



Single room rent – the case for abolition

Young people aged under 25 have long faced discrimination in the benefits system. Whilst claimants aged 25 and over are assumed to need £57.45 per week to cover day to day living costs such as food, fuel and clothing, under 25s are entitled to only £45.50. They are also excluded from the working tax credit. This discrimination is compounded for single under 25s renting in the private sector, by restricting their housing benefit (HB) to the average local rent for shared accommodation – known as the single room rent (SRR).

- 87 per cent of all SRR claimants faced a shortfall between what they receive in HB and what they pay in rent, averaging £35.14 per week. This is over double the shortfall faced by other claimants.
- There is a shortage of accommodation available to under 25s which meets the SRR definition.
- Charities working with young homeless people are unable to move people on to appropriate accommodation because of the impact of the SRR.
- The SRR puts young people at greater risk of social and financial exclusion, making it more difficult for them to find and sustain employment.

It is therefore essential that the Welfare Reform Bill is amended to abolish the SRR under 25s restriction in the local housing allowance (LHA).

Background

The SRR restriction limits HB entitlement for single under 25s to the average local rent for single room accommodation with shared use of toilet, kitchen, bathroom and living room, regardless of the type of accommodation in which the young person actually lives. In practice this means that anyone under 25 and reliant on HB who chooses to live in self contained bedsit or one bedroom accommodation will find their benefit will not cover the costs. And even the amount they are allowed to receive to rent a single room in shared accommodation is usually insufficient to pay for what is available locally.

Ever since its introduction in 1996, the SRR has been highly controversial and the subject of sustained criticism:

- The Social Security Advisory Committee expressed serious concerns 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”.¹
- There was considerable opposition from MPs including Tony Blair, Gordon Brown, John Prescott, John Hutton, Hilary Armstrong, Margaret Beckett, Peter Hain, Harriett Harman, Tessa Jowell, Jack Straw and Stephen Timms. Shadow Social Security Secretary Chris Smith MP commented: “The limitation of housing benefit amounts for young people under the age of 25 will have a series of malign consequences. It will force young people out of bedsits and one-bedroom flats into inadequate, unregulated and potentially dangerous multi-occupation dwellings.”²
- In 2000, the Social Security Select Committee’s inquiry into housing benefit concluded: “While we do not lightly put forward proposals that would require an increase in social security spending, we consider that there is a strong case for abolishing the single room rent limits.”³
- In response to these criticisms, easements were introduced in 2001, to extend the SRR definition to include access to a shared living room. However research commissioned by DWP to explore the impact of this concluded that it “made no appreciable difference to the supply or quality of accommodation to young claimants or their ability to access it”.⁴

¹ HB (general) amendment regulations 1996, Report by the Social Security Advisory Committee, Cm 3225, 1996.

² Hansard, House of Commons, 29 Nov 1995, Col 1216

³ Social Security Select Committee Sixth Report – Housing Benefit (HMSO, 1999/2000)

⁴ Harvey J and Houston D, Research into the single room rent restrictions, DWP, 2005

What is the Government rationale for the single room rent?

The Government case for the SRR was most recently spelled out by Housing Benefit Minister, James Plaskitt MP, in a parliamentary debate on the issue:

“60 per cent of (under 25s) renting in the private rented sector who are not on housing benefit share accommodation. It is therefore reasonable to expect young housing benefit claimants to share too. Doing otherwise would allow them to access better housing than that which was available to their working peers, which would not represent a fair deal for those in and out of work.”⁵

However this argument fails to acknowledge a number of important facts. Firstly the SRR hits young people in work as well as their out of work peers. It cannot therefore be seen as an incentive to work and in practice makes it more difficult to find and sustain employment.

A Yorkshire CAB saw a 17 year old client who was estranged from his parents. He was studying part time and working part time. Because of the single room rent restrictions he was finding it extremely difficult to find accommodation that he could afford.

A CAB in Lincolnshire reported a 23 year old client who was threatened with homelessness as a result of relationship breakdown. She works 20 hours a week in two jobs earning £100, but because of the impact of the SRR she could not find anywhere she could afford.

Secondly the HB system already includes mechanisms through the operation of the local reference rent (to be replaced by the local housing allowance (LHA)) to restrict HB entitlement to the average levels of rent in the area. It is unclear why additional measures are needed for under 25s.

Thirdly, the DWP's own research concluded that the SRR has not been effective in encouraging claimants into shared accommodation. Indeed the researchers found that opposite was the case as the proportion living in accommodation meeting the SRR definition actually fell over the two year period they examined.

The impact of the single room rent

Whilst there is no evidence to show that the SRR has acted as a work incentive or has encouraged young people into shared accommodation, there is ample evidence of its negative effects, and of the way it undermines wider government objectives to tackle poverty and homelessness.

Unsustainable shortfalls

Many tenants face shortfalls between their HB entitlement and their rent due to the rent restriction rules. However as a result of the SRR rule, young people fare much worse than their older peers. The DWP research found that 87 per cent of all SRR claimants faced a shortfall, averaging £35.14 per week. This is over double the size of the shortfall faced by other claimants, which averaged £16.34 and affected 55 per cent of claimants. Such shortfalls are clearly not sustainable by under 25s, already struggling to make ends meet on the lower allowance for basic needs of £45.50. The scale of the problem is reflected in CAB statistics which show a disproportionate number of enquiries from under 25s. Whilst they represent less than 3 per cent of all private sector HB claimants, under 25s account for 20 per cent of CAB enquiries on rent restrictions.

A CAB in North Tyneside reported a 20 year old client in low paid work who had been thrown out of her parents' home and was desperately looking for somewhere to live. The cheapest rent she could find was £15 above the SRR rate.

A CAB in Cheshire reported a client who had taken on a tenancy that she could afford whilst she was working. When she was unable to work through ill health, she claimed HB and found that her benefit was restricted due to the SRR. She got into rent arrears and was served with notice to quit. Rather than face the ordeal of a court hearing she left the accommodation, as she was suffering from depression. The council considered her to be intentionally homeless, as she did not wait to be evicted. She is now living in a hostel.

The only possible help available in these circumstances is a discretionary housing payment. However this is not an adequate solution as payments are time and budget limited, and access depends on whether the claimant meets locally set priorities.

Homelessness

Prevention is at the centre of the Government's approach to tackling homelessness. Local councils are required to draw up homelessness strategies which include addressing the needs of non priority single people by helping them find accommodation. Many rely heavily on the private rented sector to fulfill these duties, particularly for single people. However the effectiveness of this approach is undermined by the SRR rule which can leave young people with no route out of homelessness, thus making it more difficult for them to find and sustain work.

A Yorkshire CAB reported a 24 year-old client who had been homeless for eight months and was currently living in a hostel. He was unable to find any accommodation he could afford because of the SRR. His efforts to find work were frustrated by the fact that he could not give a permanent address on job application forms.

[Crisis](#) operates a national network of 'SmartMove' Rent Deposit Schemes, which enable single homeless and vulnerably housed people to access private rented accommodation. An independent evaluation in 2006 of the SmartMove scheme found that the SRR was the number one major national policy issue of concern to schemes, with some reporting that it severely restricted their access to private rented accommodation for this group. One project reported that they could no longer work with under 25s because of the absence of accessible and affordable private rented accommodation in the area.

[Centrepoin](#)t finds that the SRR can be a disincentive for young people to leave supported accommodation, as they know they will face a shortfall. In other cases the SRR can force vulnerable homeless young people into unsuitable sharing arrangements with other young vulnerable people, thus setting up their tenancies to fail. This can lead directly into repeat homelessness.

Availability of shared accommodation

Affordability is not the only barrier. There is substantial evidence of landlords' unwillingness to let to under 25s on benefits. The [British Property Federation](#) reports that many of its members are reluctant to let to under 25s because of the inadequacy of their HB payments to meet the rent required. This is reflected in the DWP statistics which show that the number of claimants assessed under the SRR rules has fallen from 31,600 in 1997 to 11,990 in 2005.⁶

In 2005, [YMCA England](#) surveyed 23 local YMCAs which together provide over 1000 bed spaces for young people. They identified the SRR as a significant barrier to moving on from the YMCA accommodation. Thirty five per cent of young people in the YMCA accommodation were ready to move on but unable to find anything affordable to rent. This obviously has a knock-on impact on YMCA's ability to use its bed spaces with maximum effectiveness.⁷

[Shelter's](#) research into rent levels in the local housing allowance areas found that whilst 46 per cent of one bedroom properties advertised were affordable to those entitled to the one bedroom rate, only 26 per cent of properties matching the shared room rate definition were at or below the SRR. Advertisements for shared properties were particularly likely to deny access to HB claimants.⁸

Housing benefit Minister James Plaskitt MP, has acknowledged that availability of accommodation is an issue in some parts of the country but stated that "the answer does not lie so much in reforming the welfare system as in what my Rt. Honorable and Honorable friends in other departments are doing to address housing supply and housing need".⁹

This is not an adequate response. It cannot be right to design HB policy on the basis of Government plans to address housing supply shortages, rather than on what is available now. To do otherwise leaves claimants to bear the consequences. Any strategy to increase housing provision is inevitably a long term process and in any event there are no specific policy proposals to increase the amount of shared housing in the private rented sector.

A good start in life?

The application of the SRR to pregnant women is particularly perverse since once the baby is born the restriction no longer applies. But at this point a new mother will find it far more difficult to find and manage a move to more suitable accommodation. This is hardly conducive to tackling child poverty and providing her baby with a good start in life.

A Norfolk CAB reported a 22 year old client who was eight months pregnant and had been recently abandoned by her partner. She was living in one bedroom accommodation with a weekly rent of £80.55. Because of the SRR, she was entitled to only £2.90 per week towards her rent. After essential expenditure of rent, council tax, fuel and water she had just £25 per month left for food and other expenses.

⁷ Let me in! Young people and housing benefit reform (YMCA, 2005)

⁸ On the right path? (Shelter, 2005)

⁹ Hansard, House of Commons, 4 July 2006, col 248WH

The local housing allowance

The LHA is to be rolled out across the private rented sector under proposals in the Welfare Reform Bill. Overall it has had a very welcome effect in reducing the levels of shortfalls claimants face – from £24 to £17 per week in the pathfinder areas. But despite the controversy surrounding the SRR and the change to its definition¹⁰, the extensive DWP evaluation of the LHA has, so far, provided no information about the impact of the shared room rate rule on shortfalls experienced by under 25s. [Citizens Advice's](#) evidence report on the LHA found that most of the CAB clients facing significant shortfalls under LHA were single people aged under 25.¹¹ So, as other claimants have benefited from more generous LHA rates, the gap between them and under 25s has increased.

Conclusion

The SRR has now been in existence for ten years. In that time there has been no evidence that it has improved work incentives for young people or even that it has encouraged young people into shared accommodation. On the other hand there is extensive evidence that it undermines wider government objectives by increasing the risk that young people will face poverty, debt and homelessness, so making it more difficult to find and sustain employment. The resulting social exclusion can be very difficult for young people to overcome, creating a legacy which may stay with them for years.

There is widespread support for the abolition of the under 25s single room rent restriction. Over 150 MPs have signed an Early Day Motion to that effect. Amendment to the Welfare Reform Bill as it progresses through parliament provides the opportunity to make this much needed reform.

¹⁰ The LHA introduces a slightly more generous definition of the SRR. Whilst under current HB regulations the SRR is defined as a single room with shared use living room, kitchen and bathroom and WC, the LHA's 'shared room rate' allows for all or some of these facilities to be shared.

¹¹ Early days – CAB evidence on the local housing allowance, (Citizens Advice, 2005)

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