



## Shut Out briefing: young people, shared accommodation and homelessness

May 2015

Homelessness is rising particularly sharply amongst younger adults. Crisis is deeply concerned that the extension of the Shared Accommodation Rate to single 25 to 34 year olds is contributing to this increase.

Almost **one in twelve 16-24 year olds report being recently homeless**<sup>1</sup> and since 2011 there has been a **19 per cent increase in rough sleepers aged 26 to 35** in London.<sup>2</sup>

Government research has identified a **13 per cent drop in single 25 to 34 year olds claiming housing benefit** in the private rented sector and a **9 per cent drop amongst under 25 year olds**. During this period the overall number of people claiming housing benefit in the private rented sector continued to rise, suggesting that these changes are not the result of a lack of need for housing benefit. Landlords and housing advisors interviewed for the research suspected many had been forced into 'sofa surfing' or rough sleeping.<sup>3</sup>

### What we are calling for:

1. The Government must conduct a wide-ranging review of the affordability, availability and suitability of shared accommodation for single under 35s. This must look at how the Shared Accommodation Rate is calculated, to ensure it covers the true cost of renting.
2. At a minimum, those for whom shared accommodation is unsuitable— including pregnant women, those fleeing domestic violence and parents with non-resident children— should be exempt.
3. In the meantime the Government should encourage an increase in supply of shared accommodation to meet the housing needs of younger adults who are limited to this lower rate of housing benefit. Support should also be provided to help vulnerable adults sustain their tenancies.

### Problems with the Shared Accommodation Rate

Single under 35 year olds looking for private rented accommodation are only entitled to a lower rate of housing benefit, the Shared Accommodation Rate (SAR). This rate is based on the cost of a room in a shared property, rather than self-contained accommodation. In 2012, the upper age limit of those limited to the SAR was extended from 24 to 34, a change estimated to affect 62,500 people<sup>4</sup>.

Crisis campaigned against this cut, which has created greater pressure on the limited pool of shared accommodation available.

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<sup>1</sup> Crisis (2013), *The Homelessness Monitor: England 2013*

<sup>2</sup> CHAIN data

<sup>3</sup> Department for Work and Pensions (2014), *The impact of recent reforms to Local Housing Allowances*

<sup>4</sup> Department for Work and Pensions (2011), *Housing benefit equality impact assessment*

## Affordability

The extension of the Shared Accommodation Rate has made it extremely difficult for under 35s to rent even a room in a cheap shared house.

The government's intention is that a third of shared properties should be affordable within the Shared Accommodation Rate.<sup>5</sup> Yet research conducted by Crisis found that **just 13 per cent of advertised rooms are affordable** within the rate.<sup>6</sup>

Even the Government's own figures show that the Shared Accommodation Rate falls woefully short of local rents: **a fifth of Shared Accommodation Rates fall 5 per cent or more below the 30<sup>th</sup> percentile of local rents.**<sup>7</sup> This is in spite of the fact that almost all of these have benefitted from additional Targeted Affordability Funding to increase the rates by 4 per cent instead of 1 per cent.

Crisis is concerned that this shortfall is in part due to **significant flaws in the way the SAR is calculated.** The Valuation Office Agency (VOA) in England often bases its calculations on a limited sample of properties concentrated at the lower end of the market. In 2012/13 the VOA on average based its calculations on 102 fewer properties per postcode than were advertised on the website [spareroom.co.uk](http://spareroom.co.uk) and calculated the average weekly rent to be £23.95 lower.<sup>8</sup>

As Jobseekers' Allowance is just £57.90 per week for under 25 year olds– and under 35 year olds are much more likely to be sanctioned<sup>9</sup>– any shortfalls between housing benefit and rents can have a serious impact. Even those younger adults who can find a room can be forced to skip meals or turn off the heating to pay the rent.

## Availability

The extension of the Shared Accommodation Rate to over 25s has put considerable pressure on an already pressurised market.

In areas of high demand, such as university towns and cities with a strong culture of sharing, **younger adults in receipt of housing benefit are being squeezed out** in favour of letting to students and young professionals. In other parts of the country where sharing is not the norm, there is a very **limited supply of shared properties.**

Renting a room is made even more difficult because landlords are increasingly **unwilling to let their properties to people on housing benefit.** Crisis' mystery shopping exercise found that the proportion of rooms available falls to 1.5 per cent when accounting for this.<sup>10</sup> Government research confirms that **one in six landlords have stopped letting to under 35 year olds** because of cuts to housing benefit.<sup>11</sup>

If younger adults are unable to access even shared accommodation, this often leaves them with no viable housing options.

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<sup>5</sup> All Local Housing Allowance rates, including the Shared Accommodation Rate, were reduced from the 50<sup>th</sup> to the 30<sup>th</sup> percentile of local market rents in 2011

<sup>6</sup> Crisis (2012), *No room available: study of the availability of shared accommodation*

<sup>7</sup> Crisis analysis of 2015/16 Local Housing Allowance rates for England, Scotland and Wales

<sup>8</sup> Crisis analysis of Valuation Office Agency data

<sup>9</sup> In 2013/14 two thirds of all JSA sanctions were applied to claimants under the age of 35: Crisis (2014), *Benefit sanctions and homelessness: a scoping report*

<sup>10</sup> Crisis (2012), *No room available: study of the availability of shared accommodation*

<sup>11</sup> Department for Work and Pensions (2014), *The impact of recent reforms to Local Housing Allowances*

## Suitability

**For many younger adults, sharing is simply unsuitable.** Being forced to share can put them at risk of not sustaining their tenancy, leading to repeat homelessness, and have damaging impacts on their mental health and well-being.

At the lower end of the market sharing often involves **insecure, poor quality properties that are shared with strangers**. This can be an inappropriate environment for many people.

There are a **limited set of exemptions** that allow some single under 35 year olds to obtain a self-contained property. While welcome, in many cases these exemptions do not go far enough and some only apply to a limited age group. This leaves many under 35s forced to share despite having complex needs.

- **Those aged 25 and over with a history of homelessness:** this exemption applies to people who have lived for at least 3 months in a homeless hostel. This definition is narrow and only covers hostels whose main purpose is to rehabilitate or resettle people into the community. A fifth of housing advisors say none of their clients have been able to secure this exemption despite having a history of homelessness.<sup>12</sup>
- **High risk ex-offenders aged 25 and over:** this applies to sexual and violent offenders who are being rehabilitated back into the community.<sup>13</sup> This exemption does not apply to those under 25, even though they are likely to present a similar risk to those they have to share with.
- **Care leavers aged under 22:** care leavers are exempt until they reach the age of 22. This means those who have been successfully resettled into self-contained accommodation have to move as soon as they turn 22.
- **Disabled people:** exemptions apply to under 35 year olds entitled to the Severe Disability Premium, as well as to those who require an extra bedroom for an overnight carer. These do not apply to many people with serious disabilities or mental or physical health conditions for whom sharing accommodation will often be inappropriate.

Additionally, there are people with vulnerabilities that make sharing unsuitable but for whom there are no specific exemptions from the Shared Accommodation Rate.

- **People fleeing domestic abuse:** people who have experienced violence or abuse may feel unsafe sharing a property with strangers. Female survivors of domestic abuse may be particularly at risk if forced to share with men they do not know.
- **People with dependency issues:** people with substance abuse issues may have a negative effect on others in a shared property. For recovering addicts, a shared property may put their progress at risk. Drug taking features in many accounts of shared renting for people who had been homeless.<sup>14</sup>

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<sup>12</sup> Crisis (2012), *Hitting Home*

<sup>13</sup> Those subject to Multi Agency Public Protection Arrangements (MAPPA)

<sup>14</sup> Crisis (2011), *Unfair Shares*

Some younger adults have family circumstances that make sharing unsuitable. But they are also not exempt from the Shared Accommodation Rate.

- **Pregnant women:** pregnant single women are restricted to the Shared Accommodation Rate until they give birth. This means they have to return to a shared property– most likely shared with strangers– with their new born.
- **Parents with non-resident children:** parents living in shared accommodation are often unable to have their children to stay, because it is not a suitable environment for children or there is insufficient privacy or space. This can make it very difficult to maintain a relationship with their children.<sup>15</sup>

The Government should **evaluate the current list of exemptions**, establish whether they are working effectively and extend exemptions to the groups outlined above. The **existing exemptions should also be extended** to all younger adults up to the age of 34 who are otherwise limited to the Shared Accommodation Rate.

#### *Sharing Solutions: Mitigating the impact of the Shared Accommodation Rate*

The Crisis Sharing Solutions Programme, funded by the Department for Communities and Local Government from October 2013 to March 2015, assisted younger adults subject to the Shared Accommodation Rate to access secure and safe shared housing. The programme supported eight pilot schemes in a wide range of housing markets across the country. The schemes provided tenants with pre-tenancy training and ongoing support and worked with landlords to incentivise them to rent their properties to vulnerable people.

The programme demonstrated that sharing can be a viable housing option for some younger adults; 84 per cent of tenancies created by the programme were sustained for six months or more. But this required intensive support, resources and staffing.

Younger adults with complex needs cannot be expected to share without such support. If under 35 year olds continue to be limited to the Shared Accommodation Rate, additional funding must be provided to support those with a history of homelessness to sustain their tenancies. The benefits of funding such support soon outweigh the costs, with £5.21 of savings generated for each £1 of grant funding.<sup>16</sup>

## **Conclusion**

Crisis has had longstanding concerns about the Shared Accommodation Rate. It is vital that the Government conducts a thorough review, looking at the affordability, availability and suitability of shared accommodation for younger adults.

At the very least ministers must make sure that the Shared Accommodation Rate gives the level of support that it is supposed to. Flaws in its calculation, combined with an increase in demand for a limited supply of shared accommodation, means that many younger adults are unable to rent even a room in a cheap shared house.

### **For further information please contact:**

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<sup>15</sup> Crisis (2011), *Unfair Shares*

<sup>16</sup> Crisis (2015), *Evaluation of the Sharing Solutions programme*