Unfair Shares
A report on the impact of extending the Shared Accommodation Rate of Housing Benefit

Executive Summary

Centre for Housing Policy, University of York

July 2011
Executive summary

Introduction and methods

This report contains the results of research on the Shared Accommodation Rate (SAR) of Housing Benefit (HB). The Coalition Government has proposed a range of changes to the system of HB that affect the SAR, including the introduction of national caps, a reduction to the 30th percentile of rents for setting the rate, and an extension of the age threshold to include single claimants until they reach their 35th birthday. This research considers some of the consequences that may flow from these changes.

There were three linked elements to the research methods: a quantitative secondary analysis of existing national datasets, qualitative interviews with single HB claimants under the age of 35, and qualitative interviews with schemes offering help and advice to single HB claimants seeking, or living in, shared accommodation in the private rented sector.

Qualitative interviews were completed with 12 schemes in a range of areas, including Greater London; Edinburgh; provincial cities and towns; and large areas containing rural, urban, and coastal settlements.

Qualitative interviews were conducted with 38 claimants contacted via the schemes that were interviewed for the research as well as through other schemes. Half of the claimants were aged between 18 and 24, and half were aged 25 to 34. The younger age group was about evenly divided between males and females, whereas most of the older group were male. The housing biographies of both age groups were chaotic. They often involved a series of different housing arrangements, which might have been insecure, a range of support needs, and could involve homelessness.

The availability of shared accommodation

This research found that shared accommodation is only a small segment of the PRS tenure and this therefore has real implications in terms of the increase in demand and the pressure that the SAR extension to under 35s will place on the PRS.

Estimates from the Survey of English Housing (SEH), which uses a broad definition of a shared household, indicate that the proportion of sharers halved between 1993-95 and 2002-04, when it dropped from ten to five per cent of all privately renting households living in England. The SEH indicates that the proportion of sharers did not change substantially in the following three year period. Although the PRS has increased in size over the same timescale, this data suggests that the absolute number of households living in shared accommodation in the English PRS has also declined by about one half.

The 2001 census uses a narrower definition of sharing than the SEH, and indicates that 1.2 per cent of PRS households were single persons living in shared accommodation on census night (just over 46,000 households). The level of sharing at that time was highest within the Greater London region, at 2.3 per cent, and lowest in the North East region, at 0.6 per cent. Many of the local authority areas with the highest proportions of sharers were within Greater London, most notably in the boroughs of Camden (5.1 per cent) and Haringey (5.4 per cent).

1. The quantitative analysis examined the Survey of English Housing (SEH), the LHA rates for the Broad Rental Market Areas of Great Britain, and 2001 census data. Due to limitations within the data, three-year averages were used in much of the quantitative analysis, and sub-national analysis was restricted to broad regional areas.
Based on March 2010 data, the Department for Work and Pensions (DWP) (2011a) estimates that there were around 89,000 claimants receiving the Shared Accommodation Rate of HB. This figure comprised about 53,000 under 25s, who were entitled only to the SAR, and about 36,000 of 25 to 34s who were assessed at this rate because they were already sharing. Following the change to the age threshold, DWP estimates that a further 62,500 claimants aged between 25 and 34 will become eligible for the SAR instead of the one bedroom rate as at present.

The experience of shared renting

Respondents’ views on sharing were often shaped by their ability to exercise choice over the route into that tenancy. So, for example, tenancies where the tenant had a great deal of choice about the property, and who they shared with, were much less likely to be problematic. However, in cases where tenants moved into a property in haste – with little knowledge of the other tenants – then problems were more likely to arise.

This research found many of the moves respondents had made were unplanned. They had often needed to remove themselves from difficult and sometimes dangerous situations quickly. Unplanned moves could have unsatisfactory consequences when the claimants had felt the need to take the first opportunity of shared housing. There is concern that the extension of SAR will precipitate a large number of unplanned moves, made in haste, to more problematic ‘stranger’ shares with people finding themselves in unsuitable living situations.

Where vulnerable groups were involved, shared accommodation played a role in promoting and perpetuating homelessness as the type of sharing was ill-chosen, or simply not suitable for the tenant. This is likely to lead to the risk of a higher number of failed tenancies and greater potential for episodes of homelessness.

The experience of tenants already in shared accommodation indicates that often tenancies did not meet the need of long-term accommodation, or even offer the respite accommodation from a more acute housing need that they required. Many of the tenants were clearly dissatisfied with their housing, and were looking for other accommodation. In other cases, schemes had placed tenants in shared accommodation with the intention

---

2. The difference between the time the national survey data (2001 Census) was collected and the more recent DWP estimates, as well as the different definitions of sharing that have been used means some caution needs to be exercised in comparing the 2001 Census with the DWP estimates.
Unfair shares: a report on the impact of extending the Shared Accommodation Rate of Housing Benefit

of that placement halting a downward spiral of ever-more chaotic housing episodes. However, it was clear that in some instances the stresses involved in living in the property might well precipitate another hasty move, perhaps following concerns around personal safety or security, especially as a result of crime or drug use.

There were a number of areas in which tenants reported problems, which undermined the ability of shared housing to deliver either a satisfactory long-term housing solution or a degree of ‘respite’ from more acute housing difficulty. An overriding theme was the extent to which they were able to feel secure in their own home.

In some cases the high level of tenant turnover meant that it was difficult to judge who did or did not live in the property or keep the property secure. In one case there were so many keys in circulation the front door to the property was insecure and in another there was no opportunity to even see other residents before they moved in. Some respondents also reported that drug use, low level crime and anti-social behaviour were evident in their shared property and this exacerbated a feeling of unease about where they were living.

Personal security was a key concern, particularly for female claimants. Following past problems such as sharing accommodation with male tenants who displayed aggressive behaviour, some were only prepared to share with other females, and a few were reported to be making substantial top-ups to their SAR of HB to live in self-contained accommodation rather than to share, with a subsequent impact on their income.

Several of the claimants in the research had difficulties in maintaining relationships with their children while living in shared accommodation. Usually, this related to problems with the shared environment that caused the difficulty, including noise levels, cleanliness of communal areas, and doubts about the backgrounds of other residents which meant the environment of shared housing was potentially risky for children.

The report highlights a number of issues connected with sharing that exacerbated these concerns, such as crime within shared accommodation, the potentially chaotic lifestyles of some sharers, and the sense of well-being of tenants with respect to their sense of security in these settings. Further, some landlords prohibited overnight visitors, which made it difficult for claimants to be closely involved in child care. Another issue was the ability of formerly homeless people to reconnect with their children if they live in shared, rather than self-contained, accommodation.

The experience of vulnerable sharers

Some respondents in shared housing were particularly vulnerable. For example, their addictions or mental ill-health meant that it was difficult for them to find work or negotiate their way to a better quality rented property. For these respondents, sharing with strangers in insecure and stressful circumstances was unlikely to contribute to their feeling either more settled or more able to pursue full time education or employment. A particular issue related to the support needs of formerly homeless people, and the suitability of sharing as a route to a settled housing solution. Properties where there was evidence of low levels of crime, drug dealing and drug taking were not conducive for respondents who were ex-offenders or recovering addicts. An attempt to escape these contexts might result in the respondent again experiencing homelessness.

The experiences of some vulnerable claimants highlighted that shared accommodation can often exacerbate vulnerabilities. For tenants with mental ill-


health this report highlighted that difficulties with other tenants’ anti-social behaviour could create stress and feelings of insecurity. There was evidence that for victims of domestic violence shared properties could offer little security if front doors were left open or residents were unsure who was living in the property for example.

Shared properties could also be problematic for ex-offenders and recovering addicts. Criminal activity and drug taking featured in many of the accounts of shared renting and was a concern given the incidence of problems with addiction amongst respondents. There were also respondents who had criminal records and it was evident that some shares where criminal activity may be taking place were problematic environments for people who were endeavouring to avoid re-offending. There were also concerns about the appropriateness of sharing for ex-offenders, in terms of the risk posed to other tenants.

The schemes often reported concerns about the impact that living in shared accommodation could have on the health and wellbeing of their vulnerable clients. The potential consequences of sharing on the wellbeing of these vulnerable groups points to the unsuitability of this type of accommodation, as well as the pressure that SAR puts on individuals as they try and sustain self-contained accommodation in the face of this unsuitability. For example, the DWP (2011a) estimated that eighteen per cent of single, childless, Housing Benefit claimants aged 25-34 were in receipt of disability premiums but would not be exempt from SAR. This research has highlighted the difficulties that were experienced by current claimants and there is a concern about the wider pool of vulnerable groups who will be claiming SAR as a result of the SAR extension, and the suitability of their future housing circumstances as they respond to this change.

Implications of extending the SAR to under 35 year olds

The problems that current SAR claimants experience are likely to increase with the extension of the shared accommodation rate. This research has highlighted that despite other housing benefit reforms respondents felt the extension of the SAR age threshold by ten years to under 35s was potentially the most damaging. As previously noted there is a limited supply of accommodation available to single people currently claiming the shared accommodation rate of HB. The difference between the one room rate of HB and the SAR was considered likely to make self-contained accommodation unaffordable to the 25 to 34s in most cases, with the impact that there would be an increase in demand for shared accommodation. Schemes typically expected to see a doubling of demand for shared accommodation following the age change.

There were serious concerns about the impact of a rise in demand for shared accommodation, when many schemes and current claimants were already struggling to assist those affected by the current under 25 Shared Accommodation Rate to find shared accommodation in a highly competitive market. Schemes in particular commented on their current experiences in trying to identify sufficient property, and compared this situation to the difficulties they would face with the SAR extension (estimated by DWP at about 62,500 claimants nationally). With demand outstripping supply agencies are unlikely to be able to cope and this has implications for a potential increase in episodes of homelessness amongst key groups of vulnerable people. There is also a concern that claimants with high support needs will not be able to access other housing options such as lodgings, or have a realistic prospect of returning to the parental home.

There is concern surrounding the unsuitability of shared accommodation for certain
vulnerable groups given the experience of those currently subject to the shared accommodation rate and the likely increase of vulnerable groups claiming SAR due to the extension. For claimants with mental health or learning difficulties or victims of domestic violence, shared properties could be damaging to their health and well-being. Concerns were also raised about the suitability of a shared environment for ex-offenders and recovering addicts, who need a stable environment to help re-integrate them into society and to help them avoid recidivism.

There were concerns for claimants affected by the extension given the current level of tenant turnover, personal security concerns and presence of crime and drugs within some shared properties as reported by claimants and schemes. Safety concerns for other residents sharing with ex-offenders were also raised, especially when criminal records included arson and domestic violence.

A particular issue that could increase in scale as a result of the SAR extension are the number of claimants who would experience difficulties in maintaining relationships with their children while living in shared accommodation: the SAR extension is not a family friendly policy. The DWP (2011b) estimated that eighteen per cent of 25-34 year old single Housing Benefit claimants without dependent children are absent parents, and that over half of children with an absent parent have fairly regular contact. The SAR extension therefore has implications for the ability of a wider group of parents to maintain contact with their children.

There were also concerns about the greater mix of age groups in shared accommodation, and the potential for difficulties arising from conflicting lifestyles to be exacerbated. For example, one issue highlighted was the impacts on the ability of older claimants to sustain their employment in shared accommodation due to noise and disruption in shared settings.

The impact of an influx of older claimants was also thought likely to squeeze younger claimants, due to a shortage of property and (if able to choose) landlords’ preference not to let to under 25s. Landlords were seen as avoiding letting to those already on the Shared Accommodation Rate (under 25s) because they were viewed as requiring more intensive management, and were less reliable tenants. The consequences of such a response from the market were thought likely to include an increase in homelessness amongst younger claimants especially, and problems for people who may become trapped in unhealthy, and possibly dangerous, circumstances because they cannot find somewhere else to live.

**Conclusions**

This research has found that the shared accommodation proportion of the PRS is a small segment and there is currently a limited supply of shared accommodation to claimants in most areas. Raising the age threshold of the SAR would have the impact of about doubling the demand for shared accommodation, if claimants do not access other housing options, which has yet to be adequately assessed.

The key concerns about the anticipated increase in demand for shared accommodation were therefore related to its availability, the size of shared accommodation and the unsuitability of sharing for certain groups.

The financial viability for landlords to let to sharers subject to the SAR extension was also a major concern, as it was likely they would need to be large properties. This in turn was a serious concern as larger shared settings had greater problems that could impact on the health and wellbeing of the residents. The existing problems were widely expected to increase following the SAR extension, in relation to mixed ages and mixed sex housing. Similarly, problems were expected to increase due to sharing being inappropriate
for vulnerable groups of claimants. For people who had been homeless, victims of domestic violence and people with mental health problems there were key concerns about security and the well-being of these claimants. A further concern for ex-offenders was the potential for recidivism in a shared setting.

The Greater London area is likely to be particularly affected by the SAR extension, since DWP figures indicate that there are more existing one bedroom claimants likely to be affected in the region, and the interviewees from the region were already experiencing substantial difficulties obtaining shared accommodation for SAR claimants. Greater London represents a particular concern given that need and levels of homelessness are greatest in the Capital and it was also the area in which large shared housing will be required for the rental income from letting to sharers on HB to be attractive to landlords. A comparison of the published rates suggest that it will take an average of four SAR claimants sharing before the provision of shared rather than self-contained accommodation might be financially attractive to landlords in the region. This comparison is based on the gross rental income that could be obtained from HB, and takes no account of the costs of conversions, and the extra running costs of shared accommodation. In any case, the view of schemes in London was that landlords would be unwilling to let to sharers because of the HMO regulations, and the higher management and support needs of many sharers.

There are also specific implications for London because of the wider housing context in which the SAR extension will take place. The high level of homelessness, and the rise in the number of rough sleepers in London from 2,807 in 2005/6 to 3,975 in 2010/11 (Jones, and Pleace, 2011; Broadway, 2011), highlights a key concern over whether shared accommodation is able to provide settled housing solutions for vulnerable groups on the one hand, as opposed to being part of a wider problem of instability, failed tenancies and homelessness on the other. This report suggests that the latter role is more evident for vulnerable groups in shared accommodation than the former.

Drawing the research findings together suggest some potentially major implications arising from the changes to the SAR, both for claimant homelessness and claimant wellbeing but also for those providing support services. In particular:

- The increase in claimants seeking shared accommodation, against a static or falling supply of shared accommodation may leave some claimants homeless or in unsuitable accommodation. Serious reservations were raised about the way the market will respond to the SAR changes, including the financial viability of properties containing smaller numbers of sharers. Reduced choice in accommodation is likely to result in pressure for households to remain in, or move back to, unsuitable accommodation or a state of rooflessness and consequently increase the risks of those who are most vulnerable. This latter point particularly has implications for formerly homeless people who have been rehoused in self contained accommodation in the PRS, and may need to find alternative arrangements if they cannot afford the top ups necessary to meet the new shortfall between Housing Benefit and their rent.

- The SAR extension is also likely to result in a much greater risk of instability of tenancies in shared accommodation that may lead to more failed tenancies. This risk stems from a number of reasons:
  - The wider mix of ages in shared settings may generate a greater potential for disputes and frictions between older and younger claimants. On one hand older tenants may find the lifestyles of younger tenants difficult, especially in sustaining work routines. On the other hand, research has also
identified problems for younger tenants sharing with older people, particularly around issues such as chronic alcohol or drug problems or the danger of abuse of younger females by older males (Harvey and Houston, 2005);

- A question mark hangs over the suitability of the environment of shared accommodation for the wellbeing of tenants with mental health problems or for other vulnerable groups such as formerly homeless people, people with drug and alcohol problems, ex-offenders and especially females escaping domestic violence.

- The availability and viability of other housing options for the expanded pool of vulnerable claimants entitled to SAR needs to be carefully assessed because the prospects for other housing options, such as lodgings, being able to meet the new demand, and the prospects for claimants for moving back in with families seems unrealistic, given the chaotic housing histories of some of these claimants. For example, although supported lodgings offer a potential option with adequate resourcing, the willingness of resident landlords in general to let rooms to vulnerable people with support needs remains in doubt.

- Schemes played an important role in mitigating the difficulties many claimants experience in both finding and sustaining shared tenancies. However, schemes often already reported difficulties in sourcing an adequate supply of shared accommodation for claimants under 25 currently subject to SAR. Once the SAR extension comes into effect, the level of support currently available will not be sufficient for the greater number of claimants with varying degrees of support needs who will be seeking shared accommodation or other housing options.

In addition there are serious concerns that the number of claimants with a variety of support needs up to the age of 35 who would benefit from the assistance of schemes will not be able to due to demand for services outstripping capacity. Schemes may also need to respond to the needs of vulnerable claimants who have previously been resettled into self contained accommodation in the PRS, and who may have to move into shared property as a result of the change.

The key messages from this research are that the current availability of shared accommodation for claimants is limited, and that increased demand resulting from the significant numbers affected by the SAR extension will make this situation worse.

Further, moves into shared accommodation with strangers, which are unplanned or made in haste as a result of a crisis, can cause difficulties in relation to security, personal safety, crime and sustaining contact with children. The SAR extension may precipitate unplanned moves made in haste, as claimants seek to mitigate the impact of the change on their incomes. As this research has shown, unplanned moves to ‘stranger’ shares are the most problematic in relation to sustaining tenancies. These factors can make sharing unsuitable and particularly difficult for a wide range of vulnerable groups. For all of the outlined reasons this type of sharing is likely to contribute towards, rather than help to mitigate, unstable and chaotic housing biographies, because of the risk of failed tenancies and the potential for subsequent homelessness.
About Crisis

Crisis is the national charity for single homeless people. We are dedicated to ending homelessness by delivering life-changing services and campaigning for change.

Our innovative education, employment, housing and well-being services address individual needs and help homeless people to transform their lives. We measure our success and can demonstrate tangible results and value for money.

We are determined campaigners, working to prevent people from becoming homeless and advocating solutions informed by research and our direct experience.

We have ambitious plans for the future and are committed to help more people in more places across the UK. We know we won’t end homelessness overnight or on our own. But we take a lead, collaborate with others and together make change happen.

Get in touch

Crisis
66 Commercial Street
London E1 6LT
Tel: 0300 636 1967
Fax: 0300 636 2012

www.crisis.org.uk

© Crisis 2011

Crisis UK (trading as Crisis). Registered Charity Numbers: E&W1082947, SC040094. Company Number: 4024938

Homelessness ends here