

[Housing benefit changes would only plaster over the cracks in government policy](#) [1]

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It is encouraging to see that the Coalition is looking into welfare and changes to improve how the state treats the poor. After all, a lower welfare bill means the stress on the poor through taxation can be reduced. Proposed measures to scrap housing benefit for under-25s however, are poorly thought out.

Many claimants of housing benefit do so in order to subsidise low wages. Some [93% of households](#) [3] who made claims in the last year included at least one employed adult. Rather than seeking to subsidise the low wages of the employed, we should be seeking to reduce the taxes they pay.

Lifting those on minimum wages out of tax altogether would be a good way of achieving this, effectively securing a [?living wage? for all who are employed](#) [4]. Having a greater post-tax income is preferable to an equivalent in-kind benefit for housing, most clearly because it gives the poor more choices in alleviating their own poverty. Present arrangements give offspring financial incentives to live apart from their parents. In reality the young poor may be better served with money for transport than by an in-kind benefit for housing. These people are better placed to determine what they need than government.

The reasons for needing housing benefit in the first place are largely driven by state failure. Prime among these are examples of urban planning, which so often fail to actually meet the needs of the poor. Instead these projects serve to generate political capital as [governments can be seen to care about regeneration](#) [5]. Similarly, the middle classes are often able to use planning law to protect the value of their own property. This in turn limits the ability of property developers to generate new stock, bringing about high prices in this sector. Steps to liberalise planning law and to reduce the size of the green belt would reduce property prices and help to reduce rents.

Many have already pointed to alarmingly high youth unemployment figures for reasons as to why it is wrong to specifically target under-25s. They are right to note this, but it is not through benefits that these problems can be solved. Rather, legislation such as minimum wage and employment law serves to reduce the number of employment opportunities open to young people. Government's fetishisation of Higher Education has served to further distort employment markets.

This policy would create new problems by further complicating an overly complex system of benefits, while not properly addressing the real issues with welfare and housing that currently harm not just the taxpayer,

but most importantly the young poor themselves. A sincere attempt to reform would have the state get out of the way of young people and allow them to help themselves.

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