



The Effect of the 'Cost Sharing' Norm on Youth Homelessness in the Netherlands

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In 2015 the Dutch government introduced the 'cost sharing' norm for people receiving social assistance. This measure involves a decrease in social assistance allowance depending on the number of people over 21 years old living in the same house. The assumption is that people who share a house are members of one household. The idea is that they can share all costs of living, whether or not they have family ties or a personal relationship.

The reduction in social assistance allowance is substantial. A single person on social assistance receives €1030 per month. Living in a house with another person over 21 years old means a reduction to €736. Living in a house with 5 people would mean a reduction to €559 per month. When implementing the norm, local authorities are not obliged to take into account whether the other people living at the same address have an income. So, even when the other people do not receive an income, the 'cost sharing' norm can be implemented.

Increasing the Risk of Homelessness

Many families or friends, who would normally offer a young homeless person a place to stay, refrain from doing so because they fear the consequences for their social assistance allowance. The measure can also generate stress within families at the time of a young person turning 21. This birthday means that, in effect, a parent with a social assistance allowance will face a reduction of income. Not all local authorities implement the measure the same way. Some local authorities opt for tailor made arrangements, to prevent youth homelessness. But in general, the threat of a reduced allowance is enough to increase the risk of homelessness.

A Case Study: Claudia

When Claudia became pregnant and did not have a house, she moved back to her mother's place. Her mother lived on social assistance. Claudia registered with the local authority at the new address and applied for social assistance for herself, which takes up to three months to be granted. Her mother's allowance was reduced immediately after Claudia registered with the local authority. Claudia didn't have any income and her mother could not pay the cost of living for them both. Claudia's mother wants Claudia to leave the house and cancel the registration at her address. Thus, Claudia will have to apply for shelter and assistance at the local authority.

A Controversial Measure

The introduction and implementation of the 'cost sharing' norm has led to a lot of discussion and controversy in the Netherlands. It seems logical to assume that people who share a house will also share the cost of living and other general expenses; an arrangement that reduces the individual cost of living. For this assumption to be correct, it would require people sharing a house to make a voluntary and clear agreement on the kind of costs which would be shared. By introducing the 'cost sharing' norm the government forces people to share the cost of living, regardless of whether these people have a relationship or an income. It is up to the person receiving a social allowance to find a solution for the lack of money which arises from this government measure. Although social assistance is meant to shield people from destitution, the 'cost sharing' norm can cause just that.

Less Help from Family and Friends

The willingness from parents, friends and acquaintances with a social assistance allowance to help a son or daughter or a close friend has diminished severely. A study in Friesland (in the northern part of the country) showed that an unexpected number of people (family, friends, neighbours) are willing to help someone who runs the risk of homelessness. In return they want the guarantee that their income (from social security or tax allowances) will not be influenced by having an extra person in their house. Since this guarantee is not available, they are less willing to help.

Registration with the Population Register

Access to social assistance is obtained by registering with the population register. The local authority also uses the register to verify whether the 'cost sharing' norm must be applied. The consequence is that young homeless people refrain from registering with the population register because they do not wish to cause problems for their hosts. However, this can create major problems for them personally. In the eyes of local and national authorities, a person who is not registered does not exist. They are not able to obtain a passport or ID, to enrol at a school or university, to renew a driver's license, or to get a job. The National Statistics Office found in 2017 that the number of young homeless people had increased to 4000, an increase of 30%. The implementation of the 'cost sharing' norm is one of the causes for this increase.

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Lack of Trust in Government and Local Authorities

In theory the law provides the option to register with a so called 'reference' address at the address of a family member or friend. This should not have any effect on the income from social assistance or tax allowances. However, in practice people have had bad experiences with claims from local authorities or the tax office to pay back income allowances. People fear the government and do not trust official authorities. So, while it is legally possible to register and access social benefits, the possibility is not utilised for fear of getting in trouble with authorities.

Cultural Impact

We know that in some cultures this 'cost sharing' norm is perceived as inappropriate. In many migrant families it is customary to live with your parents and family, until you get married. Parents have the obligation to take care of their children until that time. Children are expected to save their income so they can buy a house when they get married. The 'cost sharing' norm is a breach of that custom. The expression 'going Dutch' illustrates very aptly the difference between the general Dutch way of thinking and hospitality norms in other cultures. For young people in migrant families the 'cost sharing' norm implies that they are obliged to leave the house and pay their own way. Parents can feel powerless in this situation which is imposed on them and which conflicts with their own values.

Cost and Benefit of the 'Cost Sharing' Norm

Our impression is that the government has not considered the unintended and undesirable effects of introducing the 'cost sharing' norm. In the situation of pregnant Claudia, we see her mother's income reduced despite the fact Claudia has no income to support herself or her mother. If Claudia finds herself out on the streets, she will face huge problems. She will be at risk of endangering her own health as well as her baby's health. For Claudia and her mother, the impact of this stress will be detrimental to finding practical solutions to their financial and housing situation. If Claudia has to apply for shelter during her pregnancy and after, the cost for the local authority will increase by tens of thousands of euros. Saving a few hundred euros per month by implementing the 'cost sharing' norm seems a 'penny wise, pound foolish' measure in comparison.

In our opinion the 'cost sharing' norm is an unnecessary measure. The perceived savings of this measure are not substantial enough to justify the extra cost to the local authority for the provision of shelter and support for homeless people. Thus, there is no gain, just loss for all parties concerned. Society would be better off without the 'cost sharing' norm. Without it, it would be possible, for those who want to, to offer hospitality and shelter to a relative or friend in need; a valuable offer for people in situations of vulnerability.