for young people

The Government’s cuts to housing benefits have left thousands of young people at more risk of rent arrears, evictions and homelessness, causing financial hardship and problems to those affected.

The hidden impact of the housing benefit cuts

The governments Welfare Reforms since the 2010 Budget have included cutting the Housing Benefit Bill. Whilst there has been a lot of media attention on the bedroom tax in social housing there has been little focus on the negative impact that housing benefit cuts have had for people in the private rented sector (PRS). Changes to the Local Housing Allowance (housing benefit in the PRS) and in particular the extension of the Shared Accommodation Rate (SAR) for young people up to 35, have had the effect of limiting the amount of housing benefit that claimants can receive and in turn the amount of affordable accommodation available in the PRS.

The SAR has had the most impact on single young people under 35 who now receive less housing benefit which is restricted to a rate set only for a single room in a shared house. The amount itself has been set too low so that there is less shared accommodation available at this rent price for young people and rather than move into often poor quality shared accommodation young people are staying put and increasingly moving into debt and rent arrears and evictions as they struggle to make up the growing gap between the market rents and the amount of housing benefit claimants receive.

UNISON is concerned that the reforms are also causing hardship to increasing numbers of vulnerable groups, including young pregnant women, women fleeing domestic violence, young LGBT people, people with visiting children and people with mental health and addictions. These groups face lack of suitable affordable shared accommodation with often poor quality, insecure and unsafe housing environments with risks to personal safety.

UNISON wants to see a new housing benefit deal for young people and is calling on the government to abolish the SAR for all 25-34 year olds as the rate is set too low and there is an inadequate supply of suitable shared accommodation for this age group.

The UNISON study: “A New Housing benefit Deal for Young People” reveals that:

- Young people under 35 – whether they are in work or not - are now the largest group (over 50%) living in the Private Rented Sector (PRS), due to the lack of social housing and finance for homeownership
- LHA/SAR changes have made only the cheapest third of properties within the PRS eligible for housing benefit, thereby reducing the amount of suitable affordable accommodation for benefit claimants in most UK geographical areas
- Young single housing benefit claimants under 35 ‘in work and out of work’ within the PRS face reduced benefits and face higher rents. Those in social housing are also hit by changes to the bedroom tax and face penalty reduced benefits
- Young people in work are struggling to pay high rents, save for mortgages and find quality accommodation, while many young people who are unemployed, or on low pay and receiving housing benefit, are struggling to pay their rent due to the new SAR which is set too low. The under 35 age group also face unstable, insecure renting, high letting agency fees and problems with deposits
- Landlords are reluctant to lower rents in response to housing benefit cuts; this is leading to young people struggling to meet rent shortfalls. Further, due to the lack of suitable shared housing options for young people, there is now emerging a ‘sub LHA housing market’ of poor quality, etc., in areas of deprivation
- Higher rents and reduced benefits is likely to act as a disincentive to work more, and will likely create more debt and rent arrears and risk young people in a poverty trap, whilst increasing to an increased housing benefit bill
LHA/SAR changes are affecting the housing choices of young people as rather than enter poor quality and unsafe shared accommodation with strangers many are staying put in their current homes facing an ever widening gap between the amount of housing support they are receiving and rising rents.

LHA/SAR have also led to the increase of homelessness and hidden homelessness (with young people being left to sleep where they can: on the floors of friends and family) due to the increase in evictions of young people and the non renewal of tenancies due to landlords growing reluctance to provide shared accommodation to young people on housing benefits and the under 35 age group as they fear a growing rent arrears problems with this age group.

Young vulnerable women (pregnant and fleeing domestic violence) and vulnerable groups (LGBT, mental health, people with visiting children) face increased personal safety risks – as they are being forced into unsafe, insecure shared housing with strangers they know nothing about, broken locks, etc, and poor quality housing.

Meeting young people’s housing needs – Improving the supply of housing

There is clearly a need for an increase in the supply of affordable housing, particularly social housing at social rents, to meet the housing needs of young people and those on low incomes, and to sustain the ‘benefits to bricks’ transition. However, the government’s affordable housing programme has not increased the social rent sector provision as the rents have been set up to 80% of the market rent – making them unaffordable to many. Increasing the supply of all types of housing over the next 30 years – particularly social housing - would widen the housing options of people; lower the costs of housing overall for everyone, in particular private renters. This would reduce the housing benefit bill and offer better value to the tax payer for rent subsidies and incentivise young workers more.

What needs to happen

UNISON’s report calls for better long-term solutions to reduce the housing benefit bill whilst raising the living standards and employment opportunities and conditions for young people:

- Abolish the SAR completely and keep the entitlement to Housing Benefit for 16 to 24 years olds
- Failing abolition provide an urgent review to extend exemptions for certain groups: pregnant and vulnerable women fleeing domestic violence, young LGBT people and people with mental health
- Move the Local Housing allowance (LHA) rate back to the median local market rent and switch back uprating to be linked to the RPI and not CPI
- Full review of Council tax Reductions schemes and the Discretionary Housing Payments
- Review young people’s ability to afford the 80% affordable rent and young people’s demand for more social housing units
- Regulate the increasing poor quality and standards of the Private Rented Sector (PRS) and in particular the emerging ‘sub LHA PRS’
- Introduce sustainable rents tied into longer and securer tenancies
- Universal Credit needs to be reviewed to ensure that high rents and entitlements do not undermine the incentives of working for young low paid workers
- Address the gender pay gap and employment sector divisions to enable young women, who are more disadvantaged, to be able to fulfil career ambitions and housing in full
- Remodel Universal Credit to ensure safer delivery of payments to highly mobile young people in the PRS dealing with both frequent housing moves and fluctuating contracts at work and zero hour contract conditions

The full report can be downloaded on UNISON’s website here.

What you can do

Write to your MP http://www.theyworkforyou.com/ and your local councillors https://www.writetothem.com/ to raise the above concerns

UNISON’s welfare and housing campaign – For further information:

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