

# Can Singletons Afford Rutland?

Finding affordable accommodation in Rutland for single people under pensionable age



*Mid pleasures and palaces though we may roam  
Be it ever so humble, there's no place like home;  
A charm from the skies seems to hallow us there,  
Which, seek through the world, is ne'er met with elsewhere.  
Home, home, sweet, sweet, home!  
There's no place like home! There's no place like home!*

*John Howard Payne (1791-1852)*

*And I am praying to God on high,  
And I am praying Him night and day,  
For a little house, a house of my own –  
Out of the wind and the rain's way.*

*Padraig Colum (1882-1972)*

## **Summary**

This report looks at the availability of housing in Rutland deemed to be suitable for single adults by Rent Officers, that is, either rooms with shared facilities or one-bedroomed properties. Both social and private housing sectors are considered.

It also examines the rules regarding the setting of maximum housing benefit levels and how legislation both implemented and proposed will affect the situation. Some suggestions for mitigating the adverse effects of the rule changes are described.

It is concluded that some action needs to be taken now to prevent any further increases in homelessness, debt and ill health. These issues are obviously devastating for individuals but also detrimental to, and expensive for, society as a whole.

## **Introduction.**

It is a basic human instinct to desire a safe place to call home. However, for young single adults in Rutland this is becoming increasingly difficult to achieve. This is due to a dearth of suitable accommodation in both private and social housing sectors compared with demand, and a lack of affordability. Individuals start to look for a home of their own not only as part of the normal process of attaining adulthood and leaving their family, but also as a result of relationship breakdown with one partner having to leave the family residence, loss of employment so cheaper, smaller rentals have to be sought, or friends no longer being willing to cope with “sofa surfing” and the resulting overcrowding. Single adults will be in competition for available properties with childfree couples and older singles who may all have greater resources, such as dual incomes and savings, or higher priorities on waiting lists.

Help is at hand in the form of advice and information and financial assistance. Rutland Citizens Advice Bureau (RCAB) sees clients searching for accommodation in either privately rented or social housing, who may be in employment and/or needing benefit income. Having a job is no guarantee that suitable affordable housing will be found. RCAB can give advice on how to look for housing, including directing to local Housing Associations such as Spire. Restrictions on rents that are eligible to be covered by financial assistance from the government can be explained. Quick Benefit Calculations (QBC) can show if clients are entitled to claim Housing Benefit (HB) to help with or cover the rent. Clients can be provided with claim forms and given help with completion if necessary. Discretionary Housing Payments (DHPs) are also available from the Local Authority (LA), Rutland County Council (RCC), to help with some housing costs. Referrals and claims can be made for these via the bureau. Clients may also be given information regarding the Rent Deposit Scheme administered by Spire Homes, whereby they can borrow money to pay the deposit required for a private tenancy.

However, changes in the rules regarding levels of financial assistance and criteria for eligibility, some of which have already come into place and some of which are planned for succeeding financial years, will have significant detrimental impacts on claimants in Rutland. These will be discussed in greater detail in this report.

The obvious consequences of young people struggling to find accommodation include getting into serious debt, losing employment and/or ultimately becoming homeless. Some work has been done to attempt to mitigate these outcomes. The Department of Work and Pensions (DWP) has produced a good practice guide on how discretionary financial help with housing costs may best be given. The National Homelessness Advice Service (NHAS) has published a toolkit for LA Housing Options Services to enable them to deliver advice and assistance early on in the procedure to

both social housing and private tenants. In Rutland the LA Housing Options Service is contracted out to Spire Homes.

Nevertheless, as the housing situation for young single adults in Rutland has been described by one agency as “bad, getting worse and could become a nightmare (if all proposals are implemented)”, awareness of the potential problems needs to be raised and much needs to be done.

### **Background to changes in LHAs and HB.**

Rent restrictions are in place for households claiming means tested benefits to help with housing costs. At present, an individual is restricted to claiming rent for a room in a shared house if s/he is less than 25 years of age, or a one-bedroomed property if over that age. A spectrum of rents for such properties is formulated by Rent Officers who, working with thousands of private landlords and letting agents, calculate valuations and determinations for every local authority in England.

The Broad Rental Market Area (BRMA) is the geographical area used to determine the local maximum level at which help with rental costs may be given. It is the area in which an individual could reasonably be expected to live taking into account facilities and services for the purposes of health, education, recreation, banking and shopping. When deciding on the BRMA limits, the Rent Officer should take account of distance of travel by both private and public transport to these facilities. The BRMA must contain sufficient privately rented accommodation for each category /size of property to ensure that sensible, representative calculations can be made.

BRMAs do not have to correspond to the boundaries of a local authority. In fact, Rutland falls mainly under two areas, Leicester and Peterborough; one village, Caldecott, is included in Northants. The main areas of population, Oakham and Uppingham, both lie within the Leicester BRMA, an area which includes the city itself plus Loughborough, Melton Mowbray and Hinckley. Villages in the east of the county are included in the Peterborough area which also covers March, Bourne and Chatteris. BRMAs were reviewed in March 2011, and the Leicester area confirmed and implemented then.

The maximum eligible rent for which benefit is payable is known as the Local Housing Allowance (LHA). Before April 2011 the LHA for each type of property, depending on number of bedrooms, was calculated at the median (average) of the local market rent within a particular BRMA. In consequence, according to DWP figures, 52% of properties in the private rented sector in the Leicester BRMA were available to HB claimants. In March 2011 this equated to £260/month for the shared room rate and £395/month for a one-bedroomed property in the whole of the Leicester area for all new claimants.

In April 2011 the basis for setting the LHA changed from the median to the 30<sup>th</sup> percentile of local market rents. Thus, again according to DWP figures, 33% of privately rented property should be available to HB claimants. In the Leicester BRMA in July 2011 the LHA for shared accommodation was calculated to be £245/month; 818 rents were used for the determination, the minimum being £124/month. The LHA for a one-bedroomed property was reduced to £375/month based on 1252 rents, the lowest being £225/month. New claimants would be assessed under these rules immediately, while pre-existing HB recipients could have 9 months transitional protection from benefit reduction.

Further changes proposed by the government will also affect the affordability of housing for individuals in Rutland. The DWP has announced that the age at which clients will be expected to continue to live in shared accommodation will be raised from 25 to 35 from January 2012. So single adults aged between 25 and 35, either in work or in receipt of work related benefits, who live in one bedroomed properties in the private sector, will see their HB slashed. It has not been clarified as to whether they will receive any transitional protection.

#### **Case Study**

***A 28 year old client, living with his parents, lost his job through injury. As he was now at home more of the time, family relationships deteriorated and he worried that he would soon be thrown out. He applied for Job Seeker's Allowance (JSA) and was actively seeking work and affordable accommodation. Although entitled to the one bedroomed rate of HB at present, he could find nothing to rent in the Rutland area within the LHA rate of £375/month. His LHA will be restricted further in 2012 when the age limit changes to 35, falling to £245/month for accommodation in a shared property.***

Index linking of LHA, that is, being uprated in line with the Consumer Price Index (CPI) rate of inflation, rather than local rental markets, is proposed from April 2013. This will erode LHA rates further as rents tend to rise faster than the CPI, and will affect all HB claimants detrimentally.

#### **Finding Affordable Accommodation in Rutland.**

Clients may come to RCAB for advice on how to find housing and/or to discover what their benefit entitlement is to help with housing costs. Armed with such knowledge the search for affordable properties may commence.

*Private rentals.*

“Snapshot” surveys of available accommodation in Rutland suitable for single clients were carried out in one week in both May and June 2011. Reference was made to house sharing websites, national letting websites, websites of individual local letting agents, noticeboards in local shops and supermarkets in Oakham and in the property section of a local newspaper, the Stamford and Rutland Mercury.

Of the 7 shop noticeboards that were scanned for advertisements for housing options of any sort, none was found. The local newspaper only had details of one property that was already on a letting agent’s website.

12 house shares were advertised on the internet in May on the 4 websites looked at, Roombuddies, Easy Roommate, Spareroom and Gumtree. Rents ranged from £275 to £395/month but most included an undisclosed element for bills. As the shared room rate of HB is, even after the April reduction, still £245/month, it might be thought that such accommodation is affordable. However, as 10 landlords specified “no DSS”, i.e. no-one in receipt of benefits, and all wanted professional applicants, they thereby removed availability from all HB recipients.

***Case Study***

***A 23 year old client returned to the Oakham area as he had found employment here. At first he was able to stay with friends “sofa surfing”, but he eventually ran out of willing hosts. He managed to find a room at a rent of £80/week but then was made redundant. With the LHA for under 25s set at £56.50 he could no longer afford to take the room and so was homeless.***

7 internet letting sites were consulted when looking for one bedroomed properties, namely Primelocation, Rightmove, Nestoria, Globrix, Rent Right, Houseladder and Zoopla together with websites of 6 local letting agents, Murrays, Moores, Shoulers, Spencers, Belvoir Lettings and Oakham Property Services. In total, 12 separate 1 bedroomed properties were advertised; much duplication initially made the availability appear to be greater than it actually was. Rents ranged from £375/month for 2 properties to £666/month for 1 property. Thus only 2 properties were charging rents equivalent to the new LHA imposed in April 2011 and hence affordable to benefit clients. This is half the number that should be available even under the 30<sup>th</sup> percentile criterion.

When the survey was repeated in June, no housing was advertised on local noticeboards. Only 4 room shares were found on the same websites and again, all barred benefits claimants. 3 of the one bedroomed properties found in May remained in June and 3 new ones had been added. One property remained at a rent of £375/month, but that for the new ones ranged

from £390 to £425/month. Therefore, again only 1 in 6 was theoretically available, half what should be expected if the Leicester BRMA were truly representative of Rutland.

Some local letting agents were interviewed. They confirmed that all available properties were entered on to their websites promptly. They were experiencing a strong demand at present for studios and one bedroomed accommodation, with single applicants being in competition with child free couples for the latter type of housing. Properties came and went very rapidly in the present letting market. Rents ranged from £350 to £435/month, but it was pointed out that £350 rental would be for a rather "shabby" flat, not the type the agent usually dealt with. Agents said that local rents were rising due to strong demand, with landlords increasing rents as and when properties were put back on to the market. Whilst agents would deal with HB claimants, the final decision as to the suitability of the tenant lay with the landlord. One agent did say that he felt that HB was sometimes more reliable/guaranteed than were wages in the current economic employment climate. However, many landlords seem to prefer the possibility of obtaining higher rents and barring HB recipients.

Local agents are not involved in organising house shares as this was deemed to be too complicated legally.

### *Social Housing*

Whilst social housing may be affordable with maximum HB covering the whole of the rent, problems for single people arise because of the scarcity of such property.

According to figures obtained from Spire Homes, there are 86 one bedroomed flats and houses available to rent from all the Housing Associations who operate in the Rutland area. There have been no new builds of social housing so far this year, although some are expected to become available in January 2012. However, it is not known if these will include any one-bedroomed properties.

In February 2011 there were 59 people on the waiting list for one of the 27 one bedroomed houses in Oakham, but only one such property was vacated in the year from February 2010 to January 2011. Superficially the situation would appear to be better for one bedroomed flats in Oakham. There are 38 of these, with 55 people on the waiting list in February 2011 and 7 lets in the preceding twelve months. However, even at that rate of change it would take almost 8 years for the last person on the list to be housed and that is assuming that no-one else with higher priority joins the list. The situation is no better in the villages of Rutland. 22 people were on the February waiting list for the only one-bedroomed property in Exton and 37 had put their names down for the 2 properties in Langham.

In fact, waiting lists have increased significantly since February, and from February to July 2011 there were no lets. Individuals are competing for one



bedroomed accommodation with couples who may be better off “points wise” on the waiting list. For example, a couple may be forced to live apart while searching for suitable housing, and a separated family is awarded an extra 100 points.

A Spire Homes representative said that there were now generally very few moves compared with last year. In the second quarter of this year there were only half those compared with the same period in 2010 over all property types. The previously well established movement cycle had become very sluggish, possibly due to a general feeling of insecurity amongst tenants in a period of economic uncertainty.

Spire Homes can also provide advice to single people seeking accommodation as well as adding them to the housing waiting list. If their need for housing is driven by relationship breakdown, they may be given help with understanding their legal right to occupy any joint property, and how to exercise that right. They may be provided with computer print outs for suitable house shares and lettings, and advised to consult the sources described in the previous section of this report. They will then confront all the difficulties already outlined.

Spire Homes do not undertake to arrange house sharing as it is difficult to find a compliant landlord, and the problems associated with housing disparate individuals amicably are deemed to be insurmountable at present. They are, however, trying to address the lack of affordable housing for single Rutlanders in other ways. There are 13 non-sheltered bedsits and 181 non-sheltered one-bedroomed properties available for older people in Rutland. There were relatively few people on the waiting lists for these in February 2011, for example 15 waiting for one of the 17 bungalows in Oakham. Generally Spire is finding it hard to find suitable over 60s, so may divert some properties and make them available to younger applicants with health problems. This would probably be carried out in 10 year slots, firstly giving priority to those in the 50 to 60 age group, then 40 to 50 and so on. Whilst discussions are in place, this process will still take some time to implement and will not be problem free.

The Rent Deposit Scheme was set up to help clients without sufficient savings secure an otherwise affordable rental. The scheme is administered by Spire Homes and enables them to lend money to cover the refundable deposit which the client can then pay back over the period of the tenancy. Until recently the maximum amount that could be loaned to an individual was equivalent to the LHA appropriate for that client, i.e. £245 for shared accommodation and £375 for a one bedroomed property. However, it has now become clear that at these levels virtually no-one in Rutland would be eligible to claim this financial help and the rules have been relaxed somewhat. Amounts above the LHA can be lent provided it is proven that the on-going rent is affordable by the client in the long term.

**Case Study**

***A 23 year old client was in full time but low-paid employment, staying with friends and paying board. She was asked to leave due to overcrowding, was searching for accommodation, and came to the bureau for information on benefits. She had found what she considered a suitable flat but the landlord wanted an £800 deposit as well as monthly rent of £400. The client had no savings and was considering taking out a loan to cover these costs. She was advised that as she was under 25, any HB would be restricted to the shared room rate of £226/month as would help with the deposit. It was felt that taking out a loan would be inadvisable as she could create serious debt problems for herself.***

It is possible that under the present rules such a client might now be considered for help under the Rent Deposit Scheme. However, her finances and employment situation would have to be examined carefully to determine whether she qualified for HB and could afford to pay the rent.

The Local Authority will have a duty to house some single homeless individuals and Spire Homes is responsible for carrying this out. The individual would have to satisfy several criteria to warrant this duty being exercised including being in priority need. This category includes people leaving the armed forces or prison or escaping from domestic violence, those with poor mental or physical health and young people under the age of 20 who have been looked after by Social Services.

As there is unlikely to be a one bedroomed property vacant, Spire does have some temporary accommodation available in Rutland. However, if this too is fully occupied, the homeless person will have to be put in Bed and Breakfast accommodation. There is no such facility within Rutland which will take in the homeless. They all have to go to Leicester, with the concomitant problems associated with getting to work or the Job Centre + to sign on or having contact with family and friends.

Housing the homeless is an expensive procedure for the LA and homelessness can be traumatic for the individual. Prevention of the problem arising in the first place by anticipation, early intervention and judicious usage of the limited funds and social housing available can be cost effective for the LA. Remaining in their own homes is obviously better, both physically and psychologically, for clients.

### **Case Study**

**A 38 year old client came to RCAB for advice regarding benefits. He had been in prison and living in probation hostels until recently. He was in receipt of Employment Support Allowance (ESA) and Disability Living Allowance (DLA) for serious medical conditions and was entitled to claim HB. He had found a suitable private rental for £395/month, with £395 required for a deposit. However, as the LHA had just been reduced to £375, he could not be lent £395 under the rent deposit scheme to cover the deposit nor was it permitted to give a Discretionary Housing Payment (DHP, see following section) to top up rental payments to above the LHA rates.**

**As a vulnerable adult he was advised by the bureau to make a homelessness declaration to the Local Authority. RCC then had a duty to house him at far greater overall expense.**

**Under the new ruling this client could well have qualified for help with the deposit. The rent would have been affordable as he received high rates of disability benefits as well as HB. RCC would have saved money in the long run if interpretation of the rules had been more flexible at the time.**

### **Extra financial Help: Discretionary Housing Payments.**

Discretionary housing payments (DHPs) can provide further financial assistance to clients who are already receiving HB if the LA considers that help with housing costs is justified. Once the LA's overall cash limit for DHPs has been met it would be illegal to award any more in any one financial year despite continuing demand. There is some discretion in the interpretation of "housing costs" as they are not defined in the regulations. In the narrowest sense, for a recipient of HB, housing costs means rent in the form of a top up. However, in a wider context, housing costs may also include rent in advance, deposits, other lump sum costs associated with housing need such as removal costs and even travel costs if a client incurs these travelling to work after moving to cheaper accommodation. It is this broader concept that the DWP is promoting in its Good Practice Guide (March 2011) in an effort to alleviate the effects of the HB reforms being introduced from April 2011.

RCC's DHP budget for 2010/11 was £8700. This was increased to £9145 for 2011/12, but there has, as yet, been no information as to the increases for the next two financial years. The government's contribution to DHPs nationally rose from £20million to £30million in 2011/12 and will be a total of £60million in 2012/13. Rutland's *pro rata* allocation will presumably be fairly small.

As of July 2011, there were 1445 households in Rutland receiving HB. DHP claims in previous years have amounted to between 15 and 20 each year with most being successful. Duration of the award is usually 13 weeks.

There may then be a review but the longest award has been for 1 year. Awards have so far only been made for rent top ups. No applications have been received for travel costs, possibly as this option has not been publicised. It is hoped that this situation will be rectified and all options made known now that the new practice guide has clarified the position.

RCC has not yet seen any real increase in the number of applications for DHPs, although this may change once the broader spectrum of possibilities is more widely known and the changes in HB entitlement begin to take effect. Existing HB recipients will only be affected by the changes in LHA rates at their annual review date and will have transitional protection for nine months from this time. As the first change in LHA, the reduction to the 30<sup>th</sup> percentile, occurred in April 2011, the earliest such an individual would feel the real effect of a the consequent reduction in their HB would be in January 2012; just after Christmas when many experience financial difficulties. In addition, if a person moves and makes a new claim, unless the move was due to a need for larger size housing, s/he will not receive transitional protection and will immediately come under the new lower LHA. Similarly, a householder who is fortunate enough to find employment and has a break in the HB claim, but then loses work, will be considered under the new LHA rates as soon as a reapplication is made; another disincentive to leave the benefits system while the employment market is so volatile.

RCC do not predict any significant increase in need when the shared room rate is applied to the under 35s from January 2012 in addition to the under 25s as at present. There are currently 13 HB recipients in this age range with 3 already in shared accommodation and 10 receiving the one bedroomed rate. In January the latter may find that their maximum HB is reduced from £375/month to £245. Although the total number of individuals concerned is not high, for each one this will be a massive financial blow. For those with no employment income, the prospect of finding shared accommodation in Rutland is bleak.

Overall an increase in DHP applications must surely be envisaged for coming financial years. Whether a 13 week award will be sufficient to stave off homelessness as individuals search for non-existent affordable accommodation is debatable, but the budget is unlikely to be able to sustain awards of lengthy duration. Many claimants will then also need help with removal and travel costs if they can manage to move to cheaper areas, an additional strain on the resources.

The DWP Good Practice Guide and NHAS Toolkit offer other suggestions whereby the Local Authority can help a tenant to retain their home and reduce demand on the DHP budget. Help could be given to clients to negotiate lower rents with their landlords if they are unable to do so themselves. HB could be paid directly to landlords if they are prepared to reduce the rent to a level equivalent to the LHA. Other suggested incentives to landlords to reduce rents include a voluntary repairs service and/or redecoration by community projects and people on community service, fast tracking of HB processing and public recognition. Landlords may also be

made aware of the full cost of eviction of previously reliable tenants affected by LHA reductions, including the costs of voids, agents' fees etc. compared with lower, but reliable, rental income.

## **Conclusion**

Changes to the LHA rates already instituted, and those yet to come into effect, will adversely affect many inhabitants of Rutland. The DWP's own figures indicate that the impact of the conversion to using the 30<sup>th</sup> percentile for calculating shared room and one bedroomed LHA rates will be an average loss of £2 and £4 /week respectively. This is a not insignificant amount to find for those on JSA of £53.45 (under 25s) or £67.50/week, or even for those on low income.

Finding cheaper accommodation in Rutland may not be a viable option as demand is high and supply, in both social and private sectors, relatively low. At present, landlords do not seem to be inclined to reduce rents. Whether suggested incentives will be offered by the LA and whether they will succeed in persuading landlords remains to be seen.

Even if alternative accommodation can be found, moving expenses may be prohibitive to the individual and help from the DHP budget is limited. Moving to a cheaper area may mean that employment is lost as transport is unaffordable or unavailable, as many low paid jobs in the service industries require unsocial hours to be worked. This is another Catch 22 situation where the client may have to decide whether to be jobless or homeless. Moving may also be extremely difficult for those vulnerable adults with mental health or physical problems and some surely cannot be expected to cope with this upheaval. Finding accommodation suited to their particular additional needs may be extremely problematic.

It is hoped that raising awareness of the impact of the government's changes to LHAs and HB for single adults and the state of the housing market in Rutland will enable some pre-emptive action to be taken. Homelessness, either with or without the debt incurred trying to stave it off, has a negative impact in terms of health and employment prospects. Early intervention could save money in the long term. Prevention of escalating debts will save court time and legal costs incurred when seeking repayments. Reduction in stress levels will mean that adults will not be adding further strains on an overstretched health service. Keeping individuals in their own homes and giving financial help at sensible, relevant levels will preclude activating the expensive LA homelessness service. The community as a whole, as well as individuals, would benefit from these proposals and save money.

