

Briefing

Standard local housing allowances.

Representation to the social security advisory committee

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Shelter

Summary

Shelter strongly welcomes the Government's objectives to promote choice for tenants claiming housing benefit and to create a fairer, simpler and more transparent housing benefit system. The current system is unfair, poorly administered and complex. Housing benefit delays, shortfalls and complex regulations contribute to rent arrears, resulting in thousands of households being evicted every year. In 2002, 12,070 possession orders were granted to private landlords in England and Wales.¹ Over the same period, 17,550 households were accepted by local authorities in England as homeless due to the loss of an assured short hold tenancy in the private rented sector and a further 2,000 were accepted due to private sector arrears.² The equivalent figure for the loss of a private tenancy in Scotland was around 3,300.³

In 2002/3, Shelter provided advice to nearly 8,000 people experiencing problems with housing benefit, around 10,000 people with rent arrears and 13,000 tenants facing possession action by their landlords. We also advised nearly 17,000 people seeking accommodation (appendix 1). Based on our experience, this representation identifies our key concerns and recommendations on the design and implementation of the scheme. We recommend the following:

- The Single Room Rent restrictions should be abolished
- The option for claimants to have housing benefit paid direct to their landlord should be retained
- The concept of a Broad Rental Market Area, for the purposes of calculating Standard Local Housing Allowances, should be replaced with that of a Local Rental Market Area, defined as an area in which rents for similar types of accommodation are comparable
- Rent officers should consult and have regard to the advice of local authorities in determining Rental Market Areas and SLHAs
- The individual right to a review and redetermination of a rent officer's decision about the level of the SLHAs should be retained, with a discretionary power for the authority to refer review requests to the rent officer
- The Government should consult fully on the roll out of the scheme nationally across the private rented sector following the evaluation of the ten pathfinder schemes
- The Government should consult separately before considering the application of similar reforms to the social rented sector

Introduction

There is a clear need to reform the complex and unfair housing benefit scheme for private tenants. The Housing Act 1989 deregulated private sector rents, resulting in steady rent increases. Since then, different regulations have been introduced to restrict the amount of rent on which housing benefit payments are calculated. Tenants, rather than landlords, have borne the costs of this policy. An analysis based on rent officer returns for 1999 indicates that 70 per cent of tenants that applied for housing benefit under post-1996 rules (deregulated private rented sector) had their benefit restricted.⁴

A central principle of the proposed scheme is to remove a direct link between a person's housing benefit entitlement and their actual rent, replacing this with a set of flat-rate allowances based on their age, the size of household they live in and the local area they live in. This is designed to be simpler and more transparent, removing the need for additional restrictions. In order for this scheme to work, we believe that rent officer decisions about the size and boundary of market areas to calculate allowances should be taken in consultation with local authorities, who have a strategic responsibility for housing and homelessness. We also believe that age-related restrictions undermine the objectives of simplicity and fairness and fear that the practical impact of increasing allowances for over 25's under the proposed scheme will be to further exclude young people from accessing rental accommodation.

A second important element of the proposed scheme is to remove the option of direct payments of housing benefit to landlords. Currently, 60 per cent of claimants renting privately and 90 per cent of all claimants have their rent paid direct to their landlord or rebated from their rent. We share the Government's view that people on benefits should have control over and responsibility for their financial and housing decisions. However, we have significant concerns about the practical consequences of removing the option of direct payments to landlords for large numbers of tenants. We believe that much more needs to be done to increase access to basic bank accounts, improve administration of housing benefit and protect vulnerable tenants in order to make the proposal viable. Without such measures, we are concerned that removing the option of direct payments to landlords would for many tenants cause arrears and homelessness.

Key concerns and recommendations

The Size Criteria - Single Room Rent restrictions

Under the proposed scheme, people living alone over 25 years of age will be paid the average rent for a two-room property (e.g. one-bedroom flat) in their area. This is more generous than the existing rules.⁵ In contrast, the allowance for under 25 year olds will continue to be based on the standard rate for a room in shared accommodation (para 14). We fear that the increase in the allowance for single people over 25 years of age will

compound the problems faced by young people in accessing private rented accommodation. We welcome the change to the rules allowing joint tenants under 25 years of age to receive the same rate as older joint tenants i.e. a proportion of the allowance for a larger property (para 19). We believe that it would be fairer and simpler to extend this principle and remove the Single Room Rent restrictions altogether.

In 2002, around 11,000 young people had their rents restricted to the Single Room Rent. An analysis of the impact of rent restrictions based on rent officer returns for 1999 found that young people faced an average shortfall of £34 a week.⁶ A recent study in the London borough of Brent by the London Housing Unit found that young single tenants were forced to meet a shortfall representing more than a third of their income entitlement.⁷ According to rent officer returns, the broadening of the Single Room Rent in July 2001 has led to a small increase of under £2 in England and Scotland and just over £2 in Wales.⁸

The number of people assessed under the Single Room Rent scheme fell from 30,000 in 1998 to 11,000 in 2002. There is extensive evidence both from Shelter Housing Aid Centres and independent studies to suggest that this fall is due to the severe shortage of private accommodation available to young people since the introduction of the SRR scheme in 1996 (appendix 2 and 3). Research commissioned by the DETR in 1999 examining the impact of housing benefit changes on the behaviour of private landlords found that 17 per cent of private landlords had changed their lettings practices following the introduction of the Single Room Rent, in most cases ceasing to let to young people.⁹ Evidence from Shelter services that provide housing advice to young people suggest that the broadened definition of the Single Room Rent from July 2001 has not improved access to rental accommodation. *Shelter recommends that the Single Room Rent restrictions be abolished.*

Broad Rental Market Areas

For practical purposes, the Broad Rental Market Area is equivalent to the current concept of 'locality' as defined in the Rent Officer's (Housing Benefit Functions) (Amendment) Order 2001. Shelter argued at the time when the Order was introduced that it allows rent officers to define unreasonably large areas as localities, reducing the average reference rents for properties in that area and forcing people claiming housing benefit to live in the poorest accommodation and part of a locality. We are concerned that the use of the term 'broad' supports this approach to defining market areas.

In the past, the rent officer made all her or his determinations by reference to the 'locality', which was not defined, but which was held in the Court of Appeal to mean a relatively limited area (in Regina (Saadat and others) v the Rent Service, 26/10/01). The relevant case was brought by four tenants who had lost their accommodation as a result of Greater Manchester Rent Service's decision to cut the number of localities in Stockport from seven

to one. As a result of this decision, nearly a fifth of private tenants in receipt of housing benefit in Stockport experienced a reduction in the level of their housing benefit. The court concluded that it was contrary to the purpose of the Rent Officer's (Housing Benefit Functions) Order 1997 to take as the relevant locality an area so large that poorer dwellings in it would inevitably bring the median down to a level that drove out most housing benefit claimants.

The law was amended in November 2001 to define a 'locality' in such a way as to uphold the decision of the Greater Manchester Rent Service. The Government did not consult on this change to the law. The definition of 'locality' in the Rent Officer's (Housing Benefit Functions) (Amendment) Order 2001 is the same as that used for a Broad Rental Market Area under the proposed Rent Officer's Order. This is defined (New Rent Officer Order Schedule 3A paragraph (4)) as an area:

- (a) comprising two or more areas of residential accommodation, each distinct area of residential accommodation adjoining at least one other in the area;
- (b) within which a person could reasonably be expected to live having regard to facilities and services for the purposes of health, education, recreation, personal banking and shopping which are in or accessible from the neighbourhood of the dwelling, taking account of the distance of travel, by public and private transport, to and from facilities and services of the same type and similar standard; and
- (c) containing residential premises of a variety of types, and including such premises held on a variety of tenancies.

Shelter recommends that the definition of a Broad Rental Market Area be replaced with a Local Rental Market Area, defined as an area:

- *In which rents are comparable for similar types of accommodation; and*
- *In which residential neighbourhoods share similar characteristics in terms of the quality and price of private rental accommodation*

Shelter is also of the view that are technical and discretionary elements to a rent officer's decision on the size and boundaries of a market area, within the terms of the definition in the new Rent Officer Order. We believe it is important that local authorities be involved in decisions about BRMAs, since they have a strategic housing and homelessness responsibilities. It is important that decisions about BRMAs are consistent with wider objectives to promote mixed income, inclusive communities and to prevent homelessness.

Shelter recommends that rent officers should consult and have regard to the advice of local authorities in determining Rental Market Areas and SLHAs. The local authority would have a power of judicial review of the Rent Service if such advice were disregarded.

Length of award and changes of circumstances

Under the proposed scheme, an SLHA will apply for a year unless an update is triggered by a change of circumstances (para 36). One set of circumstances in which a new rate will be applied is if the claimant's rent rises and this increase was included in the original tenancy agreement at the time when the benefit claim was made. However, in the experience of our Housing Aid Centres, many assured shorthold tenancies are verbal agreements, while in other cases landlords do not insert automatic rent increase clauses into tenancy agreements. In practice, the majority of tenants simply receive a letter notifying them of a rent increase. We recommend that a new SLHA be applied to any annual rent increase.

Paying claimants not landlords

The provision in regulation 94 of the Housing Benefit (General) Regulations 1987 currently allows claimants to choose to have payments made direct to their landlord, by ticking the relevant box on their application form. We share the Government's view that people on benefits should have control over and responsibility for their financial and housing decisions. We also recognise the concern that many tenants have a poor awareness of the level of their rent, making difficult any future moves into work and financial independence. This problem is an issue in the social rented sector, where the vast majority of tenants have housing benefit paid direct to their landlord. In contrast, among private tenants on housing benefit, 40 per cent already have their rent paid to them, 70 per cent pay shortfalls between their benefit and rent and 10.5 per cent are in part time or low paid work and pay part of their rent.

We have significant concerns about the practical consequences of removing the option of direct payments to landlords for large numbers of tenants. We believe that much more needs to be done to increase access to basic bank accounts, improve administration of housing benefit and protect vulnerable tenants in order to make the proposal viable. We are aware that research commissioned by the Department of Work and Pensions shows that some private tenants prefer to have housing benefit paid direct to their landlord.¹⁰ Before piloting such a major reform, we believe it would be sensible to consult and work with tenants to explore options to support greater financial control over their affairs. This could form a separate exercise alongside the pathfinders.

Many households automate their household finances via direct debits, standing orders or automatic deductions from monthly salaries. These options are often not available to poor households. Despite Government initiatives, one in six of the poorest households do not

have any type of bank or building society account. This compares with one in twenty households on average incomes.¹¹ In many cases, applications are refused or inappropriate conditions are attached. A quarter of households that do not use financial services disengage after losing work or separating from a partner, often times at which people start to claim benefits.¹² Many poor households operate cash budgets, where benefit collection day is the focus of weekly planning. In these groups many prefer, for instance, to use charge cards and pre-payment meters, rather than direct debit for utility companies.¹³ The development of basic banking services is unlikely to bridge this gap in the near future.¹⁴ In its Fifth Report, the Treasury Select Committee highlighted the limited progress made on basic bank accounts since reporting in March 2001.¹⁵ Although some commercial banks offer basic accounts, there is often poor publicity and promotion of this option by staff in local banks.¹⁶

In our experience, the structure and administration housing benefit is a major cause of rent arrears for private and social tenants. Delays to housing benefit payments, inaccurate calculations or recovery of overpaid benefit are common. We fear that direct payments to claimants could in some cases increase the risk of arrears and evictions. The provision for payments to landlords if a tenant has built up arrears of 8 weeks or more (para 46) does not help the situation, since there is a mandatory ground for possession based on 8 weeks arrears for tenants with assured shorthold tenancies. The following cases are typical of the problems that Shelter provides advice on everyday:

A woman approached Shelter for help at a county court advice desk. Her landlord was taking possession action for rent arrears. Rent arrears had accrued due to a delay in processing a change in her circumstances, which would have increase her housing benefit entitlement. She had previously been in work, but had found that it was unmanageable financially due to childcare costs. Shelter advised and represented her in court and took on follow up casework, including liaising with the landlord, liaising with the housing benefit department to get the claim processed before the next court hearing date and representing her at the next court hearing.

A young single man rang Shelterline because he was worried about losing his accommodation. He had made a claim for housing benefit five months previously and no benefit had been paid. The authority acknowledged that they had all the information they needed to process his claim four months previously. They also acknowledged that he was entitled a payment on account. His landlord was threatening to throw him out and the options for legal recourse were limited because he had an assured shorthold tenancy.

We are also concerned that the processes currently proposed for identifying vulnerable people are inadequate. People may face problems with budgeting due to a wide range of characteristics and circumstances such as learning difficulties, mental health problems, old age, lack of experience in budgeting, having English as a second language or literacy problems. As a result, they may be at greater risk of getting into arrears and of their landlord seeking possession of the property. The memorandum acknowledges that: 'Given the different circumstances of individual tenants, it would be extremely difficult to identify all and only those claimants who would have difficulty handling a budget or who would be unlikely to pay their rent.' (para 43). The proposal to give authorities the discretion to make payment to landlords if they believe that the tenant 'is likely to have difficulty managing their own affairs' or 'they consider it improbable that the claimant will pay their rent' simply shifts decisions about direct payments from claimants to the authority. It is unclear what mechanism or sources of information the authority could use to identify claimants that may have problems and claimants may be unwilling to identify themselves as vulnerable in some way.

A man approached Shelter threatened with homelessness due to rent arrears. He had alcohol dependency problems, could not read or write well, had been in and out of low paid employment and on and off benefits. When he came to Shelter, he was on income support. His income support entitlement was £53.95 per week. From this, the Social Fund deducted £11 to service the recovery of a loan. He was also paying off rent arrears and arrears on his gas meter. On top of this, the Housing Benefit Department began deducting £3.50 per week to recover a housing benefit overpayment he was not aware of. Over a year, his arrears increased and he had no means to pay them.

Finally, we fear that this measure would reduce the supply of private rental accommodation to claimants. Information from landlords' associations suggests that landlords that currently let to claimants may simply cease to do so if they do not have what they perceive, rightly or wrongly, as a secure rental income. This will frustrate the wider aims of the scheme to promote choice for claimants.

We acknowledge that there is an administrative difficulty in paying out housing benefit in cases where the SLHA is greater than the actual rent, since part will have to be paid to the landlord and part paid to the tenant. However, removing the option of direct payments to landlords would for many tenants cause arrears and homelessness. *Shelter therefore recommends that claimants retain the option of having housing benefit paid direct to their landlord.*

Transitional Protection

We welcome the assurance from Government that claimants will be protected at the point of transition from the current scheme onto the new scheme. In the longer term, the Government's own estimates show that around 2,000 (two fifths) of pre-October 1997 claimants will lose an average of £2.50 a week in the first year, and 1,500 (a third) would lose an average of £4 a week in the second year (para 17). The memorandum notes that pre-October 1997 claimants are most likely to be 'long-term claimants, such as lone parents, pensioners and perhaps those with long-term illnesses or disabilities.' (para 79). We recognise that there will be some winners and losers with most reforms aimed at simplification. We recommend that letters offering discretionary housing payments (DHPs) be sent to all transitional claimants where there is a shortfall between their housing benefit payment and their rent.

Expected effects on claimants

As we understand from the memorandum, any after-housing-cost incomes from housing benefit resulting from renting a property at a rent below the relevant SLHA, will not be taken into account in calculating other benefits. We would welcome an assurance from Government that there will be no future move to include it as income in calculating other benefits.

Appeals and redeterminations

The rent officer has a key role in determining the level of housing benefit to which a person is entitled. There is evidence that rent officers in some parts of the country undervalue the rental market and apply reference rents below the average market level. We are concerned that the proposed system is less appealable and accountable than the current system and that people will have no way of challenging decisions about their housing benefit taken by the rent officer, short of judicial review. A recent judgment in the high court (*R v Rent Service ex parte Cumpsty*, 8/11/02) suggests that the proposed system, removing a claimant's right to a review or redetermination of the level of SLHAs and the Broad Rental Market Areas on which they are based (para 92), will not be compliant with the right to a fair trial under Article 6 of the European Convention on Human Rights (see case details below).

The rent officer will calculate a set of Standard Local Housing Allowances based on existing Local Reference Rents (and Single Room Rent) and will determine the size and boundaries of market areas for the purpose of calculating these allowances. Under the proposed system there is no right of appeal or redetermination on a rent officer's decision about a Broad Rental Market Area or a Standard Local Housing Allowance (amendment regulations 8 to 10). Nor will a pathfinder authority be able to ask for a decision to be reviewed.

There is evidence that rent officers in some areas return reference rents below the market level. We have found cases of rent officers basing decisions on out-of-date rental data, not fully discounting exceptionally low rents in calculating the median and not seeking a sufficiently broad range of evidence of rents. Part of the reason for this could also be that officers take rents not only for newly granted tenancies, but also include extensions to existing tenancies. Not all landlords increase the rents of tenants on renewal, so these rents could be below those that someone will face in the market looking for accommodation.¹⁷ The way in which rent officers define localities also appears to be inconsistent between areas. The Social Security Committee in its sixth report received evidence about 'the opaque and seemingly erratic approach to defining localities for the purpose of Local Reference Rents in different parts of the country under current arrangements.'¹⁸

A recent case heard in the Administrative Court (*R v Rent Service ex parte Cumpsty*, 8/11/02) suggests that removing a person's right to a redetermination of the rent officer's decision about their housing benefit would make the proposed system non-compliant with Article 6 of the European Convention. An assured tenant renting privately in Lymm, Cheshire brought the relevant case. He applied for a judicial review of the rent officer's decision on the grounds that the rent officer had applied the wrong test of locality and that the determination was in breach of his Article 6 rights. The judge accepted that in dealing with a claim for housing benefit, the authority were involved in the determination of a person's civil right, in which the decision of the rent officer was critical. In fact, the rent officer's decision was so critical that it too amounted to a determination of a civil right within the meaning of Article 6, or was an integral part of such a determination. The judge concluded that the rent officer process, comprising determination and redetermination, when combined with judicial review was sufficient to comply with the Article 6 model. We believe that the removal of the right to a redetermination could change the outcome of future cases on this issue.

Shelter recommends that the individual right to a review and redetermination of a rent officer's decision about the level of the SLHAs be retained. The local authority, on receiving a request for a redetermination, could have a discretionary power to refer the submission to the rent officer. Under the current system, the authority must apply to the rent officer for a redetermination. The introduction of a discretionary power would mean that the local authority could refer to the rent officer only when they had received a number of review requests and there appeared to be a general rather than an isolated instance of a problem with a rent officer's decision. This would overcome the Government's concern that the right to a redetermination would mean that an isolated case could call into question the level set for the whole area, affecting other claimants (para 92). We also believe that this would, in combination with the right to judicial review, be compliant with Article 6 of the European Convention.

Evaluating the pathfinders

We are concerned that the impact of SLHAs on homelessness, debt and poverty are not included as key 'tests' upon which the scheme should be evaluated. Instead, the memorandum refers to these as 'wider effects' of the scheme (para 105). Shelter recommends that the impact of SLHAs on levels of arrears and homelessness form a central part of the evaluation of the scheme.

Given extensive evidence that people on low incomes renting privately are often those with the fewest options, we also suggest that the extent to which tenants are able to make any kind of housing choice is a key part of the evaluation.

A further concern is the impact of SLHAs on rents at the bottom end of the private rental market. The proposed system would pay a flat rate of housing benefit to a household based on their age, the number of occupiers and the area in which they live. People living alone (over 25 years of age) would be paid the average rent for a two-room property (e.g. one-bedroom flat) in their area. Under the current system, the rent officer sets different Local Reference Rents for two-room properties, bedsits and shared accommodation. We are concerned that landlords are likely to increase the rents for shared and bedsit accommodation to the level of the published Standard Local Housing Allowance and may have non-intended negative impacts on rents, lettings practices and housing outcomes in areas where there are sharp discrepancies in rents at the bottom end of the rental market. We suggest that the pathfinder evaluation focus on the impact of SLHAs on rent levels and quality of accommodation at the bottom end of the rental market

Finally, we suggest that direct payments to tenants do not form a compulsory part of the scheme. However, a complementary exercise should explore tenants' views of direct payments to landlords and look at the costs faced by private tenants, at preferred mechanisms for paying these costs and at the practices of landlords and tenants in conducting contractual rent relations.

End Notes:

- 1 Court Service figures for 2002 show that private landlords in England entered into 18,106 possession actions and Wales and that 8,197 outright possession orders and 3,873 suspended possession orders were granted.
- 2 The loss of a private tenancy may occur through eviction for rent arrears or another breach of tenancy or simply because the landlord wishes to sell the property. ODPM (2002) Housing Statistics Statutory Homelessness (England) 2002, London:ODPM
- 3 Estimates based on figures for first and second quarters 2002, Scottish Executive statistical bulletin. Welsh statistics do not distinguish between the loss of a private or social tenancy.
- 4 Kemp, P., Wilcox, S. & Rhodes, D. (2002) Housing benefit reform next steps, York: JRF
- 5 Page 15 of the memorandum sets out the expected effects on claimants, including estimated gains from the scheme.
- 6 Kemp, P., Wilcox, S. & Rhodes, D. (2002) Housing benefit reform next steps, York: JRF
- 7 Elsmore, K. (2000) Markets of Desperation, London: LHU
- 8 Recent research by the Rent Service shows that the average Single Room Rent for England increased from £52.87 per week to £53.18 per week between July 2001 and March 2002. Equivalent figures for Wales show an increase from £35.66 to £37.98 and for Scotland, from £40.94 to £42.18. Figures provided in a parliamentary response (41484).
- 9 DETR (1999) Housing Benefit and Private Landlords, London: DETR
- 10 Pettigrew, N. & Thomas, A. (2002) Housing benefit simplification in the private rented sector - a study carried out on behalf of the Department of Work and Pensions, London: HMSO, p.38
- 11 DWP (2002) Family Resources Survey and Households Below Average Income
- 12 Kempson, E. and Whyley, C. (1999) Kept out or opted out? Understanding and combating financial exclusion. Bristol: The Policy Press
- 13 National Consumer Council (2003) Everyday Essentials: Meeting Basic Financial Needs, London: National Consumer Council
- 14 Basic bank accounts are accounts that can be opened with a small initial deposit, allow cheque deposits, direct debits and a debit card facility. No chequebook or overdraft facility is normally permitted. Post Office Card Accounts offer more limited services, but are the only type of accounts through which claimants cannot get into debt.
- 15 Treasury Select Committee (2002) Fifth Report - Banking, Consumers and Small Businesses, London: The Stationery Office
- 16 Financial Service Consumer Panel (2002) Basic Banking Research, Edwards, S. (2003) In too deep - CAB clients experience of debt, London: Citizens Advice
- 17 Private Rented Sector Commission (2002) Private renting: a new settlement, A commission on standards and supply, London: Shelter
- 18 Social Security Committee (2000) Housing Benefit, Sixth Report, London: The Stationery Office

Appendix 1: Shelter services

Shelter's main services include:

- Over 50 housing aid centres providing information advice and advocacy to people with housing problems.
- Shelterline - a free national helpline delivering advice and information 24 hours a day, 365 days a year
- The National Homelessness Advice Service providing specialist advice and training on housing and homelessness to all Citizens Advice Bureaux staff and other advice agencies
- Shelnernet providing clear, accessible information via the internet on housing
- Homeless to Home projects that work with formerly homeless families helping them to settle in their new home and community and an Older Person's and Central Tenancy Support Teams which provide similar services to other groups

In 2002/03, Shelter provided advice to 91,702 people on problems with their housing in England, Scotland and Wales. We advised people on a total of 164,801 problems. Common problems presented by deregulated private tenants included threat of homelessness, possession action by their landlord and problems finding accommodation.

Main problems presented by private tenants with an assured shorthold tenancy

	Assured shorthold tenants	All problems
Homelessness	4,826	51,105
Landlord possession order	3,386	13,293
Landlord/tenant dispute	2,970	7,977
Seeking accommodation	2,589	16,605
Housing benefit	1,986	7,996
Dampness/disrepair	1,842	4,111
Rent arrears	1,701	10,316
Harassment/illegal eviction	869	2,156
Rents/rent levels	784	1,791
Total number of problems*	26,723	164,801

* This includes all problems, not just those listed

Appendix 2: Shelter's work with young people - our experience of the Single Room Rent restrictions

Between January and December 2002, 17,442 young people (aged 16-24) contacted Shelter services (15,488 in England, 968 in Scotland and 986 in Wales). Many had complex needs and had more than one housing problem.

Our experience is that young people under the age of 25 find it extremely difficult to find private rented accommodation and that many landlords will simply not let to young people. This is partly due to perceptions and prejudices around young people's ability to pay for and maintain their accommodation, compounded by the lower rate of housing benefit to which they are entitled.

We have found that broadening the Single Room Rent (SRR) in 2001 to reflect the cost of the shared use of a living room and bathroom (rather than being confined to the use of a bedroom and shared use of a toilet and kitchen) has made no practical difference to the lack of housing options for young people.

Advice services for young people

Shelter has two projects specifically providing housing advice, support and information services for young people. Ricochet is a new Shelter project named by young people in Rotherham. They worked with 500 young people in the last 18 months. South Gloucestershire Young People's Project provides housing advice and support to young people in partnership with other local agencies.

Advice and advocacy services to young people up to the age of 25 include help with finding accommodation, advice on their statutory housing rights, help with claiming housing benefit and getting repairs done by their landlord, negotiating with their council, housing association or private landlord about rent arrears and representation in court at eviction hearings.

Young person's team

Shelter also has a young persons' team based in Liverpool to promote good practice and assist local authorities and other organisations in developing appropriate and effective solutions to young people's housing problems and to act as Shelter's centre of expertise on youth issues.

Current work includes:

- Promoting good practice in the participation and consultation of young homeless people living in supported housing

- Working with local authorities across the country in developing common monitoring systems for collating data on single homeless people, based on the Multi-Agency Monitoring scheme the team has co-ordinated in Merseyside since 1995
- Working with Shelter Training on devising in-house training packages on youth housing issues for youth services and Connexions
- Producing educational materials on issues relating to housing and homelessness for youth workers
- Producing educational materials for teachers to use with children and young people at risk of running away

Shelter poll of young people

A poll commissioned by Shelter of 1,338 young people aged 16-24 found that nearly one in ten had been afraid of being made homeless at some point in their lives. The main reasons people gave for fear of being forced to leave home were problems with parents/family break up, financial worries, problems with their landlord and housing benefit problems.

Key poll findings (national)

	Percentage of young people
Have been in fear of being made homeless	9
Worried about leaving the family home *	76
Put up with poor housing in exchange for cheaper rent †	27
Not currently able to afford their own home	67
Forced to leave home	7

*All those currently living in the family home (nationally 722 young people - this is representative of around 3.4 million young people across the country.)

† Poor housing includes damp, disrepair, bad landlord, unsafe building, unsafe area

Appendix 3: The research evidence on the Single Room Rent

This appendix includes key documents that have been produced since the publication of the Shelter report, 'Benefit shortfalls' in October 1997. It provides a summary of findings that relate to the impact of the Single Room Rent. The evidence presented shows that:

- There is a lack of available accommodation matching the Single Room Rent definition in many areas of the country
- The broadening of the Single Room Rent in 2001 has not improved supply
- Many landlords are refusing to let accommodation to young single people
- Accommodation that is available is often in very poor condition
- Where young people are able to find accommodation, they are often left facing a shortfall between the rent charged and housing benefit paid - in some areas, this is £20 per week or more
- Young people are getting into debt through attempting to meet the shortfalls
- Many young people are trapped in expensive accommodation because they can no longer afford to move, or there is no cheaper accommodation available
- Many are forced to remain in overcrowded housing conditions, with little prospect of moving
- In some areas there has been increasing use of hostel accommodation due to limited alternative options

Evidence in pathfinder areas

Brighton and Hove Multi-Agency Review of the Impact of the Young Persons Rent 11 March, 2002

All agencies working with young people in Brighton and Hove report how the Single Room Rent has increased homelessness. The Single Room Rent was broadened on 2 July 2001 in order to widen access to private rented accommodation. It increased the accommodation that Housing Benefit will fund for young people aged 16 to 25 from a single room without any shared lounge, to shared accommodation with a lounge. This raised the Housing Benefit available locally by £3.50 per week. Evidence from the three agencies suggests that the broadening of the Single Room Rent has made little difference to the availability of accommodation for young people. If anything, it appears that landlord attitudes have hardened.

- Brighton Housing Trust's Accommodation Service saw, with the introduction of the Single Room Rent, the number of landlords who would let to under 25 year olds plummet to only 2 out of its 457 landlords. Its private sector placement rate went down from an average of 60% in 1994/5 before the changes to 16% in 2000/01. Information provided since this report shows that in 2002/03, they saw 322 new clients under 25, and only made 9 placements into the private rented sector (2.7% of clients).
- Hove YMCA's Youth Advice Centre Accommodation Register lost 90% of its landlords, with the introduction for the Single Room Rent. December 1999 to March 2000 only 10% of its clients could be found private rented accommodation. Since 2 July 2001 the Youth Advice Centre has found it incredibly difficult to place young people into the private rented sector. In the 6 months from July 2001 325 new clients sought help but only 23 could be found accommodation in the Private Rented Sector, and the majority of these only found accommodation because they had full time jobs and therefore did not need Housing Benefit.
- Housing Benefit saw a sharp fall in claims from young people 1,127 in April 1997 to 736 in October 1997. There was a further decline to 602 in February 2000. This sharp drop has continued to 267 in July 2001. The Young Persons Rent has nothing to halt this decline with a total of 249 young people claiming HB in the PRS in January 2002. This means that since the Single Room Rent was introduced the total number of young people claiming Housing Benefit has fallen by over three quarters, well in excess of the corresponding drop in youth unemployment for the period. The figure of 249 needs to be seen in the context of a City with a population of quarter a million and above average levels of unemployment.
- There is no evidence that landlords are adapting to the Single Room Rent. On the contrary; a local landlords' association recommends all its 1,300+ members not to let to under 25 year olds whether in or out of work because the Single Room Rent will not cover market rents if a young person loses their job. The attitude of landlords has hardened, if anything since the 2nd July 2001 and they are not aware of any members now prepared to let to young people on Housing Benefit.
- All local hostels reported an increase in demand for places from young people and greater difficulty moving young people on when they were ready to leave, with the introduction for the Single Room Rent. This demand has not lessened since 2 July 2001
- The St Thomas Fund Contact and Assessment Team for rough sleepers, has found since 2nd July that the local emergency rough sleepers accommodation is hugely inappropriate for young people, which means that for the most part there are no housing options locally for young rough sleepers. Young rough sleepers are the least likely applicants that landlords will accept as tenants and are therefore completely dependent on such emergency provision.

- New Deal advisers have found, with the introduction for the Single Room Rent, a significant percentage of their clients' unstable housing or homelessness limits their ability to succeed in training or finding work. They have seen no improvement since 2nd July 2001.
- The Youth Offending Team and East Sussex Probation Service similarly found that the introduction for the Single Room Rent created a lack of housing opportunities for their young clients, effectively removing the Private Sector as an option for Young People in Brighton & Hove. They have seen no improvement since 2nd July 2001

Report on the impact of Single Room Rent restriction on housing benefit claims for under 25 year olds in the Brighton and Hove area - Brighton Housing Trust, 1997

- Young people finding accommodation in the private rented sector through the Trust's Accommodation Register Project have gone down from 66 per cent to 22 per cent
- There has been a 200% increase in referrals to the Hove YMCA
- Only two out of 457 private landlords on the Trust's accommodation register will let to under 25s
- Figures from the Council's Housing Benefit Department show that the private sector has not adapted by providing more single room housing
- While the SRR has been set at £42.50 per week in the Brighton and Hove area, the average cost of a bedsit is £50 per week
- Rental figures for bedsits in the area range from £45-£55 per week (according to landlord register of 457 different landlords)
- There has been increased use of direct access accommodation by young people since the introduction of the SRR

Homelessness, Transience and Insecurity in the Private Rented Sector, Julie Peakman, Lewisham Organisation of Private Tenants, 1998

- In Lewisham, the average shortfall for shared accommodation is £21.01 per week. This affects 58 per cent of claimants living in rooms with shared facilities, and is more than half the total income support payable to single people under 25
- Evictions are increasing
- Tenancies are increasingly being given only to people who are working
- Letting agencies are stating that many landlords are refusing to consider letting to people under the age of 25
- Often these under 25s become homeless or sleep on the floors of families and friends

One Year On: The impact of the SRR on the private rented sector in Edinburgh - Stephen McMurray, Shelter, 1998

Research including a survey of landlords and analysis of available accommodation:

- 22 per cent of landlords had asked young people to leave tenancies because of the SRR
- 65 per cent of landlords have stopped letting to under 25s claiming housing benefit since the introduction of the SRR
- 57 per cent of landlords have stopped renting to all under 25s
- 69 per cent of landlords expect tenants to make up any shortfalls between rents charged and housing benefit paid
- Nearly 90 per cent of bedsits and half of all rooms advertised were not available to tenants not in employment or claiming housing benefit
- Rents for shared accommodation are higher than the SRR

Government research

Housing benefit and private landlords, DETR, 1999

This report provides a summary of a two-year programme of research looking at the impact of changes in Housing Benefit between January 1996 and October 1997. A two-stage survey of around 400 landlords and managing agents provided an indication of landlords' responses to the new regulations.

- Of those landlords who had let accommodation to single people under 25, just under a third said they had been affected by the single room rent and 17% said they had changed their approach to letting as a result of this rule
- The main change reported in their practices was avoidance of letting to people under the age of 25 (two thirds of landlords questioned about the change gave this response)

Housing benefit and the private rented sector - DETR/DSS, 1999

Study of six areas in England. Focused on the views of local authority staff, tenants and landlords.

- Over half of young people looking for accommodation were unaware of the SRR changes
- 70 per cent of tenants reported shortfalls between the rent charged and housing benefit paid estimated to be solely due to an LRR or SRR

- Two fifths of cases restricted to the SRR faced a shortfall of over £20 a week
- Young people attempting to pay the shortfall in rent were likely to borrow money
- In cases where the shortfall had not been paid, some landlords had repossessed the property, while others had deducted arrears from the tenants' deposits
- The SRR regulations were particularly unpopular with some landlords and had caused some landlords to adopt differential policies when letting to any young people aged under 25 - whether they were claiming benefit or not. Some landlords would not let to this group at all

Shelter research

Benefit shortfalls - Steve Griffiths, Mona Sehgal (Ed), Shelter, 1997

A summary of evidence from 38 organisations in England, Scotland and Wales.

- The SRR is increasing homelessness among young people
- The SRR is having a significant impact on the lives of many thousands of young people who need accommodation in the private rented sector
- The SRR is creating significant levels of financial hardship for young people
- Shared accommodation is not suitable for vulnerable young single people including 16 and 17 year olds, women, people with HIV/AIDS, lesbians and gay men and people with mental health problems
- Discretionary 'exceptional hardship' payments are difficult to access
- The SRR is undermining other government policies. It conflicts with:
 - the Welfare to Work programme
 - Care in the Community
 - attempts to improve conditions in houses in multiple occupation
 - schemes to access private rented sector accommodation, including rent deposit guarantee/bond schemes
 - the commitment to rehabilitate young offenders and reduce youth crime

Of No Benefit: The effects of the Single Room Rent in Wales - De Murphy, Shelter-Cymru, 1998

Surveys of local authorities and hostels in Wales. Interviews with landlords, rent deposit schemes, other organisations and single people aged under 25.

- SRR determinations are often below the rent charged causing hardship for young people. As of February 1997, 52 per cent of all cases assessed under the SRR were paid housing benefit below the actual rent figure charged
- The SRR is forcing young people into poor quality accommodation
- SRR accommodation is often unsuitable for young people, who may be required to share with people they do not know
- Accessing exceptional hardship payments to meet shortfalls is difficult
- Hostel accommodation providers have reported an increase in need for their accommodation
- Landlords are increasingly placing restrictions on young people's access to accommodation, by specifying the accommodation is not available to young people, those who are unemployed etc.

Statistics from the Lancashire Housing Aid Centre Deposit Guarantee Scheme (Wyre Borough), Shelter Lancashire Housing Aid Centre, 1999

The service began on 1st November 1998. Of the 14 young people subject to SRR restrictions, none have had their homelessness resolved:

- 7 remain in their parental homes or other accommodation (e.g. sleeping on friend's couches) which is overcrowded or where they have been asked to leave
- 4 are looking to share accommodation, but landlords refuse to rent to a group of young men
- 1 woman has had reduced access to her child because she has no accommodation. She has debts and is unable to pay any rent above any restricted amount
- 1 young person has found accommodation outside of the borough where the SRR is less restrictive
- 2 young people have not returned to the project after being told there was no accommodation available.

Local studies

Markets of Desperation - Housing benefit shortfall and private tenants in Brent - Elsmore, K., London Housing Unit, 2000

- This study was based on a large survey of 2,700 private tenants on housing benefit - just over a third of all Brent housing benefit cases at May 1999
- Three quarters of claimants faced a shortfall between their housing benefit and their actual rent

- A quarter of 'shortfall' tenants were behind with their rent and more than half have been asked to leave
- 6 per cent of cases were affected by the Single Room Rent limits
- Young single people were particularly affected as the shortfall represented more than a third of the amount someone under 25 is given to live on

Whose Benefit? The impact of the single room restriction on housing benefit for young people in Devon - Penny Allison (Youth Affairs Briefing), Centrepont, 1998

- The average shortfall between the Single Room Rent level of housing benefit and rent levels for self-contained accommodation is £27 per week
- 42 per cent of landlords surveyed had stopped letting to young people aged under 25; a further 30 per cent intended to stop letting to this group
- Landlords felt unable to respond to the increased demand for shared accommodation by converting existing self-contained accommodation due to the significant cost involved, and the limited returns available

Whose Benefit? (2) The impact of the Single Room Rent restriction on housing benefit for young people's access to housing in Warwickshire - Paul Hue (Youth Affairs Briefing), Centrepont, 1998

Newspaper adverts for shared housing were monitored during the week beginning 5 January 1998. Of the 151 advertisements giving an indication of the cost to rent:

- Only 41 had rental figures that did not exceed the Single Room Rent level for the area
- Of these properties only 14 would have been accessible to young people on benefits due to restrictive criteria (E.G. 'no DSS', 'suit working person') published in the advertisement
- None of the properties advertised in Warwick or in Nuneaton & Bedworth, the two most populated districts, were accessible to young people on benefits during the week of the study.

A profile of poverty and health in Manchester - Steve Griffiths, Manchester health authority and Manchester city council, November 1998

All three area teams of Manchester Advice have commented on the negative impact of the SRR restrictions.

- Manchester Advice report that the SRR restrictions are a very severe problem in North Manchester, where SRR levels are the lowest
- Two trends are resulting from the restrictions:
 - homelessness is resulting
 - landlords are withdrawing from the market
- Often young people try to make up the shortfalls in their rents from other benefits or low incomes
- Manchester Advice report that 'we lose contact and/or clients move out, sleep on friends' floors etc. We also find that there is a culture of under-25-year-olds who...are accepting the situations they find themselves in and either make do or resort to methods of an illegal nature to make up the difference'
- The 'exceptional hardship' system provides only a very limited safety net, that helps very few young people.

Housing Outcomes - Tewkesbury Young Single Housing Project, 1999

Survey of clients to the project:

- Use of the private rented sector has reduced from housing over 65 per cent of young people (1995) to just 13 per cent (up to January 1999)
- A growing number of young people are unable to have their housing needs met through the project
- Fewer landlords are offering accommodation to young people
- The SRR is £45 per week. The average for bedsit accommodation is between £55 and £60 per week

Review of Integrated Housing Provision for Young Single People - Gloucester City Council, 1998

- Young people's housing advice projects are finding it increasingly difficult to house young people in the private rented sector due to the SRR
- There has been a loss of 60 to 70 per cent of landlords willing to accommodate young people in the city
- The SRR cuts across the council's policy of improving accommodation
- The SRR is £39 per week. The rent for one bed accommodation is of the range £45 to £80 per week
- The Gloucester nightshelter report an increase in the number of young people using the project - up to 50 per cent on some nights

- The Gloucester City homelessness team are accepting more young people as homeless
- More than twice as many young people are having to be placed in B&B accommodation by the homelessness team since the introduction of the SRR

Minding the Gap: Shortfalls between private rents and housing benefit in one London borough - Karen Elsmore, London Housing Unit, 1998

Research of housing benefit claims in one London borough to ascertain the effects of benefit restrictions since January 1996. Analysis of housing benefit claims, and a survey of housing benefit claimants:

- Tenants in HMOs (shared accommodation) were most likely to have their benefit restricted. The average shortfall was over £21 per week - nearly one-third of the total rent
- Tenants in HMOs were the least successful in negotiating rent reductions following benefit restrictions
- The effects of restrictions for young people were likely to be more marked following future benefit reviews

Wyre Borough Council's Housing Strategy 1999/2000

- In houses in multiple occupation in the area, the average benefits shortfall is £18 per week for young single people aged under 25

Local Action by Tavistock Housing Advice Agencies - Tavistock and District CAB, 1997

Agencies in Tavistock reported the following:

- Limited bedsit accommodation in the area
- Reduction in the available accommodation. Landlords have changed to self contained accommodation, as young people cannot afford to meet the shortfalls in rent in bedsits
- Fewer landlords offering accommodation to under 25s

Oxford Housing Rights Centre, 1999 (unpublished)

Survey of letting agencies, estate agents and property management companies in Oxfordshire:

- Fewer than 30 per cent offered shared accommodation
- Less than one-quarter would let to young single people claiming housing benefit
- The SRR represents the greatest single reason why agencies would not let to young single people
- There was considerably less accommodation available to young people in rural areas than in urban centres

A 'substantial adverse effect' - Manchester City Council (January 1999)

Information gathered by Manchester City Council:

- By 24th September 1998, claimants subject to the SRR totalled 556
- The average shortfall for this group was £19.78 per week
- 31 per cent of landlords surveyed for the report are withdrawing offering accommodation to young single people
- 50 per cent of landlords surveyed are no longer offering general accommodation to working young single people, for fear that if they lose their jobs, housing benefit will no longer cover their rent obligations
- 15 per cent of tenants surveyed for the report owed more than eight weeks' rent
- 60 per cent of tenants surveyed had debts arising from paying shortfalls in rent
- 33 per cent of tenants surveyed want to move but cannot, either because they do not have the financial resources to do so, or because there is no other accommodation available to them
- The SRR restrictions are increasing the social exclusion of young people
- The SRR is undermining the efforts of Manchester City Council to tackle the problem of substandard housing
- The numbers of young people applying to the local authority as homeless has increased since the introduction of the SRR

Other research

Housing benefit reform - next steps - Peter Kemp, Steve Wilcox and David Rhodes, Joseph Rowntree Foundation, 2002

- A new analysis of the impact of pre and post 1996 rent limits in private landlord housing benefit cases was conducted on 1999 rent officer returns
- Around 70 per cent of cases were subject to some form of rent restriction
- The average restriction was 22 per cent of the referred rent - around £18.80 per week

- The restrictions in cases subject to Single Room Rent limits were more severe, amounting to an average of 45 per cent of the referred rent - equivalent to a cash reduction of £34.32 per week

No Entry: The Single Room Rent and youth homelessness - Adam Chugg, National Rent Deposit Forum, 1998

Survey of rent deposit schemes across the country, all members of the National Rent Deposit Forum:

- 48 of the 50 schemes reported negative effects from the SRR
- 27 reported fewer landlords offering accommodation
- 25 are able to house fewer young people
- 23 are finding young people are in arrears following moving
- Increasing numbers of young people have been applying as homeless in a number of areas
- Young people have been subject to harassment, noise and other problems while in inappropriate shared accommodation
- Young people having little choice in the accommodation they rent are less likely to maintain the tenancy in the longer term

The Impact of Housing Benefit Restrictions on Young Single People Living in Privately Rented Accommodation - Peter Kemp and Julie Rugg, Joseph Rowntree Foundation, 1998

Research in six local authority areas.

- The SRR has had little impact on young people's housing decisions: the majority already looked for the cheapest available accommodation, although sharing with friends rather than with strangers was preferred
- The SRR appears to have reinforced landlords' and agents' preferences to rent to older, working people
- Young people were often unable to negotiate rent reductions to match the SRR levels
- Young people living in areas where there was a limited supply of shared accommodation have been disproportionately greatly affected
- A significant minority of young recipients had a short fall between their contractual rent and the amount taken into account when their housing benefit was calculated
- Most young people were unaware of exceptional hardship payments

- Few young people had requested a pre-tenancy determination. Five days was too long to wait to find out if they could afford to rent a property

**Housing Benefit and Under 25s: October 1996 to September 1997 -
NACAB, 1997**

Evidence from CABx.

- All regions had reported problems following the introduction of the SRR
- Shortfalls ranged from one of £4.47 per week to over £50 per week.
- Most shortfalls were between £15 and £20 per week
- There was very little evidence of tenants successfully negotiating lower rents following restrictions
- In over 23 per cent of all cases, tenants were either facing eviction or were already homeless as a result of benefit restrictions
- Pregnant women were often at risk of restrictions
- Many young people were vulnerable and sharing accommodation with strangers placed them at risk

**DSS Not Welcome: How the housing benefit safety net was lost - Nigel
Kirk, National Homeless Alliance, 1997**

A survey of member organisations:

- Shortfalls are occurring between rents charged and housing benefit paid
- Young people are being forced to rent the poorest quality accommodation. Even in this accommodation there are still shortfalls in benefit paid
- There is evidence of landlords withdrawing from the market. This ranges from refusing to rent to under 25s only, to refusing to rent to any person claiming housing benefit
- Bed and breakfast accommodation, traditionally the last resort for many, is no longer available to many young people
- There is very limited opportunity for young people to negotiate lower rents with their landlords. This forces many into rent arrears or other debt

Private landlords' housing benefit survey 1997 - National Federation of Residential Landlords, 1997

Survey of landlords attitudes since the introduction of the SRR:

- Over four in ten of landlords letting self-contained accommodation said they were not currently accepting single people under 25 who were working into self-contained accommodation
- Even young people who have jobs are being squeezed out of private rented accommodation as a result of the cuts in housing benefit.