

Shared Accommodation for Under 35s:

The Policy Context

The shared accommodation workshop was an all day event at FRC Group on Wednesday 14th December 2016. The event was a practical, roundtable-style event aimed at housing professionals who were considering or had already started a pilot scheme of shared accommodation for under 35s.

End Furniture Poverty has produced two briefings which cover the several themes that emerged during the day.

This briefing covers the policy context of the Local Housing Allowance (LHA) cap, the shared accommodation rate, and the current situation for under 35s.

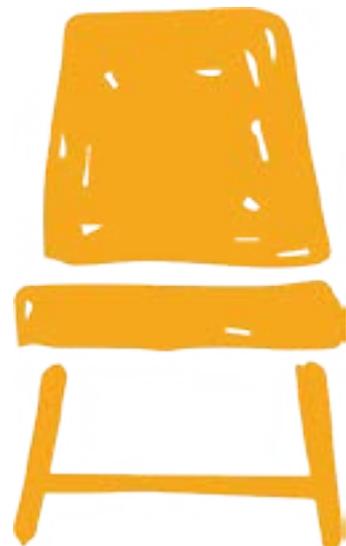
Executive Summary

Below are some key points from the initial two sessions, given by Brian Robson from the Joseph Rowntree Foundation and Helen Campbell from End Furniture Poverty.

- Young adults aged 18-35 are already subject to structural and political disadvantage in our society, especially in the housing and labour markets. Lower levels of the minimum wage and benefits mean this age group is particularly at risk of poverty and social exclusion
- Recent policy changes to housing and benefits mean that rather than once being a successful anti-poverty measure, housing may soon become a cause of poverty
- The effect of the LHA cap and limiting housing benefit to the shared accommodation rate will mean that affordable housing will become a real

challenge for this age group

- Under 35s are also more susceptible to Furniture Poverty because they are more likely to:
 - Be earning less
 - Have fewer savings
 - Be in poverty – the poverty rate for 16 – 24 year olds in particular is 28%, the highest for any adult age group
 - Start a new tenancy, and so be in need of white goods and furniture
- Providing shared accommodation is a good solution to Furniture Poverty because:
 - There is a multiplier effect – furnishing a house shared by a number of different people means that the Furniture Poverty is solved for the entire household
 - Furnishing properties for shared use is also good housing management practice. It will lead to longer, more secure tenancies
 - Furnishing shared properties creates a good return on investment



Policy Context

Brian Robson, Policy and Research Programme Manager at Joseph Rowntree Foundation, started the day with a look at the general backdrop of housing policy, welfare reform, and the impact of both on under 35s.

Not all ages are equally poor

Brian started with some troubling statistics about the unequal nature of poverty in the UK – the poverty rate for people aged 16-35 has risen in the last decade whilst for pensioners the rate has fallen dramatically. Although this is clearly bad news for the young people in our society, the improvement in levels of pensioner poverty has been caused by an ongoing set of government policies targeted at improving wellbeing for this section of society. This shows that government policies can have a positive impact on the extent of poverty experienced by a certain group of people. If the government decided to focus on improving the lot of young people, it may well be possible through national policies.

How has housing interacted with poverty in the past?

Historically, the housing system has been an important anti-poverty measure in the UK due to three main features, which are now under threat:

1) **Social housing** – the UK has one of the highest proportions of social housing in Europe. It is a highly targeted and redistributive anti-poverty measure because it has lowered housing costs for some of the poorest people in society. In this sense, the existence of social housing is probably the most important part of the welfare state.

However, we currently do not have enough social housing for people who need it due to high rates of demand far outstripping the low rate of house building over the past few decades. This housing crisis will only get worse in the future, if current rates of house building continue at their current low levels. It is important to recognise this key role that social housing plays in the welfare state and to ensure it can play a crucial role in the lives of the most vulnerable people in the future.

2) **Homelessness safety net** – levels of homelessness fluctuate, and over the decade of the 2000s the level of homelessness was reduced by statutory measures around the responsibilities of local authorities and agencies. However, rough sleeping has now more than doubled, and increasing pressure on local authority budgets and the provision of statutory services means that the existence of the safety net preventing people from becoming homeless is slowly being eroded.

3) **Housing benefit** – for the most vulnerable in society, the provision of money by the state to pay for people's housing costs who would otherwise be unable to afford them has been a critical part of how the housing system mitigates against poverty. However, recent measures introduced by the government such as the LHA cap and the benefit cap means that the amount of housing benefit is declining, and many households are left with a rent shortfall. They then struggle to cover this using benefits intended to cover other living costs.

The trends of these three features together mean that in the future the housing system may cause poverty rather than alleviating it.

So how do under 35s fit into this picture? Younger people are already experiencing systemic bias in the labour and housing markets.

Employment and training

Although the chance of being NEET, and especially of being unemployed, has decreased in recent years for young adults, many young people are affected by a differential in the minimum wage which means that those under 25 on the minimum wage earn at least 25p less per hour than those over 25:



This means that although adults under 25 may be working the same hours as older adults, if they are both on minimum wage, their level of income will be lower so they will have less income available to pay for their housing. Young people are also more likely to be in zero-hour contracts and to earn an insecure income than older adults, so affordable housing will be much harder to find.

Prospects for young people finding housing

Currently it is highly unlikely that young people will be identified as being in 'priority need'. According to research conducted by Crisis in 2014, when young people presented as homeless to local authorities in a 'mystery shopping' exercise, they were often turned away with only a list of letting agents or information about renting privately. Even if a young person does receive priority placement in some sort of accommodation, it could be either a discharge into the private rented sector or an increasingly long period in temporary accommodation.

Chances that a young person will be able to access social housing are also low – evidence shows that the proportion of tenants in general needs lettings aged under 30 has been decreasing since 2009/10. Young people are therefore more likely to be in the private rented sector, meaning that their rent will be higher and housing benefit will play an incredibly important role for young people who want to be able to afford to live independently.

However, with some exceptions, young people aged 18-21 will receive no housing benefit at all as of April 2017. Those under 35 who have signed a new tenancy since 2016 will only receive the shared accommodation rate as of April 2019. And according to a [survey conducted by Inside Housing](#), 73% of the biggest housing associations will be making changes to the way they let to younger tenants as a result of the announced changes to the LHA cap for under 35s.



So what effect will the change to the policy have on the number of people actually sharing? When the LHA rate for shared accommodation came in for tenants in the private rented sector, there was a steep decline in the number of claims from single people aged 25-34 who were specifically affected. This suggests that, come April 2019, if the policy has the same impact we may well see a reduction in the number of claims in the social housing sector for this age group.

So what are the options for this group of young adults? They could move in with their parents – even if this is possible for some young people, the family in question may experience a non-dependent deduction in their housing benefit.

For some young adults, sharing with their parents will not be an option – there may be a family breakdown, they may work too far away from their family home, etc. Given that state contribution to housing costs will be limited to enough money to cover a shared room, for many young people, sharing with other people will be their only option. Social housing providers must be prepared to meet this challenge to prevent a scenario where large numbers of young people become homeless or plunge into poverty due to increasing housing costs and lower levels of state contribution.

After Brian concluded his presentation, the room was opened up to a general discussion. One of the points raised was the mismatch between the system used for allocations and priorities. In general, a household or individual only becomes a priority when they are about to lose their tenancy. It was thought that this is often too late, and changing the allocations policy to become more about early prevention would be an important and useful shift in the way housing providers deal with tenants.



Furniture Poverty and the impact on under 35s

Helen Campbell was the next speaker. She explained that the best way to meet this challenge was for social landlords to provide furnished shared accommodation for under 35s.

The first part of the presentation was focused on the question of what is Furniture Poverty. The following definition was used:

Furniture Poverty is the inability to afford or access basic furniture and furnishings, including domestic appliances, that provide a household with a decent quality of life and the ability to participate in the norms of society.

The key parts of this definition are:

- Furniture Poverty includes white goods and indoor furnishings such as carpets and curtains
- Furniture Poverty is more than the basic needs of a human (eating, drinking, shelter etc). It is also



about being able to play a social role in society – having somewhere for children to do their homework, being able to celebrate Christmas and birthdays together, etc.

There is an obvious link between Furniture Poverty and the other subtypes of poverty – food and fuel poverty. Having carpets and curtains is a crucial part of having a warm home, and cookers and fridges are important parts of being able to provide enough food for a family.

Although Furniture Poverty is a widespread issue in the UK today – 28% of households can't afford at least one of the most essential items – a group particularly at risk is young people. This is because, as an age group, under 35s are more likely to:

- Be earning less
- Have lower savings
- To be in poverty – the poverty rate for 16 – 24 year olds in particular is 28%, the highest for any adult age group
- Start a new tenancy, and so be in need of white goods and furniture

For this age group, shared accommodation is an opportunity to provide a much needed solution to Furniture Poverty.

- Multiplier effect – furnishing a house shared by a number of different people means that Furniture Poverty is solved for everyone in the entire household. This is a more efficient use of resources than furnishing individual tenancies, which will only solve Furniture Poverty for one person at a time
- Furnishing properties for shared use is also good housing management practice. It will lead to

longer, more secure tenancies because difficulties arising from tenants with different furniture situations will not be as common. Questions around use of a fridge which might only be owned by one occupant are avoided if the shared house in question is already furnished

- Furnishing shared properties creates a good return on investment – the cost of furnishing one house each for 3 people will be far more than furnishing one house shared by three people because the furniture in the living room and kitchen will be shared by all

During the question and answer session, another useful solution to Furniture Poverty was identified: with the arrival of the bedroom tax, some tenants were forced to downsize to smaller properties. This meant that they were often forced to discard furniture or furnishings that would not fit into their new properties. In this case, some Housing Officers would give contact details of the old tenant to the new tenant who was moving in to the tenancy, meaning they could choose whether they wanted to keep any of the furniture or furnishings for when they were moving in. For people in Furniture Poverty, this would be far preferable to moving in to a property once the void team had removed all of the furniture and furnishings and entering an effectively empty shell.

It was agreed that this sort of practice should be encouraged. However, one of the issues that was identified was the difficulty that some of the other void teams that entered the property, such as those who replaced the heating or kitchen facilities, may leave dirt or stains, meaning that the carpets or furnishings were then not in a fit state to be handed on to the other tenants.

Conclusions

In conclusion, adults aged under 35 experience a range of systematic disadvantage in the housing and labour markets. Combined with incoming welfare changes, this age group will be experiencing a 'perfect storm' of pressures meaning they will have very limited housing options. To prevent large numbers of young people becoming homeless, the housing sector needs to respond by creating affordable shared housing. The sector can capitalise on this opportunity by furnishing this housing, therefore solving Furniture Poverty for this group of people.

Useful Links / References

- [Evaluation of the Sharing Solutions programme](#), Elaine Batty, Ian Cole, Stephen Green, Lindsey McCarthy and Kesia Reeve, Crisis, March 2015
- [Turned Away: The treatment of single homeless people by local authority homelessness services in England](#), Sarah Dobie, Ben Sanders, Ligia Teixeira, Crisis, October 2014
- [Under 35, on housing benefit and impossible to house?](#), Jess McCabe, Inside Housing, June 2016

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