

POLICY BRIEFING: SHARED ROOM RATE RESTRICTION EXTENDED TO EVERYONE UNDER 35 YEARS OF AGE November 2010

WHAT DOES THE CHANGE MEAN?

The Shared Room Rate (SRR) restricts the maximum Housing Benefit claimants in the private rented sector can receive to the rate for a single room in a shared house, rather than a self-contained studio flat, or one-bedroom property. As of April 2012, SRR that previously only applied to people aged 25 and under will be applied to people aged 35 and under.

KEY CONCERNS

- Access to the private rented sector as move-on for homeless people is already difficult for under 25s.
- Extending shared room rate restriction to all under 35 year olds will have a significant impact by adding another tranche of the homeless population to those to whom the restriction already applies.
- Availability of shared accommodation in the private rented sector for people on benefit is problematic.
- Hostel places will become blocked because of the lack of available shared properties to move people on to.
- People with support needs may find sharing a tenancy with other people with support needs challenging and it could lead to more tenancy breakdown.

GOVERNMENT SAVINGS AND RATIONALE

The government estimate that this will generate savings of £215 million a year by 2014-15. The justification for the change is that this will ensure that Housing Benefit rules reflect the housing expectations of people of a similar age not on benefits. This does not take into account that people with a background of neglect or abuse and upheaval are less likely to manage in shared accommodation or to be able to access it.

HOW WILL IT IMPACT ON HOMELESS PEOPLE?

The private rented sector is increasingly the main option available for homeless people moving out of hostels, especially in areas of housing pressure like London and the South East. The SRR currently causes considerable problems for young people, with many unable to secure or sustain affordable accommodation and left facing shortfalls, arrears and homelessness. The DWP estimates 88,000 people will be affected by this change,¹ and some people will see their benefit entitlement halved. They are likely to lose their accommodation, which will place further pressure on the limited pool of shared properties available.

¹ HM Treasury (2010) Spending Review 2010 press notices from Crisis briefing
<http://www.crisis.org.uk/data/files/publications/1008HBCutsFINAL.doc>

A survey of schemes helping people find private rented accommodation found the low level of the Shared Room Rate was their biggest policy concern.² Homelessness agencies that run letting schemes in the private rented sector may have to consider evicting tenants whom they have supported and linked into the local community and who are on the journey to improving their lives and being supported back into employment. Otherwise they will have to find a way of managing the shortfall between rents and benefits. They will not necessarily have the capacity to support them to find new tenancies.

Broadway³ runs the award winning scheme Real Lettings, a specialist lettings agency offering landlords support in renting their properties in London. The agency helps people source suitable homes whilst at the same time offering landlords complete property management, guaranteed rent and zero voids. It is very successful with 95% of their clients maintaining their tenancy compared with 59% in other Private Rented Schemes. Real Lettings has major concerns about the proposals on shared room rent including:

- The under 35s are the majority of their client group.
- 82 of Real Lettings clients will be under 35 when the benefit changes are imposed.
- They are the client group they have most success at getting back into employment and training.
- The majority of their properties are not suitable for sharing – the kitchen is part of the living room. Only 14 properties have a separate kitchen and living room.
- Clients will have to leave a settled tenancy and move into a shared property.
- As most of the properties available through Real Lettings are unsuitable for sharing, i.e. not having a living room, they fear their only option will be to evict those tenants as they will be unable to make up the gap between benefits and rent. This will be distressing having witnessed them improving their lifestyle,
- They have worked with their clients building up networks in their local area, moving out of the area could have a serious detrimental impact on their progress.
- Clients who are managing their support needs will be forced to live with other people who are also trying to manage their support needs. They know from experience this will put people at risk of returning to old habits concerning drug and alcohol, etc.

Hostel places will become blocked because of the lack of available shared properties to move people onto. This leads to a greater risk of people becoming entrenched and dependent on a hostel lifestyle and losing their independent living skills, thereby making it harder to move them on when they are 35 years.

TENANT'S CHOICE

Feedback from our members suggests that people moving on from hostels rarely positively choose to be in shared accommodation.

² Letter to Lord Freud from Homeless and Housing sector
<http://www.insidehousing.co.uk/news/care-and-support/shared-room-rate-change-risks-homelessness/6512433.article>

³ Broadway is a London based homelessness charity providing a full range of services to help people get accommodation, improve their physical and mental health, gain training and employment and to live successful, independent lives

Carr Gomm's report 'Shared Living - what works in Supported housing'⁴, which focuses on staffed supported housing projects has relevant findings for this issue. It found that, '*People are either drawn to Supported Shared Housing in a positive way e.g. the expectation of companionship and security, or are repelled by it (not wanting to be living in it but it was the only accommodation on offer (as expressed by some women and ex-offenders)). How a person arrives at a project and whether they had a choice does impact on their attitude to the staff and other residents.*'

Where people moving on make a positive choice for companionship and have some control over who they share with outcomes are more likely to be positive.

LOCAL AUTHORITY RESPONSE

The London Borough of Camden which has 1300 beds in their Homeless Pathway stated that this is the change which they envisage having the most impact on their service. 23% of their pathway clients are between 25 and 35 years of age. In the last five years they have put effort into finding and developing relationships with private landlords and have had considerable success. However this route out of hostel accommodation has not been possible for the under 25s because of the shared room rate. In their experience sharing does not work for this group of young people. A blockage of the move-on option to self-contained accommodation in the private rented sector for all 25-35 year olds adding to the already significant problem they have moving on the under 25's will be extremely problematic. They are currently unclear how they will address this.

PERCENTAGE OF HOMELESS CLIENT GROUP BETWEEN 26 AND 35

We do not have an overall percentage of the single homeless population which fall into this age category but we do know that people in this age group are the most likely to end up on the streets. 26% of people contacted by outreach or BBS teams and/or arriving in or departing from accommodation in London in 2009/2010 were between the ages of 26 and 35.⁵ Some agencies have a very high proportion of clients in this age bracket. Anchor House in Newham, for example, have a client group 75% of whom are under 35 and a third of these are under 25.

PRIVATE RENTED SECTOR

The private rented sector (PRS) has been increasingly promoted as a good housing solution by the CLG. It has taken a time for the homeless sector to adapt to successfully working with the PRS. This change will undermine some of the development work that has been done by the sector with private landlords. Over a quarter of the agencies surveyed for SNAP⁶ 2009/10 have moved on between a quarter and three quarters of their clients into the private rented sector and in some areas the percentage is much higher. For those who are not moving into the private rented sector direct from hostels it is often going to be their option further down the line after they have been in a second stage project.

AVAILABILITY OF ACCOMMODATION

In many areas of the country, accommodation available to rent to sharers does not exist. Even where it does, claimants already struggle to find an affordable property, with DWP figures

⁴ Shared Living- what works in Supported housing. http://carrgomm.org.uk/media/Shared_Living_-_Summary_Report_FINAL.pdf

⁵ <http://www.broadwaylondon.org/CHAIN/NewsletterandReports>

⁶ Survey of Needs and Provision Homeless Link 2009/10 <http://www.homeless.org.uk/snap>

showing 70% face a shortfall averaging £27 per week⁷. The CAB⁸ have carried out a quick survey on a national website advertising shared accommodation⁹, they found 176 advertisements for shared accommodation in Sheffield, at a rate of between £50 and £60 per week, but only 9 of these would accept HB claimants. In London, 8 of 204 advertisements would accept HB claimants. In Sunderland, only 1 (of 8 overall) would accept HB claimants. Many advertisements stipulate a professional person, which reinforces the concern that it will be hardest for claimants on low incomes to find a suitable house-share.

Homeless Link member agencies have stated that the only realistic option is finding properties suitable for their clients to share. According to projected figures for local housing allowance, in the majority of areas two people sharing a one bed property in London will not be affordable. The impact will not only be in London but in other areas where the private rented market is a significant source of move on. Porchlight, a homelessness agency in Kent, working with young people, say they already struggle to find tenancies and are really worried about they are going to manage these changes. Anchor House in Newham have seen a 400% increase in referrals from Housing Options in the last few months and have had to refuse referrals and pass these onto other agencies. The hostel is already filling up with people who are ready to move on for whom they cannot find accommodation.

LANDLORD RESPONSE

Landlords are already responding to this change. Porchlight in Kent employs two landlord liaison workers and feedback from their local private landlord's forum is that landlords would no longer be accommodating any under 35 year olds. Half of the agency's move-on is to the private rented sector. Anchor House in Newham have said that at least two of their private landlords have withdrawn from accommodating their clients because they do not want to take under 35s under the new rules.

IMPACT ON SUSTAINING A TENANCY

For vulnerable people, even if a property is available and affordable, sharing is often inappropriate and can be particularly detrimental to their well being. This change is likely to lead to more breakdowns of tenancies, evictions and returns to the streets or people staying longer in more expensive hostel accommodation

The homeless sector has experience of shared accommodation being regarded as unsuitable for former rough sleepers under the Rough Sleepers Initiative (RSI).¹⁰ 'Shared Solutions' was a report published in 2001 by Broadway, commissioned by the Housing Corporation, which identified that the shared units representing one third of the permanent housing stock available for rough sleepers coming off the streets, were not working. They were hard to let, presented considerable management problems for housing providers, no matter who owned the units or who provided the support and they were causing voids for Registered Social Landlords. No further shared units were developed under subsequent phases of the RSI programme, and some of the original shared stock has been substituted with self-contained by housing associations.¹¹

⁷ DWP (2008) LHA pathfinder research - report no 15

⁸ Communication from NACAB at meeting 16/11/2010

⁹ Sparerroom.co.uk

¹⁰ The Rough Sleepers Initiative was the original government programme supporting rough sleepers off the streets and into accommodation 1990 -96

¹¹ Communication from Broadway 22/11/10

An agency in Blackpool, the Ashley foundation, which runs three hostels, are extremely concerned about the impact of these changes. They have better access to social housing than areas where there is greater housing pressure. Currently they strongly advise residents under 25 years to apply for social housing and indeed will only resettle privately if they have secured a job. The experience of the resettlement worker is that on the few occasions where she has found a property for friends wanting to share a flat it has failed in less than 6 months.

'Unfortunately, possibly due to our client group calling someone a 'friend' within a few weeks of knowing them, the longest the tenancy has lasted has been 9 months! Personally I believe changing the HB will cause dreadful problems, particularly for tenants who wish to remain in the private sector.'

Some agencies (e.g. Bournemouth Churches Housing Association) report that shared tenancies in HMOs are an important option and this will be increasingly the case. They can work well, however success depends on the quality of support available. Support providers / landlords need to be able to react quickly and carefully if things are breaking down. BCHA have been notified of cuts to their SP funding for their HMO provision threatening the support that can be provided in this type of tenure at the exact time when demand is likely to increase. There are also concerns being expressed about local authorities' capacity to inspect and manage condition in HMOs.¹² In the longer term the lesson from experience is that self contained options are more likely to be successful.

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¹² <http://www.insidehousing.co.uk/news/care-and-support/shared-room-rate-change-risks-homelessness/6512433.article>