

PRESS RELEASE

Bring back lodgers – by giving homeowners more incentives

160,000 rooms would be made available if just 1% of under-occupied homes agreed to take in one additional renter

An increase of just 1% in the number of under-occupied homes taking in a lodger, would result in 160,000 new bedrooms becoming available for younger renters while providing a valuable source of income for older generations, according to new Intergenerational Foundation (www.if.org.uk) research. This would be a win-win for all generations as the triple whammy of the cost-of-living, energy and inflation crises, bite.

IF goes further and argues that by uprating rent-a-room relief by inflation to £10,000 a year, more under-occupying households would be incentivised to share their homes. If the government doubled the relief for households who let out more than one room, even more housing supply could be made available during a time of national shortage and help to lower rents more widely in the short-term.

Angus Hanton, IF Co-founder comments, “In economic terms, encouraging greater use of the Rent a Room Scheme will increase housing supply at a time when average rental prices have grown at their fastest rate ever. Encouraging lodging helps younger generations by increasing supply, and therefore lowers rental costs more widely. Younger generations also usually pay lower rent as lodgers, pay less Council Tax council, and tend to have access to more living space.”

In 2020–2021 average under-30s households spent 31% of total expenditure on housing. This was before the recent spike in rental prices and 77% more than the average share of expenditure on housing for all households. Around 19% of owner-occupiers in England had no savings in 2021 according to the English Housing Survey and taking in a lodger could help with bills.

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More than half of owners under-occupy their homes and more than two-thirds of UK houses are under-occupied. Space inequality has also increased, with owner-occupied homes enjoying a third more space (108m²) on average than privately rented homes (76m²) and almost double the space as a social home. Just 7% of 55–65 year-olds report a lack of outside space compared to 21% of 25–34 year-olds.

Freddie Prosser of housing campaign group Priced Out, comments, “We welcome this report. Whilst lodging isn’t for everyone, expanding the number of rooms available can help reduce the under-occupation crisis and provide young people with greater options. As part of a wider programme of expanding supply, boosting the Rent a Room scheme is a pragmatic option to increase the housing options available to renters, and make housing more affordable.”

Sylvan Lutz, report author concludes, “While younger generations might interpret an increase in rent-a-room relief as yet another transfer in wealth from renters to owners, and from old to young, increasing the supply of rooms for lodgers, could actually bring down overall rents for the young. By measuring the Rent a Room Scheme in the National Housing Survey, the government could better monitor the scheme which should be in the interests of all generations.”

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Note to Editors:

- All figures are for the United Kingdom unless referring to under-occupation and space inequality, for which figures relate to England only. IF report on under-occupation: <https://www.if.org.uk/research-posts/stockpiling-space-how-the-pandemic-has-increased-housing-inequalities-between-older-and-younger-generations/>
- The [Rent A Room Scheme](#) allows households (owner-occupiers and tenants) to let a fully furnished room in their only or main residence to a lodger and earn up to £7,500 for an individual tax-free per year. This changes to £3,750 if more than one person is receiving income from letting the same accommodation.
- Those who rent under the Rent a Room Scheme are lodgers and not tenants. They do not have the same rights as tenants but generally have access to shared spaces in the household where their room.
- UK rental prices: <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/indexofprivatehousingrentalprices/latest>
- The Bedroom Standard is a measure used to analyse the difference between the number of bedrooms needed to avoid undesirable sharing (given the number, ages, and relationship of the household members) and the number of bedrooms actually available to the household.

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