

By Frank Hobson
30 September 2022

The Shared Accommodation Rate in Universal Credit and Housing Benefit



Summary

- 1 Background
- 2 Extension to under 35s
- 3 Exemptions
- 4 Commentary and evidence of impact

Contributing Authors

Shekera Rowe

Image Credits

Wendy Wilson

Disclaimer

The Commons Library does not intend the information in our research publications and briefings to address the specific circumstances of any particular individual. We have published it to support the work of MPs. You should not rely upon it as legal or professional advice, or as a substitute for it. We do not accept any liability whatsoever for any errors, omissions or misstatements contained herein. You should consult a suitably qualified professional if you require specific advice or information. Read our briefing [‘Legal help: where to go and how to pay’](#) for further information about sources of legal advice and help. This information is provided subject to the conditions of the Open Parliament Licence.

Feedback

Every effort is made to ensure that the information contained in these publicly available briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated to reflect subsequent changes.

If you have any comments on our briefings please email papers@parliament.uk. Please note that authors are not always able to engage in discussions with members of the public who express opinions about the content of our research, although we will carefully consider and correct any factual errors.

You can read our feedback and complaints policy and our editorial policy at commonslibrary.parliament.uk. If you have general questions about the work of the House of Commons email hcenquiries@parliament.uk.

Contents

Summary	4
1 Background	6
1.1 Introduction of the SAR	6
1.2 The SAR in Local Housing Allowance and Universal Credit	7
Criticism of how the level of SAR is set	8
1.3 The SAR for older claimants	8
2 Extension to under 35s	10
2.1 Debate on the extension to under 35s	11
2.2 SSAC report and Government response	14
2.3 The Merits of Statutory Instruments Committee	14
2.4 Grand Committee (House of Lords)	15
3 Exemptions	18
4 Commentary and evidence of impact	20
4.1 Pre-2012 commentary	20
4.2 Commentary since its extension to under 35s	21
Crisis survey (2012)	21
Homeless Link report (2013)	21
Government commissioned review (2014)	22
Centrepoint’s “Ready to Move On” policy report (2018)	23
SSAC report on young people aged 16-24 living independently (2018)	24
Crisis “Cover the Cost” report (2019)	25

Summary

What is the Shared Accommodation Rate?

The maximum amount of housing support private renters can get through Universal Credit or Housing Benefit is limited by the [Local Housing Allowance](#) (LHA). This is calculated on a household basis and depends on the level of rents in a local area, as well as the number of bedrooms claimants are judged to be entitled to.

The Shared Accommodation Rate (SAR) limits the amount of housing support available through the benefits system for most single private renters under the age of 35. These claimants, with some exceptions, can receive an amount to pay for a single room in a shared house with communal kitchen and bathroom facilities.

Extension of the SAR in 2012

The SAR (then called the Shared Room Rate) was introduced in 1996 and originally limited the Housing Benefit (HB) a single person under the age of 25 could receive to the average rent level for a room in a shared house. As part of the October 2010 Spending Review the Government announced the SAR's extension to cover single claimants up to age 35 from April 2012. This change was brought forward to 1 January 2012.

Universal Credit has been replacing Housing Benefit for working-age households since 2013 and retains the SAR in [calculations of housing support](#).

Exemptions

In 2017, the Government abandoned plans to use LHA to calculate rental support in the social rented sector, so the SAR does not apply to people aged 35 and under renting from a local authority or registered housing association. In addition, several other groups are exempt, such as some disabled tenants, claimants living with 'non-dependants', and young care leavers.

Since the SAR was extended to under 35s, further exemptions have been introduced, including for certain former prisoners, homeless people who have lived in hostels and, from October 2022, victims of domestic abuse and human trafficking.

Commentary on the SAR

The SAR has been controversial since its introduction. Prior to its extension to the under-35s, 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 said around 20% of the 1-bedroom LHA caseload (at March 2010) would receive, on average, £41 per week less benefit than under the previous rules.

The extension to under 35s was expected to affect around 63,000 people. The SSAC recommended it should not go ahead. The Government rejected the SSAC's recommendations but included in the final regulations two additional exemptions which only apply to the extended age group.

Since its introduction, commentators and campaigning organisations have continued to point to shortages of shared rooms available to young benefit claimants, and shortfalls between benefit levels and rent.

For example, a Crisis report, [Falling short: Housing benefit and the rising cost of renting in England](#) (PDF, August 2022) called for Government to invest in HB “so that it covers the true cost of rents”:

Investing in housing benefit makes it easier for people to afford to stay in their homes, preventing homelessness, and makes it easier for people to find an affordable property, which makes all the difference when it comes to leaving homelessness behind for good.

1 Background

1.1 Introduction of the SAR

From October 1996 to 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 (HB). The effect 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.¹

It was first introduced in 1996 through [The Housing Benefit \(General\) Amendment Regulations 1996](#). The policy intended “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.”²

Various exemptions have always applied, and new exemptions have been added at various points since its introduction (see section 3 below). After its introduction, if a single person claimant who was under 25 was not in one of the exempted categories and chose to rent a self-contained bedsit or one-bedroom flat, it was unlikely that their HB would cover their full 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 introduced, it should be based on “modest accommodation with exclusive use of kitchen, bathroom and toilet facilities.”³

In 2000 the Social Security Select Committee’s inquiry into Housing Benefit concluded there was “a strong case for abolishing the SAR.”⁴ 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 (2005) said the changes “made no appreciable difference to the supply or quality of accommodation to young claimants or their ability to access it.”⁵

¹ This involves shared use of a toilet, kitchen, bathroom and living room.

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

³ SSAC, [Housing Benefit \(General\) Amendment Regulations 1996](#), Cm 3225, April 1996 (login required)

⁴ Social Security Select Committee, Housing Benefit, July 2000, HC 385-1

⁵ DWP, Harvey J and Houston D, Research into the single room rent restrictions, 2005

The John Major Government introduced [The Housing Benefit and Council Tax Benefit \(General\) Amendment Regulations 1997](#) in March 1997 to extend the SAR to apply to single claimants in the private rented sector up to age 59 (with some specified exceptions). The SSAC said the proposals should not proceed until a thorough study of the impact of the SAR had been carried out.⁶ The Regulations were not brought into force after the 1997 General Election.

1.2 The SAR in Local Housing Allowance and Universal Credit

The SAR was carried over into the Local Housing Allowance (LHA) system which was rolled out nationally in April 2008. LHA sets the maximum amount of support a benefit claimant can receive through either Universal Credit or Housing Benefit to help pay their rent if they have a private landlord. In preparation for the LHA 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.⁷

Universal Credit (UC) is a means-tested benefit which was first introduced by the Coalition Government in 2013 to simplify the benefits system, tackle poverty, and reduce error. By the end of 2024, UC will be replacing six existing benefits and tax credits for working-age households. One of the existing benefits it is replacing is Housing Benefit.

With some key differences, the housing costs element (HCE) in UC is calculated in broadly the same way as Housing Benefit.⁸ Like Housing Benefit, for claimants living in the private rental sector, the maximum amount of housing support is set by the Local Housing Allowance.

As part of this, the SAR rules have been adopted in Universal Credit and apply in the same way as in Housing Benefit.

The [Welfare Reform Act 2012](#) and associated regulations provide for the new benefit. Universal Credit housing costs element calculations are provided for in regulations 25 and 26 of the [Universal Credit Regulations 2013, SI 2013/376](#). Paragraphs 27-29 of Schedule 4 include the SAR provisions.

⁶ SSAC, [The Housing Benefit and Council Tax Benefit \(general\) amendment regulations 1997](#), Cm 3598, March 1997 (login required)

⁷ LHA rates were later reduced under Coalition and Conservative Governments. For more details see Commons Library briefing SN05638, [The rent safety net: changes since 2010](#)

⁸ [Housing costs in Universal Credit](#), Commons Library briefing SN06547, 18 August 2021

Criticism of how the level of SAR is set

The way SAR is calculated, like other levels of support for private rental housing set by LHA, has changed significantly since 2008.

At the time LHA was introduced in 2008, the maximum levels of support for shared accommodation, and different numbers of bedrooms, was set at the median market rent within a Broad Rental Market Area (BRMA). Since then, a succession of measures have on the whole made support less generous compared to market rents, meaning more tenants need to make up a shortfall from other income.

In the June 2010 Budget, the Coalition Government announced that this would be reduced to the 30th percentile as part of a range of cost-saving measures. Subsequently, from April 2012, the link between measured rental prices and LHA was removed altogether, and levels were frozen or increased annually by less than inflation in the years through to April 2020.

In April 2020, in response to the coronavirus crisis, LHA, including the SAR, was restored to the 30th percentile of local rents. Since then, however, these have been frozen in cash terms.

More detail on changes to LHA levels can be found in the Library's briefing [The rent safety net: changes since 2010](#).

In the period of increased inflation from late 2021 onwards, campaigning organisations have drawn attention to increasing shortfalls between LHA and rents. For example, Crisis has called for Government to invest in Housing Benefit “so that it covers the true cost of rents”:

Investing in housing benefit makes it easier for people to afford to stay in their homes, preventing homelessness, and makes it easier for people to find an affordable property, which makes all the difference when it comes to leaving homelessness behind for good.⁹

1.3

The SAR for older claimants

The SAR rules for those aged 35 and over differ between Housing Benefit and Universal Credit.

For Housing Benefit claimants aged 35 and over who live in shared accommodation, the maximum housing support is the shared accommodation rate of LHA. [Regulation 13D\(2\)\(b\) of The Housing Benefit Regulations 2006, SI 2006/213](#) specifies that someone living in shared accommodation is entitled only to maximum support at the SAR if they do not

⁹ Crisis, [Falling short: Housing benefit and the rising cost of renting in England](#) (PDF), August 2022

have exclusive access to either two or more bedrooms, or exclusive access to one bedroom, a kitchen and a bathroom, regardless of their age.

By contrast, UC claimants over 35 who live in shared accommodation can claim the housing costs element based on the one-bedroom LHA rate. [Schedule 4 of the Universal Credit Regulations 2013, SI 2013/376](#) only specify that the SAR applies to 'specified renters' - those under 35 years old and not excepted from the shared accommodation rate.

In April 2022, correspondence with the House of Commons Library, DWP officials explained the difference in treatment:

Under Universal Credit a number of simplifications from the legacy system were made and as part of that the shared accommodation rate was brought in line with all the other LHA size categories so that the maximum amount of support available is based on the claimant's household and the area they live.¹⁰

¹⁰ Correspondence between DWP officials and the House of Commons Library, 21 April 2022

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 one of several designed to make savings on Housing benefit expenditure, and at the time was expected to save £215m a year by 2014/15.¹¹

The measure was introduced by the [Housing Benefit \(Amendment\) Regulations 2011](#). The key policy objectives included:

- 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.¹²

On 28 March 2011 the Government announced the extension of SAR to claimants under 35 would be brought forward to take effect from January 2012. The Government said this meant the extension could coincide with changes to the Local Housing Allowance,¹³ meaning “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.”¹⁴

Housing Benefit circular A6/2011 explained what this meant in implementation terms and outlined the transitional protections in place for those who claimed Housing Benefit before 1 April 2011.¹⁵

¹¹ See Commons Library briefing SN05638, [The rent safety net: changes since 2010](#), Section 3.1; and HM Treasury, [Spending Review 2010](#), 20 October 2010, Cm 7942, p12

¹² [Explanatory Memorandum to the Housing Benefit \(amendment\) Regulations 2011](#), SI 2011/1736, para 7.6

¹³ Basing LHA on the 30th percentile of local rents, rather than the 50th percentile

¹⁴ [HC Deb 28 March 2011 cWS79](#)

¹⁵ DWP, [A6/2011: Changes announced to the shared accommodation rate](#), 2011

2.1

Debate on the extension to under 35s

Organisations campaigning for the abolition of the SAR expressed disappointment at the decision to 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 due to “widespread and sizable” shortfalls between housing support and the rents due.¹⁶

The National Landlords Association said 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 these people may find it more difficult to find shared accommodation.¹⁷

The DWP’s Two Year Review of the Local Housing Allowance, published in February 2011, found that 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.”¹⁸

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.¹⁹

Grant Shapps, then-Housing Minister, provided information on the potential impact of the extension to under 35s in a November 2010 written answer:

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.²⁰

He went on to refer to an additional £130 million being made available to local authorities for Discretionary Housing Payments (DHPs), as well as other funding to address homelessness.²¹

¹⁶ Citizens Advice, Submission to SSAC on the Housing Benefit (Amendment) Regulations 2010, 2010

¹⁷ “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 Commons Library briefing SN5414, [Houses in multiple occupation & planning restrictions](#)

¹⁸ DWP, [Two year review of the Local Housing Allowance](#), February 2011, p108

¹⁹ As above, p110

²⁰ HC Deb 1 November 2010 cc537-8W

²¹ HC Deb 1 November 2010 cc537-8W

More detailed information on proposed the role of DHPs in mitigating the impact of the age extension can be found in paragraph 56 of the DWPs [August 2011 Equality Impact Assessment](#) (PDF).

The [Social Security Advisory Committee's report](#) (PDF) 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 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 LAs"²²

DHPs are covered in detail in the Library paper [Discretionary Housing Payments](#). The DWP also provides a [Discretionary Housing Payments](#) guidance manual for local authorities, which was last updated on 31 May 2022.

The Work and Pensions Select Committee's report, [Changes to Housing Benefit announced in the June 2010 Budget](#), expressed concerns about rent shortfalls for young people and recommended the SAR should be reviewed before 2015:

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.**²³

The [Government response](#) (PDF) was published in March 2011. The Government reiterated arguments for the age extension and concluded:

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

²² [Housing Benefit Regulations 2010](#), SSAC, November 2010, p11

²³ Work and Pensions Committee, [Changes to Housing Benefit announced in the June 2010 Budget](#), 22 December 2010, HC 469, para 85

of these changes on the supply of such accommodation. This policy will be kept under review as part of normal monitoring and evaluation processes.²⁴

The Committee's report and the Government response to it were debated in Westminster Hall on 10 March 2011.²⁵ On the SAR, Dame Anne Begg raised the potential impact its extension could have on separated parents' ability to sustain access to their children at weekends.²⁶ Caroline Lucas and Glenda Jackson expressed concern about pregnant women being required to live in shared accommodation until the birth of their babies, with access to larger accommodation only becoming possible on giving birth.²⁷

Then DWP Minister Steve Webb responded for the Government, refuting claims about the lack of availability of suitable housing and arguing the market would adjust to new demand.²⁸

[A full Impact Assessment, explanatory note and Equality Impact Assessment](#) (PDF) 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,²⁹ had rejected calls to extend the exemptions from SAR to new groups such as "those with mental disabilities or illnesses, former rough sleepers, ex-offenders, foster carers and those with shared care of children." Instead, the Government pointed to DHPs as the right approach.³⁰

Crisis raised concerns around the impact of the changes on young disabled people (not covered by an exemption from SAR).³¹

The Impact Assessment identified the following high-level impacts, outlining how many people would be affected and what loss, on average, they would face:

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

²⁴ Work and Pensions Committee, [Changes to Housing Benefit announced in the June 2010 Budget](#), 10 March 2011, HC 845

²⁵ [HC Deb 10 March 2011 cc283-328WH](#)

²⁶ As above c288WH

²⁷ As above c289WH

²⁸ [HC Deb 10 March 2011 cc321-2WH](#)

²⁹ In response to the SSAC report, two additional exemptions were included. See section 2.2.

³⁰ [Explanatory Memorandum to the social security advisory committee on The Housing Benefit \(Amendment\) Regulations 2011](#) (PDF), DWP, April 2011, para 15

³¹ Crisis, 11,000 disabled people face losing their homes, 3 June 2011

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.³²

2.2 SSAC report and Government response

The [SSAC report](#) on the draft regulations was published in July 2011. The Committee recommended the proposals should not go ahead without amendment. SSAC outlined concerns about the supply and availability of shared accommodation, and about the “impact of this change on a wide variety of individuals with very different needs,” including the financial loss that some would experience.³³

The Government’s detailed response was published with the [report](#). The findings and recommendations were rejected. The Government continued to argue 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.”³⁴

However, two additional exemptions from the SAR were announced and included in the final Regulations:

- Claimants who are former prisoners and covered by Multi Agency Public Protection Arrangements (MAPPA).
- Claimants who have lived in a hostel or refuge for at least 3 months.

The Government also considered further exemptions for groups such as people with “disabilities, mental health problems, a history of substance misuse and those seeking to maintain contact arrangements with their children.” It rejected additional exemptions on the basis of administrative difficulties, and said it would not be a “cost effective way in which to address their needs given the wide variation in people’s circumstances”³⁵

2.3 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](#).³⁶ The Committee determined that the special attention of the House should be

³² [Impact Assessment and Equality Impact Assessment](#) (PDF), DWP, April 2011

³³ SSAC, [Report by the Social Security Advisory Committee: Housing Benefit Regulations 2011](#), July 2011

³⁴ As above pp 10-11

³⁵ As above pp 10-11

³⁶ Merits of Statutory Instruments Committee, [Housing Benefit \(Amendment\) Regulations 2011](#), 13 September 2011, HL 194

drawn to the Regulations on grounds that they gave rise to “issues of public policy likely to be of interest to the House.”³⁷

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.”³⁸ The Committee also expressed concern over a lack of information on whether there was spare capacity in the sector of the rental market into which affected claimants were expected to move.

On the issue of work incentives, the Committee noted the change in payments might adversely affect the ability of some claimants to remain in work by forcing them to move to another area. In conclusion, the Committee said: “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.”³⁹

2.4 Grand Committee (House of Lords)

The Housing Benefit (Amendment) Regulations 2011 were considered in Grand Committee on 12 October 2011.⁴⁰ 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](#) (PDF, 2011).

The Centre’s research concluded the extension of the SAR age threshold was potentially the most damaging of all the Government’s Housing Benefit reforms because increased demand for scarce accommodation had potential to result in increased episodes of homelessness amongst key groups of vulnerable people.⁴¹

Lord Kirkwood called for “careful thought” on the Regulations.⁴² 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 asked 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.⁴³

³⁷ As above.

³⁸ As above.

³⁹ As above.

⁴⁰ [HL Deb 12 October 2011 cc453-472GC](#)

⁴¹ Centre for Housing Policy at the University of York, [Unfair Shares](#), 2011, pviii

⁴² [HL Deb 12 October 2011 c454GC](#)

⁴³ [HL Deb 12 October 2011 c456GC](#)

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.⁴⁴

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 debate in Grand Committee:

Justifying the choice of 35, rather than another age, as a cut-off point, he pointed to evidence “which shows that sharing accommodation tails off significantly after age 35.” He noted evidence in the Impact Assessment showing that “less than half of 25 to 34 year-olds have their own place, and a third live with their parents.” He said: “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.”⁴⁵

Justifying the inclusion of claimants with shared care of children in the policy, he explained that around 10,000 people would be affected, but said “living in shared accommodation should not preclude both parents from playing a full part in a child's life.” Ultimately, he explained, “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.”⁴⁶

In respect of other exemptions considered by the Government, Lord Freud repeated the view that Discretionary Housing Payments were a better choice since “the local authority is best placed to consider individual circumstances.”⁴⁷

Responding to concern about the lack of suitable shared accommodation, he said “it is too early to say how landlords might react” and expressed hope that the private rental sector would adapt to meet greater demand. He added: “[w]e 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.”⁴⁸

The Merits Committee said those in low-paid work may be forced to move, affecting their ability to remain in work. Lord Freud acknowledged that “availability of shared accommodation is likely to vary across the country” but said there was “no evidence to suggest such an effect.” He went on to say that those in employment “should be able to meet any shortfall in rent and remain in self-contained property.”⁴⁹

In response to concerns about knock-on effects on the cost of providing emergency re-housing, he said “there is no evidence to suggest that the

⁴⁴ [HL Deb 12 October 2011 c457GC](#)

⁴⁵ [HL Deb 12 October 2011 c465GC](#)

⁴⁶ [HL Deb 12 October 2011 c466GC](#)

⁴⁷ [HL Deb 12 October 2011 c466GC](#)

⁴⁸ [HL Deb 12 October 2011 c468GC](#)

⁴⁹ [HL Deb 12 October 2011 c470-1GC](#)

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.”⁵⁰

He also explained plans for the introduction of the extension to under 35s and transitional protection arrangements.⁵¹

Finally, 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.⁵²

⁵⁰ [HL Deb 12 October 2011 c470-1GC](#)

⁵¹ [HL Deb 12 October 2011 c468GC](#)

⁵² [HL Deb 12 October 2011 c471GC](#)

3 Exemptions

Various groups of tenants have always been exempted from the SAR. New exemptions have been added, usually in response to concerns that particular groups are affected negatively by the policy.

At the time the SAR was extended to under 35s, the following groups were exempted:⁵³

- **Local Authority and Registered Housing Association tenants.** Social sector tenants normally have their rent met in full (less deductions for non-dependants and earnings and where there is under-occupation) as rents are generally below market rates.⁵⁴
- **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 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 (DLA), Attendance Allowance, Personal Independence Payment (PIP) and/or Armed Forces Independence Payment.
- **Claimants who have a non-dependant residing with them.**
- **Claimants entitled to an extra bedroom to allow for a non-resident carer** to sleep over where overnight care is required.
- **Claimants under the age of 22 (extended to 25 from June 2021) 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 does not apply to the extended age group but is included for completeness to show the current exemptions].

When the SAR was extended to under 35s, in response to recommendations in a SSAC report (see section 2.2), new exemptions for people affected by the

⁵³ Exemptions applying to the non-extended age group have also been listed for the sake of completeness

⁵⁴ Plans to introduce LHA rates to social sector tenants from 2019 were abandoned following concerns from social sector landlords and other stakeholders. The introduction of the SSAR into the social rented sector was viewed as a key risk. – see Commons Library briefing CBP-7833, [Local Housing Allowance and the social rented sector](#).

extension were included in the regulations.⁵⁵ At the time they were introduced these exemptions only applied to the extended age group, not to those aged 24 or younger:

- Claimants who are former prisoners and covered by Multi Agency Public Protection Arrangements (MAPPA).⁵⁶
- Claimants who have lived in a hostel or refuge for at least 3 months (this was extended to 16-24-year-olds in June 2021).⁵⁷

On 11 March 2020, Budget 2020 announced the SAR exemptions would be extended to cover:

- Claimants aged 16-24 who have lived in a hostel or refuge for at least 3 months, extending the earlier exemption for 25-35-year-olds.
- Care leavers up to age 25, increased from 22.⁵⁸
- Victims of domestic abuse and human trafficking.⁵⁹

All the additional exemptions were originally planned to be introduced in October 2023⁶⁰ but were later brought forward.

The March 2021 Budget brought exemptions for rough sleepers and care leavers forward to June 2021.⁶¹ The October 2021 Autumn Budget and Spending Review brought forward the exemption for victims of domestic abuse and modern slavery to October 2022.⁶²

Campaigning organisations such as Become, a charity for children in care and young care leavers, welcomed new exemptions,⁶³ as did homelessness groups such as Centrepoin who had called for the care leaver exemption to be extended to 18-24-year-olds.⁶⁴

⁵⁵ See regulation 2 of [The Housing Benefit \(Amendment\) Regulations 2011](#), SI 2011/1736

⁵⁶ Claimants are only eligible if they are 25 or over

⁵⁷ For more information on this exemption see [Benefits for under 35s in shared housing](#) on the Shelter website (accessed 25 September 2022)

⁵⁸ A care leaver is a person who has been in Local Authority care (eg residential or foster care) for 13 weeks or more since they were age 14, and ending after age 16.

⁵⁹ HM Treasury, [Budget 2020](#), 11 March 2020, HC 121, para 1.190

⁶⁰ See HM Treasury, [Policy costings: Budget 2020](#), 11 March 2020, p18

⁶¹ HM Treasury, [Budget 2021](#), 3 March 2021, HC 1226, para 2.23

⁶² [Autumn Budget and Spending Review 2021](#), HM Treasury, 27 October 2021, HC 822, para 5.11

⁶³ Good news for care leavers: Shared Accommodation Rate exemption (accessed 2 November 2021)

⁶⁴ Centrepoin, [Ready to Move On: Barriers to homeless young people accessing longer-term accommodation](#), 31 October 2018

4 Commentary and evidence of impact

4.1 Pre-2012 commentary

Campaigning groups that have consistently campaigned for the abolition of the SAR published a joint paper in December 2006, [Shared Room Rent - the case for abolition](#), prior to the introduction of the Local Housing Allowance. The key issues identified included:

- 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.
- 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.
- Shared accommodation is not always a suitable option for claimants.
- The SAR puts young people at risk of social and financial exclusion.⁶⁵

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. The then Labour Government rejected this on the basis that it might hinder work incentives, and that it would come at considerable cost.⁶⁶

⁶⁵ Citizens Advice, YMCA, British Property Federation, Crisis, Shelter, Child Poverty Action Group & Centrepoint, [Shared Room Rent - the case for abolition](#), December 2006

⁶⁶ [HL Deb 19 March 2007 c1109-10](#)

4.2

Commentary since its extension to under 35s

Crisis survey (2012)

On 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.⁶⁷

The researchers concluded there were “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.”⁶⁸

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 and below the actual 30th percentile.⁶⁹

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 affordability of the SAR in London. The key findings included:

- Only 5.5% of shared properties in London were affordable to under 35s on benefits.
- Of the affordable properties with living rooms adapted, 2% of properties had landlords willing to rent to benefit claimants
- Private Rent levels increased by 37% in the five years to 2013 and were predicted to rise by a further 29% in the next five.

⁶⁷ Crisis, [No room available: a study on the availability of shared accommodation](#), 28 December 2012

⁶⁸ As above

⁶⁹ Crisis, [Shut Out briefing: Young people, housing benefit and homelessness](#), 1 January 2014

- This competition is likely to create more homelessness unless more affordable housing can be found.⁷⁰

Government commissioned review (2014)

A Government commissioned review of changes affecting Housing Benefit, entitled [Monitoring the impact of changes to the Local Housing Allowance system of Housing Benefit](#), (PDF) was published in July 2014.

The key findings in relation to 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.⁷¹
- 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).⁷²

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.⁷³

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’ (eg ‘sofa surfing’) had increased among this group.”⁷⁴

⁷⁰ Homeless Link, [Nowhere to move \(PDF\)](#), May 2013

⁷¹ DWP, [The impact of recent reforms to Local Housing Allowance: Differences by place](#), 15 July 2014, section 5

⁷² DWP, [The impact of recent reforms to Local Housing Allowance: Summary of key findings](#), 15 July 2014, section 10,

⁷³ As above, section 10.2

⁷⁴ As above, section 10.4

Responses to Government commissioned review

Following the publication of the review, two reports were published on the future of SAR, one from the All-Party Group (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 SAR, looking specifically at:

- The 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.
- 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.⁷⁵

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.⁷⁶

The report conducted interviews with people within these vulnerable groups, giving case studies of the effect living in shared accommodation had 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 2014.⁷⁷

Centrepoint's "Ready to Move On" policy report (2018)

In 2018 [Ready to Move On: Barriers to homeless young people accessing longer-term accommodation](#) was published by Centrepoint – a national charity working with homeless young people.⁷⁸ The charity conducted research to explore the barriers young people faced when looking to move on from supported accommodation. The key findings in relation to the SAR and access to shared accommodation were:

⁷⁵ APPG for the Private Rented Sector, [Access to private rented housing for the under 35s: Report and oral evidence \(PDF\)](#), section 5.5, 13 October 2014

⁷⁶ Unison, [A new housing benefit deal for young people \(PDF\)](#), November 2014

⁷⁷ Work and Pensions Committee, [Support for housing costs in the reformed welfare system](#), 26 March 2014, HC 720

⁷⁸ Centrepoint, [Ready to Move on Campaign 2018](#), (accessed on 26 September 2022)

- A private landlord survey conducted by Centrepoin saw that almost nine in ten landlords (89%) reported not letting any shared accommodation at all.
- Shared accommodation that is available is often occupied by other groups of young people who can pay higher rents (ie students and young professionals). Sometimes there is resistance from these who do not want to share with young people on benefits.
- Almost three in ten private landlords (29%) surveyed said they would not let to a young person moving on from homelessness accommodation as housing benefit rates in their area were too low for the rent they would wish to charge.
- Young people reported that Discretionary Housing Payments (DHPs) are difficult to apply for, especially without support.

The report noted that social housing is becoming harder to access for vulnerable young people and a lack genuinely affordable housing has left many of the people interviewed stuck on waiting lists. Along with other changes to the rent safety net, Centrepoin recommended the DWP should extend the current SAR exemption for those who have spent three months or more in supported accommodation to cover those 18 and over.⁷⁹

SSAC report on young people aged 16-24 living independently (2018)

In May 2018, the Social Security Advisory Committee published an occasional paper exploring the issues faced by young people aged 16-24 living independently. Along with other restrictions on the level of support for renters available in the benefits system, this paper expressed concern at the situation faced by young renters who are not exempted from the SAR:

[...] there can be a significant gap between the maximum that housing benefit or Universal Credit will pay, and current average rents. In inner London, for example, the Shared Accommodation Rate tends to be around £98 per week – about £30 to £70 less than the average rent in a shared house. In Birmingham, the Shared Accommodation Rate is about £57 per week, which is about £40 less than the average rent in a shared house.

Our research found that in many areas, there are almost no rooms available to young claimants on the Shared Accommodation Rate. We conducted a snapshot analysis of 5,240 advertised properties on spareroom.co.uk in eight urban areas of the UK (chosen to cover a range of costs). This analysis found that just one per cent was both affordable at the Shared Accommodation Rate and available to Housing Benefit recipients (see Figure 7.1). Just 133 of the 5,240 properties listed were at (or below) the housing rate for under 35s, with only 23

⁷⁹ This policy was later adopted – see section 3

of those available to benefit claimants. In four of the eight areas, there were no advertised properties available to claimants at the under 35 rate at all.⁸⁰

The SSAC recommended the exemption for care leavers be extended up to the age of 25 (which later happened), and that the DWP should publish evidence “on the affordability and availability of housing for young people at the Shared Accommodation Rate in every Broad Market Rental Area, and take action where affordability is too low.”⁸¹

The Government response insisted that the Valuation Office Agency “already publishes detailed information on the distribution of shared accommodation rents and the associated Shared Accommodation Rate (SAR) for each Broad Rental Market Areas (BRMA) in England”, and that this is sufficient. It went on to note the actions underway where affordability is too low:

SARs received significant Targeted Affordability Funding (TAF) in both 2017/18 and 2018/19, with 22 of 48 Local Housing Allowance (LHA) rates increased in 2017/18 being SARs and 60 out of 213 in 2018/19. In each year, more SARs were increased than LHA rates for any other property size. We will also be able to increase significant numbers of rates in the least affordable areas in 2019/20, with Autumn Budget 2017 allocating an additional £125m of TAF across 2018/19 and 2019/20.⁸²

Crisis “Cover the Cost” report (2019)

In May 2019, Crisis released a report analysing how the gaps in Local Housing Allowance are impacting homelessness. The report described findings from their research and said that unless there was a significant shift in Government policy, homelessness would more than double across Great Britain by 2041.⁸³ Crisis also argued that further investment in the Local Housing Allowance and Universal Credit would have a significant positive impact on the stability of housing and the prevention of severe financial shortfalls and homelessness.⁸⁴

The report highlighted that the SAR presented a particular challenge across all three nations (England, Scotland, and Wales). Looking specifically at each nation, the key findings included:

- The most significant problem in Wales from Local Housing Allowance rates is from the SAR for single people under the age of 35.
- Shared Accommodation was unaffordable within the Shared Accommodation rate in 123 out of 182 areas (81% of the country) in England.

⁸⁰ SSAC, [SSAC Occasional Paper 20: Young people living independently](#), 23 May 2018, p38

⁸¹ Ibid, p8

⁸² DWP, [DWP response to SSAC report on young people living independently: government response](#), 30 July 2018

⁸³ Crisis, [Cover the Cost: How gaps in Local Housing Allowance are impacting homelessness](#), (PDF) May 2019 (accessed on 20 September 2021)

⁸⁴ Crisis, [Cover the Cost: How gaps in Local Housing Allowance are impacting homelessness](#), (PDF) May 2019 (accessed on 20 September 2021)

- In Scotland and Wales, accommodation was unaffordable within the SAR in 55 and 50 per cent of the countries respectively.⁸⁵

[The homeless monitor: England 2019](#), an annual state-of-the-nation report commissioned by Crisis, referred to the impact of welfare reform on homelessness:

The safety net once provided by Housing Benefit, whereby post housing incomes were protected from erosion below basic benefit levels, has now effectively ended for the bulk of private tenants in receipt of benefit across the country, with young people under 35 particularly badly affected by reduced Local Housing Allowance rates and the working age benefit freeze.⁸⁶

⁸⁵ Crisis, [Cover the Cost: How gaps in Local Housing Allowance are impacting homelessness](#), (PDF) May 2019 (accessed on 20 September 2021)

⁸⁶ Crisis, [The Homelessness Monitor: England 2019](#), 15 May 2019

The House of Commons Library is a research and information service based in the UK Parliament. Our impartial analysis, statistical research and resources help MPs and their staff scrutinise legislation, develop policy, and support constituents.

Our published material is available to everyone on commonslibrary.parliament.uk.

Get our latest research delivered straight to your inbox. Subscribe at commonslibrary.parliament.uk/subscribe or scan the code below:



 commonslibrary.parliament.uk

 [@commonslibrary](https://twitter.com/commonslibrary)