

## Exempting homeless young people and care leavers from the Shared Accommodation Rate

### Background

Under current welfare rules, thousands of vulnerable young people are at risk of homelessness, as they cannot afford to cover the cost of renting in the private rental sector. The amount of financial support someone in receipt of benefits can claim for their rent is calculated according to the Local Housing Allowance (LHA). The LHA is based on average rents in an area, and includes different rates depending on the size of the property that the claimant is thought to need. Most people under the age of 35 are only eligible for the lowest rate of LHA, the Shared Accommodation Rate. This is based on the cost of renting a room in a shared house.

The Office for National Statistics estimates a record high 53 per cent of 22 year olds are now living with their parents. Staying with parents, however, is often not an option for homeless young people or care leavers. Many have fled abuse or neglect, sometimes at the hands of their family. It is therefore vital that the government does all that it can to enable these vulnerable young people to find safe and stable accommodation.

Welfare rules do already recognise that some vulnerable groups need additional financial support. Previous governments exempted care leavers aged 18 to 21, and homelessness hostel leavers older than 25, from the Shared Accommodation Rate. They are entitled to the higher one bed rate. However, this haphazard system of exemptions means young hostel leavers are stuck on the lowest rate and care leavers face a financial cliff edge on their 22<sup>nd</sup> birthday.

### The case for change

#### The Shared Accommodation Rate does not cover the cost of renting

Centrepoint's analysis of Local housing Allowance rates for April 2020 onwards shows that the SAR covers the cost of renting in just one local authority (Rother), out of the 234 authorities we have rental cost data for. The 1.7% increase in the LHA rates from April 2020 onwards are completely inadequate, given that benefit rates have been frozen since April 2016. In 166 local authority areas, the shortfall between the average cost of a room in a shared house and the shared accommodation rate is £100 or more per month.

Examples of SAR rates compared to average rent for a room in a shared house<sup>1</sup>:

	SAR per month	Ave monthly rent for a room in a shared house	Shortfall	Proportion SAR increase needed to cover cost
Thanet	£ 288	£379	£91	32%
Camden	£472	£829	£357	76%
Kirklees	£243	£343	£100	41%
Manchester	£ 297	£417	£120	40%
Bradford	£265	£371	£106	40%
Barnsley	£257	£366	£109	42%
Newham	£ 370	£620	£250	68%

Depaul UK looked at the 40 areas across England where official statistics showed the highest number of young people sleeping rough. In these areas 225 people under 26

slept rough on a single night, but there were only 56 rooms available to people on benefits within the Shared Accommodation Rate.<sup>ii</sup> Research by the Local Government Association also highlights a robust correlation between both numbers and proportions of households with an LHA-gap and homelessness. It also highlighted that increases in the number of households with an LHA-rent gap is positively associated with a higher number of households in temporary accommodation.<sup>iii</sup>

**The SAR exemption should be brought in line with other entitlements and exemptions**

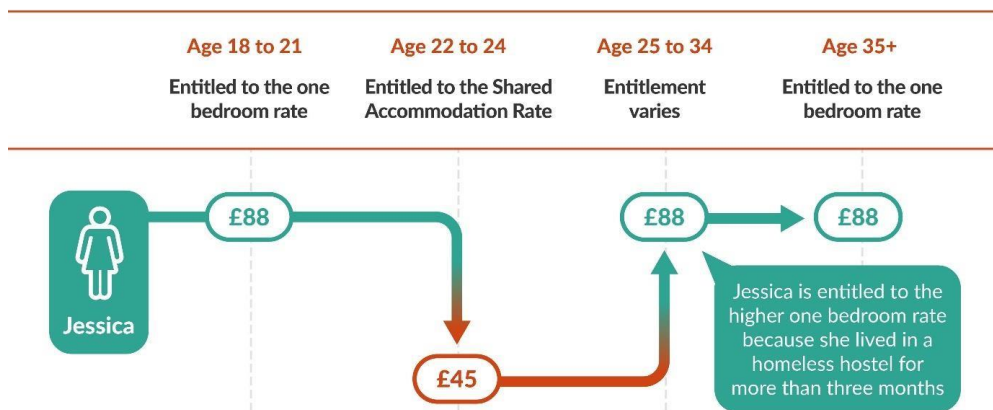
Some care leavers and hostel leavers are already exempt from the Shared Accommodation Rate, in recognition of the additional vulnerabilities these groups have. However, the current exemptions are haphazard and do not complement the government’s wider priorities and policy decisions.

The Government has made a clear commitment to tackling homelessness in all its forms, and ending rough sleeping by the end of the parliament. Specialist accommodation must be available for homeless people in order to achieve this aim, yet bed blocking is now common as young hostel residents cannot afford to move out and into the private rental sector. Young people who are ready to move out and manage their own tenancy are having to wait until they turn 25 in order to receive the one bed LHA rate.

The Government has also recognised that care leavers need care and support beyond age 21 and has put in place additional support for care leavers until they are 25, such as extending Personal Advisor support and the care leavers’ apprenticeship bursary. We have also seen many local authorities exempt care leavers from council tax payments until they are 25. Yet the risk of losing a tenancy because benefit payments no longer cover rent undermines all of these positive steps. Furthermore, the introduction of Staying Put, whereby young people can remain in foster care past their 18th birthday, means that some young people will not leave care until they are 21. These young people will not benefit from the current SAR exemption, as they will leave care as that exemption runs out.

**There is currently little logic to SAR exemptions for care leavers who have stayed in a homeless hostel**

The group of young people who face the most chaotic journey through the welfare system are those young people who have been in care and have experienced homelessness. Four in ten of the young people at Centrepont are care leavers. The current system of exemptions means that they would be entitled to the one bed rate until they turn 22, they would then be entitled to the SAR until they turn 25, at which point the hostel leaver exemption kicks in so they become entitled to the one bed rate again. For young people who are amongst the most vulnerable in our society, this is an unfair and difficult financial situation to manage.



## Shared accommodation may not always be available for vulnerable young people

Shared accommodation is not always available for young people leaving care or homelessness. A Centrepont survey of over 1,000 UK landlords revealed that almost nine in 10 landlords (89%) reported not letting any shared accommodation at all. Landlords offering shared properties were more common in London, where one in five (22%) let shared accommodation, but outside the capital this dropped to fewer than 10%.<sup>iv</sup>

Shared accommodation that is available is often let to other groups of young people, such as students and young professionals, who can pay higher rents, rather than those who receive LHA. In a survey of 1,071 private landlords, 63% said they would prefer not to rent accommodation to tenants in receipt of LHA or HB and 42% refused to rent to those in receipt of LHA or HB.<sup>v</sup>

### The financial case for change

The impact of extending the exemptions and enabling care leavers and hostel leavers to access the one-bed rate of LHA could be considerable for a group of very vulnerable young people. It would enable these young people to move into independence and build happy and productive lives. It would also free up vital spaces in supported accommodation, by enabling those who can live independently to do so, and ensure that public funds are targeted to those in greatest need.

Centrepont estimate the cost of allowing young hostel leavers to claim the higher rate would be £3.7 million. The Children’s Society estimate that the cost of allowing care leavers aged 22 – 24 to claim the higher rate would be £5.8 million.

<b>5,300</b>	<b>3,500</b>	<b>2,625</b>	<b>£2,433.00</b>	<b>£6,386,625</b>
Care leavers living independently	Care leavers living in the private rental sector	Estimated to be receiving housing benefit	Annual average difference between SAR and 1 bed rate	Estimated cost
Assuming that the cohort of care leavers 19-21 living independently (10,600) would be of similar size to the cohort of care leavers aged 22-24 living independently and half of those aged 22-24 are living without a partner, children or disabilities, which means the SAR is applied to their LHA. <a href="#">DfE children looked- after statistics 2019/2020</a>	Based on estimated 2/3 of those in independent living in PRS	Based on 3/4 of those renting in PRS in receipt of Housing Benefit (the other 1/4 earnings are too high)	Based on LHA for 2020/21 <a href="#">Valuation Office Agency: LHA 2020-21 tables</a>	
<b>10,470</b>	<b>1,571</b>		<b>£2,433.00</b>	<b>£3,822,243</b>
Homeless young people in supported accommodation	Move to the private rental sector		Annual average difference between SAR and 1 bed rate	Estimated cost
Based on Homeless Link’s <a href="#">‘Support for single homeless people in England: Annual Review 2018’</a>	15% of total – based on proportion of Centrepont young people moving into private rented accommodation each year		based on LHA for 2020/21 <a href="#">Valuation Office Agency: LHA 2020-21 tables</a>	

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<sup>i</sup> Table shows 2020-21 LHA SAR rates against ONS data on shared room rents October 2018- September 2019: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/privaterentalmarketsummarystatisticsinengland>

<sup>ii</sup> Depaul (2018) Life on the Streets: Young people's experiences of sleeping rough

<sup>iii</sup> Local Government Association (2020) Evidencing the link between the Local Housing Allowance freeze and homelessness

<sup>iv</sup> Centrepont (2018) Ready to move on: barriers to homeless young people accessing longer-term accommodation

<sup>v</sup> Shelter (2016) Survey of Private Landlord