## All Party Parliamentary Group for the Private Rented Sector

ACCESS TO RENTED HOUSING FOR UNDER 35s

## Policy Background

* English Housing Survey for 2012-13 shows that 51% of tenants in the private rented sector are under the age of 35.
* There are now growing numbers of under 35s seeking to access private rented housing as a result of:
* Continued difficulties accessing mortgages and rising house prices, leading to branding by some of a new ‘generation rent’.
* Changes to the Shared Accommodation Rate, introduced in 2012, which increased from 25 to 35 the age limit at which housing benefit claimants could claim only for a room in a shared house.
* Despite the increasing demand for housing to rent, there is growing evidence that there are insufficient numbers of shared homes for under 35s to access.
* A survey published in December 2012 by Crisis found that 74% of housing advisers are struggling to find housing for young people only eligible for the shared accommodation rates.
* Research by Homeless Link published last year found that 65% of local authorities report a negative impact on the ability of young people to access private rented accommodation due to the changes to the shared accommodation rate.
* A joint survey conducted in 2012 by the RLA and the Scottish Association of Landlords of 1,023 landlords from across the UK found that 55% reported there being insufficient numbers of shared homes to cope with the shared accommodation rate changes.
* In a recently published report on housing costs within the reformed welfare system, the Work and Pensions Select Committee warned:

*“We are concerned that the extension of the Shared Accommodation Rate (SAR) to single claimants up to age 35 may have reduced the availability of safe, appropriate accommodation for younger people, some of whom may be vulnerable. We recommend that the Government assess the impact of changes to the SAR. If it appears that it is resulting in some vulnerable young people having to live in situations which are inappropriate or which put them at risk, the Government should investigate introducing exemptions for vulnerable people, and take steps to increase provision of appropriate accommodation.”*

* The potential reasons for the supply problems are various.
* Growing numbers of over 35s are seeking to access shared homes in volumes not seen before. The leading flat sharing website, Spareroom.co.uk has produced figures showing a 20,000 increase over the past five years in the number of over 40s looking for a room in shared housing. In February this year the Office for National Statistics published an analysis of 2011 Census data showing that the number of families living in shared housing increased by 70% in the decade up to the 2011 census as typically young families are increasingly locked out of the UK’s housing market.
* Over 45 local authorities have adopted Article 4 Directions providing them with powers to restrict the growth of shared homes in their area. An interim report commissioned by the Department for Work and Pensions into the impact of changes to the Local Housing Allowance has clearly shown that Article 4 Directions are making landlords reluctant to invest in shared housing. The report led by Professor Ian Cole of Sheffield Hallam University, stated:

*“Landlords seemed generally reluctant to undertake conversions or develop their HMO portfolios in response to SAR changes, and expressed concerns about the management burden of HMOs and the impact of Article 4 planning restrictions in some areas. Indeed, a common theme in interviews with landlords and housing advisers in differing housing market contexts was the mismatch between the increased demand for shared accommodation, brought about in part by the LHA changes, and the slow supply response. Landlords in all case study areas said they were reluctant to move more strongly into the HMO market, often due to what they perceived as the burden of managing shared accommodation. It remains to be seen whether this view will change as the SAR changes bed down, or whether other companies will move into this market.”*

* The Valuation Office Agency also seems to be indicating a change of approach on Council Tax which would mean more bedsits possibly being individually banded. Local authorities are also incentivised to ‘create’ new dwellings by charging council tax on individual bedsits as they can then receive funds under the New Homes Bonus. This also increases Council Tax income for local authorities since multiple Band A properties can result in much higher revenue than a banding the property on its own.

## Policy Background

* It is suggested that, the inquiry be entitled, “Is the rental market working for young people?”

* The terms of reference to be:
* What trends are there in under 35s looking for a place to live?
* What types of properties do under 35s look for and are there enough?
* What has been the impact of the Shared Accommodation Rate on access to and the availability of shared homes to rent?
* What impact have Article 4 Directions had on the supply of homes to rent for under 35s?
* What has been the impact of applying Council Tax to bed-sits as separate dwellings?
* What should be done to ensure supply meets the demands of under 35s seeking a house to rent?
* A call for evidence should be issued with a press release prepared and issued and invitations sent to targeted organisations to provide written evidence with some asked to provide oral evidence.
* Timetable to be:

**Session 1: 17th June**

* Oral evidence session 1 – it is suggested that this could be with Residential Landlords Association, Grainger Plc and the Centre for Housing Policy at York University.

**Meeting 3: 8th July**

* Conduct AGM
* Oral evidence session 2– It is suggested that this could be with the Local Government Association, Crisis, Essential Living and the National Union of Students.
* The report will then be drafted over the summer with a view to it being published during the party conference season.