



Housing Benefit: Shared Accommodation Rate

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The Shared Accommodation Rate (SAR, previously the Shared Room Rate) was introduced in 1996 and originally limited the Housing Benefit that a single person under the age of 25 could receive to the average rent level charged for a room in a shared house. The SAR has been controversial since its introduction.

As part of the October 2010 Spending Review the Government announced that the SAR would be extended to cover single claimants up to age 35 from April 2012. This change was brought forward to 1 January 2012 and was implemented by *The Housing Benefit (Amendment) Regulations 2011* (SI 2011/1736).

Prior to implementation [draft regulations, an Impact Assessment and an Equality Impact Assessment](#) were published and referred to the Social Security Advisory Committee (SSAC) for consultation. The Impact Assessment stated that around 20% of the 1-bedroom Local Housing Allowance (LHA) caseload (at March 2010) would receive, on average, £41 per week less benefit than under the previous rules. The change was expected to affect around 63,000 people. The consultation exercise ended on 17 June 2011 and the [SSAC's report](#) was published, with a Government response, in July 2011. The SSAC recommended that the proposals should not go ahead. The Government rejected the SSAC's recommendations but included in the final regulations (*Housing Benefit (Amendment) Regulations 2011* (SI 2011/1736)) two additional exemptions which only apply to the extended age group.

The Regulations were considered by the Merits of Statutory Instruments Committee in September 2011 and in Grand Committee (House of Lords) on 12 October 2011.

This note provides background to the SAR, some comment on its extension to under 35s and evidence of its impact to date.

Guidance on the implementation of the SAR extension and exemptions to it are contained in DWP [Housing Benefit/Council Tax Benefit Circular A12/2011 \(revised\)](#).

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1 Background

Prior to 1 January 2012 the Shared Accommodation Rate (SAR) applied to single people up to age 25 living in private rented accommodation in receipt of Housing Benefit (it also applied to people in receipt of the Local Housing Allowance). It was first introduced in 1996 “to ensure that Housing Benefit does not encourage young people to leave the parental home unnecessarily or to take on higher priced accommodation at the taxpayers’ expense than they could afford from their own earnings.”¹

The effect of the SAR was to limit the amount of HB a claimant who was up to 25 years old could receive to the average Local Reference Rent (for pre-April 2008 claimants in private rented housing) or the Local Housing Allowance (LHA) (for post April 2008 claimants) for a room in a **shared** house or flat.²

Various groups of tenants are exempt from the SAR (these exemptions have been carried over to the extended age group)³ including:

- local Authority and Registered Housing Association tenants. Social sector tenants normally have their rent met in full (less deductions for non-dependants and earnings) as rents are generally below market rates;
- tenants in certain supported accommodation. This covers tenants who are in accommodation where the landlord is a county council, voluntary organisation, housing association or registered charity and provides care, support or supervision. These cases are assessed under pre 1996 rules which recognise that their housing costs may be more expensive;
- claimants entitled to the severe disability premium - that is customers who receive the middle or highest rate care component of Disability Living Allowance;

¹ Department of Social Security Press Notice, 96/09, 2 April 1996

² This involves shared use of a toilet, kitchen, bathroom and living room.

³ See section 3 of this note for two additional exemptions that apply to the extended age group.

- claimants who have a non-dependant residing with them;
- claimants under the age of 22 who were formerly in social services care. This allows care leavers some leeway to become settled and move in to work or establish links whereby they could share accommodation with others. [Note: this exemption will not apply to the extended age group but is included for completeness to show the current exemptions]; and
- claimants entitled to an extra bedroom to allow for a non-resident carer to sleep over where overnight care is required.

Thus if a single person claimant who was under 25 chose to rent a self-contained bedsit or one-bedroom flat it was unlikely that their Housing Benefit would cover the full amount of their housing costs.

The SAR has been controversial since its introduction. The Social Security Advisory Committee (SSAC) expressed serious concerns when considering the draft regulations in 1996 and recommended that if it were to be introduced it should be based on “modest accommodation with exclusive use of kitchen, bathroom and toilet facilities.”⁴ In 2000 the Social Security Select Committee’s inquiry into Housing Benefit concluded that there was “a strong case for abolishing the SAR.”⁵ Some changes were introduced in 2001 to extend the SAR definition to include access to a shared living room; however research commissioned by the DWP said that the changes had “made no appreciable difference to the supply or quality of accommodation to young claimants or their ability to access it.”⁶

The last Conservative Government introduced Regulations in March 1997 (SI 1997/852) to extend the SAR to apply to single claimants in the private rented sector up to age 59 (with some specified exceptions). The Social Security Advisory Committee said at the time that the proposals should not proceed until a thorough study of the impact of the SAR had been carried out.⁷ The Regulations were not brought into force after the 1997 General Election.

The SAR was carried over into the LHA system which was rolled out nationally in April 2008. In preparation for the rollout, the definition of what accommodation could be counted under the SAR was widened to make it more reflective of the range of accommodation available to tenants. It was also expected that using the median of rents to calculate LHA rates, including the SAR, would result in about half the shared accommodation properties in each Broad Market Rental Area (BMRA) being affordable at the appropriate rate.

Bodies that have consistently campaigned for the abolition of the SAR published a joint paper, *Shared Room Rent - the case for abolition*, prior to the introduction of the Local Housing Allowance. The key issues identified in this paper are summarised below:

- the SAR results in single claimants experiencing unsustainable shortfalls between their rent levels and Housing Benefit entitlement – these shortfalls are more acute for younger claimants;

⁴ *Housing Benefit (General) Amendment Regulations 1996*, Report by the Social Security Advisory Committee, Cm 3225, 1996

⁵ Social Security Select Committee Sixth Report of 1999-2000, *Housing Benefit*, HC 385-I, 2001

⁶ Harvey J and Houston D, *Research into the single room rent restrictions*, DWP, 2005

⁷ For information on the SSAC’s response and the Government response to SSAC see Command Paper 3598

- the SAR makes it harder for young people to locate suitable accommodation and thus more difficult for local authorities to prevent homelessness amongst this group;
- private landlords are reluctant to let to under 25s because of the operation of the SAR – rent arrears can accrue where the SAR does not cover the contractual rent; and
- shared accommodation is not always a suitable option for claimants;
- the SAR puts young people at risk of social and financial exclusion.⁸

When opportunities have arisen in Parliament there have been various attempts to amend the SAR rules. For example, during the passage of the *Welfare Reform Act 2007* Lord Best tabled an amendment to limit the application of the SAR to single people up to age 21:

Baroness Hollis of Heigham: My Lords, this has been a problem for many years. We have made some movement on the shared room rent philosophy over the years, but there is a problem of supply and demand. We have all had hundreds of cases reported to us of young people who have to top-slice their income support or JSA, let alone their disability benefits, to be able to afford accommodation that is not fully covered by housing benefit. There is undeniably a problem.

I have two difficulties with the solution proposed by the noble Lord, Lord Best, which is to bring the age for going on to housing benefit support, or the new housing allowance support, for self-contained accommodation down from 25 to 21. First, there is a problem of work incentive, partly because housing benefit and its tapers are the elephant in the room on all welfare reform policies by virtue of the very steep tapering effect. This is not particularly germane to the argument made by the noble Lord, Lord Best, but we know that where council estates have gone over to being housing associations on the grounds that in housing associations people are in work, the people who are transferred on housing benefit remain out of the labour market because it is so expensive for people on the minimum wage to leapfrog into making work pay. I would not like to attach a figure to that problem.

Secondly, there is the big-ticket number. The noble Lord, Lord Best, said that the cost of providing for those over 21 to go into self-contained accommodation would be £10 million. My difficulty is that for a lot of social security there is a fulcrum at 25. IS is set at a higher rate for those aged 25 and over, as is JSA. If one were to bring the fulcrum for housing benefit down from 25 to 21, it would be difficult not to argue that IS and JSA rates should follow; otherwise, there would be major disjunctions between rent and income levels and whether a claimant was supposed to be in an independent household. I do not have a clue what the figure would be, but I suspect it would be around £200 million or £400 million. I am guessing because I have done no work on that estimate, but I suspect it would be a big-ticket number to bring the read-across benefits down to the same fulcrum.

Having said that, I do not think any of us would feel comfortable walking away from this amendment, so I shall press my noble friend on the discretionary housing payments scheme. It has existed for a number of years and is a central government grant to local authorities to allow them to top up people's housing benefit and council tax for a good reason, such as because they are vulnerable, pregnant or have a very large family. Very many of the young people to whom the noble Lord, Lord Best, referred ought to count as vulnerable and to be eligible for such a fund. There is no reason why that should not be the case since, as I say, some local authorities spend all their money

⁸ Citizens Advice, YMCA, British Property Federation, Crisis, Shelter, Child Poverty Action Group & Centrepoin, *Shared Room Rent - the case for abolition*, online at: www.citizensadvice.org.uk/Sharedroomrent4_final.pdf

and some spend only 10 per cent of it. It is completely random and most people do not even know about it.

I do not know whether the noble Lord, Lord Best, and others might feel that this is a reasonable way forward but, as we publicise the new local housing allowance scheme, could we ensure that all the literature makes reference to the discretionary housing payments scheme for those who may be considered vulnerable and that local authorities are circularised with this? Could my noble friend review the adequacy of the fund in the light of that? I cannot remember how much it was; while I have a feeling that it was about £25 million, it could well have gone up by now. That might be a way forward, giving a tailored help to those who need it without it becoming a big-ticket item for the whole field of social security.

We have a real problem, but the solution that the noble Lord, Lord Best, suggested is possibly too big for this amendment, given the implications both for work incentives and the social security budget. I believe that there is another way of dealing with it, so could my noble friend help us on that?⁹

2 Extension to under 35s

As part of the October 2010 Spending Review the Government announced that the age at which the SAR applies would be extended to cover single people under the age of 35 from April 2012 (the implementation date was subsequently brought forward to 1 January 2012). This measure was expected to save £215m a year by 2014/15. The key policy objectives include:

- ensuring greater fairness - ensuring that those receiving Housing Benefit do not have an advantage over those who are not on benefit, but have to make similar choices about what they can afford;
- ensuring that Housing Benefit rules reflect the housing expectations of people of a similar age not on benefits;
- helping contain growing Housing Benefit expenditure; and
- removing a potential work disincentive.¹⁰

The measure was introduced by the [Housing Benefit \(Amendment\) Regulations 2011](#) (SI 2011/1736). These Regulations were laid before Parliament on 19 July 2011 and were subject to the “negative procedure.”¹¹

On 28 March 2011 the Government announced that the extension of SAR to claimants under 35 would be brought forward to take effect from January 2012 – the following explanation was provided:

We intend to bring forward these changes by three months so that they start to take effect from January 2012.

The local housing allowance reforms, to be introduced from this April, cap the level of payments to a maximum of a four bedroom rate and reduce local housing allowance rates so that they are based on the 30th percentile of rents rather than the median.

⁹ HL Deb 19 March 2007 c1109-10

¹⁰ Explanatory notes to the draft regulations

¹¹ 'Negative procedure' refers to statutory instruments which automatically become law unless there is an objection from either House.

They also introduce overall caps on the rate of local housing allowance for one, two, three and four-bedroom accommodation. Existing customers will be given up to nine months transitional protection from these reforms starting from the anniversary date of their claim.

By introducing the shared accommodation rate changes slightly earlier, this will bring the timing of the shared accommodation rate change more closely into line with the local housing allowance reforms for existing customers. It will ensure that single people aged 25 to 34 reaching the end of their transitional protection period will experience at that point a single reduction in their housing benefit, rather than two separate reductions.

That is why we have decided to bring forward the shared accommodation rate changes. We will publicise these proposed changes through appropriate channels to make sure that those affected are aware of them in advance.¹²

In implementation terms this meant:

- single claimants under age 35 making new claims to HB on or after 1 January 2012 will be entitled to the shared accommodation rate rather than the one-bedroom self-contained rate;
- existing claimants at that date who are receiving transitional protection from the April 2011 LHA changes will move to the shared accommodation rate at the same time as their transitional protection ceases;
- existing claimants not receiving transitional protection, i.e. those whose claims are made on or after 1 April 2011 but before 1 January 2012, will move to the shared accommodation rate on the anniversary date of their claim; and
- pre-LHA cases will move to the shared accommodation rate (previously known as the single room rent) on the annual review of their case.¹³

Those bodies campaigning for the abolition of the SAR were dismayed at the decision to retain it and extend it to single claimants aged up to 35.

Citizens Advice reported on the difficulties already faced by claimants aged under 25 in finding suitable accommodation:

Problems in finding affordable accommodation are likely to be particularly acute for claimants aged under 25 who are subject to the shared (formerly single) room rate (SAR) restriction. Shortfalls have always been particularly common for this group – DWP commissioned research published in 2005 found that 87% of all SAR claimants faced a shortfall, averaging £35.14 per week.⁵ Although the definition of the single room rate was slightly broadened with the introduction of the LHA, CAB evidence does not suggest that this has had any impact in easing the extent of these shortfalls. This is supported by research on the views from local authorities, recently published by DWP. When asked whether private landlords have been more or less willing to let to under 25s since LHA was introduced, only 3% of authorities replied in the affirmative. In contrast, 25% thought landlords were less willing to let to this age group and 50% thought there was no change.¹⁴

¹² HC Deb 28 March 2011 cc5-6WS

¹³ [HB/CTB Circular A6/2011](#)

¹⁴ Citizens Advice submission to SSAC on the Housing Benefit (Amendment) Regulations 2010: www.citizensadvice.org.uk/hb_budget_changes_submission_to_ssac.pdf

The National Landlords Association said that shared housing is not always appropriate for single claimants and made reference to “a fierce lobby against creating more houses in multiple occupation”, which means that these people may find it more difficult to find shared accommodation.¹⁵

The DWP’s *Two Year Review of the Local Housing Allowance*, published in February 2011, found:

In February 2010, the proportion of single, under 25 years shared accommodation rate cases experiencing shortfalls was higher compared to all claimants, at 67 per cent compared to 49 per cent.¹⁶

However, the Review was unable to indicate what proportion of the single, under 25 shared caseload occupied one bedroom or larger accommodation instead of shared accommodation, either through choice or due to lack of availability of shared accommodation. This was due to “the limited evidence available.” The Review went on to note that Rent Officers had reported shortages of shared accommodation in some areas, such as rural or small market town locations, when collecting rent evidence to inform LHA rates.¹⁷

Grant Shapps, the then Housing Minister, provided information on the potential impact of the extension to under 35s in a Parliamentary Answer (November 2010):

Mr Laurence Robertson: To ask the Secretary of State for Communities and Local Government what estimate he has made of the number of people likely to be affected by the increase in the age threshold for housing benefit; what estimate he has made of the likely associated costs of providing bed and breakfast accommodation for such people; and if he will make a statement.

Grant Shapps: The Department for Work and Pensions (DWP) assesses that the increase in the age threshold for the shared room rate announced in the spending review will affect around 88,000 claimants. DWP are working closely with other Departments to assess the wider impacts for affected claimants and are to publish a full impact assessment when legislation is laid before Parliament.

An additional £130 million would be made available, via DWP, to local authorities to administer discretionary housing payments to provide extra support for households where needed. I have provided a further £10 million in this financial year to London local authorities to help support those families most at risk of homelessness.

The Government are committed to tackling and preventing homelessness. I have established a new cross-Government working group on homelessness bringing together Ministers from eight Government Departments to address complex causes of homelessness and rough sleeping.

Last week I announced that over the course of the spending review over £400 million of homelessness grant will be made available to local authorities and the voluntary and community sector to support the most vulnerable and tackle homelessness. We are

¹⁵ *Inside Housing*, “Charities condemn 10-year extension of shared room rate”, 22 October 2010 – for more information on policy in relation to the development of houses in multiple occupation see Library note SN/SP/5414

¹⁶ p108

¹⁷ p110

also continuing to invest in Places of Change hostel improvement programme, ensuring that those coming off the streets get the support they need.¹⁸

[For more detailed information see the [Impact Assessment and Equality Impact Assessment](#)]

The [Social Security Advisory Committee's report](#) on the draft *Housing Benefit (Amendment) Regulations 2010* noted that the increase in Discretionary Housing Payments represented around 4% of the total cash losses resulting from all of the Government's Housing Benefit measures and recommended:

...the Department reviews the allocation of DHPs to better reflect the scope and scale of projected impacts across LAs¹⁹

The current funding position for DHPs is set out in the table below:

	2012/13	2013/14	2014/15
Baseline funding	£20m	£20m	£20m
LHA reforms	£40m	£40m	£40m
Social size criteria		£30m (increased to £55m)	£30m (increased to £60m)
Benefit cap		(Up to) £65m	(Up to) £35m (increased to £45m)
Total	£60m	£155m (increased to £180m)	£125m (increased to £165m)

[The Discretionary Housing Payments Guidance Manual and good practice guide for local authorities](#) was updated and reissued in April 2014.

The Work and Pensions Select Committee's report, [Changes to Housing Benefit announced in the June 2010 Budget](#), considered the SAR:

85. Young people will be particularly hard hit by the LHA changes as single people under the age of 35 will only be entitled to the shared room rate which, even when calculated at the median, has been found to be too low to find a decent quality tenancy in many areas. The problem of lack of available accommodation for young people has been acknowledged by DWP, and our predecessor Committee recommended that the level of benefit for young people should be increased. However, the Government's reforms take this in the opposite direction: benefits for young people will be lowered as a result of setting the shared room rate at the 30th percentile and extending the shared room rate policy to young people under the age of 35. We understand the need for savings at a difficult time economically, **but it should be considered as an interim measure and the Government should review this policy prior to 2015. At this point, we would like to see a reconsideration of our predecessors' recommendation.**²⁰

The [Government response](#) to the Select Committee's report was published in March 2011. The Government reiterated why the SAR would be extended and its expected impact:

¹⁸ HC Deb 1 November 2010 cc537-8W

¹⁹ [Social Security Advisory Committee's report](#), November 2010, p11

²⁰ HC 469, Second Report of 2010-11, [Changes to Housing Benefit announced in the June 2010 Budget](#), December 2010, para 85

The move to increase the scope of the shared room rate (now known as the shared accommodation rate to more accurately reflect what it covers) from those aged under 25 to those aged under 35 is being introduced to help contain Housing Benefit expenditure, an area on which the Committee shares the Government's concerns. The shared accommodation rate currently applies to single people aged under 25 and reflects the lower earning capacity of young adults and the fact that most single young individuals live in shared accommodation. The Government does not think it unreasonable to limit Housing Benefit in the same way to those slightly older working age individuals who have recourse to public funds, particularly as many of their contemporaries in work are living in shared accommodation. The shared accommodation rate is also paid to individuals or couples over 25 with no children who live in shared accommodation. Currently just under half of those in receipt of the shared accommodation rate are over 25, reflecting the fact that they are living in shared accommodation rather than self-contained accommodation. Work should be people's first choice and exemptions will remain for the most vulnerable.

[...]

The impact of this policy change on people under the age of 35 will vary considerably depending on their specific circumstances but it has never been the intention that Housing Benefit should fully meet every individual's circumstances. People facing a rent shortfall who are not covered by the exemptions can be considered for extra help from the Discretionary Housing Payment scheme. This allows local authorities to give extra help on a case by case basis to those facing difficulties meeting their housing costs.

As the changes are not due to be introduced until 2012, it is too soon to know how landlords might react. The Department will be working with the Department for Communities and Local Government on the potential impacts of these changes on the supply of such accommodation. This policy will be kept under review as part of normal monitoring and evaluation processes.²¹

The Committee's report and the Government response to it were debated on 10 March 2011.²² On the SAR, Dame Anne Begg raised the potential impact its extension could have on older people's ability to sustain access to their children at weekends:

Have the Government considered the divorced or separated dad who is 34 years old and has access to his children at the weekend? What will it mean to bring children into a house in which other people live? Have the Government considered the child protection issues involved? Will the single room rate apply to the divorced father under 35 who looks after his children one or two nights a week?²³

Caroline Lucas and Glenda Jackson referred to pregnant women being required to live in shared accommodation until the birth of their babies:

Caroline Lucas (Brighton, Pavilion) (Green): Does the hon. Lady agree that it is particularly unreasonable to require expectant mothers to share accommodation up until they give birth? The last thing I can imagine wanting to do, having just given birth, is suddenly to find somewhere new to live and move house. That is completely unacceptable.

²¹ HC 845, Work and Pensions Committee, Fourth Special Report of 2010-11, March 2011

²² HC Deb 10 March 2011 cc283-328WH

²³ *Ibid* c288WH

Glenda Jackson: My hon. Friend lays her finger precisely on a constituency case that I had. The mother involved gave birth to her baby in the local hospital, the baby was ill and my constituent's medical team would not allow her to take the baby back to where she had come from, as it was overcrowded, seriously damp and totally unsuited to a sick child. As a result, additional costs were laid on the national health service due to the complete unacceptability of her living arrangements at the time.²⁴

Steve Webb responded for the Government:

Various questions were asked about shared accommodation during the debate. For example, "Is any of this sort of accommodation available?" One of the notable things is that about 50% of those being paid the shared accommodation rate now are over 25. We have to think about that for a moment. The shared accommodation rate is only imposed on the under-25s, but if someone applies for housing benefit from shared accommodation and they are over 25 they receive the shared accommodation rate, even though they could receive housing benefit for a one-bedroom flat. There is a set of people over the age of 25, therefore, who could receive housing benefit for a one-bedroom flat but who are living in shared accommodation. That suggests, first, that some of those people have chosen to do so and, secondly, that the properties of that type exist. That helps to counter the suggestion that those properties simply do not exist. Of course, there will be local variations. I accept that point and I will come back later to the point about houses in multiple occupation.

[...]

The hon. Member for Aberdeen South and others said that we are expecting young people to live in HMOs and that those HMOs may not be there. However, to qualify under the shared accommodation rate, someone does not have to be in an HMO. For example, someone could be a lodger. Her Majesty's Revenue and Customs already runs the rent-a-room scheme, whereby owner-occupiers can receive several thousand pounds a year in tax-free rent simply by renting out a room. Someone renting in those circumstances would qualify for the shared accommodation rate. There are statistics about HMOs, licensing and all the rest of it. However, if we think that things will be a bit tight and that some people might face unemployment and therefore will need some extra income, we might find that more owner-occupiers in a particular area are renting out spare rooms. That might be a very rational thing to do and that will increase supply. But of course the entire debate that we have had today has been based on the assumption that nothing changes. What we are saying is that this change will create a new demand for these shared rooms and spare rooms, and the market will to some extent adjust. That is part of the story.²⁵

[A full Impact Assessment, explanatory note and Equality Impact Assessment](#) were published alongside the draft regulations in April 2011. These documents provided detail on the likely impact of the extension to under 35s. The Government, at that point, had rejected calls to extend the exemptions from SAR (but see section 3 of this note):

15. A number of commentators have suggested that these exemptions be extended to cover people in vulnerable situations including those with mental disabilities or illnesses, former rough sleepers, ex-offenders, foster carers and those with shared care of children. Rather than creating exemptions for broad categories the Government believes that Discretionary Housing Payments are the right approach to supporting people in more vulnerable circumstances. For example, not every person with a mental

²⁴ *Ibid* c289WH

²⁵ *Ibid* cc321-2WH

illness would need extra support but some individual cases may warrant help through Discretionary Housing Payments.²⁶

Crisis raised particular concerns around the impact of the changes on young disabled people (not covered by an exemption from SAR):

This disturbing cut will force people suffering serious physical disabilities or mental illness to share with strangers, even if it damages their health. Government claims that discretionary funding will be able to support those who need it just don't add up. We are deeply concerned that some of the disabled people affected by this will end up homeless, and in the worst cases rough sleeping.

A national survey of housing professionals in local authorities and the voluntary sector published by Crisis in April this year found that:

- **87% of those surveyed** said they already have difficulty finding appropriate properties for people currently on the Shared Accommodation Rate (under 25s)
- **72% said** that there is not enough shared accommodation available in their local area
- **Around 63%** of those surveyed said that there is a higher risk of tenancies breaking down in shared properties
- **95% of front-line housing professionals** expressed concerns about the proposed change, including that it will cause increased homelessness, higher costs for local authorities and increase hardship and destitution.²⁷

The Impact Assessment identified the following high level impacts:

Nationally, around 7% of the LHA caseload, or 20% of the 1-bedroom LHA caseload, would receive, on average, £41 per week less benefit than under the current rules. .

Using estimates of the March 2010 LHA caseload, this represents 63,000 people losing out. Of these, the majority would be single males; and/or not in employment; and/or on income-based Jobseeker's Allowance. .

In March 2010 there were also around 7,000 cases aged 25 to 34 still receiving Housing Benefit assessed under the pre-LHA Local Reference Rent rules, who would be likely to have their benefit reduced to the level of the Single Room Rent. It is likely that by the time this change is introduced in 2012 the number of claimants still assessed under the pre-LHA scheme will be significantly lower than this.²⁸

3 SSAC report and Government response

The [SSAC report](#) on the draft regulations was published in July 2011. The Committee recommended that the proposals should not go ahead without amendment. The summary of the SSAC's findings and recommendations is reproduced in full below:

10. The Committee's report recommends that the Government should not go ahead with the proposals in their current form. The Committee raised a number of concerns about the supply and availability of shared accommodation. It also commented on the impact of this change on a wide variety of individuals with very different needs and the

²⁶ [Explanatory Memorandum](#) para 15

²⁷ [Crisis Press Release](#), 3 June 2011

²⁸ DWP, [Impact Assessment and Equality Impact Assessment](#), April 2011

level of financial loss that some would experience. The report noted that there was little scope for those affected by these changes currently living in self-contained accommodation to renegotiate their rents and that many would have to seek alternative accommodation.

11. In the report's introduction the Committee reiterates that the concerns that it first expressed when the shared accommodation rate was introduced in 1996 have remained broadly unchanged. The availability and suitability of shared accommodation for everyone in the target group and the lack of evidence on the likely impacts of this measure remain a concern.

12. The Committee questioned the rationale put forward by the Department for Work and Pensions for this change that it will ensure that Housing Benefit rules reflect the housing expectations of people of a similar age not on benefits. In their view the circumstances of the claimant group to be affected do not necessarily reflect those of people of a similar age who are not on benefits.

13. In its comments on the Department's impact assessment the Committee notes that the Department can say very little about the characteristics of older sharers. The Committee concludes that it is reasonable to assume that the majority will be older students and younger professionals who choose to share for a mixture of social and financial reasons, are generally not in the Housing Benefit claimant group, and who are attractive to the commercial landlords who specialise in 'group' lets.

14. The Committee notes that provision for dealing with both individual hard cases and groups that by definition are likely to have special needs has been left to the discretionary housing payment scheme, which is only likely to be able to provide time-limited support to a small proportion of the affected individuals. It is concerned about the extent to which the discretionary housing payment scheme may need to be used at a time when it is likely to be under considerable pressure from the April 2011 Housing Benefit reforms.

15. Concerns were highlighted about those for whom shared accommodation would present particular problems. The Committee referred to a number of groups including those moving on from supported accommodation to independent living; non-resident parents who are trying to maintain contact with their children; people with certain mental and physical health conditions; ex-offenders, and people with substance abuse issues.

16. The Committee noted from the equality impact assessment completed by the Department for Work and Pensions that 16% of those affected by the change are in work and questioned whether reducing levels of Housing Benefit would increase work incentives. It cited evidence which suggests that a lack of resources can act as a barrier to accessing support and services, thus impacting on a claimant's progression to work.

17. The Committee concludes that the proposals are essentially cuts to the Housing Benefit budget and that the rationale is neither compelling nor convincing when set against the potential negative impacts. It states that the evidence it has seen points to this being a high risk approach to cutting costs that does not take account of potentially negative impacts on other areas of public policy and potential increases in other areas of public expenditure.

18. A wide range of organisations and individuals responded to the Committee's consultation exercise and several presented information about the market for and availability of shared accommodation. None of the respondents supported the proposed changes and the majority questioned the rationale for them.

19. Respondents commented on the patchy availability of shared accommodation with particular problems in rural areas and large cities. Some mentioned that supply is reducing in some areas as a result of the increased regulation of houses in multiple occupation intended to improve standards, a measure that the Committee welcomes. None of the respondents suggested that there might be a market response to increased demand for shared accommodation.

20. Many respondents working with disadvantaged and excluded groups commented that most of the clients they work with, including offenders, people with substance abuse problems, mental and other health problems could not and should not be housed in shared accommodation. Respondents cited security and personal safety issues, and the risks of mixing people who are ill-equipped to manage the stresses and conflicts that can arise in shared living space. They mentioned concerns about their clients ending up homeless, which would place pressure on other services. Some respondents pointed to other areas of public policy that appear to be at odds with the proposals and the difficulty that some organisations might have in meeting their programme or policy objectives.²⁹

The Government's detailed response to the SSAC's findings and recommendations was published with the [report](#). Briefly, the findings and recommendations were rejected but two additional exemptions from the SAR were announced and included in the final Regulations (SI 2011/1736):

The Department has listened to concerns from stakeholders through its discussions and correspondence with stakeholders and notes the Committee's comments. The Government acknowledges that not all claimants will be affected by these changes in the same way due to the differing nature of their circumstances and that some are more likely to require additional support than others. Current exemptions from the shared accommodation rate support this principle and are designed to meet the particular circumstances of clearly defined groups who most need help. The Government believes that discretionary housing payments are the right approach to supporting people in vulnerable situations as they offer flexibility and are based on local decisions which can be targeted as needed.

However, the Government has looked carefully at the arguments presented by a number of commentators, the Committee and other Government departments on the potential effect of these changes on specific groups and has decided to introduce two additional exemptions which will apply to the extended age group only. The first is for **a small but clearly defined group of ex-offenders who are subject to management by more than one agency under the Multi Agency Public Protection Arrangements (MAPPA) and who are most likely to pose a risk of serious harm to others if they share accommodation**. Offenders subject to MAPPA arrangements are in the main 25 years or over. In Scotland, MAPPA legislation is not yet fully in force in relation to violent and certain other offenders and so local authorities will be responsible for applying the exemption where it is considered that a claimant would present a risk of causing serious harm to the public. The Government is keen to avoid a situation that potentially risks putting members of the public in danger.

The second exemption is for people who have spent three months or more in a homeless hostel, or more than one hostel, specialising in rehabilitating and resettling this group within the community. To benefit from this exemption claimants would need to have been offered and to have accepted support services to enable them to be rehabilitated or resettled in the community. The three month qualifying condition is designed to target the exemption at people receiving a sustained

²⁹ [SSAC Report on SI 2011/1736 and Government response](#), July 2011

programme of rehabilitation rather than people who have sporadic, short term stays. This exemption addresses the concerns raised by a number of commentators about the impact of these changes on rough sleepers, and in particular the silting up of hostel accommodation. The Government accepts that without this it will be difficult to secure suitable move-on accommodation for this group to help them in to a more settled way of life, which could undermine the Government's ambition to end rough sleeping. This exemption has been targeted at people aged 25 and over who are at greater risk of rough sleeping.

The Government considered the appropriateness of exemptions for other groups including people with disabilities, mental health problems, a history of substance misuse and those seeking to maintain contact arrangements with their children. It also recognises that some people may have multiple problems. In considering any exemption the Government has to take account of the cost of providing these and ensure that limited resources are targeted in the most effective way possible. Providing a number of different exemptions for these groups would not be a cost effective way in which to address their needs given the wide variation in people's circumstances. While sharing accommodation may be unsuitable for some it is not the case that it would be unsuitable for everyone in a particular group. Such exemptions would not be administratively straight forward, making them expensive to administer and more likely to generate fraud and error. The Government has therefore decided not to introduce any further exemptions other than the two set out above.³⁰

4 The Merits of Statutory Instruments Committee

This Committee considered the *Housing Benefit (Amendment) Regulations 2011* and reported on them in its [38th Report of Session 2010-12](#).³¹ The Committee determined that the special attention of the House should be drawn to the Regulations on the grounds that they give rise to "issues of public policy likely to be of interest to the House."

In a section entitled 'Evidence-based policy?' the Committee noted that "DWP give no conclusive argument as to why the threshold of age 35 has been chosen, and do not explain why greater savings could not be made by setting the threshold at a higher age." The Committee also expressed concern over a lack of information from DWP on the issue of whether there is spare capacity in the sector of the rental market into which the affected claimants are expected to move.

On the issue of work incentives, the Committee noted that the change in payments may adversely affect the ability of some claimants to remain in work by forcing them to move to another area. In conclusion the Committee's report states: "If this is the case, we are not clear how for this sub-group, the SAR policy coordinates with the government's wider policies to encourage people back into work."

5 Grand Committee (House of Lords)

The *Housing Benefit (Amendment) Regulations 2011* were considered in Grand Committee on 12 October 2011.³² Lord Kirkwood, moving the Motion, referred to the conclusions of the Merits of Statutory Instruments Committee and also to research conducted by the Centre for Housing Policy at the University of York, *Unfair Shares* (2011). The Centre's research concluded that the extension of the SAR age threshold was potentially the most damaging of all the Government's Housing Benefit reforms as increased demand for scarce

³⁰ [SSAC Report on SI 2011/1736 and Government response](#), July 2011

³¹ HL Paper 194

³² HL Deb 12 October 2011 cc453-472GC

accommodation has potential to result in increased episodes of homelessness amongst key groups of vulnerable people.

Lord Kirkwood called for “careful thought” on the Regulations.³³ He highlighted, amongst other issues, the Scottish Government’s aim of giving everyone an entitlement to settled accommodation by 2012 and questioned what impact the SAR change might have on that policy. He also raised the question of whether restricting non-resident parents to shared accommodation would contravene Article 9.3 of the UN Convention on the Rights of the Child by interfering with the right to maintain personal relations and direct contact with both parents.³⁴

He asked for the ongoing review of the Housing Benefit reforms (established in response to a request by the Works and Pensions Select Committee) to monitor the outcome of the SAR changes.³⁵

Lord Freud responded for the Government. He addressed some of the points raised by the Merits of Statutory Instruments Committee as well as those raised during the debate in Grand Committee:

The recent report by the Merits Committee posed the question: if savings are to be made, why choose the age of 35? Why not go higher? Such a move would not be supported by the evidence, which shows that sharing accommodation tails off significantly after age 35. Our equality impact assessment looked at the accommodation arrangements of all single and childless adults. Less than half of 25 to 34 year-olds have their own place, and a third live with their parents. When we look at those over 35, we find that 84 per cent have their own place and that only 6 per cent live with their parents.³⁶

[...]

The case for those who have shared care of children is complex. We estimate that, of those who will be affected by this measure, around 10,000 have some contact with a child who lives elsewhere. Of these, it is not known how many would normally stay overnight, so the numbers are relatively low. But living in shared accommodation should not preclude both parents from playing a full part in a child's life. Parents living in hostels or other non-mainstream accommodation will, I am sure, be striving to maintain quality relationships with their children. Ultimately, it is for individual maintenance and custody arrangements to reflect living arrangements, and it is not appropriate for the state to fund two homes for a child. To pick up the question that my noble friend Lord Kirkwood asked, I can assure him that this arrangement does not contravene Article 9 of the UN convention.

We thought long and hard about other exemptions, but the blunt answer is that our analysis suggested that it is better to rely on discretionary housing payments than on specific exemptions because of the difficulty in defining and administering them. Our belief is that the local authority is best placed to consider individual circumstances.³⁷

[...]

³³ HL Deb 12 October 2011 c454GC

³⁴ HL Deb 12 October 2011 c456GC

³⁵ HL Deb 12 October 2011c457GC

³⁶ HL Deb 12 October 2011 c465GC

³⁷ HL Deb 12 October 2011 c466GC

Introduction will be phased in over a year from next January, so, although claimants making new claims for housing benefit after that date will be subject to the shared accommodation rate immediately, those already claiming will be affected only gradually over the course of 2012. Those who have been claiming since before April this year are likely to have transitional protection from the April 2011 LHA changes, and this will last in some cases until December 2012. All others will see their benefit reduced on the anniversary of their claim. Individuals are being notified well in advance of the change as it affects them.

The noble Lord, Lord Kirkwood, asked why we were not piloting the change. The reason is that it is a small measure in terms of housing benefit and we do not think that a pilot is necessary. The letters being sent to claimants to advise them of the April 2011 changes and any transitional protection period are now advising those affected of the move to the shared accommodation rate at the end of that period. That is nine months ahead of the change affecting them. Local authorities are also advising them of the change towards the end of their transitional protection period, and some local authorities are also writing out with more detailed and tailored information where their computer systems allow. Many signpost their housing options department within the local authority and liaise with them closely to provide advice to those looking for suitable alternative accommodation.³⁸

[...]

Much has been said about the current lack of suitable shared accommodation, and I fully understand that this is a key concern. However, it is too early to say how landlords might react to this measure and the changes made to housing benefit from last April. For example, some landlords may consider it more profitable to let a property as shared accommodation rather than to a large family unit. Some individuals we have spoken to recently have also indicated that they are looking into providing shared accommodation in order to meet the upcoming demand. There has been dramatic growth in the private rented sector in England, with the number of households living in private rented accommodation increasing by around 1 million between 2005 and 2009-10. We are not talking about a static market, and there is no reason to assume that the availability of shared accommodation will remain as it is now.³⁹

[...]

The Merits Committee expressed concern that those in low-paid work may be forced to move, which might affect their ability to remain in work. While we acknowledge that the availability of shared accommodation is likely to vary across the country, it is uncertain what the impact of these changes will be, but there is no evidence to suggest such an effect. However those in employment are placed, they should be able to meet any shortfall in rent and remain in self-contained property if they wish. They are also better placed to improve their prospects by moving up the career ladder or increasing their working hours.

The Merits Committee also expressed concern about the knock-on effect of this measure and the overall costs to the Government in, for example, the cost of providing emergency re-housing. That point has also been made by several noble Lords today. However, there is no evidence to suggest that the change will result in an increase in homelessness, and most people in this age group are unlikely to come under the local authority statutory homeless duty.⁴⁰

³⁸ HL Deb 12 October 2011 c468GC

³⁹ HL Deb 12 October 2011 c468GC

⁴⁰ HL Deb 12 October 2011 c470-1GC

Lord Freud confirmed that the review of the Housing Benefit reforms would “include early impacts of the extension of the shared accommodation rate:”

It will look at the availability and access to shared accommodation across different regions and rural areas, including houses in multiple occupation. We aim to publish interim findings next spring and the final report a year later. As with all new policy areas, we shall also be listening to the feedback that both I and my officials receive on how the changes work in practice.⁴¹

6 Evidence of impact

6.1 Crisis survey (2012)

On the 14 and 15 November 2012 Crisis conducted a snap-shot survey of the number of private rented lettings available, affordable and accessible to people claiming the SAR in Birmingham, Leeds and the London Borough of Lewisham. The aim of the exercise was to test the ability of a typical 18-35 year old reliant on Local Housing Allowance to find accommodation in a shared property. Crisis found:

- Of the 4360 shared properties advertised across the three areas only 13% (560) were affordable within the SAR.
- Of the 560 only 12% (66) were accessible to SAR claimants because landlords/agents were unwilling to let to Housing Benefit claimants.⁴²

The researchers concluded:

This study raises serious questions about the ability of SAR claimants (and LHA claimants more generally) to find private rented accommodation. Contrary to what the Government says, a third of properties are simply not available, affordable and accessible to rent.⁴³

This survey fed into Crisis’ Shut Out campaign to abolish SAR. [A briefing for the campaign](#) also criticised the methodology used by the Valuation Office Agency to calculate the 30th percentile point of market rents. It was argued this led to SAR being set at a lower level than intended, i.e. below the 30th percentile.⁴⁴

6.2 Homeless Link report (2013)

May 2013 saw the publication of *Nowhere to move* by Homeless Link – this report, which examined data taken from 55,537 property listings, looked specifically at the affordability of the SAR in London. The key findings included:

- Only 5.5% of shared properties in London are affordable to under 35s on benefits.
- Welfare reforms have added an additional 12,000 claimants competing for rooms in shared accommodation.
- Private Rent levels have increased by 37% in the last five years and are predicted to rise by a further 29% in the next five.
- Less than 1% of landlords state they are willing to accept tenants claiming benefits.

⁴¹ HL Deb 12 October 2011 c471GC

⁴² Crisis, [No room available: a study on the availability of shared accommodation](#), 2012

⁴³ *ibid*

⁴⁴ Crisis, [Shut Out briefing: Young people, housing benefit and homelessness](#), 2014

- This competition is likely to create more homelessness unless more affordable housing can be found.⁴⁵

6.3 Government commissioned review (2014)

A Government commissioned review of the changes affecting Housing Benefit, entitled *Monitoring the impact of changes to the Local Housing Allowance system of Housing Benefit*, was published in July 2014.

The key findings of the review in relation to the changes in SAR for 25-34 year olds were:

- Unlike other LHA measures, SAR changes had an effect on housing markets across Great Britain, not just higher value and high demand areas;⁴⁶
- Of the average £13.05 per week reduction in SAR, £4.80 (37%) was met by landlords reducing their rent, with £8.25 (63%) met by tenants;
- 17% of landlords surveyed said they no longer let to the under 35s, with 29% saying this in Inner London;
- The proportion of landlords planning to expand the shared accommodation they let increased from 5% in early 2012 to 13% in early 2013 (in Inner London the figure increased from 1% to 22%);
- The Housing Benefit caseload for 25-34 year olds fell by 13% between the end of 2011 and July/August 2013 (the fall was 39% in central London).⁴⁷

The review noted that the fall in the Housing Benefit caseload could not be attributed to SAR changes without investigating other factors such as wider changes in the benefits system and an improving economy. However, through comparison with the Housing Benefit caseload for under 25s, it was concluded that SAR changes had had a specific impact on 25-34 year olds.⁴⁸

Interviews with housing and benefits advisers highlighted concerns 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.”⁴⁹

6.4 Responses to Government commissioned review

Following the publication of this review, two reports were published on the future of SAR, one from the APPG for the Private Rented Sector and one from Unison.

The APPG report, *Access to private rented housing for the under 35s*, called for a review into the operation of the Shared Accommodation Rate, looking specifically at:

- Level of shared housing available and to what extent these are affordable on the current level of SAR;
- Current and potential additional exemptions from the rate including for people with mental health difficulties and lone parents;

⁴⁵ Homeless Link, *Nowhere to move*, May 2013

⁴⁶ DWP, *The impact of recent reforms to Local Housing Allowance: Differences by place*, section 5, July 2014

⁴⁷ DWP, *The impact of recent reforms to Local Housing Allowance: Summary of key findings*, section 10, July 2014

⁴⁸ *Ibid*, section 10.2

⁴⁹ *Ibid*, section 10.4

- The impact of allowing housing benefits to be paid directly to landlords, given the reluctance in the private rented sector to let to those on SAR.

The report did not call for the changes to be scrapped given the upheaval this could cause.⁵⁰

The Unison report, *A new housing benefit deal for young people*, did call for the Government to abolish SAR for under 35 year olds:

Failing that we recommended the launch of 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.⁵¹

The report conducted interviews with people within these vulnerable groups, giving case studies of the effect living in shared accommodation has had on them.

The call for a review of the operation of SAR from both reports echoed a similar call from the Work and Pensions Committee in March 2014.⁵²

⁵⁰ APPG for the Private Rented Sector, *Access to private rented housing for the under 35s: Report and oral evidence*, section 5.5, October 2014

⁵¹ Unison, *A new housing benefit deal for young people*, November 2014 (not available online)

⁵² Work and Pensions Committee Fourth Report of 2013-14, *Support for housing costs in the reformed welfare system*, HC 720, 2014