

# Minimum budgets for single people sharing accommodation

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# 1 Introduction

This paper gives the results of a short study which sought to estimate a minimum budget, using Minimum Income Standard definitions, for a single person living in a shared household with other non-related adults. The primary purpose of this exercise has been to extend the range of households that MIS calculations can cover: so far, it has only covered those with a 'single unit' – defined as an individual or couple living alone or with dependent children, and no-one else. The study has also given some insights into aspects of life as a sharer that are different to that of a single person living on their own in self-contained accommodation.

The Centre for Research in Social Policy has since 2008 produced Minimum Income Standard (MIS) budgets for different household types (Bradshaw et al., 2008; Davis et al., 2014). These are based on detailed research with members of the public specifying what goods and services households need in order to reach a minimum socially acceptable standard of living. A separate budget is included for each specified household configuration covered: single and couple adults with and without children, and separate budgets for pensioners. Just over four in five households containing just over two thirds of individuals (Bradshaw et al., 2008, Padley et al., 2015) are covered by the MIS household types. Most of those not covered are in 'multi-unit' households with people related to each other – such as people living with grown up children who are not counted as part of the same family unit, but who may well share many household expenses.

However, census figures commissioned by CRSP as part of this research show that a significant minority of adults live with other adults not related to them<sup>1</sup>. While these sharers comprise only a minority of individuals not covered by MIS – roughly 3 million across the UK compared to about 20 million in all non-MIS households – they do represent substantial numbers among particular groups. For example, eight per cent of working age adults in England and Wales, and 17 per cent in London come into the sharers' category, rising to over a third of Londoners in their late 20s.

Thus, while non-related sharers make up only a minority of households not covered by MIS, estimating their needs can contribute to filling in gaps in the MIS picture. Moreover, it is increasingly important in the understanding of the economic situation of single people. As shown in Table 1, sharing is now more common than living alone for working age singles living in London and for singles across the country aged under 35. In London, sharers aged under 35 outnumber singles living alone by three to one, and for those under 30 this rises to 4.5 to one.

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<sup>1</sup> This classification counts someone as a sharer if they live in a household containing no children, and at least one pair of adults who are neither a couple nor a parent and son/daughter. The figures exclude full-time students. Due to limitations in how data can be broken down, this does not exclude all households where some but not all people are related. It also includes siblings sharing, but arguably these are more likely to be similar to unrelated sharers, occupying the same home but not pooling living expenses, than couples or parents living with their adult children.

**Table 1 Population of singles aged 18-64 not living with relations** (shaded cells show where sharing more common than living alone)

	<b>Singles living alone</b>	<b>Singles living as sharers</b>
<b>Aged 18-64</b>		
England and Wales	4,041,386	2,615,624
London	686,080	809,741
Rest of Southern England (SE, SW, Eastern)	1,300,681	831,299
Midlands and North	1,838,407	871,328
<b>Aged under 35</b>		
England and Wales	902,585	1,493,316
London	175,847	541,191
Rest of Southern England (SE, SW, Eastern)	265,045	442,054
Midlands and North	416,558	460,009

Source: ONS, 2015, 2011 census data.

Sharing can be influenced by personal preference but also by housing shortages and high rental costs in some areas of the country. Moreover, since 2013, Housing Benefit rules have assumed that this is an adequate way to live for anyone under 35 without children. This increases the likelihood that single people on low income in particular will not be able to afford to live alone – making the sharers issue particularly significant in considering whether people have a minimum acceptable income. For those low-income singles who do end up sharing and hence economising on rent, does this enable them to cover the remainder of their expenses at a minimum level? In order to take a view on this, we need to consider how the cost of living as a whole might be affected by sharing.

## 2 Method

The Minimum Income Standard (MIS) is the income that people need in order to reach a minimum acceptable standard of living in the UK today. Fundamental to MIS is the definition of a minimum which was devised by the public when the research first started (Bradshaw et al., 2008) and has been used in all groups:

*A minimum standard of living in the United Kingdom today includes, but is more than just, food, clothes and shelter. It is about having what you need in order to have the opportunities and choices necessary to participate in society.*

This definition is about more than survival alone. It covers needs, not wants, necessities, not luxuries: items that the public think people need in order to be part of society.

The method involves a sequence of discussion groups with members of the public who have detailed negotiations about the goods and services that a household would need in order to achieve this minimum acceptable living standard. Groups are composed of participants from the particular household type under discussion – for example, pension age groups decide the minimum for people of pension age. However, group members are asked about the needs of a hypothetical individual (a case study) so as to de-personalise discussions and help to avoid focus on their own individual needs and preferences. They go through all aspects of the budget including quantity, quality and duration of items required inside the home and what is needed for life outside. The aim is to reach consensus through an iterative process, whereby researchers feed back information from one group to subsequent groups to check agreement or resolve differences of opinion. In certain areas, for example nutrition and energy use, relevant experts check the budgets. The resulting lists are priced to construct weekly budgets.



## Applying MIS to sharers

In this study, groups of sharers were asked about a minimum budget for single people sharing accommodation. Four groups were held overall. First, an 'orientation' group provided useful background information on issues relevant when sharing accommodation, and also developed the case study example. Next, three further groups were tasked with going through the existing MIS budgets for the single person living in self-contained accommodation, to identify differences for someone living in shared accommodation. The groups were held in cities in the Midlands and South Yorkshire. Each comprised between six and nine participants with a mix of gender and age, as well as various socio-economic and ethnic backgrounds and experiences of sharing.

It was important to make it clear to groups (and recruiters) what was meant by 'shared household'. Whilst it was recognised that there are various different types of shared households, in this study we are looking at a single person, living with at least one other adult, but not members of family or as a couple, so are economically self-sufficient. Furthermore, the research did not include student living, as students are likely to have particular circumstances that would differentiate them from others; for example, they may only share accommodation in term-time while retaining a second 'home' address.

As in the main MIS research, a 'case study' was constructed in an initial Orientation group. The example they developed was agreed by subsequent groups as a realistic model, and used throughout the process.

### Case study:

*Bob (or Linda) lives with 2 others in a shared house. He has his own bedroom and shares a kitchen, bathroom and living/dining area. The house is basically furnished and the bills are split 3 ways. He is in reasonably good health and lives in Birmingham/Sheffield/Nottingham.*

It was agreed that the case study tenants in the shared house do not know each other (did not rent the property as a part of a group), and would have individual contracts with a landlord or letting agent. Based on this assumption, whilst it was recognised that privately rented shared properties can sometimes be let as unfurnished, it was felt that that the most likely model was for 'basic' furnished<sup>2</sup> accommodation. Although in the Private Rented Sector overall there are more properties let as unfurnished than furnished, the feeling among participants was that this would be reversed for people renting shared accommodation on an individual basis. This is backed up by enquiries with letting agents, and searches for shared property to let. It was also agreed that household bills would be divided equally.

The groups were presented with the lists of items included in the main MIS budget for a single working age person living in a one bedroom unfurnished flat. The key question throughout the process was 'what would be different because someone lives in shared accommodation?' It was important to reiterate that sharing was the salient issue in decision making, rather than opinions on need or personal preferences, given that the main MIS budgets that were being used as a comparison were already agreed and the focus here is purely on difference.

Decisions had to be made on whether items in the main MIS budget for the single working age person living in an unfurnished one bedroom flat would be the same for a sharer, or would differ for one of the following reasons:

- a) The items would be provided by a landlord in shared furnished accommodation
- b) They would be shared items or costs that can be divided between tenants sharing the property

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<sup>2</sup> There are no regulations or definitions of what furniture a landlord should provide in rented accommodation. Groups discussed various types of rented property including unfurnished, part furnished and fully furnished, but with mixed understandings and experiences of what might be covered by such terms.

- c) Different items are required for someone sharing and in the non-sharing MIS budget

Where items were categorised as shared, there were additional discussions regarding whether this would also lead to differences in the quantity or duration of items.

### 3 Differences in costs of living as a sharer

#### Overview

There are several potential savings as a result of sharing accommodation, compared to living as a single person in a self-contained flat. These include:

- ***The sharing of rent.*** While rent increases on larger accommodation, it does not do so in a way directly proportional to the number of bedrooms (i.e. two-bedroom properties do not rent for twice as much as one-bedroom ones). This brings substantial economies of scale from sharing. These facts are true when average rents are compared, and participants in the research perceived there to be clear financial benefits from sharing as a result. While this rent saving is likely to be the largest difference in costs, it is not the primary subject of this research, but an illustrative calculation is given below.
- ***The sharing of non-rent housing costs,*** broadly defined: household energy, council tax, water charges and money for minor repairs and DIY. As with rent, these costs of running a home do not increase proportionately to the number of bedrooms, meaning that the main MIS assumptions about how much a single person needs to spend on these items will overstate what they cost for a sharer.
- ***The sharing of other living costs.*** Living together can potentially bring economies, through the sharing of household goods such as kitchen equipment or furniture or of household services such as internet or telephone rental charges. The measurement of these savings were complicated in this research by the fact that the sharers' model developed by groups assumed that the case study rented shared furnished accommodation and that some shared items such as a refrigerator would be provided by a landlord, whereas in the normal MIS model, the flat is assumed to be unfurnished. Items provided by landlords are identified separately in the results below, to ensure that the effect of landlord provision is not confused with the effect of sharing.

## Rent

Rent levels vary greatly from one place to another and for different types of housing. MIS does not suggest that the minimum cost of renting can be readily standardised, and its main calculations are for the cost of living net of rent or mortgage. In giving examples of the amount someone would need to earn in order to afford a minimum acceptable standard of living, it suggests basic rental costs in social housing or in a lower-cost private rental property (the bottom quartile of rents in a local area, for working age households without children). However, when calculating how many people live below MIS, incomes are considered after rent/mortgage costs.

Furthermore, the MIS online calculator which enables people to calculate how much they need to earn to reach MIS, allows these housing costs to be varied for different cases.

In a similar vein, it was not the aim of the present study to calculate how much people save in rent from sharing, as this will vary widely. Nevertheless, an example based on the MIS rent assumptions can serve to indicate the potential magnitude of such saving, at the modest end of the rental market. The Valuation Office Agency provides annual statistics showing lower quartile rents by region and home size. One way to compare sharing and non-sharing singles might be to compare the lower quartile rent of a one-bedroom property with that of a three bedroom property and assume that the latter is shared between three people. However, this produces a shared rent at what seems like an unrealistically low level – well under half that of a one-bedroom property. The flaw here is that a house let out separately to sharers is generally likely to yield more rent overall than a family home with the same number of bedrooms. A more helpful (if still imperfect) comparison is between rents for one-bedroom properties and rents for a single room, since the latter represents the market for renting a room in a house rather than for renting a house as a whole. The lower quartile rents for these two types, on average for regions outside London, are £93 and £69 respectively, a gap of £24 a week. In London, the gap is much greater –

£100 a week. Both of these figures show an appreciable gain from sharing for a single person on a low income.

***Result: Rent saving from sharing (illustrative): £24 a week outside London, £100 in London***

### **Other costs related to running the home**

Groups all agreed on the principle that general household bills should be split equally between tenants sharing a property. This includes bills such as water rates, council tax and fuel bills (as well as broadband/telephone, dealt with in the following section). While a larger property with more people using the utilities brings larger bills than a smaller one, the fact that bills are divided between three tenants does reduce the cost for an individual, compared to someone living alone in a one-bedroom flat.

In relation to paying gas and electric bills, participants raised the issue that people sharing may be less likely to take advantage of savings available to customers paying by direct debit (which is the assumption for the Main MIS single person fuel bill calculation). This was because paying this way can require setting up a joint account or having one person named on the account which was felt to be a big responsibility given that fuel bills are relatively large sums of money, and they may be unwilling to do this especially if they do not know the other tenants well. Therefore paying on a monthly/quarterly basis and splitting the bill when it comes in was seen as the more practical method. A few participants noted that prepayment meters were useful when sharing, however were mindful that this was an expensive method. Fuel calculations in this study are based on quarterly billing which is a higher cost than the direct debit rates used for main MIS, but less than the cost of using prepayment.

For this study the assumption has been made that people are renting as individuals (rather than as a group), and that they will be liable for their own contents insurance

rather than an insurance policy for the whole house split three ways. This has been costed using a specialist company as some insurers do not cover people in shared accommodation and results in a saving of £5 per year on an annual policy compared to the main MIS insurance cost for someone in a one bedroom property.

The main MIS budget for a single working age person includes £100 per year to cover minor repairs, DIY, buying tools or mending things. Groups noted that landlords would be responsible for general maintenance and upkeep of the property, and major repairs such as leaks etc. – this would be the case whether in shared accommodation or living alone. However, they felt that it was reasonable to retain a budget for small household jobs or assembly of furniture and the equipment for doing this. Given that the specified property is larger than the single person's one-bedroom flat, with more people using it, and that it may also include a garden or outside space which might require maintenance, the decision was to increase this amount to £150 per year. However, overall this reduces an individual's budget to £50 per year as the cost would be split between the three residents.

Water and council tax charges depend mainly on the size/value of the property, but do not go up in proportion. Significant savings are therefore made by dividing the charge on a three-bedroom house by three, compared to the charges of these items for a one-bedroom flat. However, in the case of council tax, this saving is partly offset by the loss of the 25 per cent discount for single people. Overall, each sharer is estimated to pay £7.57, which is a third of an average Band B council tax of £22.71, compared to a single person paying £14.60, which is an average Band A council tax of £19.47 minus the single person discount. Thus, sharing saves about half the council tax bill for each person. (This is based on the shared house being in Band B, which was the band identified for the standard three bedroom house in MIS. However, the shared house may be in a higher band; if in Band C, this reduces the saving by £1 a

week, which does not make a difference to the headline percentage total saved as reported below.

***Result: saving on household bills and costs: in total, a single person pays £17 a week less on council tax, water, maintenance and household fuel as a result of sharing rather than living alone.***

## **Non-housing items whose cost is jointly covered by tenants in a shared house**

Apart from sharing the cost of running the home, there are various items that sharers say they would pay for jointly. This does not include fixtures, fittings and certain basic furnishings provided directly by the landlord, which are considered in the following section.

### ***General household goods and equipment***

A key area where groups identified differences for people who share accommodation was for kitchen, dining and cleaning goods. This was because it was expected that some of these items could be shared between residents and the cost therefore divided between tenants (three single people in the model used in this study).

However, it is important to note that through considered discussion in the groups, participants did not simply assume that an item that a single person on their own requires would also be sufficient for three people to share, and hence its cost divided by three. They outlined cases where there would be a need for more of an item (often double the quantity) and the cost then divided by three, and/or where the duration of a shared item would be less because of extra use (compared to someone living alone). This resulted in the budgets being lower for sharers than non-sharers, but not necessarily by two thirds. In some cases, where the duration of an item was divided by three, there was no cost difference at all.



### ***Cooking and eating***

The successive groups developed two categories of kitchen and dining goods – items that could be shared, and those that they felt someone should be able to keep and use on an individual basis.

It was seen as reasonable that someone should be able to have their own personal items for cooking, for example, to allow for if someone was vegetarian, had allergies, or religious dietary needs. It was also noted that someone may just want to keep their own cookware for themselves as others in the house may not look after it as they wish, especially given that they may not know others living with them. This included items such as saucepans, baking tins, chopping board, utensils/knives, mixing bowls, casserole dishes and storage containers.

*'If people are vegetarian you wouldn't want to use a tin opener that had been used for meat'*

**(Group 2)**

*'I've got housemates and it could easily be one of Linda's other housemates and one of them really enjoys the greasy fry ups and one of them really enjoys kind of organic goats milk and various other things. So for them it's really important for them to have their own saucepan set because they're sharing'.*

**(Group 3)**

Mugs were also seen as more personal than general crockery and it was agreed to keep four individual mugs as in the single person budget.

*'I can understand why people want to use their own mugs....You think of germs straight away in communal places with mugs'*

**(Group 2)**

Groups felt that other kitchen and dining items could be shared - this was because there would not be a need for the item per person and it was felt more acceptable for these things to be used communally. As mentioned above adjustments were made here to the duration or quantity of an item to account for it being used by

three people (rather than one). This included items such as a kettle and a toaster (with reduced lifespan), some additional bakeware, washing up bowl and drainer. The quantity of table mats, crockery and cutlery was doubled as groups felt that there would be a need for more, but not necessarily three times as much, and also storage was mentioned as a potential issue. Reflecting this, groups did not change the number of drinking glasses (16) but halved the amount of time that they would be expected to last. It was also noted that in a shared house, crockery and glasses may be more likely used and get left in people's rooms, which would then be inaccessible for others.

### ***Cleaning and laundry***

Some cleaning and laundry goods were identified as required by each person such as an ailer (to allow the privacy of drying washing in one's own room), and cleaning materials (dusters, cloths, bin bags, washing powder). However other items were thought appropriate to share, again with adjustments made to account for heavier use: reduced duration of an iron, dustpan/brush, and doubling the quantity of some cleaning materials (bleach, polish etc.) where it was assumed that there would be extra use, but not necessarily three times the cleaning of someone living alone.

### ***Living area***

There were a few items in the living area that were agreed would be a shared cost although these involved negligible amounts. Groups agreed that the table lamp would be a shared cost - but this saves only an average of 1p each a week. The cost of cushions would be shared, but the number of cushions was increased from three to six to allow for a larger seating area and for comfort when guests visit the house, and participants felt that with increased use they would last less time than for someone living on their own. As a result, there is no saving on cushions.

A few other household items which are included the main MIS budget, for a single person, were agreed as being required on an individual basis and the costs remained unchanged. This included a fan heater (for occasional use when the central heating is not on) which it was thought that people who are sharing would more likely use in their own bedroom (compared to someone living alone in a self-contained flat using it in their living space). A small amount to cover ornaments or pictures was also kept as an individual cost – groups felt that someone sharing might want to use this to personalise their own bedroom or could pool it with others to make the communal area more ‘homely’.

### ***Bedroom and bathroom***

There were very few examples in the research where sharing accommodation created *additional* costs. The first was that individuals were deemed to need a bin in their bedrooms, and the house needed a (shared cost) bin in the bathroom. Neither were specified for a single person living on their own, but for sharers this need was related to privacy. Groups explained that compared to someone living alone with free run of the house, someone sharing does not have the same amount of privacy when going from room to room so they need somewhere to put rubbish in the bathroom and bedroom.

*‘You won’t feel comfortable walking between your bathroom and bedroom with something in your hand’.*

**(Group 3)**

Secondly, a laundry basket was also added in the bedroom. This was because, unlike someone living alone, a person sharing may have to wait to do washing if the machine is being used by someone else. Furthermore, dirty washing can only be stored in their bedroom, and it was noted that someone sharing might spend more time in their room and also have guests in there so might not want a pile of dirty washing in the corner. While one group felt that a plastic bag would suffice, others agreed that an inexpensive pop-up basket would be a reasonable addition.

*'I think because you're bedroom kind of becomes a bit of a living area in a shared house, so like your own space'.*

**(Group 2)**

These items cost only £4 to £6 each and last two or three years, so add only a few pence a week to the budget when costed over time.

### ***Technology and communication***

The main MIS budget includes a £169, 32" television in the living area for a single person living on their own. The television was an item that provoked much discussion in sharers' groups regarding whether it would be reasonable for people who share a property to have a television in each in their rooms, or whether having one in the communal area was sufficient. Although some participants had lived in shared property where a landlord had provided a communal television, groups agreed that this was not common and felt that in basic furnished property it would not be an expected landlord provision. The question then was whether a television should be a shared or individual item. This generated much discussion with reasons given as to why someone sharing would need a television in their own room – if they did not get on with fellow residents, had different viewing tastes, or just wanted their own space. It was also pointed out that people do not necessarily watch television in the same way as mobiles and laptops provide other viewing options. However, alongside the arguments for individual television was the view that a communal television was important for social purposes, and to be able to watch things as a group.

*W: I think that for me having a TV in the lounge is quite an integral part, even just to watch DVDs, to socialise, to engage with people.*

*M: And also engaging with each other in the house. If you don't know each other then you know it's a communal way to kind of get to know each other.*

*Q: So there are reasons why you think a communal TV is important in a shared house?*

*M: If you want to invite people round it's like "Let's watch the footie, oh wait we don't have a TV in our lounge and ten people in my room is like..."*

**(Group 3)**

Groups agreed that it was unacceptable to increase the main MIS budget and a compromise reached was to maintain the £169 budget. It was generally felt that a television in a bedroom could be smaller than the 32" model and therefore cheaper. People would therefore have surplus to put towards sharing the cost of a communal television if they wished to do so. A TV licence will be required each if people in shared accommodation have television in own room and lock on door, so again there was no difference in budget to main MIS single person budget.

The CD player in the Main MIS budget was kept as an individual item so people sharing could use it in their bedroom. However, it was felt that it was not necessary to have a DVD player each and one would be sufficient in the communal area with the cost split three ways.

The main MIS budget includes a laptop and groups felt that this is an individual item and there was no reason why this would be different because someone is living in shared accommodation. However, there were changes made to the internet supply/connection. The main MIS does not include a landline phone for a single working age person, and the most cost effective internet access is via a dongle (at £15.99 per month). It was agreed that this would not be so suitable for people sharing and this was removed and the cost of a landline and broadband included instead. Participants explained that this would be more cost effective if shared three ways (compared to the cost of three dongles), and should include unlimited downloads/data so that tenants do not impede each other's use. The landline is only

included for the purposes of internet access so there is no cost for a handset or calls. This change results in a £1.20 reduction in the budget.

Groups made no change to the mobile phone (a basic smart phone and £10 month contract) included in the budget for a single person in self-contained property.

### **Total saving from shared items**

Excluding the housing-related costs discussed above, the total savings from shared items (net of the additional cost of the bins and laundry basket referred to above) turns out to be very small. Almost all the savings identified involved buying inexpensive goods very occasionally, so the weekly savings amount to a very few pence. The one exception to this was telephone and internet subscription costs, but even this amounted only to £1.20 saving. This accounted for over half of the overall savings from shared costs other than bills for housing-related costs.

***Result: saving from sharing non-housing living costs: in total, a single person saves £2.15 a week from sharing household costs other than fuel, water and council tax with housemates.***

### **Areas of the budget not affected by sharing**

#### ***Food***

Some participants did mention that there was potential for saving to be made because people live in shared accommodation if they were to club together to buy in bulk, and share meals. However, given that the case study is of someone sharing with people they do not know, it was felt that the assumption of sharing shopping and cooking could not be made. The standard MIS food budget was considered to be adequate for someone sharing and no changes were made.

### ***Leisure***

As with many MIS groups, the sharers' groups started by thinking that the week leisure budget for a single person is fairly low, but on reflection reasonable as a minimum. Groups did discuss how sharing might have an impact on how people socialise or spend leisure time, with much depending on how someone got on with their fellow housemates. This could involve staying in more where someone enjoys the company of others in the house and conversely going out more as there is always someone there to encourage you to go out for a drink for example. On the other hand there was a view that if people did not get on with their fellow housemates they might want to go out more often to get away from the home environment. Overall, it was agreed that the £20 budget should remain the same with no strong reason for it to be increased or decreased because someone is sharing.

### ***Personal/health care***

The budgets for personal and health care were kept the same, with no reason identified for any differences because someone shares.

### **Household items provided by a landlord**

A key area of difference between this study and the main MIS study is that the shared accommodation is assumed to be rented as furnished, whereas the main MIS single working age person is based on an unfurnished rented one-bedroom flat. This is because it was agreed by the groups that for people sharing, furnished accommodation was the most likely and realistic model, which sharers can therefore relate to.

Items the groups agreed that a landlord would most likely provide in basic furnished accommodation, such as flooring/carpets, curtains, white goods and some basic furniture have been taken out of the budget as tenants would not need to pay for their purchase or replacement. Thus the budget for sharers cannot be directly

compared to that of a non-sharer as the difference for these items is related to the different tenancy type (furnished vs unfurnished) rather than the fact that someone is sharing rather than living alone.

The following discussion therefore identifies

- Which items were identified as normally provided by a landlord?
- Whether these are shared items that could bring a saving.
- The cost of such items in the single person's budget, for information.

Groups agreed that in 'basic furnished' accommodation it would be expected that a landlord would provide the following items, divided into those used by individual tenants and shared items:

*Individual (items in bedroom):* carpet, curtains and nets, a bed/mattress, wardrobe, chest of drawers, bedside table and lamp.

*Shared:* flooring/carpets, curtains and nets, fitted kitchen with appliances/white goods a microwave and bin, living room furniture (sofa/seating, a storage/TV unit, coffee table and lamp), dining table and chairs, bathroom cabinet, shower curtain, toilet roll holder, lampshades in communal areas and a vacuum cleaner.

Participants had different experiences of which items might be provided, with some being in properties with more and some less. However, for the purposes of constructing a budget, groups felt that on the whole it would be reasonable to assume that someone living in furnished rented accommodation would not need to cover the items listed above from their personal budget. The feeling was that where a property was furnished to a higher level, this would most likely be reflected in higher rent levels.



Groups noted that if someone was renting shared accommodation on an individual tenancy agreement (i.e. not moved in as a group) it was reasonable to expect that there would be a lock on their bedroom door. Participants had mixed experiences of living in accommodation with and without individual locks, but felt that it was important for security, especially if someone was sharing with people they did not know. It was pointed out that this would be a landlord's responsibility (and if a tenant did fit a lock themselves they could be held liable for damaging the door), and could also be a requirement for contents insurance. It also means that individual tenants (with televisions in their rooms – see above) would require separate TV licenses.

As explained above, for the purpose of understanding the overall cost saving resulting from sharing, it is of interest to add up the cost of landlord-provided items in common areas. These have not been costed as part of this study, because sharers were not asked to give specifications for items for which they would have no responsibility for buying. A starting point is therefore the total cost of such items in the MIS budget of the single person living alone:

***Result: landlord-provided items in common areas (for information only): items costing a total of £5.83 a week in a single person's budget were assumed to be provided by landlords in shared furnished accommodation.***

It is important to state that the above calculation cannot be used directly to calculate how much cheaper a minimum cost of living is for sharers. The main interest in reporting the figure is to highlight that, however it is realised, the saving from shared common items is not very large compared to the overall single person's minimum budget (which is a total of £195 a week not including rent). At best, the saving from items shared between three people is two-thirds of the single person's cost, or £3.90 a week for the items noted above that it is expected would be provided by a landlord in shared furnished accommodation. More realistically, the need raised in groups for

higher specifications and shorter lifetimes resulting from more people using an item is likely to reduce the saving still further.

### **MIS budgets for sharers: conclusion**

The above calculations have shown that:

- The biggest effect of sharing on minimum living costs is the saving on rent. This will vary greatly from case to case, but an example based on lower quartile rents shows savings of £24 a week outside London and £100 inside London.
- Bills associated with the home – i.e. heating, water, council tax and maintenance – are cheaper when shared, making life £17 a week cheaper for a single person in the model used here. This represents nine per cent of the £195 a week (not including rent) budget calculated for MIS in 2014.
- The sharing of the cost of items within the home is much smaller, and reduces the minimum cost of living by only about £2 a week or one per cent compared to a single person living alone.
- This limited saving from shared items does not take account of all shared items where these are provided by landlords for people living in shared furnished accommodation – which is the assumption of the case study in this report<sup>3</sup>. However, the total weekly cost of such items is also relatively small, and the economy of sharing these items (if they were not provided) may add up to around two per cent of a weekly budget.

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<sup>3</sup> As mentioned in Section 2 groups felt that it was most typical for sharers renting as individuals, (rather than groups renting a property on a joint contract) to be renting furnished accommodation.

## 4 Wider aspects of sharing identified by the research

While the main purpose of this research was to consider differences in minimum living costs for sharers compared to the main MIS budget for a single person, it also identified the following themes that help one understand the context in which people share and provided some insight into issues that are relevant to people who share accommodation.

### **Reasons for shared renting – push or pull factors, choice and transition**

This paper does not comment on whether sharing accommodation is acceptable as a minimum standard of living. Rather it recognises that sharing accommodation is a way of living for many people, and as such seeks to understand more, in particular about the costs of living associated with sharing. People live in shared

accommodation for a range of reasons. Sharing accommodation is an important response to housing shortages, especially in areas where housing is expensive.

In this research, participants said one of the primary reasons for sharing was financial.

Because it was cheaper than living alone, someone could live in a nicer type of property than they could afford if renting alone. Alternatively, it could be a way of saving, whether in the short to medium term, for example to pay for holidays, or longer term for getting their own property. Sharing could also be seen as a stage or transition. This could be after leaving university, until earnings increase, as a precursor to setting up home with a partner or conversely after coming out of a relationship or downsizing when children grow up.

The extent of choice involved in whether people share is also varied. Finances were a key factor and shared living was the only option where people could not afford to live in self-contained accommodation. Some participants said that they would prefer to live on their own if they could do so. However, the positive aspects of communal living also played an important part as people mentioned the value of having

company, someone to talk to, watch television with, and of feeling safer than if living alone. For some, whilst sharing might start off as a necessity, it can turn into a preferred way of living, at least for the time being. It is apparent that people's reasons for sharing and the extent of choice involved are complex with a range of 'push' and 'pull' factors that can work in combination (see also studies by MRUK, (2013) and Centre for Housing Policy (2011) that provide insight into the motivations and experiences of particular groups of sharers).

### **The additional cost of moving?**

The MIS research looks at the recurrent cost of living in a 'steady state' – how much people spend on a weekly basis assuming their present living circumstances do not change. However, a fuller exploration of sharing would need to take into account the consequences of this typically being a less stable housing situation.

The cost associated with moving was raised as being an issue for people sharing, and of particular concern when renting via a letting agent. This can involve additional charges, with examples given of £150/£200 in administration fees, and significant variation in tenancy fees but with an average of £337 (Citizens Advice Bureau, 2015). These do not form part of the MIS budget as this is based on everyday ongoing living costs. However, it might be of greater significance for those living in shared rented furnished accommodation where this is viewed as a flexible or transitional form of living. Several participants mentioned that they had lived in quite a number of shared properties over time, and figures show that people living in privately rented furnished accommodation have a shorter length of time in a property than other types of tenure (32 per cent of those in such accommodation have been in residence for less than 12 months compared to 20 per cent of those in unfurnished private rented and five percent of those in social rented (ONS 2011)).

## **In the company of strangers**

The issue of whether someone shares with people they know or strangers arose repeatedly during the group discussions. This can make a difference, not only to the type of contract e.g. if renting a property as a group or individual tenant, but also to one's whole experience of sharing. Participants with really positive reports of sharing often talked about how well they got on with their housemates, both those who had moved in with friends, or just became friends with the people they moved in with. As mentioned above, the social aspect of sharing for them was valuable. Conversely, there were reports of difficulties, for example where people had been left with unpaid bills when someone had moved out without paying their share. This research involved a range of participants from different backgrounds, but the issue reflects previous research with Housing Benefit claimants under 35 (Centre for Housing Policy, 2011) that distinguishes between 'friendly' and 'stranger' shares. Friendly shares were more likely to be planned, whereas stranger shares where the person does not know other residents when they move in were often linked to more limited choice or where there is 'an element of desperation' at the time of the move.

As mentioned above, this study is based on the assumption that people in the shared house do not know each other, i.e. have not moved in with friends. However, what has come out of the groups is that there could be additional cost implications where people do get on well, for example there might be savings if sharing cooking, shopping, and the use of communal space and household goods, or where tenants have a joint bank account to set up direct debits to pay bills. Furthermore, as identified in this study, living in shared accommodation involves splitting the costs of some household items. In practice of course while some items are bought on a regular basis (for example cleaning materials) and are relatively cheap and easy costs to divide, other items categorised as shared may be more tricky where more expensive and replaced less often, and the same applied to the management of more expensive bills such as fuel. Groups noted that the way in which the purchase and

payment of these is managed will often depend on if people know each other and if they move in at the same time.

## 5 Conclusion

This study has identified interesting differences between the situation of single people who share accommodation and who live alone. However, it has not shown major differences in the minimum cost of living resulting from sharing, apart from rent saving and, to a lesser extent, other housing-related costs.

The rent difference does not affect the 'headline' MIS weekly budget figure (£195 for a single working age person) which does not include rental cost, because of the high variability of rent in different places. However, the difference in rent levels between sharers and non-sharers will have implications for calculations of earnings requirements to meet MIS which do include housing costs. The other housing-related costs – fuel, water, council tax and maintenance – produce savings worth nine per cent of the single budget as a result of sharing. This is a significant difference. Note however that these comprise the items subject to the most variability in any case from one household to another (for example, people's heating costs depend heavily on the thermal efficiency of a home), and this is recognised in the way MIS is presented, with an online calculator that allows fuel, council tax and water costs (as well as rent) to be varied. Based on these costs, therefore, there does not seem to be a case for publishing separate budgets for sharers. Put another way, when the single person's budget is presented, it is recognised that the fuel costs could vary for a number of reasons linked with people's circumstances, including having a hard to heat home or having people you share the cost of fuel with.

For other expenses, the saving from sharing is much smaller – around one per cent. This is a tangible saving, but not of a magnitude sufficient to recommend publishing a separate MIS budget for sharers.

A benefit of having done this research is that it is now possible to say that the single person's budget applies in broad terms to single people whether or not they are living on their own, as sharers can make relevant adjustments through the online calculator to take account of their reduced housing-related costs. Moreover, the findings can potentially be used in future to estimate the number of households below MIS who are sharers – an important extension of MIS analysis as single people in some age groups and regions become more likely to share accommodation than to live on their own. Such calculations can make their own adjustments using estimates based on this research. They already are calculated using incomes (from the Family Resources Survey) net of rent and council tax. The remaining housing-related cost savings from this study add up to around six per cent of the post-housing single MIS budget. Adding the one per cent from non-housing related items, we can estimate that there is a **seven per cent** saving, and in future subtract this amount from the benchmark post-rent MIS budget when defining whether a sharer is below MIS.

This study has shown that while there are small savings to be made in household spending for people living in shared accommodation, perhaps unsurprisingly, the main differences outlined are in rental costs. This is important given the increasing numbers of people living in shared accommodation, and, as noted in Chapter 1, the particular prevalence of sharing among younger people – for under 35 year olds in England and Wales half again as many share as live alone, and this increases to over three times as many for those living in London. While sharing has its advantages and disadvantages, with 'push' and 'pull' factors mentioned above, the reality is that increased house prices and rent levels, particularly in London, is making sharing a way of life for many single adults. Understanding the costs faced by such households thus contributes to the overall picture of contemporary living standards.



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