

## David Cameron's housing benefit proposal is nothing but a gimmick. Building more houses is a better way to cut the housing benefit bill

**Tim Leunig** examines David Cameron's proposal to end housing benefit for those under 25 and argues that the prime minister has achieved a cheap positive headline but little else on the matter.



David Cameron has announced that he wants to abolish housing benefit for 380,000 people under 25. The prime minister's view is simple: if you can't afford the rent, you must live with your parents. The only exception will be for children who are victims of domestic abuse.

Let us stop and think about this for a moment. An obligation on "children" to live with their parents is an obligation on parents to house their children until they are 25. What penalty does Cameron propose for parents who refuse to take in their 24-year-old child? If a couple separate when their children are in their 20s, which parent is liable to accommodate the children if necessary?

Cameron needs to explain what will happen to people whose parents refuse to house them. If a parent refuses to house a 15-year-old child, the child is taken into care. They may be placed in a children's home, fostered or put up for adoption. Is Cameron proposing that the state tries to arrange foster care for 23-year-olds? Place them in children's homes? The mind boggles at the thought of social services interviewing people about their application to adopt a 24-year-old. The cost to the state would be immense.

Cameron also needs to tell us what happens to married people aged under 25. Is he proposing a legal obligation on parents to house their sons-in-law and daughters-in-law as well as their own children? Or is he proposing that any young married couple should be forced to split up if they can't afford the rent, and return to their own parents? It is hard to imagine that the Tory party really wants to destroy marriages in this way. What happens if the young couple have children? Do parents now have an obligation to house not only their children and their children-in-law, but their grandchildren as well?

It is not clear whether this proposal will save money. Clearly, if a 20-something on housing benefit moves in with their owner-occupying parents, the housing benefit bill will fall. But in other cases people will be moving in with parents who are renting and claiming housing benefit themselves. They will then need a bigger property, and their housing benefit claim will rise accordingly, reducing the savings to the government. The savings may be completely illusory if people are allowed to – or even obliged to – rent a property large enough to accommodate any returning children who find themselves in need of housing.

The policy also works against government plans encourage empty-nester social tenants to downsize. You can't really expect someone to move out of the family home if the family may return at any time.

Cameron wanted a good headline in the Mail on Sunday – and he got it. But many of the people who would be hit are not feckless. If you are young and in low-paid or part-time work, there is a good chance that you will be eligible to claim housing benefit, particularly in the south-east, because housing costs are very high relative to earnings.

There is a better way to cut the housing benefit bill: allow more houses to be built. Social housing has lower rents, which cuts the housing benefit bill, as [Nick Pearce at the Institute for Public Policy Research has pointed out](#). But building more private housing cuts the housing benefit bill as well, because more housing means lower prices and rents. As a rule of thumb, 1 per cent more private housing cuts private rents by 2 per cent. Getting more houses built – by aping former Tory [housing minister Harold Macmillan](#)

– would be a much more sensible policy than an ill-judged knee-jerk attack on the young.

Eye-catching, but ill-thought-through gimmicks are what politicians do in opposition when they are 10 points behind in the polls. It is the sort of thing Michael Howard might have said in his desperate attempts to land a blow on Tony Blair. But the difference between Howard and Cameron is that Cameron is in power. He should remember that before he goes for a cheap headline in the Mail on Sunday.

*Note: This article gives the views of the author, and not the position of the British Politics and Policy blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.*

### **About the author**

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