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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.



Table 1 Population of singles aged 18-

## 2 Method



## 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:

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### 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:

- x **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.
- x **Other household 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.
- x **Shared household goods and services**. 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

## 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 for savings. For example, if a person is currently paying £400 per month in rent for a one-bedroom flat, and they find a room to share for £100 per month, they would save £300 per month. This would be a significant saving, especially if the person is currently paying a high rent for a one-bedroom flat.





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

Private rents :i



ii

The successive groups

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.

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Some changes and funding methods (see 2.22) - 11/22 0 Td 30.87(in)-1(ac)-1(asi-0.004(io)9(d)-1( as)liv

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’.

## B

There were very few examples in the research where sharing accommodation created **B** 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.

~~one~~







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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.

P 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

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

- x Which items were identified as normally provided by a landlord?
- x Whether these are shared items that could bring a saving.
- x 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:** carpet, curtains and nets, a bed/mattress, wardrobe, ~~bin~~ chest of drawers, bedside table and lamp.

**Shared items:** 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



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:

Cost of items provided by landlord	£5.83 a week
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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:

- x 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.
- x 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.
- x 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.

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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

## 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.

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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