

# The homelessness monitor: England 2012

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December 2012



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**Crisis**

## **The homelessness monitor 2011-2015**

The homelessness monitor is a five year study that will provide an independent analysis of the impact on homelessness of recent economic and policy developments in England. The key areas of interest are the homelessness consequences of the post-2007 economic recession and the housing market downturn. The other main thrust of inquiry is the likely impacts of the welfare, housing and other social policy reforms, including cutbacks in public expenditure, being pursued by the Coalition Government elected in 2010.

This year 2 report tracks the baseline account of homelessness established in 2011, and analyses key trends following that period. It also highlights emerging trends and forecasts some of the likely changes, identifying the developments likely to have the most significant impacts on homelessness.

We will continue to monitor the impact on homelessness of the economic downturn and effects of welfare and housing reform over the next year in order to provide a substantive evidence base and will report on them in 2013-2015.

While this report focuses on England, parallel Homelessness Monitors are being published for other parts of the UK.

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## About Crisis

Crisis is the national charity for single homeless people. We are dedicated to ending homelessness by delivering life-changing services and campaigning for change.

Our innovative education, employment, housing and well-being services address individual needs and help homeless people to transform their lives.

We are determined campaigners, working to prevent people from becoming homeless and advocating solutions informed by research and our direct experience.

## About the authors

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**Disclaimer:** All views and any errors contained in this report are the responsibility of the authors. The views expressed should not be assumed to be those of Crisis or of any of the key informants who assisted with this work.

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## Acronyms

|       |  |      |                               |
|-------|--|------|-------------------------------|
| AST   | Assured Shorthold Tenancy                          | SMI  | Support for Mortgage Interest |
| B&B   | Bed and Breakfast Hotels                           | SNAP | Survey of Needs and Provision |
| BRMA  | Broad Rental Market Area                           | SRR  | Single Room Rate              |
| CA    | Citizens Advice                                    | SP   | Supporting People             |
| CCG   | Community Care Grant                               | TA   | Temporary Accommodation       |
| CTB   | Council Tax Benefit                                | UC   | Universal Credit              |
| CEE   | Central and Eastern European                       | UKBA | UK Border Agency              |
| CHAIN | Combined Homelessness and<br>Information Network   | UKHR | UK Housing Review             |
| CML   | Council of Mortgage Lenders                        |      |                               |
| CPI   | Consumer Price Index                               |      |                               |
| DCLG  | Department for Communities and<br>Local Government |      |                               |
| DHP   | Discretionary Housing Payments                     |      |                               |
| DLA   | Disability Living Allowance                        |      |                               |
| DWP   | Department for Work and Pensions                   |      |                               |
| EC    | European Commission                                |      |                               |
| EEA   | European Economic Area                             |      |                               |
| EHS   | English Housing Survey                             |      |                               |
| EMA   | Education Maintenance Allowance                    |      |                               |
| ESA   | Employment and Support Allowance                   |      |                               |
| EU    | European Union                                     |      |                               |
| FTT   | Fixed-Term Tenancies                               |      |                               |
| GDP   | Gross Domestic Product                             |      |                               |
| HB    | Housing Benefit                                    |      |                               |
| HTF   | Homelessness Task Force                            |      |                               |
| IB    | Incapacity Benefit                                 |      |                               |
| IFS   | Institute for Fiscal Studies                       |      |                               |
| ILO   | International Labour Organisation                  |      |                               |
| JSA   | Jobseeker's Allowance                              |      |                               |
| LA    | Local Authority                                    |      |                               |
| LDB   | London Delivery Board                              |      |                               |
| LFS   | Labour Force Survey                                |      |                               |
| LHA   | Local Housing Allowance                            |      |                               |
| MWG   | Ministerial Working Group on<br>Homelessness       |      |                               |
| NSNO  | No Second Night Out                                |      |                               |
| OBR   | Office for Budget Responsibility                   |      |                               |
| ONS   | Office for National Statistics                     |      |                               |
| PRS   | Private Rented Sector                              |      |                               |
| RICS  | Royal Institute for Chartered<br>Surveyors         |      |                               |
| RPI   | Retail Price Index                                 |      |                               |
| RSI   | Rough Sleepers Initiative                          |      |                               |
| SAR   | Shared Accommodation Rate                          |      |                               |
| SEH   | Survey of English Housing                          |      |                               |
| SIB   | Social Impact Bond                                 |      |                               |



## Foreword

This report, the second of a five year project, tracking the impact on homelessness of economic and policy developments, is very worrying. We continue to see a sustained increase in levels of homelessness in England due to the ongoing economic downturn combined with the initial impact of weakening welfare protections, especially housing benefit.

This report is clear that in 2012 we have not yet seen the full impact of welfare reforms and that the coming year is likely to see a much more dramatic increase in homelessness as transitional protections are ended and further cuts come into force. It is therefore extremely concerning that the Government seems determined to push ahead with yet more cuts, with suggestions that the welfare budget is in line for a further £10billion of 'savings'.

Proposals to remove housing benefit entitlement for those aged under 25 are particularly concerning when young people are already being disproportionately affected by unemployment, existing benefit reductions, and the weakening of the housing safety net. The researchers are clear that if the Government goes ahead with such a move then a very serious rise in youth homelessness seems unavoidable.

We are very grateful to the research team for all their hard work on this report and trust it will be a vital resource for all those in government, the homelessness sector, academia and elsewhere on the state of homelessness.

At Crisis we know only too well the destructive impact of homelessness on people's lives and hope this report will sound the alarm bell that homelessness is rising and that we must take stock and change course to avoid it continuing to get worse in the years ahead.



**Leslie Morphy OBE**  
Chief Executive, Crisis  
December 2012

## Executive Summary

### Key points

- This is a very concerning time for homelessness in England: the simultaneous weakening of welfare protection and the housing safety net, in a context of wider recessionary pressures, is already having a negative effect on those most vulnerable to homelessness, with the prospect of much worse to come.
- ‘Visible’ forms of homelessness – including rough sleeping and statutory homelessness – are on a sharp upward trajectory in England. The national rough sleeper ‘snapshot’ count rose by 23% between Autumn 2010 and Autumn 2011<sup>1</sup> – a more dramatic growth dynamic than anything seen since the 1990s. In London there has been a 43% rise in recorded rough sleeping over the past year (though a declining proportion of new rough sleepers appear to be falling into long-term street homelessness). By June 2012, quarterly statutory homelessness acceptances in England had increased 34% on their end 2009 minimum. Temporary accommodation placements have also risen, with Bed and Breakfast hotel placements almost doubling over the past two years. There has been a particularly alarming rise in the numbers of households with children in Bed and Breakfast hotels, from 630 in March 2010 to 1,660 in March 2012.
- ‘Hidden’ forms of homelessness – including concealed, overcrowded and sharing households – have been on a long-term broadly rising trend, starting before the current recession, and reflecting mainly housing access and demographic pressures. In 2012 there were an estimated 1.54 million concealed households in England involving single people, as well as 214,000 concealed couples and lone parents. Overcrowding has increased markedly since 2003, from 2.4% to 3.0% of all households. On the most recent figures 670,000 households were overcrowded in England.
- There is marked regional divergence in these patterns, with homelessness numbers in 2011/12 expanding most rapidly in London and the South. This regional disparity suggests that housing system factors are playing an important underlying role, with rising homelessness most acute in the more pressurised South of England and less apparent in the weaker housing market context of the Northern regions.
- Possibly linked to the previous point, there is also considerable regional diversity on the causes of homelessness. In particular, while homelessness resulting from termination of assured shorthold tenancies rose by 103% across England in the two years to 2011/12, this ranged from only 11% in the North East to 156% in London and 126% in the East of England (part of the ‘South’ broad region for statistical purposes).
- In combination with the prolonged economic downturn, and the erosion of the national ‘housing settlement’,<sup>2</sup> ongoing welfare reform seems certain to drive homelessness up yet further over the next few years. While transitional arrangements have thus far helped to mitigate the impacts of lowered Local Housing Allowance rates and national Local Housing Allowance caps, deepening benefit cuts are likely to

<sup>1</sup> At the time of writing, the Autumn 2012 figures were still to be published.

<sup>2</sup> One of the findings highlighted in last year’s report was that the UK housing system appears to moderate the impact of poverty for low-income households. Three key housing policy instruments explain the relatively good housing outcomes for poorer households: Housing Benefit, which pays up to 100% of eligible rent for low-income households; a relatively large social housing sector, allocated overwhelmingly according to need; and the statutory homelessness safety net. Notably, all three aspects of this UK ‘housing settlement’ are now subject to far-reaching change in England under the Coalition Government’s housing and welfare reform agendas.

have a much more dramatic impact on homelessness levels going forward. Linked with this, there are widespread concerns about benefit caps forcing London boroughs to 'export' statutorily homeless families to private rented accommodation in cheaper parts of the country.

- Young people are particularly disadvantaged by the combined impact of high unemployment, benefit cuts and the weakening of the housing safety net. Certainly, if the Government removes under-25s from the remit of Housing Benefit then a very serious rise in youth homelessness seems certain.

## Introduction and methods

This five-year study aims to provide an independent analysis of the homelessness impacts of economic and policy developments in England from 2011-2015. The key areas of interest include the effects on homelessness of the ongoing economic recession and associated housing market downturn. The other main thrust of inquiry is the likely impacts of the welfare reforms and public expenditure cutbacks being pursued by the Coalition Government elected in 2010, together with the implications of its housing, homelessness and other relevant policies.

The homeless groups taken into account in this study include:

- People sleeping rough.
- Single homeless people living in hostels, shelters and temporary supported accommodation.
- Statutorily homeless households – that is, households who seek housing assistance

from local authorities on grounds of being currently or imminently without accommodation.

- 'Hidden homeless' households – that is, people who are, arguably, homeless but whose situation is not 'visible' either on the streets or in official statistics. Classic examples would include households subject to severe overcrowding, squatters, people 'sofa-surfing' around friends' or relatives' houses, those involuntarily sharing with other households on a long-term basis, and people sleeping rough in hidden locations. By its very nature, it is difficult to assess the scale and trends in hidden homelessness, but some particular elements of the hidden homeless population are amenable to statistical analysis and it is these elements that are focused upon in this report. These include overcrowded households, as well as 'concealed' households and 'sharing' households.

Within our five-year longitudinal study, this second year report provides an 'update' account of how homelessness stands in England in 2012 (or as close to 2012 as data availability at the time of analysis will allow), and analyses key trends in the period running up to 2012. It also highlights emerging trends and forecasts some of the likely homelessness consequences of policy changes yet to be fully implemented.

While this is an update report, it is comprehensive, incorporating all of the key material from the 2011 Monitor<sup>3</sup> to obviate the need for readers to cross-reference between the two documents.<sup>4</sup> While the current report focuses on England, parallel Homelessness Monitors are being published for other parts of the UK.<sup>5</sup> With future editions published annually, this series will track developments until 2015.

3 Fitzpatrick, S., Pawson, H., Bramley, G. & Wilcox, S. (2011) *The Homelessness Monitor: Tracking the Impacts of Policy and Economic Change in England 2011-2013*. London: Crisis. <http://www.crisis.org.uk/data/files/publications/TheHomelessnessMonitor.pdf>

4 There are a small number of sections where we indicate that material has been somewhat condensed in this updated version, and readers wishing a fuller account can refer to the 2011 Monitor.

5 The Scotland and Wales Homelessness Monitors will be published in Winter 2012/13 and available from <http://www.crisis.org.uk/policy-and-research.php>

Three main methods are being employed in each phase of this longitudinal study:

- First, relevant literature, legal and policy documents are being reviewed.
- Second, we are undertaking annual interviews with a sample of key informants from local authorities and single and youth homelessness service providers across England.
- Third, we are undertaking detailed statistical analysis on a) relevant economic and social trends in England; and b) the scale, nature and trends in homelessness amongst the four sub-groups noted above.

### Causation and homelessness

The project is underpinned by a conceptual framework on the causation of homelessness that has been used to inform our interpretation of the likely impacts of economic and policy change.

Theoretical, historical and international perspectives all indicate that the causation of homelessness is complex, with no single ‘trigger’ that is either ‘necessary’ or ‘sufficient’ for it to occur.<sup>6</sup> Individual, interpersonal and structural factors all play a role - and interact with each other – and the balance of causes differs over time, across countries, and between demographic groups.

With respect to the main structural factors, housing market trends and policies appear to have the most direct impact on levels of homelessness, with the influence of labour market change more likely to be lagged and diffuse, strongly mediated by welfare arrangements and other contextual factors.<sup>7</sup>

The individual vulnerabilities, support needs and ‘risk taking’ behaviours implicated in some people’s homelessness are themselves often rooted in the pressures associated with poverty and other forms of structural disadvantage.<sup>8</sup>

At the same time, the ‘anchor’ social relationships which can act as a primary ‘buffer’ to homelessness, can be put under considerable strain by stressful economic circumstances.<sup>9</sup> Thus, deteriorating structural conditions in England could also be expected to generate more ‘individual’ and ‘interpersonal’ vulnerabilities to homelessness over time.

This conceptual framework informed our consideration of how the changing economic and policy context in England may affect the complex structural factors that can drive homelessness, including via impacts at the more individual and interpersonal level. Our key conclusions lie in the following areas:

- The recent history of homelessness and related policies in England.
- The homelessness implications of the post-2007 economic and housing market recessions.
- The homelessness implications of Coalition Government policies, particularly with respect to its:
  - a) welfare reforms
  - b) housing reforms and the Localism agenda
- Emerging homelessness trends.

6 Fitzpatrick, S. (2005) ‘Explaining homelessness: a critical realist perspective’, *Housing, Theory & Society*, 22(1):1-17.

7 Stephens, M., et. al. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

8 McNaughton, C. (2008) *Transitions through Homelessness: Lives on the Edge*. Basingstoke: Palgrave Macmillan.

9 Lemos, G. & Durkacz, S. (2002) *Dreams Deferred: The Families and Friends of Homeless and Vulnerable People*. London: Lemos & Crane; Tabner, K. (2010) *Beyond Homelessness: Developing Positive Social Networks*. Edinburgh: Rock Trust.

## The recent history of homelessness in England

By the end of the Labour Government's period in office, in 2010, there had been some notable achievements on homelessness.<sup>10</sup> In particular, there had been a sustained large reduction in levels of recorded rough sleeping, and an unprecedented decline in statutory homelessness from 2003, associated with a step-change in Ministerial priority accorded to homelessness prevention.<sup>11</sup> Local homelessness strategies, and the Supporting People and Hostels Capital Improvement programmes, had led directly to the development of new, improved and more flexible services for single homeless people. Another area of significant success was youth homelessness, where a major UK review reported a 'sea change' of improvement in service responses over the decade until 2008.<sup>12</sup> It is notable that these 'gains' in homelessness responses in England under Labour were based largely on centrally-driven policies and national minimum standards.

However, a number of significant problems remained when Labour vacated office, including the lengthy periods spent in temporary accommodation by some statutorily homeless families, especially in London,<sup>13</sup> and rising numbers of destitute migrants amongst the rough sleeping population.<sup>14</sup> Most single homeless people remained without the statutory safety net in England, and had no legal rights to even

emergency accommodation when roofless unless in a 'priority need group' (in this sense the *legal* safety net for rough sleepers in England remained weaker than that in a number of other European countries).<sup>15</sup> Moreover, a number of forms of hidden homelessness appear to have commenced an upward trajectory during the Labour era, from the early 2000s, associated with housing affordability and demographic pressures (see further below).

## The homelessness implications of the post-2007 economic and housing market recessions

Analyses of previous UK recessions have suggested that unemployment can affect homelessness both *directly* – via higher levels of mortgage or rent arrears – and *indirectly* – through pressures on family and household relationships.<sup>16</sup> These tend to be 'lagged' recessionary effects, and also rather diffuse ones, mediated by many intervening variables, most notably the strength of welfare protection. As social security systems, and especially housing allowances, are what usually 'breaks the link' between losing a job and homelessness,<sup>17</sup> significant reform of welfare provisions is likely to be highly relevant to homelessness trends (see below).

Housing market conditions tend to have a more direct impact on homelessness than labour market conditions,<sup>18</sup> and the last major

- 
- 10 Fitzpatrick, S., Quilgars D. & Pleace, N. (eds.) (2009) *Homelessness in the UK: Problems and Solutions*. Coventry: Chartered Institute for Housing (CiH).
- 11 Albeit that some commentators argued that this sharp decline in statutory homelessness acceptances may have been attributable, at least in part, to unlawful 'gatekeeping' by local authorities, see Pawson, H. (2007) 'Local authority homelessness prevention in England: Empowering consumers or denying rights?', *Housing Studies*, 22(6): 867-884.
- 12 Quilgars, D., Johnsen, S. and Pleace, N. (2008) *Youth Homelessness in the UK: A Decade of Progress?* York: Joseph Rowntree Foundation (JRF).
- 13 Pleace, N., et al. (2008) *Statutory Homelessness in England: The Experience of Families and 16-17 Year Olds*. London: CLG.
- 14 McNaughton Nicholls, C. & Quilgars, D. (2009) 'Homelessness amongst minority ethnic groups', in Fitzpatrick, S., Quilgars D. & Pleace, N. (eds.) (2009) *Homelessness in the UK: Problems and Solutions*, Coventry: CiH.
- 15 Fitzpatrick, S. & Stephens, M. (2007) *An International Review of Homelessness and Social Housing Policy*. London: CLG.
- 16 Vaitilingham, R. (2009) *Britain in Recession: Forty Findings from Social and Economic Research*. Swindon: ESRC; and Audit Commission (2009) *When it comes to the Crunch ..... How Councils are Responding to the Recession*. London: Audit Commission.
- 17 Stephens, M., et al. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.
- 18 *Ibid.*

housing market recession actually *reduced* statutory homelessness<sup>19</sup> because it eased access to home ownership, which in turn freed up additional social and private lets. However, no such benign impact of the housing market downturn is likely in this current recession, with levels of lettings available in the social rented sector now much lower<sup>20</sup> (due to the long term impact of the right to buy and continued low levels of new supply), and continuing constraints on mortgage availability also placing increasing pressures on the rented sectors.<sup>21</sup>

In this context, it is important to appreciate that frustrated 'entry' into independent housing by newly forming or fragmenting households is a much more important trigger of (statutory) homelessness than are forced 'exits' via rent or mortgage arrears.<sup>22</sup> Thus, while much of the anxiety surrounding recessionary impacts on homelessness has focused on arrears-related repossessions and evictions, these factors continue to account for only a very small proportion of all statutory homelessness cases (see below). In practice, the combined impact of low interest rates and lender forbearance has, thus, far held down the proportion of mortgage arrears cases resulting in repossession in the current recession (although they are now forecast to rise over the next three years), while rent arrears levels do not appear closely tied to general economic or housing market conditions. Moreover, qualitative evidence indicates that most repossessed households manage to find at least an interim solution via family or friends, or by securing a private tenancy.

Linked with this, it is clear that private renting is becoming increasingly important

as both a solution to homelessness (by absorbing some of those who might otherwise become homeless) and also as a cause of homelessness (with loss of fixed-term tenancies accounting for a rapidly growing proportion of statutory homelessness acceptances, particularly in London and the South).<sup>23</sup> Private renting has nearly doubled over the past decade,<sup>24</sup> and much depends on the capacity of the private rented sector to expand further and absorb demand displaced from the other main tenures (albeit that it may not represent the preferred tenure of frustrated first time buyers or social renters). The ability of the sector to house those who are homeless and/or on low incomes is also of course heavily dependent on Housing Benefit and will therefore be fundamentally shaped by the Government's welfare reforms.

### The homelessness implications of the Coalition Government's welfare reforms

As the welfare safety net is what generally 'breaks' the direct link between labour market change and homelessness in most European countries,<sup>25</sup> any radical weakening in welfare protection is likely to have damaging homelessness consequences.

It should be emphasised that almost all aspects of the Coalition Government's welfare reforms are considered to be problematic with respect to their implications for homelessness, to a greater or lesser degree. However, within that context, the reforms that have already had, or seem likely to have, the very most significant impacts are:

- The national benefit caps on Local

<sup>19</sup> See Table 90 in: Pawson, H. & Wilcox, S. (2011) *UK Housing Review 2010/11*. Coventry: CiH: <http://www.york.ac.uk/res/ukhr/index.htm>

<sup>20</sup> Pawson, H. & Wilcox, S. (2011) *UK Housing Review 2010/11*. Coventry: CiH.

<sup>21</sup> Wilcox, S. (2011) 'The Deposit Barrier to Home Ownership', in Pawson, H. & Wilcox, S. (2011) *UK Housing Review 2010/11*. Coventry: CiH.

<sup>22</sup> Pleace, N., et al. (2008) *Statutory Homelessness in England: The Experience of Families and 16-17 Year Olds*. London: CLG.

<sup>23</sup> DCLG, Statutory homelessness in England statistics, October 2010 to December 2010: <http://www.communities.gov.uk/publications/corporate/statistics/homelessnessq42010>

<sup>24</sup> DCLG (2011) *English Housing Survey: Headline report 2009-10*. London: DCLG.

<sup>25</sup> Stephens, M., et al. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

Housing Allowance rates and on out-of-work (working age) households, which will severely restrict access to housing for low-income households in central London, with the latter measure also impacting on larger families across the country.<sup>26</sup> Evidence of this impact is already apparent with, for example, the numbers of Local Housing Allowance claimants securing private rental accommodation in both Kensington and Chelsea and Westminster declining appreciably in the period since March 2011. Further contraction is to be anticipated as the transitional protection for existing claimants continues to unwind over the rest of this year;

- The extension of the Shared Accommodation Rate to 25-34 year olds - a step viewed as 'disastrous' by many of our key informants - which is increasing pressure on a limited supply of shared accommodation, and risks forcing vulnerable people into inappropriate shared settings (even with the concession for former hostel residents);<sup>27</sup>
- Increased conditionality and tougher sanctions within the Jobseeker's Allowance and Employment Support Allowance regimes, which are said to be impacting negatively on homeless people with chaotic lifestyles, who are struggling to meet the new stipulations;<sup>28</sup> and
- The new 'under-occupation penalty' within Housing Benefit for working age social housing tenants, due for implementation in April 2013, which will undoubtedly drive up rent arrears and/or evictions.<sup>29</sup>

Our 2012 case study evidence was particularly revealing with respect to the early impacts of the new Local Housing Allowance regime in London. In the London boroughs studied, the initial effects of the capping arrangements had in many cases been blunted through the creation of 'technical breaks' of tenancy such that transitional relief is extended to its maximum possible duration. This has had the effect of putting off until later in 2012/13 the point at which landlords' willingness to accept lower rents will be fully tested. It was also notable that, in a rising market, landlords in our case study areas seemed to have been willing to accept the extension of existing Local Housing Allowance-supported tenancies at 'frozen' rents (though limited early evidence from the formal evaluation of the new Local Housing Allowance regime suggests a more mixed landlord response elsewhere).<sup>30</sup> That said, falling numbers of Local Housing Allowance recipient households in central London over the past year indicate that, when Local Housing Allowance tenants move out, vacancies relet have been allocated to non-Local Housing Allowance tenants. The London-based single and youth homelessness service providers interviewed in 2012 reported that rehousing their clients into central London was now virtually impossible, and intense competition for the available lettings meant that it was very difficult to secure private tenancies even in outer London. Where private lettings were secured for their clients, they were increasingly having to top up their Local Housing Allowance out of their other benefits in order to meet their rent payments.

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<sup>26</sup> London Councils (2010) *The Impact of Housing Benefit Changes in London – Analysis of Findings from a Survey of Landlords in London*. London: London Councils; Fenton, A. (2010). *How Will Changes to Local Housing Allowance Affect Low-income Tenants in Private Renting?* Cambridge: Cambridge Centre for Housing and Planning Research; and Wilcox, S. (2011) 'Constraining choices: the housing benefit reforms', in Pawson, H. & Wilcox, S. (2011) *UK Housing Review 2010/2011*. Coventry: CiH.

<sup>27</sup> Centre for Housing Policy, University of York (2011) *Unfair Shares: A Report on the Impact of Extending the Shared Accommodation Rate of Housing Benefit*. London: Crisis.

<sup>28</sup> Fitzpatrick, S., Johnsen, S. & White, M. (2011) 'Multiple Exclusion Homelessness in the UK: Key patterns and intersections', *Social Policy and Society*, 10 (4): 501-512.

<sup>29</sup> Pawson, H. (2011) *Welfare Reform and Social Housing*. York: HQN Network.

<sup>30</sup> Beatty, A., et al. (2012). *Monitoring the Impact of Changes to the Local Housing Allowance System of Housing Benefit: Summary of Early Findings*. Department for Work and Pensions Research Report No 798, DWP.

There was some support amongst our key informants for the principles of Universal Credit, particularly the flexibility it offers for people to work for a small number of hours and still be better off. However, there are many issues involved in the design of Universal Credit, not least the very significant logistical challenge in integrating the tax and benefit IT systems. There is also widespread anxiety regarding the Government's expectation that claimants will apply for Universal Credit online, and about the potential budgeting difficulties associated with paying very low income and vulnerable households monthly in arrears. The other main source of concern focuses on the intention to incorporate the rent element of Universal Credit within the overall payment - rather than (in general) making it a detachable component which could be paid direct to social landlords - with potential implications for rent arrears, evictions and ultimately homelessness.

There are even greater concerns about the potential impact of the national benefit cap for out of work (working age) households, which will impact not just in relatively high cost areas, but more generally on larger families. One specific effect of the benefit caps in central London will be to drive up the number of 'out-of-area' placements of statutorily homeless families to cheaper parts of the country (see further below).<sup>31</sup>

Also potentially important are the 'decentralisation' of welfare measures (see also 'Localism' below). This includes the enhanced Discretionary Housing Payment funds,<sup>32</sup> which is distributed locally, and the abolition of key elements of the Social Fund

and its replacement with new discretionary local welfare schemes devised and delivered by English local authorities, with no ring-fence applied to these funds. Such heavy reliance on discretionary arrangements to play a major role in supplementing the underlying national welfare system must be seen as inherently challenging, and problematic.

The decision to exclude Council Tax Benefit from the new Universal Credit regime detracts from the aim of creating a singled unified welfare benefit, with no overlapping tapers. Instead, from 2013/14, local authorities have been charged with devising their own schemes in the context of a 10% reduction in the financial support for their new local council tax benefit schemes. It is therefore inevitable that, in different ways, the new local schemes will be less generous than the national scheme they replace.<sup>33</sup> Moreover, the overlap between Universal Credit and the various new Council Tax Benefit schemes is likely to have the greatest impact for very low earner households.

Young people have been particularly badly affected by welfare reforms and benefit cuts (particularly the Shared Accommodation Rate extension and uprating of non-dependent deductions from Housing Benefit), as well as by rising unemployment. This is a critical issue with respect to the likely implications for homelessness as younger age cohorts - both young families with children and young single people - tend to be far more vulnerable to homelessness than older age groups. Certainly, if borne out, the indications that the Government will remove under-25s from the remit of Housing Benefit<sup>34</sup> would surely mean a very serious rise in youth homelessness.

31 Garvie, D. (2012) 'Location, location: how localism is shunting homeless families out', *The Guardian* 7<sup>th</sup> February: <http://www.guardian.co.uk/housing-network/2012/feb/07/location-localism-homeless-families-shelter>; Butler, P. (2012) 'Beyond cynical': ministers, housing benefit cuts, and homelessness. *The Guardian*, 13th November <http://www.guardian.co.uk/society/patrick-butler-cuts-blog/2012/nov/13/beyond-cynical-ministers-housing-benefit-cuts-homelessness>

32 DHPs are top-up housing benefit payments to close or eliminate the gap between a household's Local Housing Allowance (LHA) entitlement and the rent being demanded by their landlord. Local authorities have been provided with an increase in their budgets for DHPs in order to ameliorate the impact of the LHA in some cases.

33 Adam, S. & Browne, J. (2012) *Reforming Council Tax Benefit*. York: JRF.

34 Prime Minister (2012) 'Welfare Speech' 25th June <http://www.number10.gov.uk/news/welfare-speech/>



## The homelessness implications of the Coalition Government's housing reforms and the localism agenda

It has been argued that housing can be considered, to some extent, 'the saving grace' in the British welfare state, as the UK does better by low income households on a range of housing indicators than it does on most poverty league tables.<sup>35</sup> Housing appears to be a comparative asset, which helps to moderate the impact of poverty on low-income households. In other words, poorer households in the UK rely on housing interventions to protect them to a greater degree than is true in many other countries.

Three key housing policy instruments appear to contribute to these relatively good housing outcomes for low income households in the UK: Housing Benefit; a substantial social housing sector, which acts as a relatively broad, and stable, 'safety net' for a large proportion of low income households; and the statutory homelessness system, which protects some categories of those in the most acute need.<sup>36</sup>

The Localism Act (2011) together with the Coalition Government's broader welfare reform agenda seems likely to undermine this protective national 'housing settlement'. The significant reforms to Housing Benefit have been noted above. Moves towards fixed-term 'flexible' tenancies in social housing, and rents at up to 80% of market levels, will in time weaken the sector's safety net

function. The removal of security of tenure<sup>37</sup> from new social tenants may also impact negatively on community stability (given the resultant higher turnover) and work incentives (given indications that financial means is one criterion that may be taken into account in social tenancy (non-)renewals,<sup>38</sup> albeit that this sits uneasily with other policy signals that Government would like to see a higher priority given in allocations to working households).<sup>39</sup> And the local restriction of social housing eligibility risks damagingly excluding some marginalised groups from the sector.<sup>40</sup> Again, young people seem likely to be the group worst affected by this weakening in the housing safety net.

New local authority powers to discharge the statutory homelessness duty into 'suitable' fixed-term private tenancies<sup>41</sup> without the applicant's consent have raised concerns about the quality and appropriateness of the accommodation offered to vulnerable households, particularly families with children, given the pressure on local authorities to procure properties that are affordable under the new Local Housing Allowance restrictions. Recent reports have suggested that Government advisors may be encouraging local authorities to move to a position of 'full policy implementation' whereby they seek to end virtually all statutory homelessness duties via such 'compulsory' discharge of duty into the private rented sector, while at the same time giving statutorily homeless households the lowest possible (lawful) reasonable preference in social housing allocations.<sup>42</sup>

35 Bradshaw, J., Chzhen, Y. & Stephens, M. (2008) 'Housing: the saving grace in the British welfare state', in S. Fitzpatrick & M. Stephens (eds.) *The Future of Social Housing*. London: Shelter.

36 Fitzpatrick, S. & Stephens, M. (eds.) (2008) *The Future of Social Housing*. London: Shelter.

37 Fitzpatrick, S. & Pawson, H. (2011) *Security of Tenure in Social Housing: An International Review*. Edinburgh: Heriot-Watt: [http://www.sbe.hw.ac.uk/documents/Fitzpatrick\\_Pawson\\_2011\\_Security\\_of\\_Tenure.pdf](http://www.sbe.hw.ac.uk/documents/Fitzpatrick_Pawson_2011_Security_of_Tenure.pdf)

38 Garvie, D. (2012) *Local Decisions on Tenure Reform. Local Tenancy Strategies and the New Role of Local Housing Authorities in Leading Tenure Policy*. London: Shelter. [http://england.shelter.org.uk/\\_data/assets/pdf\\_file/0003/578109/Local\\_decisions\\_on\\_tenure\\_reform\\_full.pdf](http://england.shelter.org.uk/_data/assets/pdf_file/0003/578109/Local_decisions_on_tenure_reform_full.pdf). See also the recently closed 'Pay to Stay' consultation by Government on charging higher rents to high income social tenants, albeit that the Government's stated intention is to set the income threshold high enough to avoid 'perverse incentives' which penalise work aspirations. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/8355/2160581.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/8355/2160581.pdf)

39 DCLG (2012) *Allocation of Accommodation: Guidance for Local Authorities in England*. London: DCLG: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/5918/2171391.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5918/2171391.pdf)

40 Fitzpatrick, S. & Stephens, M. (2007) *An International Review of Homelessness and Social Housing Policy*. London: CLG.

41 Homelessness (Suitability of Accommodation) (England) Order 2012 (SI 2012/2601)

42 Butler, P. (2012) 'Beyond cynical': ministers, housing benefit cuts, and homelessness', *The Guardian*, 13th November <http://www.guardian.co.uk/society/patrick-butler-cuts-blog/2012/nov/13/beyond-cynical-ministers-housing-benefit-cuts-homelessness>

Such a 'breaking of the link' between statutory homelessness and social lettings appears designed to render 'minimal' the number of new homelessness applications, and in particular to discourage parent/family exclusions of young people, which are assumed to be largely a device to enable these young people to 'jump the queue' for social housing.<sup>43</sup>

In combination with the impact of the benefit caps, such a move would see almost all homeless families in central London facing the choice of either accepting a fixed-term private tenancy in another part of the country, or making their own arrangements to stay in London (possibly in overcrowded or otherwise inappropriate accommodation). In 2012, it did not seem that any of our case study authorities were planning such a radical erosion of the statutory homelessness safety net in their area, though it will be important to follow up developments on this in 2013. In part, our case study authorities' caution related to concerns about possible legal challenge on the 'suitability' of properties procured from the private rented sector, particularly where such properties were far removed from applicants' home areas. This issue of the suitability of private tenancies used to discharge the main homelessness duty has been acknowledged by a range of commentators as a potential 'new legal battleground'.<sup>44</sup>

The introduction of the Supporting People funding stream in 2003 was central to the expansion of homelessness resettlement services across the UK.<sup>45</sup> However, with

the 2009 abolition of Supporting People ring-fencing, local authorities were freed to divert these funds to other local priorities. Though implemented under the previous administration, this reform is highly consistent with the current Government's Localism agenda and, in combination with national Supporting People budget cuts (amounting to a national 12% reduction over four years), has already impacted on the front-line services available to homeless people, with the prospect of more significant cuts to come in many areas.<sup>46</sup>

More broadly, it was noted by key informants that marginalised groups such as single homeless people are likely to lose out from a shift away from national minimum standards and policy frameworks in favour of the local determination of priorities. Perhaps in recognition of this, something of a national framework is being retained through the work of the Ministerial Working Group on Homelessness as established by the post-2010 Government. However, while the Ministerial Working Group on Homelessness has initiated a range of measures on addressing rough sleeping<sup>47</sup> - most notably the national roll out of the No Second Night Out approach - and on homelessness prevention,<sup>48</sup> it seems likely that these efforts will be overwhelmed by the damaging effects of the larger economic and policy forces discussed above. Also likely to be relevant here are reductions in housing and social welfare advice services, which in many areas are under threat because of both council and legal aid cuts. Vulnerable people's ability to secure a range of their

<sup>43</sup> It should be noted that there is in fact scant evidence for this assumption that large numbers of homelessness applications are 'manufactured' for this purpose. Fitzpatrick, S. & Pleace, N. (2011) 'The Statutory Homelessness System in England: A Fair and Effective Rights-Based Model?' *Housing Studies*, 27(2): 232-251.

<sup>44</sup> Butler, P. (2012) 'Beyond cynical': ministers, housing benefit cuts, and homelessness' *The Guardian*, 13th November: <http://www.guardian.co.uk/society/patrick-butler-cuts-blog/2012/nov/13/beyond-cynical-ministers-housing-benefit-cuts-homelessness>

<sup>45</sup> Fitzpatrick, S., Quilgars D. & Pleace, N. (eds.) (2009) *Homelessness in the UK: Problems and Solutions*, Coventry: CiH.

<sup>46</sup> Homeless Link (2012) *Homeless Watch. Survey of Needs and Provision 2012. Homelessness Services for Single People and Couples Without Dependent Children in England*. London: Homeless Link: <http://homeless.org.uk/sites/default/files/SNAP2012%20fullreport.pdf>

<sup>47</sup> DCLG (2011) *Vision to End Rough Sleeping: No Second Night Out Nationwide*. London: DCLG.

<sup>48</sup> DCLG (2012) *Making Every Contact Count: A Joint Approach to Preventing Homelessness*. London: DCLG: <http://www.communities.gov.uk/publications/housing/makingeverycontactcount>

statutory rights – including those provided for under the homelessness legislation – may be undermined as a result.<sup>49</sup>

### Emerging statistical trends

Data from a variety of sources indicates some very sharp increases in ‘visible’ forms of homelessness, including both rough sleeping and statutory homelessness, over the past year, with an apparent acceleration of the nascent upward trajectory identified in the 2011 *Homelessness Monitor*. Last year’s *Monitor* also identified that, starting in the early 2000s and continuing through the post-2007 downturn, ‘hidden’ forms of homelessness – concealed, sharing and overcrowded households – were on an upward trajectory. That remains broadly the case, though in the very most recent period statistical trends appear slightly more mixed. As regards both visible and hidden forms of homelessness, there are marked variations across the country, with more rapidly growing homelessness numbers in London and the South apparently reflecting more intense housing market affordability and demographic pressures in these regions.

### Trends in visible homelessness

A gradual decline in rough sleeping until 2007/08 was reversed in the most recent period, with this turnaround particularly marked in the South.<sup>50</sup> The national rough sleeper ‘snapshot’ count rose by 23% between Autumn 2010 and Autumn 2011 (from 1,768 to 2,181)<sup>51</sup> – a more dramatic growth dynamic than anything seen since the 1990s. There has been a 43% rise in recorded rough sleeping in London over the past year, affecting UK nationals as well as Central and Eastern Europeans and other migrants.<sup>52</sup> However,

most likely associated with the impact of No Second Night Out, a declining proportion of new rough sleepers appear to be falling into long-term street homelessness in the capital.

After falling for six years, statutory homelessness numbers bottomed out in late 2009. In the following two and a half years the quarterly total has risen by 34%.<sup>53</sup> This means that the number of households accepted as statutorily homeless in England rose from 40,020 in 2009/10 to 50,290 in 2011/12. This recent increase in statutory homelessness has disproportionately affected families with children. Temporary accommodation placements have also started to rise, with overall Bed and Breakfast hotel placements almost doubling in the two years to March 2012 (from a snapshot total of 2,050 at end 2010/11 to 3,960 at end 2011/12). Rising numbers of households with children in Bed and Breakfast hotels have been even more alarming, from 630 at end March 2010 to 1,660 at end March 2012. Moreover, a substantial proportion of families with children living in Bed and Breakfasts hotels now staying there for longer than the six weeks maximum prescribed by law.<sup>54</sup>

Especially in London and the South, the clearest single cause of the recent upsurge in statutory homelessness has been the rising incidence of terminated private tenancies. Thus, while homelessness resulting from termination of Assured Shorthold Tenancies rose by 103% across England in the two years to 2011/12, this ranged from 11% in the North East to 156% in London and 126% in the East of England (part of the ‘South’ broad region for statistical purposes). This may be a symptom of private rental markets in these southern regions being

49 Citizens Advice (2012) Legal Aid Reform Parliamentary Briefing: [http://www.citizensadvice.org.uk/index/parliament/parliamentary\\_briefings/legal\\_aid\\_reform](http://www.citizensadvice.org.uk/index/parliament/parliamentary_briefings/legal_aid_reform).

50 Sources: 2004/05-2007/08 – collated from Audit Commission Best Value Performance Indicators returns; Summer 2010 onwards – DCLG.

51 At the time of writing, the Autumn 2012 figures were still to be published

52 Source: Broadway ‘Street to Home’ monitoring reports (<http://www.broadwaylondon.org/CHAIN/Reports/StreettoHomeReports.html>) supplemented by unpublished data provided by Broadway.

53 DCLG statistics: <http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/homelessnessstatistics/livables/>

54 National Housing Federation (2012) *Homeless Bound? Homelessness in London, the South East and East of England* 12th November: [http://www.housing.org.uk/media/news/homeless\\_bound.aspx](http://www.housing.org.uk/media/news/homeless_bound.aspx)

increasingly pressurised by the coincidence of ongoing demographic growth, reduced social housing supply and formidable barriers to home ownership access.<sup>55</sup> However, as noted above, there has, thus far, been no proportionate or absolute increase in rent or mortgage arrears as a cause of statutory homelessness.

Recorded local authority prevention activity continued to expand in 2011/12, with the number of prevention instances logged almost four times the number of statutory homelessness acceptances.<sup>56</sup> While the largest single form of prevention continues to be helping potentially homeless households to secure a private tenancy, the past two years have seen more of a focus on assisted access to mainstream social tenancies, which might reflect increased difficulties being encountered by local authorities homelessness staff in securing access to private renting.

### Trends in hidden homelessness

The number of *concealed households*,<sup>57</sup> which was static or in decline during the 1990s and into the early 2000s, has shown signs of recent increases.<sup>58</sup> In 2012 there were an estimated 1.54 million concealed single households in England, as well as 214,000 concealed couples and lone parents.<sup>59</sup> Indirect evidence of this increase in concealed households can also be found in a clear slowdown in new household formation, mainly because of the drastic decline in the

number of newly-established households entering homeownership but also because of the fall in numbers of social lettings.<sup>60</sup> The resurgent private rented sector has to some extent offset the fall in supply from the other tenures, particularly in 2010.

After a long-term decline, there was an increase in the number of *sharing households*<sup>61</sup> in the period 2007/2010,<sup>62</sup> which appears consistent with constrained access to housing in the recession following the 2007 credit crunch. The Shared Accommodation Rate extension to 25-34 year olds may expand further the number of households sharing accommodation, though some of those affected are likely to become concealed households instead.

*Overcrowding*<sup>63</sup> has increased markedly since 2003, from 2.4% to 3.0% of all households, reversing previous declining trends. On the most recent figures 670,000 households were overcrowded in England. Overcrowding is much more common in social renting and private renting than in owner occupation, and the upward trend in overcrowding is also associated with the two rental tenures. The factors underlying overcrowding in social housing probably include the concentration of social lettings on families with children, the small size profile of new social housebuilding, and possibly a greater prevalence of larger families among some ethnic minority and immigrant groups gaining access to social housing.

55 Wilcox, S. (2010) 'The Deposit Barrier', in Pawson, H. & Wilcox, S. (eds.) *UK Housing Review 2010/11*. Coventry: CiH.

56 Sources: DCLG Homelessness Prevention and Relief statistics; and DCLG Statutory Homelessness statistics.

57 'Concealed households' are family units or single adults living within other households, who may be regarded as potential separate households that may wish to form given appropriate opportunity.

58 Source: Labour Force Survey.

59 Sources: Labour Force Survey and English Housing Survey.

60 Sources: Labour Force Survey and Survey of English Housing/English Housing Survey.

61 'Sharing households' are those households who live together in the same dwelling but who do not share either a living room or regular meals together. This is the standard Government and ONS definition of sharing households which is applied in the Census and in household surveys. This means that many people who are 'flatsharers' in the common usage of the term, or who are 'sharing' in the sense of being subject to the SAR, as well as many students, are not 'sharing households' in this sense, mainly because they have a common living room (including larger kitchens) and/or they share some meals. In the current analysis, such groups are considered 'concealed households'. In practice, the distinction between 'concealed' and 'sharing' households is a very fluid one.

62 Source: Labour Force Survey.

63 'Overcrowding' is defined here according to the most widely used official standard - the 'bedroom standard'. Essentially, this allocates one bedroom to each couple or lone parent, one to each pair of children under 10, one to each pair of children of the same sex over 10, with additional bedrooms for individual children over 10 of different sex and for additional adult household members.

### Overview of statistical trends

It is important to recognise that the upward trends in both visible and hidden forms of homelessness as described above appear to have taken hold prior to implementation of most of the planned restrictions on welfare entitlements and other policy reforms likely to have a strongly negative impact on homelessness.

However, while there has been much media speculation about ‘middle class homelessness’, there is nothing in the qualitative or quantitative data collected for this study to suggest that the nature of homelessness or the social profile of those affected has substantially altered in the current economic climate.

On the contrary, all of the indications are that the expanding risk of homelessness is heavily concentrated, as always, on the poorest and most disadvantaged sections of the community, who lack the financial and/or social ‘equity’ that enables most people to deal with work or relationship crises without becoming homeless. The sort of direct relationship between loss of income and homelessness implied in these press accounts is to be found much more readily in those countries (such as the United States) and amongst those groups (such as recent migrants) where very weak welfare protection applies.<sup>64</sup> Such a scenario may, however, be brought closer for the UK by the current significant cuts in welfare benefits being implemented by the Coalition Government.

### The homelessness monitor: tracking the impacts on homelessness going forward

Looking forward, the period till the end of the current Coalition Government’s term in office in 2015 is a crucial time period

over which the homelessness impacts of the recession are likely to intensify, and be severely exacerbated by the Government’s radical welfare reforms. At the same time, housing market pressures seem unlikely to ease, given worsening access to home ownership for first-time buyers, which in turn is increasing demand for both of the rental sectors (though the response of the private rented sector is an important unknown).

As well as tracking the headline trends in both visible and hidden forms of homelessness until 2015, we will also monitor the profile of those affected, and whether there is any evidence of a change in this as the impacts of recession and welfare reform are played out over the next couple of years. Likewise, regional patterns will be closely monitored.

The evidence provided by this Homelessness Monitor over the next three years will provide a powerful platform for assessing the impact of economic and policy change on some of the most vulnerable people in England.

<sup>64</sup> Stephens, M., et. al. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.



# 1. Introduction

## 1.1. Introduction

This study aims to provide an independent analysis of the homelessness impacts of recent economic and policy developments in England. It considers both the consequences of the post-2007 economic and housing market recession, and also the impact of policy changes being implemented under the post-2010 Conservative-Liberal Coalition Government. The study was commissioned in response to concerns that the recession may be driving up homelessness in England, and also that some of the Coalition's radical welfare and housing reform agenda could negatively impact on those vulnerable to homelessness.

This is a five-year longitudinal study, and this second year report provides an 'update' account of how homelessness stands in England in 2012 (or as close to 2012 as data availability will allow), and analyses key trends in the period running up to 2012. It also highlights emerging trends and forecasts some of the likely homelessness consequences of policy changes yet to be fully implemented

While this is an update report, it is comprehensive, incorporating all of the key material from the 2011 Monitor<sup>65</sup> to obviate the need for readers to cross-reference between the two documents. Thus this report, like 2011's 'baseline' Monitor, places contemporary homelessness in England in a wider historical and international context, and presents a conceptual framework for linking policy and economic developments to possible impacts on homelessness over the coming few years.

The current report focuses on England, and parallel Homelessness Monitors are being

published for other parts of the UK. Thus, while 2012 sees the second year update of the *Homelessness Monitor England*, it is the first (baseline) year of both the Scottish and Welsh Homelessness Monitors.<sup>66</sup> From 2013, there will also be a Homelessness Monitor for Northern Ireland. All of these UK Homelessness Monitors will track developments till 2015.

## 1.2 Definition of homelessness

A wide definition of homelessness is adopted in this study, and we consider the impacts of the relevant policy and economic changes on all of the following homeless groups:

1. People sleeping rough.
2. Single homeless people living in hostels, shelters and temporary supported accommodation.
3. Statutorily homeless households – that is, households who seek housing assistance from local authorities (LAs) on grounds of being currently or imminently without accommodation. This covers all household types, including families with children and single people.
4. 'Hidden homeless' households – that is, people who may be considered homeless but whose situation is not 'visible' either on the streets or in official statistics. Classic examples would include households living in severely overcrowded conditions, squatters, people 'sofa-surfing' around friends' or relatives' houses, those involuntarily sharing with other households on a long-term basis, and people sleeping rough in hidden locations. By its very nature, it is difficult to assess the scale and trends in hidden homelessness, but some particular elements of hidden

<sup>65</sup> Fitzpatrick, S., et al. (2011) *The Homelessness Monitor: Tracking the Impacts of Policy and Economic Change in England 2011-2013*. London: Crisis: <http://www.crisis.org.uk/data/files/publications/TheHomelessnessMonitor.pdf>

<sup>66</sup> All the reports will be available to download free of charge from <http://www.crisis.org.uk/policy-and-research.php>

homelessness are amenable to statistical analysis and it is these elements that are focused upon in this report. This includes overcrowded households, and also ‘concealed’ households and ‘sharing’ households.

Further details on the definitions used for each of these categories are given in subsequent chapters.

### 1.3 Research focus and methods

The key areas of interest are the homelessness impacts of the post-2007 economic recession and the housing market downturn, together with the Coalition Government’s welfare reforms and public spending cutbacks, as well as its housing, homelessness and other relevant policies.

Three main methods are being employed in each of the five years of this longitudinal study:

First, relevant literature and policy documents are being reviewed, including Government impact assessments, and briefings and evaluations prepared by a range of organisations. We have also analysed relevant legislation, including the Localism Act 2011 and the Welfare Reform Act 2012.

Second, we are undertaking annual interviews with a sample of key stakeholders from across England. These stakeholders include senior representatives of service provider organisations likely to experience, directly, homelessness impacts of policy changes and economic developments. In selecting these interviewees we have sought to capture the experiences of a range of different homeless or potentially homeless groups, and also a geographical balance, such that:

- Three key informants represent London-based single and/or youth homelessness service providers;

- Three key informants represent single and/or youth homelessness service providers based in the North and Midlands;
- Three key informants represent London boroughs, one inner borough and one outer borough; and
- Three key informants represent LAs outside of London: one southern urban council, one northern urban council, and one predominantly rural council.

As in 2011, the 2012 update interviews have mainly been conducted face-to-face, but a few have been conducted by telephone. In this second wave of qualitative fieldwork we have sought key informants’ perspectives on the current impacts of economic and policy change on their service users, and also any future impacts anticipated. The topic guides used in these second wave interviews are presented in Appendix 1 (single/youth homelessness agencies) and Appendix 2 (local authorities).

Third, we are undertaking detailed statistical analysis on a) relevant economic and social trends in England; and b) the scale, nature and trends in homelessness amongst the four subgroups noted above.

### 1.4 Structure of report

Chapter 2 places current homelessness in England in a broader historical, UK and international perspective, and also provides a conceptual framework on homelessness ‘causation’ which informs the consideration of economic and policy impacts in the remainder of the report. Chapter 3 reviews the current economic context and the implications of the recession and housing market developments for homelessness. Chapter 4 shifts focus to the Government’s welfare and housing reform agenda and its likely impacts on homelessness. Chapter 5 provides a fully updated analysis of the available statistical data on current scale and



recent trends on homelessness in England, focusing on the four subgroups noted above. All of these chapters are informed by the insights derived from our qualitative interviews with key informants (drawing on both waves of qualitative fieldwork, as appropriate). In Chapter 6 we summarise the main findings of this 2012 update report and set out a framework for monitoring the impact on homelessness of policy and economic change until 2015.

## 2. The historical and international context for homelessness in England

### 2.1 Introduction

This chapter begins with a brief historical introduction to homelessness policy in England in the years leading up to the change of government in 2010, focusing on the four subgroups of homeless people identified in Chapter 1. It then places this ‘English story’ in a wider UK and international context. The chapter concludes by summarising current thinking on homelessness causation– informed by these historical and internationally comparative accounts – in order to provide a conceptual framework to inform the analysis of potential policy and economic impacts on homelessness.

### 2.2 A recent history of homelessness in England<sup>67</sup>

As has been well documented,<sup>68</sup> the Conservative Government’s Rough Sleepers Initiative (RSI) launched in 1990, and the work of the Labour Government’s Rough Sleepers Unit in the late 1990s and early 2000s, were successful in managing to reduce levels of *rough sleeping* in London and elsewhere in England.<sup>69</sup> However, a new strategy on rough sleeping was launched by the then Labour Government in November 2008, in acknowledgement of the fact that it remained a significant problem in England, especially in central London.<sup>70</sup> This 2008 strategy introduced the ambitious target of ending rough sleeping ‘once and for all’ by 2012

(the 2010 Coalition Government has since affirmed its commitment to supporting efforts to end rough sleeping but has not specified an England-wide timescale, see Chapter 4). The Mayor of London also made a specific commitment to end rough sleeping in London by 2012,<sup>71</sup> and set up a strategic partnership – the London Delivery Board (LDB) – tasked with delivering on this commitment.<sup>72</sup> Towards the end of Labour’s time in office there developed a strong focus on highly targeted and ‘personalised’ interventions to address the needs of the most ‘entrenched’ rough sleepers.<sup>73</sup>

The recent University of York review of *single homelessness* in the UK demonstrated that there have been long-term improvements in service responses to this group,<sup>74</sup> with a shift over the past few decades from merely ‘warehousing’ single homeless people in hostels and night shelters, towards an emphasis on ‘resettling’ them in the community.<sup>75</sup> The introduction of the Supporting People (SP) funding stream, in April 2003, was central to this expansion of homelessness resettlement services across the UK. This provided ‘housing-related’ support for a range of vulnerable groups, with homeless people and those at risk of homelessness key amongst them. However, the ring-fenced status of SP funding was removed in England towards the end of Labour’s time in office, in April 2009,

<sup>67</sup> A fuller account of the achievements of the 1997-2010 Labour administrations on homelessness can be found in the 2011 Monitor.

<sup>68</sup> Jones, A. & Johnsen, S. (2009) ‘Street homelessness’ in Fitzpatrick, S., Quilgars, D. & Pleace, N. (eds.) *Homelessness in the UK: Problems and Solutions*. Coventry: CiH, pp. 38-49.

<sup>69</sup> DCLG (2010) *Rough Sleeping England: Total Street Count and Estimates, 2010*. London: DCLG: <http://www.communities.gov.uk/publications/corporate/statistics/roughsleepingcount2010>

<sup>70</sup> CLG (2008) *No-one Left Out – Communities Ending Rough Sleeping*. London: CLG.

<sup>71</sup> Specifically, the strategic aim is that ‘by the end of 2012 no one will live on the streets of the capital and no individual arriving on the streets will sleep out for a second night’.

<sup>72</sup> Mayor of London (2009) *Ending Rough Sleeping – the London Delivery Board*. <http://www.london.gov.uk/priorities/housing/working-partnership/ldb>

<sup>73</sup> Hough, J., & Rice, B. (2010) *Providing Personalised Support to Rough Sleepers*. York: JRF.

<sup>74</sup> Jones, A. & Pleace, N. (2010) *A Review of Single Homelessness in the UK 2000-2010*. London: Crisis.

<sup>75</sup> Pleace, N. & Quilgars, D. (2003) ‘Led rather than leading? Research on homelessness in Britain’ *Journal of Community and Applied Social Psychology*, 13: 187-196.

prompting concerns that services for some SP client groups, including homeless people, might lose out disproportionately (see Chapter 4 for discussion of post-2010 SP cuts).

The quality of hostels, day centres and other frontline services also improved considerably during the Labour era, most especially as a result of the 'Hostels Capital Improvement Programme'.<sup>76</sup> In the last years of the Labour administration there was a particularly strong emphasis on facilitating single homeless people's access to paid work.<sup>77</sup> In keeping with this approach, was the Labour Government's emphasis on highly 'interventionist' homelessness policies which, for example, required hostels and day centres to be 'places of change' focussed on re-integrating their service users into mainstream society rather than supporting them in a 'homeless lifestyle'.<sup>78</sup> This interventionist thinking is now mainstream within homelessness services which receive public funding, though it remains controversial in some quarters.<sup>79</sup>

The *statutory homelessness* framework, first established by the Housing (Homeless Persons) Act 1977, and now contained in the Housing Act 1996, as amended by the Homelessness Act 2002, provides that LAs must ensure that accommodation is made available to certain categories of homeless people. If a household is 'eligible', in 'priority need' and 'unintentionally homeless', then they are owed the 'main homelessness duty'. Strictly speaking, the main homelessness duty of LAs in England is to provide temporary accommodation until 'settled'

housing becomes available, found either by the household itself or by the LA. However, in practice this settled housing is almost always secured by the LA that owes a duty under the homelessness legislation and, at present, in the great majority of cases duty is discharged via the offer of a social rented tenancy.<sup>80</sup>

A dramatic six year decline in levels of statutory homelessness in the 2000s was associated with targeted central and local policy measures, and in particular a step-change in the attention given to homelessness prevention. This began with the Homelessness Act 2002 which gave LAs in England a new duty to develop prevention-focussed homelessness strategies for their areas. Critical was the mainstreaming of the 'housing options' approach, strongly promoted by central government,<sup>81</sup> whereby households approaching a LA for assistance with housing are given a formal interview offering advice on all of the various means by which their housing problems could be resolved, rather than simply having their statutory entitlements considered. While this housing options model attracted considerable controversy,<sup>82</sup> research has indicated that at least some of the decline in statutory homelessness resulted from constructive homelessness prevention rather than being entirely attributable to increased LA gatekeeping.<sup>83</sup>

Finally, there is the issue of *hidden homelessness*, which has been a longstanding concern of many homelessness agencies and the subject of various reports by Crisis.<sup>84</sup> The term 'hidden homelessness' remains controversial, but broadly speaking

76 CLG (2006) *Places of Change: Tackling Homelessness through the Hostels Capital Improvement Programme*. London: CLG.

77 Fitzpatrick, S., Quilgars D. & Pleace, N. (eds.) (2009) *Homelessness in the UK: Problems and Solutions*. Coventry: CiH.

78 CLG (2006) *Places of Change: Tackling Homelessness through the Hostels Capital Improvement Programme*. London: CLG.

79 Johnsen, S. with Fitzpatrick, S. (2009) *The Role of Faith-Based Organisations in the Provision of Services for Homeless People*. York: Centre for Housing Policy, University of York.

80 If a household owed the main homelessness duty has no 'local connection' with the authority to which they have applied, this duty to secure settled accommodation for them can be transferred to another UK authority with which they do have such a connection (except if they run the risk of violence in that other area).

81 DCLG (2006) *Homelessness Prevention: A Guide to Good Practice*. London: DCLG.

82 Pawson, H. (2007) 'Local authority homelessness prevention in England: Empowering consumers or denying rights?', *Housing Studies*, 22(6): 867-884.

83 Pawson, H., et al. (2007) *Evaluating Homelessness Prevention*. London: CLG: <http://www.communities.gov.uk/publications/housing/prev-enthomelessness>

84 Reeve, K. & Batty, E. (2010) *The Hidden Truth about Homelessness: Experiences of Single Homelessness in England*. London: Crisis.

refers to those people who may be considered homeless but whose situation is not 'visible' either on the streets or in official statistics. Classic examples would include households living in severely overcrowded conditions, squatters, people 'sofa-surfing' around friends' or relatives' houses, those involuntarily sharing with other households on a long-term basis, and people sleeping rough in hidden locations. By its very nature, it is difficult to assess the scale and trends in hidden homelessness, particularly amongst single people (though see the useful analysis in the recent Crisis work<sup>85</sup>), but some particular elements of hidden homelessness are amenable to statistical analysis. This includes overcrowded households, and also 'concealed' households and 'sharing' households, all of which are concepts recognized in a number of official surveys in the UK. There is evidence of a broad long-term upward trend in these forms of hidden homelessness in England, which started in the early 2000s, therefore under Labour's watch (see Chapter 5).

However, a further area of Labour success, cutting across all four of these homeless subgroups, is *youth homelessness*, where a major UK review reported a 'sea change' of improvement in service responses over the decade until 2008.<sup>86</sup> The strengthening of the statutory safety net in 2002, by extending automatic priority need to 16 and 17 year olds and care leavers up to the age of 21, together with the strong focus on young people within homelessness prevention strategies, have been the central drivers of these improvements. Also crucial was the 'Southwark' ruling in May 2009, in which the House of Lords<sup>87</sup> decided that homeless

16 and 17 year olds should be considered 'children in need' under the Children Act 1989, and should therefore have a full social services assessment of their support needs. This ruling also made clear that young people should only be placed in specialist emergency accommodation designed specifically for their age group.

There were, therefore, substantial Labour-era 'gains' on homelessness, resulting in the main from centrally-driven policy frameworks and national minimum standards. Nonetheless, there were areas of significant and unresolved problems at the end of Labour's period in office – often closely associated with acute shortages in affordable housing, especially in London and the South.<sup>88</sup> For example, some statutorily homeless families still had to spend extremely long periods in temporary accommodation, at very considerable cost to the public purse, and their frustration was demonstrated in large-scale research.<sup>89</sup> While rough sleeping had diminished in scale since the 1990s, it was far from clear that other forms of single homelessness had similarly declined, and many single homeless people remained outwith the statutory safety in England.<sup>90</sup> A key theme in latter stages of the Labour administration was the rising numbers of Central and Eastern European (CEE) migrants, as well as refused asylum seekers and other irregular migrants, who were sleeping rough or using emergency services, especially in London.<sup>91</sup>

85 Reeve, K. & Batty, E. (2010) *The Hidden Truth about Homelessness: Experiences of Single Homelessness in England*. London: Crisis..

86 Quilgars, D., Johnsen, S. & Pleace, N. (2008) *Youth Homelessness in the UK: A Decade of Progress?*, York: JRF.

87 R (on the application of G) (FC) v London Borough of Southwark [2009] UKHL 26, <http://www.publications.parliament.uk/pa/ld200809/ldjudgmt/jd090520/appg-1.htm>

88 Fitzpatrick, S., Quilgars D. & Pleace, N. (eds.) (2009) *Homelessness in the UK: Problems and Solutions*. Coventry: CiH.

89 Pleace, N., et al. (2008) *Statutory Homelessness in England: The Experience of Families and 16-17 Year Olds*. London: CLG.

90 Jones, A. & Pleace, N. (2010) *A Review of Single Homelessness in the UK 2000-2010*. London: Crisis.

91 McNaughton Nicholls, C. & Quilgars, D. (2009) 'Homelessness amongst minority ethnic groups', in Fitzpatrick, S., Quilgars D. & Pleace, N. (eds.) (2009) *Homelessness in the UK: Problems and Solutions*. Coventry: CiH.

### 2.3 The wider UK context

A key development during Labour's period in office was a 'radical divergence' in homelessness policies and legal frameworks across the UK.<sup>92</sup> Stimulated by the trailblazing work of the Ministerially-commissioned Homelessness Task Force (HTF), Scotland took a sharply different path to that of England by significantly strengthening its statutory safety net for homeless people.<sup>93</sup> This began with the Housing (Scotland) Act 2001 which, amongst other things, imposed new duties on local authorities to provide temporary accommodation for non-priority homeless households.<sup>94</sup> However, far more radical reforms were introduced in the Homelessness Etc. (Scotland) Act 2003, culminating in the uniquely ambitious commitment that virtually all homeless people in Scotland will be entitled to permanent housing by 2012.<sup>95</sup> This will be achieved, principally, by the phased abolition of the 'priority need' test – thereby ending the traditional 'discrimination' against (non-vulnerable) single people and childless couples.<sup>96</sup> The 2003 Act also made provision to significantly soften Scotland's 'intentional homelessness' provisions, and made allowance for Ministers to suspend the 'local connection' referral rules, but neither of these amendments has yet been brought into force and there is currently no indication that they will be.

In a recent review of the housing and homelessness impacts of devolution, we have argued that:

*"... the ideal homelessness system would combine the vigour of the English and Welsh preventative measures (alongside appropriate inspection and other safeguards against unlawful gatekeeping) with the strong statutory safety net available in Scotland (alongside robust assessment methods to counter concerns about any 'perverse incentives' that this may create)."*(p.46)<sup>97</sup>

However, in the context of the above contention it was conceded that the shortage of social rented housing makes the Scottish 'universal assistance' approach difficult to deliver in many parts England, most notably in London. Even in Scotland, pressure on social housing stock means that there are serious challenges in delivering this 'rights-based' model in all areas. Indeed, perhaps in recognition of this reality, the Scottish Government is now strongly promoting prevention measures, along the lines of the English 'housing options' model, in an effort to reduce 'statutory demand' and assist with meeting the demands of the 2012 commitment.<sup>98</sup> A key move here was the 2010 establishment of the national Scottish Housing Options Hubs programme, which a recent evaluation concluded has proven an effective spur to a new and more activist approach to preventing homelessness across Scotland.<sup>99</sup> The latest annual statutory homelessness statistics certainly indicate a very sharp decrease in both homelessness presentations and acceptances in Scotland over the past year, with statutory homelessness reducing by one-fifth nationally, but by as much as half

<sup>92</sup> Pawson, H. & Davidson, E. (2008) 'Radically divergent? Homelessness policy and practice in post-devolution Scotland', *European Journal of Housing Policy*, 8(1): 39-60.

<sup>93</sup> Fitzpatrick, S., Quilgars D. & Pleace, N. (Eds.) (2009) *Homelessness in the UK: Problems and Solutions*, Coventry: CiH.

<sup>94</sup> For details see Fitzpatrick, S. (2004) 'Homelessness policy in Scotland', in Sim, D. (ed.) *Housing and Public Policy in Post-Devolution Scotland*. Edinburgh: Chartered Institute of Housing in Scotland.

<sup>95</sup> Fitzpatrick, S., Quilgars D. & Pleace, N. (eds.) (2009) *Homelessness in the UK: Problems and Solutions*. Coventry: CiH.

<sup>96</sup> Anderson, I. (2009) 'Homelessness policy in Scotland: A complete state safety net by 2012?', in Fitzpatrick, S., Quilgars D. & Pleace, N. (eds.) *Homelessness in the UK: Problems and Solutions*, Coventry: CiH.

<sup>97</sup> Wilcox, S. et al. (2010) *The Impact of Devolution: Housing and Homelessness*. York: JRF.

<sup>98</sup> Shelter Scotland (2011) *A Shelter Scotland Report: Housing Options in Scotland*. Edinburgh: Shelter Scotland.

<sup>99</sup> Ipsos MORI and Mandy Littlewood Social Research and Consulting (2012) *Evaluation of the Local Authority Housing Hubs Approach*. Edinburgh: Scottish Government <http://www.scotland.gov.uk/Resource/0039/00394152.pdf>

in certain areas. This has also fed through into a levelling off in the use of temporary accommodation, which had been rising steadily for a decade.

As in England (see above), views differ on the extent to which these trends are attributable to constructive homelessness prevention as opposed to any denial of rights via unacceptable local authority (LA) 'gatekeeping' practices. However, submissions made to a recent Scottish Parliament Inquiry on the 2012 Homelessness Commitment,<sup>100</sup> as well as key informant interviews conducted for the Scottish Homelessness Monitor, indicate broad cross-sectoral support in Scotland for *both* the abolition of priority need and this more recent shift towards an advice-led 'housing options' prevention model. See the Scottish Homelessness Monitor 2012 for a detailed analysis.<sup>101</sup>

More recently, there have also been significant developments in homelessness policy in Wales. In 2011 the Welsh Government commissioned a review of the homelessness legislation (led by Cardiff University<sup>102</sup>), which proposed a 'Housing Solutions' model of change that would see the primary focus of LA duties switch to preventative interventions which would *precede* the assessment of entitlements under the existing statutory homelessness system. This proposed new approach would entail a duty on local authorities *'to take all reasonable steps to achieve a suitable housing solution for all households which are homeless or threatened with homelessness.'* This duty would be owed to all eligible homeless households, with no account taken of priority need, intentionality

or local connection at this stage. Moreover, the LA would have a duty to provide interim accommodation if the household concerned had 'nowhere safe to stay' during the investigation of potential housing solutions. LAs could discharge this 'Housing Solutions' duty by a) securing a 'qualifying' housing solution (enabling the individual to remain in their existing accommodation or move to suitable alternative accommodation), or b) accepting a statutory homelessness application. Given that the Housing Solutions model has the potential to reduce significantly the number of households who proceed to a statutory homelessness assessment, the possibility was raised by the Cardiff-led team of a gradual expansion and eventual elimination of the priority need test.

The Cardiff study's main recommendations have been fully incorporated into official proposals,<sup>103</sup> alongside a commitment to remove the 'intentionality' test for families with children by 2019. These measures seem highly likely to be included in the first ever Welsh Housing Bill, scheduled for introduction to the National Assembly for Wales in autumn 2013. See the Welsh Homelessness Monitor 2012 for a detailed account.<sup>104</sup>

## 2.4 The International Context<sup>105</sup>

The key distinguishing feature of homelessness policy in England (and the wider UK) is the emphasis on 'enforceable' legal rights – i.e. rights which courts of law will enforce on behalf of individuals – as a mechanism of 'empowering' homeless households and ensuring that their long-term

<sup>100</sup> Inquiry into the 2012 homelessness commitment <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/44465.aspx>

<sup>101</sup> *The Homelessness Monitor Scotland* will be available to download free of charge from <http://www.crisis.org.uk/policy-and-research.php>

<sup>102</sup> For more information see Cardiff School of City and Regional Planning <http://www.cplan.cf.ac.uk/homelessness/>

<sup>103</sup> Welsh Government (2012) *Homes for Wales. A White Paper for Better Lives and Communities*. Cardiff: Welsh Government: <http://wales.gov.uk/consultations/housingcommunity/housewhitepaper/?lang=en>

<sup>104</sup> *The Homelessness Monitor Wales* will be available to download free of charge from <http://www.crisis.org.uk/policy-and-research.php>

<sup>105</sup> A fuller account of this international context is given in the 2011 Homelessness Monitor England.

housing needs are met.<sup>106</sup> Internationally, the UK approach is highly unusual in this respect, with only France offering anything remotely similar.<sup>107</sup> While a constitutional ‘right to housing’ exists in many other European countries, there are seldom any legal mechanisms enabling homeless individuals to enforce such rights. International reviews suggest that, though the UK statutory homelessness system has its drawbacks, in that it can encourage an adversarial, process-driven approach on the part of both local authorities and advocacy agencies,<sup>108</sup> it also has a number of important benefits,<sup>109</sup> not least making it far more difficult for social landlords to exclude the poorest and most vulnerable households from the mainstream social rented sector as happens in a number of other European countries.<sup>110</sup>

There are enforceable rights to emergency accommodation in a number of European countries, such as Germany and Sweden, and this is also the case in New York City in the United States of America (US).<sup>111</sup> However, in all of these cases, the entitlement falls far short of the right to temporary accommodation until settled accommodation becomes available that applies in England (and the wider UK) for those owed the main homelessness duty, and in most relevant jurisdictions these emergency accommodation duties only apply to roofless households with literally nowhere else to go. On the other hand, it is worth noting

that there are no legal rights to emergency accommodation for roofless people in England unless they are in a ‘priority need group’. In this sense the *legal* safety net for rough sleepers in England (but not Scotland) is weaker than in these countries.<sup>112</sup>

Notwithstanding the lack of legally enforceable rights to settled housing, in most European and other developed countries there is some sort of state-funded assistance to homeless people.<sup>113</sup> These programmes are often organised in a broadly similar way to that in England and elsewhere in the UK: central government establishes a national strategic and/or legal framework, and provides financial subsidies for homelessness services; LAs are the key strategic players and ‘enablers’ of homelessness services; and direct provision is often undertaken by voluntary organisations.

As in the UK, most north-western European countries offer ‘re-integrative’ services of various kinds as well as emergency provision, and have at least some focus on homelessness prevention, most notably in Germany<sup>114</sup> and Finland<sup>115</sup> where prevention efforts (particularly eviction prevention) have been extremely effective with regard to family homelessness. In Australia and the US there are relatively extensive targeted homelessness programmes, but in the latter case in particular this is compensating for a very weak mainstream welfare safety net.

<sup>106</sup> Fitzpatrick, S. & Stephens, M. (2007) *An International Review of Homelessness and Social Housing Policy*. London: CLG.

<sup>107</sup> Loison-Leruste, M. and Quilgars, D. (2009) ‘Increasing access to housing – implementing the right to housing in England and France’, *European Journal of Homelessness*, 3: 75-1-100.

<sup>108</sup> O’Sullivan, E. (2008) ‘Sustainable solutions to homelessness: The Irish case’, *European Journal of Homelessness*, 2: 205-234.

<sup>109</sup> Fitzpatrick, S. & Watts, B. (2011) ‘The ‘Right to Housing’ for homeless people’, in E. O’Sullivan (eds), *Homelessness Research in Europe*. Brussels: FEANTSA.

<sup>110</sup> Stephens, M., et. al. (2002) *Social Market or Safety Net? British Social Rented Housing in a European Context*. Bristol: Policy Press.

<sup>111</sup> Fitzpatrick, S. & Stephens, M. (2007) *An International Review of Homelessness and Social Housing Policy*, London: CLG.

<sup>112</sup> It is therefore somewhat misleading for the press release accompanying the current Government’s latest homelessness strategy to make reference to ‘this country’s strong safety net of support for those without a roof over their head’. <http://www.communities.gov.uk/news/news-room/2200466>. The statutory safety net, which is exceptionally strong by international standards, applies only to priority need groups and excludes most rough sleepers. Conversely, only a tiny minority of those assisted under the statutory safety net are roofless at the point of their homelessness application. See: Pleace, N., et al. (2008) *Statutory Homelessness in England: The Experience of Families and 16-17 Year Olds*. London: CLG.

<sup>113</sup> Fitzpatrick, S. & Stephens, M. (2007) *An International Review of Homelessness and Social Housing Policy*, London: CLG.

<sup>114</sup> Busch-Geertsema, V. & Fitzpatrick, S. (2008) ‘Effective homelessness prevention? Explaining reductions in homelessness in Germany and England’, *European Journal of Homelessness*, 2: 69-95.

<sup>115</sup> Fitzpatrick, S., Johnsen, S. & Watts, B. (2012) *International Homelessness Policy Review: A Report to Inform the Review of Homelessness Legislation in Wales*. Cardiff: Cardiff University. <http://www.cplan.cf.ac.uk/homelessness/project-publications>

Another historic weakness in the US has been a lack of emphasis on homelessness prevention, though that is beginning to change.<sup>116</sup>

Only a limited number of European and other developed countries collect consistent trend data on homelessness, and such trend data as is collected at national or regional level is not comparable across countries. Insofar as it is possible to discern homelessness trends within other developed economies, these are very mixed, with international reviews conducted over past few years highlighting countries where there seem to have been significant recent declines in homelessness (Germany and Finland); countries where the overall scale of homelessness appears fairly stable (United States of America, Australia); and countries where there have been long-term (Canada, and a number of CEE countries) or more recent (Ireland) increases in homelessness.<sup>117</sup> This international picture on homelessness trends is complex, patchy and fast-moving, with much depending on which definitions of homelessness, which sources of data, and which specific time periods one focuses on. Moreover, statistical estimates on homelessness are often subject to such large margins of error that it is impossible to identify trend patterns with any confidence.

However, one pattern that does emerge from these international reviews is that substantial declines in homelessness tend to be associated with carefully-targeted and well-resourced policy measures, whose implementation has been effectively

monitored.<sup>118</sup> This certainly seems the case with respect to the dramatic falls in family homelessness achieved in Germany and Finland in recent years,<sup>119</sup> as well as with regard to the considerable success in reducing 'chronic homelessness' reported in the US.<sup>120</sup> There is also of course evidence of similarly positive outcomes associated with the successive RSIs in the various parts of the UK (see above).

## 2.5 Causation and homelessness

Explanations of homelessness in the UK and in other developed countries have traditionally fallen into two broad categories: *individual* and *structural*.<sup>121</sup> Broadly speaking, individual explanations focus on the personal characteristics, behaviour and needs of homeless people. Structural explanations, on the other hand, locate the causes of homelessness in external social and economic factors, such as housing market conditions, poverty and unemployment. An 'individualistic' focus on the ill health, substance dependencies and dysfunctional families of homeless people began to subside in the 1960s as pressure groups and academics increasingly argued that homelessness was the result of housing market failures. While structural, housing market-based accounts of homelessness then dominated until the 1980s, their credibility declined as research repeatedly identified high levels of health and social support needs amongst single homeless people, particularly those sleeping rough.<sup>122</sup> As a result, researchers again began to incorporate individual factors in their

116 Culhane, D.P., Metraux, S. & Byrne, T. (2011) 'A prevention-centred approach to homelessness assistance: a paradigm shift?', *Housing Policy Debate*, 21(2): 295-315.

117 Fitzpatrick, S. & Stephens, M. (2007) *An International Review of Homelessness and Social Housing Policy*. London: CLG; Fitzpatrick, S., Johnsen, S. & Watts, B. (2012) *International Homelessness Policy Review: A Report to Inform the Review of Homelessness Legislation in Wales*. Cardiff: Cardiff University: <http://www.cplan.cf.ac.uk/homelessness/project-publications>

118 Busch-Geertsema, V. & Fitzpatrick, S. (2008) 'Effective homelessness prevention? Explaining reductions in homelessness in Germany and England', *European Journal of Homelessness*, 2: 69-95.

119 Fitzpatrick, S., Johnsen, S. & Watts, B. (2012) *International Homelessness Policy Review: A Report to Inform the Review of Homelessness Legislation in Wales*. Cardiff: Cardiff University: <http://www.cplan.cf.ac.uk/homelessness/project-publications>

120 Byrne, T. & Culhane, D.P. (2011) 'The Right to Housing: an effective means for addressing homelessness?' *University of Pennsylvania Journal of Law and Social Change* 14 (3): 379-3

121 Neale, J. (1997) 'Theorising homelessness: contemporary sociological and feminist perspectives', in Burrows, R. et. al. (eds.) *Homelessness and Social Policy*. London: Routledge.

122 Fitzpatrick, S., Kemp, P. A. & Klinker, S. (2000) *Single Homelessness: An Overview of Research in Britain*. Bristol: The Policy Press.



explanations of homelessness, while at the same time continuing to assert the overall primacy of structural factors. This led them to the following set of assertions which became the 'orthodox' account of homelessness causation:<sup>123</sup>

- (a) Structural variables such as housing shortages, poverty and unemployment create the conditions within which homelessness will occur and determine its overall extent; *but*
- (b) People with personal problems are more vulnerable to these adverse social and economic conditions than other people; *therefore*
- (c) The high concentration of people with support needs in the homeless population can be explained by their susceptibility to structural forces, rather than necessitating an individualistic explanation of homelessness.

This 'new orthodoxy' provided a more 'practically adequate' explanation of homelessness than prior analyses, but was unsatisfying for several reasons. For one thing, there are many factors which could be interpreted as operating at either a structural or individual level. Should, for example, the breakdown in a homeless person's marriage be considered an individual problem or the result of a structural trend towards growing family fragmentation? How can the new orthodoxy account for homelessness arising from acute personal crises where structural factors can seem virtually absent, as has been demonstrated to often be the case with older homeless people?<sup>124</sup>

Perhaps most fundamentally, these orthodox accounts of homelessness tend to imply a rather simplistic 'positivist' notion of social causation:

*"Housing shortages, poverty, unemployment, personal difficulties such as mental health, drug or alcohol problems are sometimes said to be the causes of rough sleeping. However, there are continuing problems of rough sleeping in areas with no housing shortage. Equally, the great majority of people in poverty or with mental health, or substance abuse problems, do not sleep rough. ... It follows that housing shortages, poverty, mental health and substance misuse problems cannot be said to cause rough sleeping."* (p.5)<sup>125</sup>

There is an assumption here that for something to constitute a 'cause' of homelessness it must be both 'necessary' (i.e. homelessness cannot occur unless it is present) and 'sufficient' (i.e. it inevitably leads to homelessness). But such 100% correlations are rarely found in the social world, and certainly not with respect to complex phenomena like homelessness.

The 'critical realist' account of homelessness employed in this report overcomes these limitations by employing a more sophisticated theory of social causation.<sup>126</sup> First, according to the realist perspective, social causation is *contingent*: given the open nature of social systems, something may have a 'tendency' to cause homelessness without 'actually' causing it on every occasion, because other (contextual) factors may often – or even always – intervene to prevent correspondence between cause and effect. These 'buffer' factors may include, for

<sup>123</sup> Pleace, N. (2000). 'The new consensus, the old consensus and the provision of services for people sleeping rough', *Housing Studies*, 15: 581-594.

<sup>124</sup> Crane, M., et al. (2005) 'The causes of homelessness in later life: findings from a 3-Nation study', *Journal of Gerontology*, 60B(3): 152-159.

<sup>125</sup> Randall, G. & Brown, S. (1999) *Prevention is Better Than Cure*. London: Crisis.

<sup>126</sup> Fitzpatrick, S. (2005) 'Explaining homelessness: a critical realist perspective', *Housing, Theory & Society*, 22(1):1-17.

example, targeted prevention policies (see above) or protective social relationships (see below). Second, realist explanations are *complex*, taking into account multiple (often inter-related) causal mechanisms, and also allowing for the possibility of a range of quite separate causal routes into the same experience.

Another central tenet of realist theories of causation is that causal mechanisms operate across a wide range of societal ‘strata’, with no one strata assumed to be logically prior to any other.<sup>127</sup> This is a crucial point with respect to the causation of homelessness wherein the orthodox position seems to be that ‘structural’ or ‘economic’ causes are somehow more fundamental than more ‘personal’ or ‘social’ factors. In contrast, a realist theoretical framework allows for the possibility that the balance of underlying causal factors may vary between different homeless groups. For example, there can be little doubt that high levels of youth unemployment and social security cuts played a major role in driving up the numbers of homeless young people in the late 1980s,<sup>128</sup> whereas for older people it is plausible that personal crises such as bereavement may be far more important than any aspect of the structural context.<sup>129</sup> Likewise, research on homeless families in England has suggested that this form of homelessness is far less strongly associated with individual support needs than appears to be the case with rough sleeping or single homelessness.<sup>130</sup>

It may also mean that the balance between structural and individual factors varies between countries. It seems likely, for example, that countries with benign social

and economic conditions – well functioning housing and labour markets and generous social security policies – will have a low overall prevalence of homelessness, but that a high proportion of their (relatively) small homeless populations will have complex personal problems.<sup>131</sup> The reverse has been posited to hold true (high prevalence/low proportion with support needs) in countries with a more difficult structural context. While the available evidence is far from definitive, it does tend to support this analysis, with Sweden and the Netherlands at one end of the spectrum (countries with strong welfare states) and the US at the other (with a very weak welfare safety net).<sup>132</sup>

Recent research funded by the European Commission (EC) supports the argument that ‘welfare regimes’ impact profoundly on the causes and nature of homelessness.<sup>133</sup> However, the relationship between homelessness and labour market change is complex, and seems direct only in those countries (such as in eastern and southern Europe) and amongst those groups (such as recent migrants) which have the least welfare protection. Even in these cases, it is usually long-term worklessness or labour market marginality which is important rather than sudden labour market ‘shocks’, such as redundancy. The authors comment:

*“In those countries, and for those groups, with better welfare protection, it seems that sustained poverty and/or unemployment contribute to homelessness not so much in direct, material ways, but rather in longer-term, more indirect ways via exerting negative social pressures on family units.” (p. 266)*

<sup>127</sup> Fitzpatrick, S. (2005) ‘Explaining homelessness: a critical realist perspective’, *Housing, Theory & Society*, 22(1):1-17.

<sup>128</sup> Fitzpatrick, S. (2000) *Young Homeless People*. Basingstoke: Macmillan.

<sup>129</sup> Crane, M. et al. (2005) ‘The causes of homelessness in later life: findings from a 3-Nation study’, *Journal of Gerontology*, 60B(3): 152-159.

<sup>130</sup> Pleace, N., Fitzpatrick, S., Johnsen, S., Quilgars, D. & Sanderson, D. (2008) *Statutory Homelessness in England: The Experience of Families and 16-17 Year Olds*. London: CLG.

<sup>131</sup> Shinn, M. (2007) ‘International homelessness: policy, socio-cultural, and individual perspectives’, *Journal of Social Issues*, 63(3): 657-677.

<sup>132</sup> Fitzpatrick, S. (2012) ‘Homelessness’, in D. Clapham & K. Gibb (eds), *Handbook of Housing Studies*. London: Sage.

<sup>133</sup> Stephens, M., et al. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

This suggests that, insofar as there is an impact of rising unemployment on homelessness, this will most likely be a ‘lagged’ effect of the recession, and also rather a diffuse one, mediated by many intervening variables (see Chapter 3). However, this is highly dependent on the strength or otherwise of welfare protection, as social security systems, and especially housing allowances (see below), are what usually ‘break the link’ between losing a job or persistent low income and homelessness.<sup>134</sup> This means that significant reform of welfare provisions – such as those being undertaken by the Coalition Government and discussed in detail in Chapter 4 – are likely to be highly relevant to homelessness trends.

The same European comparative research suggests that housing market conditions can have a more direct effect on homelessness than labour market conditions, and this effect can be to some extent independent of welfare arrangements.<sup>135</sup> In Germany, for example, a slackening housing market in many parts of the country has driven down homelessness, despite the context of rising unemployment and increased welfare conditionality.<sup>136</sup>

Likewise in the UK, statutory homelessness has generally been closely tied to the housing market cycle.<sup>137</sup> In the 1990s recession levels of statutory homelessness actually *decreased*, partly because overall levels of housing affordability and access eased in the context of a sluggish housing market and this facilitated higher levels of available relets

in the social and private rented sectors.<sup>138</sup>

However, as discussed in Chapter 3, such a benign impact of the housing market recession on homelessness is far less likely in the current downturn.

Housing policies as well as housing markets matter to homelessness,<sup>139</sup> and it has been argued that housing can be considered, to at least some extent, ‘the saving grace’ in the British welfare state, as the UK does better by low income households on a range of housing indicators than it does on most poverty league tables.<sup>140</sup> Housing appears to be a comparative asset, which tends to moderate the impact of poverty on low-income households. It has been hypothesised that three key housing policy instruments explain these relatively good housing outcomes for poorer households in the UK: Housing Benefit, which pays up to 100% of eligible rent for low-income households; a relatively large social housing sector, allocated overwhelmingly according to need; and the statutory homelessness safety net.<sup>141</sup> Notably, all three aspects of this UK ‘housing settlement’ are now subject to far-reaching change in England under the Coalition Government’s housing and welfare reform agendas, as detailed in Chapter 4.

One final point to note is the causal inter-relationship between the structural factors just discussed and the more ‘individual’ causes of homelessness. Often, though not invariably, the individual vulnerabilities, support needs and ‘risk taking’ behaviours implicated in some people’s homelessness (particularly amongst those sleeping rough) are themselves rooted

134 Stephens, M., et al. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

135 Ibid.

136 Busch-Geertsema, V. & Fitzpatrick, S. (2008) ‘Effective homelessness prevention? Explaining reductions in homelessness in Germany and England’, *European Journal of Homelessness*, 2: 69-95.

137 With the exception of the period during the 2000s when the numbers were suppressed by homelessness prevention measures, see Fitzpatrick, S. & Pawson, H. (2007) ‘Welfare safety net or tenure of choice? The dilemma facing social housing policy in England’, *Housing Studies*, 22(2): 163-182.

138 Pawson, H. & Wilcox, S. (2011) *UK Housing Review 2010-11*. Coventry: CiH.

139 Stephens, M., et al. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

140 Bradshaw, J., et al. (2008) ‘Housing: the saving grace in the British welfare state’, in S. Fitzpatrick & M. Stephens (eds.) *The Future of Social Housing*. London: Shelter.

141 Fitzpatrick, S. & Stephens, M. (eds.) (2008) *The Future of Social Housing*. London: Shelter.

in the pressures associated with poverty and other forms of structural disadvantage.<sup>142</sup> Those with a higher level of resources— in terms of social, cultural, human and material capital – may be expected to have the resilience to manage life crises without falling into homelessness. In this context, strong social relationships are likely to be an especially important ‘buffer’ to homelessness,<sup>143</sup> and conversely the ‘exhaustion’ of family or other ‘anchor’ relationships (both sudden or gradual) is a widespread trigger to homelessness.<sup>144</sup> These relationships can be put under considerable strain by stressful economic conditions, as noted in the EC research above. Thus deteriorating structural conditions could be expected to generate more ‘individual’ and ‘interpersonal’ vulnerabilities to homelessness over time, and are central to the anticipated lagged effects of unemployment and economic downturns (see Chapter 3).

## 2.6 Key points

- By the end of the Labour era in office, in 2010, much of value had been achieved on homelessness in England, particularly with respect to the downward pressure on rough sleeping and statutory homelessness, and improvements in service responses to single and young homeless people. Most of these ‘gains’ were based on centrally-driven policies and national minimum standards.
- Since devolution in 1999 there has been significant divergence in homelessness law and policy across the UK, with Scotland opting to strengthen its statutory safety far beyond anything contemplated in England. More recently, however, Scotland has married this strongly rights-based framework with an English-style housing options approach to homelessness prevention. Meanwhile, radical changes seem likely in Wales in 2013, with the primary focus of LA homelessness duties set to shift to preventative interventions that precede the assessment of statutory entitlements, and the abolition of the intentionality test for families with dependent children.
- The UK-wide statutory homelessness system is internationally unique, with most other western countries offering either no enforceable rights to housing for homeless people, or restricting these rights to emergency accommodation. That said, there are no legal rights to emergency accommodation for roofless people in England unless they are in a ‘priority need group’. In this sense the *legal* safety net for rough sleepers in England (but not Scotland) is weaker than in several other countries.
- Theoretical, historical and international perspectives all indicate that the causation of homelessness is complex, with no single ‘trigger’ that is either ‘necessary’ or ‘sufficient’ for it to occur. Individual, interpersonal and structural factors all play a role – and interact with each other – and the balance of causes differs over time, between countries, and varies between demographic groups.
- With respect to the main structural factors, housing market trends appear to have the most direct impact on levels of homelessness, with the influence of labour market change more likely to be a lagged and diffuse effect, strongly mediated by welfare arrangements and other contextual factors.

<sup>142</sup> Buchanan, J. (2004) ‘Tackling problem drug use: a new conceptual framework’, *Social Work in Mental Health*, 2(3): 117-138; and McNaughton, C. (2008) *Transitions through Homelessness: Lives on the Edge*. Basingstoke: Palgrave Macmillan.

<sup>143</sup> Lemos, G. (2000) *Homelessness and Loneliness. The Want of Conviviality*. London: Crisis; Lemos, G. & Durkacz, S. (2002) *Dreams Deferred: The Families and Friends of Homeless and Vulnerable People*. London: Lemos & Crane; and Tabner, K. (2010) *Beyond Homelessness: Developing Positive Social Networks*. Edinburgh: Rock Trust.

<sup>144</sup> Stephens, M., et al. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

## Chapter 3: Economic factors that may impact on homelessness in England

### 3.1 Introduction

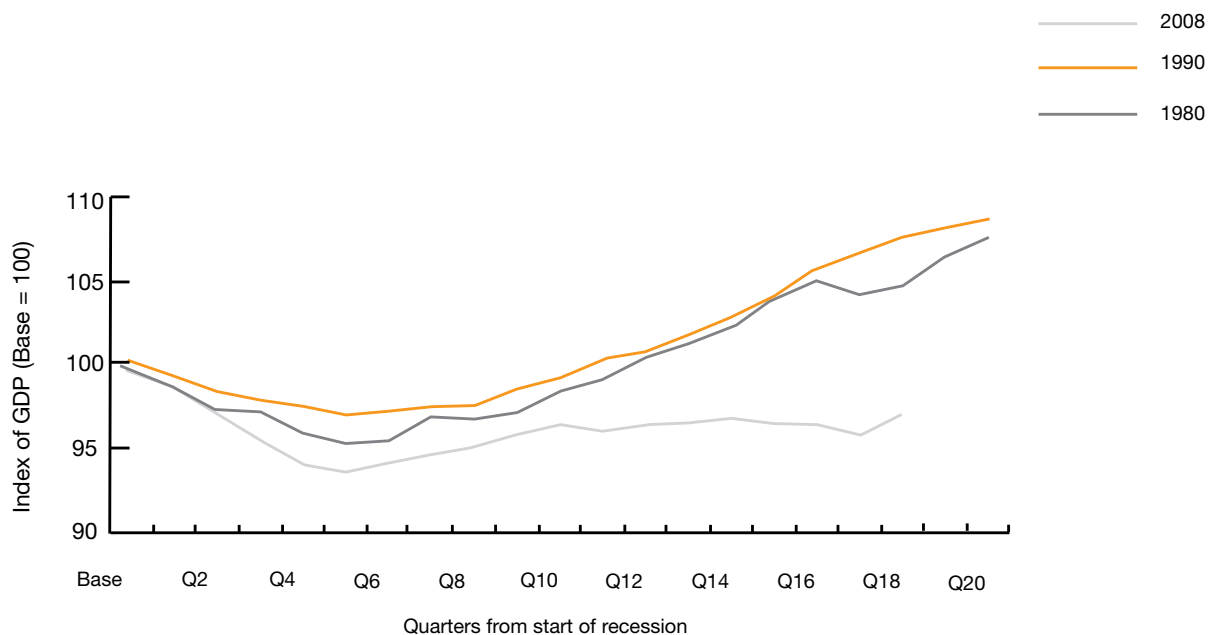
This chapter reviews the key economic developments in England that may be expected to affect homeless groups and those vulnerable to homelessness. It identifies the impacts of the post-2007 economic and housing market recessions, and also considers the homelessness impact of migration (particularly Central and Eastern European migration). This analysis is informed by the causal framework set out in Chapter 2, and also by insights derived from our qualitative interviews with key informants from homelessness service providers across England. In Chapter 5 we assess whether the anticipated economic impacts identified in this chapter, and the potential policy impacts highlighted in the next chapter, are as yet evident in national and regional homelessness trends.

### 3.2 Post-2007 economic context

The post-credit-crunch downturn in the UK economy has been much deeper and more prolonged than other recent recessions (see Figure 3.1), and there are considerable doubts hanging over the prospects of economic recovery, not just in England and the UK, but also Europe-wide and globally. Following the 2010 change of government at Westminster, fiscal policy tilted towards faster cuts in public spending to contain government borrowing and debt. While this initially helped allay international financial market concerns about rising UK government debt, the economic downside of the faster public spending cuts has been slower economic growth.

This has been compounded by the slow rate of economic recovery across the international

Figure 3.1 – Two years of economic standstill delays recovery



Source : Computed from ONS Quarterly GDP data (ABMI)

economies, and in particular the sluggish and uneven rate of recovery across the euro zone area where virtually all governments are engaged in more or less severe public spending austerity measures.

The upshot is that the UK economy moved into a 'double dip' recession in 2012, with a gross domestic product (GDP) downturn in the last quarter of 2011 being followed by further declines in the first two quarters of 2012, before recovering in the third quarter, but only to the level of GDP a year earlier. The Office for Budget Responsibility (OBR) forecast published alongside the March 2012 budget anticipated modest growth of 1.6% in 2012, rising to 2.0% in 2013.<sup>145</sup> However that forecast has clearly been overtaken by events and future prospects are constrained by continuing euro zone economic and financial uncertainties. Indeed in its August 2012 Inflation Report the Bank of England projected growth in the second half of 2012 to do no more than offset the downturn earlier in the year. And while acknowledging the high level of uncertainty around the future of the European and world economy it also suggested that it would be another two years or so before the UK economy fully recovers and returns to 2008 levels of output.<sup>146</sup>

It must also be recognized that, in mid-2012, the public spending cuts had only just begun to take effect, with the negative impact on economic growth and public sector employment yet to fully register. OBR forecast UK unemployment to rise to nearly 9% in 2012 and 2013 (on the International Labour Organisation measure), before beginning to ease back over the next three years to just over 6%. While this end-point expectation is some way above the average (5.3%) for the decade to 2007, this whole forecast must now be seen as rather optimistic.

The rising trend in unemployment has also affected some groups disproportionately, most notably young people. Between 2002 and 2011 UK unemployment for those aged 18-24 nearly doubled, with the unemployment rate for that age group rising to 18%; compared to 8% for all those unemployed.<sup>147</sup> Rising unemployment resulting from public spending cuts is a particular concern in those parts of the UK most dependent on public sector jobs. The loss of jobs in the retail sector is also significant in terms of numbers of relatively low paid and less skilled employment.

While levels of economic activity rose after the end of 2007 they have subsequently fallen back. More significantly there has been a shift to part-time rather than full-time employment. Between the end of 2007 and mid 2012 (June – August) the numbers in full-time employment in the UK fell by 2%; while the numbers in part-time employment rose by 9%.<sup>148</sup>

At the same time in the years between 2006 and 2011 average full time earnings in England fell by 5% in real terms, while in the previous decade they had grown in real terms at an average annual rate of 1.7%.<sup>149</sup>

### 3.3 The English Economy

The impact of the post credit crunch downturn across England must clearly be set in the context of the specific characteristics of the English economy and labour market. One dimension of those characteristics is the regional variation within England and, in particular, the unique characteristics of the London economy and labour market with its financial, professional, information and administrative sectors all much larger than in the rest of England, and the rest of the UK – see Figure 3.2.

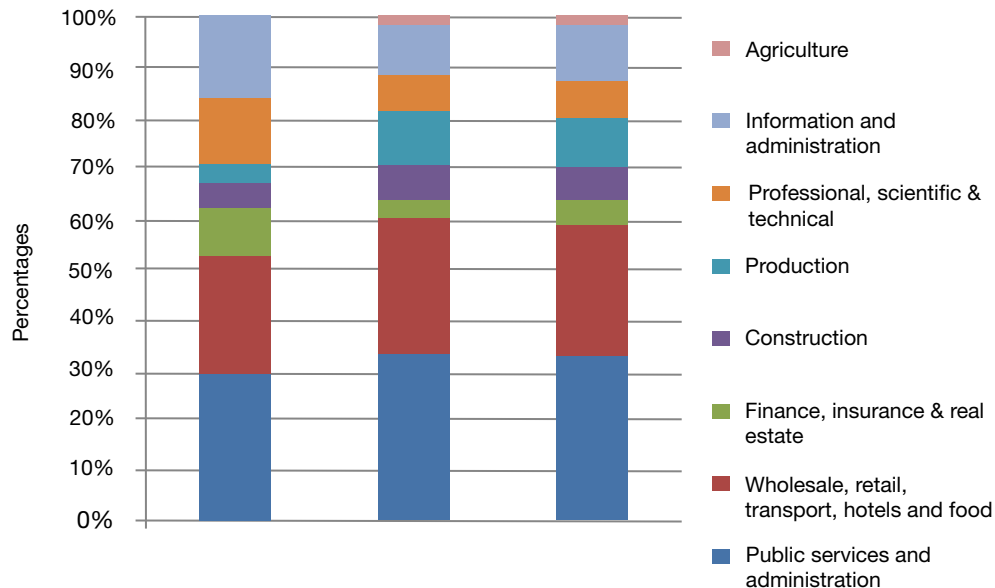
<sup>145</sup> Office for Budget Responsibility (2012) *Economic and fiscal outlook, March 2012*. London: The Stationary Office.

<sup>146</sup> Bank of England (2012) *Inflation Report August 2012*. London: Bank of England

<sup>147</sup> ONS (2011) *Labour market statistical bulletin: August 2011*. London: ONS.

<sup>148</sup> ONS (2011) *Labour market statistical bulletin: October 2012*. London: ONS.

<sup>149</sup> Sources: Computed from Annual Survey of Earnings data (adjusted for methodological changes) and RPI (CHAW), Office for National Statistics.

**Figure 3.2 – Workplace employment in England in 2010**

Source: Regional statistics, ONS website

Outside of London there are only limited differences between the sectoral composition of the rest of England and the UK wide economies. One of the obvious consequences of that employment structure is the fortunes of the London economy are far more tied to the troubled financial sector than is true for the rest of England and the UK.

The English labour market as a whole is now characterised by a rather lower level of economic inactivity and unemployment among working age adults compared to Wales, but a marginally higher rate of economic inactivity and unemployment compared to Scotland. However, the unemployment rate in London, at 8.7%, is not only higher than the average for England, but above that for Scotland and Wales. This high London figure is not a short-term phenomenon just related to the impact of the credit crunch on the financial sector, but is long term and structural. Even so, the highest regional unemployment rates within England

are for the North East (10.4%), the North West (9.1%) and Yorkshire and the Humber (9.8%).

Nonetheless the more narrowly defined 'claimant rate' for the unemployed for London (4.4%) is lower than the average for England (4.7%), as well as the rates for Scotland (5.2%) and Wales (5.5%). Once again the highest regional rates are in the North East (7.7%), the North West (5.7%) and Yorkshire and the Humber (6.3%).<sup>150</sup>

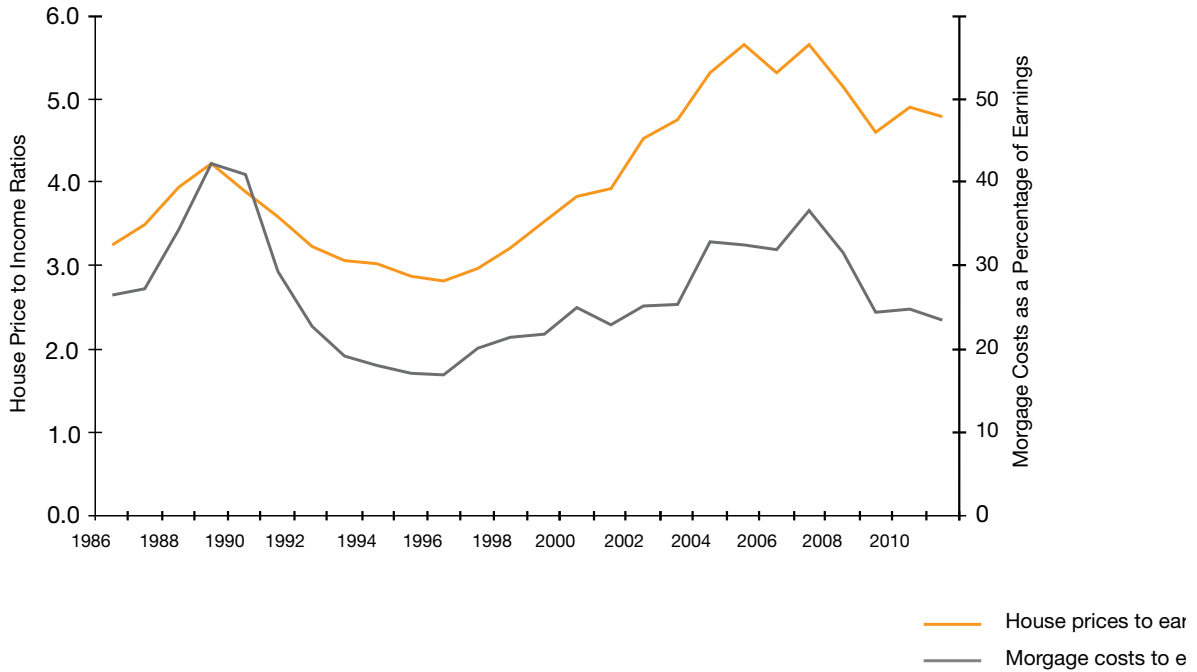
Across the UK the years since the credit crunch have also seen average earnings fall in real terms (relative to RPI). In England average full-time earnings fell by 5% in real terms between 2006 and 2011, having grown by an average of 1.7% per annum over the previous decade.<sup>151</sup> At the same time there has been a fall in full-time employment since 2007 (down by 2.2%), and a rise in part-time employment (up by 0.6%).<sup>152</sup> While there has been no change in levels of economic

<sup>150</sup> ONS (2012) Regional Labour Market Statistics, August 2012. London: ONS.

<sup>151</sup> ONS, Earnings data from Annual Survey of Hours and Earnings. London: ONS.

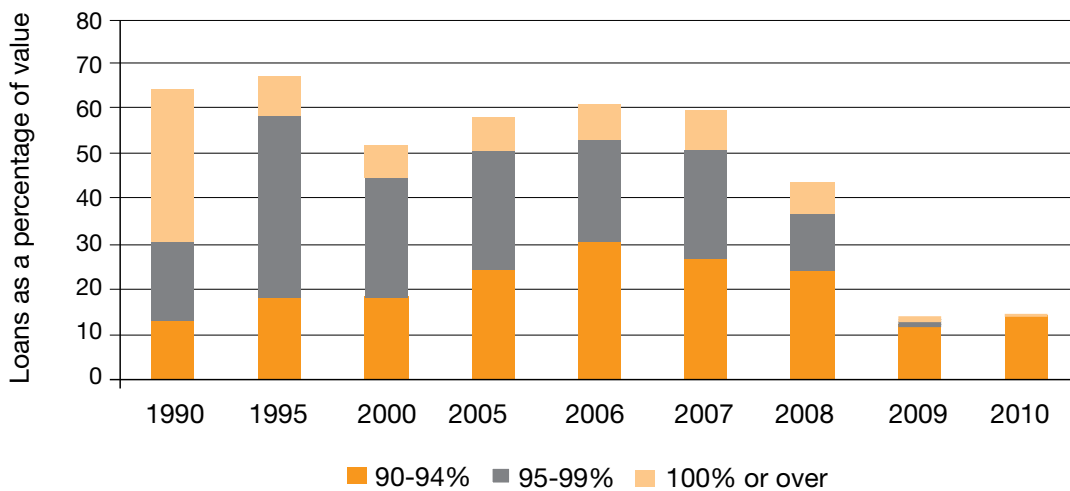
<sup>152</sup> ONS (2012) Regional Labour Market Statistics, August 2012. London: ONS.

**Figure 3.3 – Housing market affordability in Great Britain**



All full time earnings (ASHE) and mix adjusted first time buyer house prices (DCLG). Average interest rates for new advances (CML) Constant 18% deposit.

**Figure 3.4 – Scarcity of low-deposit mortgages for first-time buyers**



Source : Regulated Mortgage Survey



inactivity, the rise in part-time employment is in effect a rise in levels of under-employment.

### 3.4 Post-2007 housing market downturn

Housing affordability improved in the early 1990s but began to deteriorate from 1997 onwards, and more sharply after 2004. Much of the improvement in affordability was based on the substantial reduction in interest rates after 1990, linked to the long period of low inflation resulting both from government policy and favourable international economic conditions.

As Figure 3.3 shows, the combination of prolonged economic growth, and low interest rates, led to a sharp rise in house prices relative to earnings after 1997; but the impact on mortgage costs relative to earnings was far less pronounced. While other factors, such as rising private rented housing investment, also played some part in the rise in house prices, that impact was also softened for home buyers by lower post-1990 levels of interest rates.<sup>153</sup> Nonetheless affordability for first time buyers, measured in terms of average mortgage costs as a proportion of average full time earnings, had by 2007 risen close to the level seen in 1990; at the peak of the last housing market 'boom'.

As the credit crunch and housing recession took hold after 2007 there was some reduction in house prices and interest rates, which both improved nominal affordability. On the other hand, access to home ownership became more problematic for first-time buyers in this period as the reduced flow of mortgage funds drastically reduced the availability of mortgage products allowing

purchase with low or no deposit.<sup>154</sup> The sharp reduction in the availability of low deposit mortgages (see Figure 3.4) has in effect created a 'wealth barrier' to homeownership for aspiring first-time buyers – now excluding some 100,000 potential purchasers each year.<sup>155</sup> As in 2008 and 2009, advances for first-time buyers remained below 200,000 in 2010 – lower than at any time over the past forty years.

In 2010, house prices in England experienced some recovery after their post-credit-crunch decline, especially in the South, before falling back again into 2011. Mix-adjusted analysis shows that by 2011 first time buyer prices remained some 6% below their 2007 peak.<sup>156</sup> There was only some marginal easing, however, in the availability of low deposit mortgages for first time buyers, and this constraint looks set to be locked in by a future tighter regulatory framework for mortgage lenders that will extend beyond the current market dislocation. In effect, this is equivalent to a reversion to the constraints on mortgage availability prior to early 1980s mortgage market deregulation.

Expectations for housing market recovery in 2012 are moderated by the low level of anticipated economic growth, and anxieties about employment prospects in the face of public spending cuts. In that context the continuing constraints on access to low deposit mortgages will also be a factor; only marginally moderated by the official scheme that the Government hopes will assist some 10,000 households with mortgage deposits.<sup>157</sup> As indicated above, even if this scheme reaches its full potential above it will support only about one in ten of the potential first time buyers excluded from the market by the 'wealth barrier'.

<sup>153</sup> Wilcox, S. & Williams, P. (2009) *The Emerging New Order*, in Wilcox, S. (ed.) *UK Housing Review 2009/10*. Coventry: CiH.

<sup>154</sup> Pawson, H. & Wilcox, S. (2011) *UK Housing Review Briefing Paper*. Coventry: CiH.

<sup>155</sup> Wilcox, S. (2010) 'The Deposit Barrier to Home Ownership', in Pawson, H. & Wilcox, S. (eds.) *UK Housing Review 2010/11*. Coventry: CiH.

<sup>156</sup> Pawson, H. & Wilcox, S. (2011) *UK Housing Review Briefing Paper*. Coventry: CiH.

<sup>157</sup> Wilcox, S. (2011) 'The Deposit Barrier to Home Ownership', in Pawson, H. & Wilcox, S. (2011) *UK Housing Review 2010/11*. Coventry: CiH.

**Figure 3.5 – Three fifths of all moves each year are into the private rented sector in England**

Source: English Housing Survey

A further important difference in the housing market in this downturn is the far more significant role of the private rented sector (PRS). The sector has almost doubled in size over the last decade.<sup>158</sup> and now fulfils an important and active role in accommodating households at all income levels. It is also associated with high levels of mobility, housing three fifths of all households moving in the last two years (see Figure 3.5).<sup>159</sup>

The improved supply of private rented dwellings has brought a welcome flexibility to the wider housing market, and has also provided an alternative option for those unable to secure housing in either the social rented or home owner sectors (albeit that the PRS may not be their preferred tenure).

The growth in the importance of the PRS for moving households is both in terms of moves into, but also within, and out of the sector. While less than one in ten moves by existing

private tenants are at the request of the landlord, or their agent,<sup>160</sup> this now amounts to almost 90,000 'pressured' moves each year.

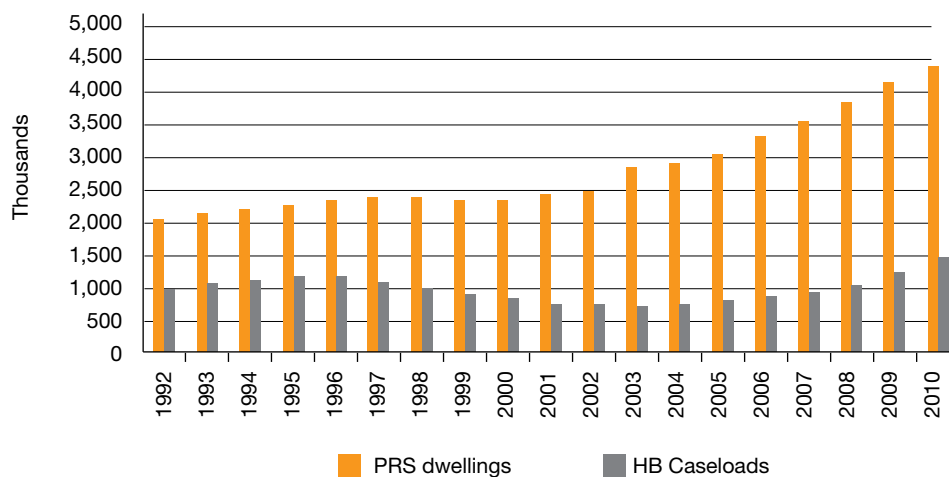
While it is clear that the PRS now plays a much more important part in the housing market, our understanding of the PRS is hampered by the lack of timely and robust data. There is no transaction data on lettings in the PRS, equivalent to the Land Registry data for house sales, and no robust historical data series on PRS rents. For trends over time data extending back before 2011 we currently rely either on survey data, which is always some two years behind the story, or various ad hoc property industry data sets whose market coverage is usually uncertain.

We do, however, have more timely data on the numbers of low income households in the private rented sector, in receipt of housing benefit, and those numbers have grown

<sup>158</sup> Table 17 in: Pawson, H. & Wilcox, S. (2012) *UK Housing Review*. Table 17. Coventry: CiH.

<sup>159</sup> DCLG (2011) *English Housing Survey: Headline report 2009-10*. London: DCLG.

<sup>160</sup> DCLG (2012) *English Housing Survey: Household Report 2010-11*. London: DCLG.

**Figure 3.6 – Rapid growth of private rented sector**

Data for Great Britain (estimated Housing Benefit figures for 2008). UKHR for stock data; DWP website for Housing Benefit data

rapidly in recent years, and particularly since 2006 (see Figure 3.6). While stock data for the sector in 2011 is not available, housing benefit data shows that the number of GB claimants rose to 1.55 million in May of that year; a 7% increase over the previous year.

While robust up to date time series data on private rents are unavailable, the latest Royal Institute for Chartered Surveyors (RICS) survey suggests that private rents rose by 4.3% over the year to July 2012, and are expected to rise again at a similar rate over the forthcoming year.<sup>161</sup> However, since Valuation Office Agency figures indicate that median private rents rose by only 1.2% in the year to June 2012<sup>162</sup> there are clearly uncertainties about trends, even in the recent past.

Longer-term prospects for improved housing market affordability – and accessibility – continue to look bleak. Latest household

projections suggest that housing demand will continue to grow strongly over the medium and longer term: in the 25 years from 2008, household growth in England and Wales projected to average 245,000 per annum (though it is possible that a reduction in future net migration could moderate this trend, see below). Therefore, even a revival of construction activity to pre-credit-crunch levels – around 170,000 dwellings per annum – would leave house building running far behind the projected demand. While house building revived slightly in 2010 and 2011, from just 86,000 starts in 2009 (in England the lowest peacetime output since 1924)<sup>163</sup> up to some 110,000 a year, this remains a long way below the pre-crunch levels, and even further short of the projected levels of household growth. And starts figures for the first half of 2012 still show no sign of any further recovery.<sup>164</sup>

<sup>161</sup> Royal Institution of Chartered Surveyors (2011) RICS Residential Lettings Survey GB July 2012. London: RICS.

<sup>162</sup> Valuation Office Agency (2011) *Private Rental Market Statistics* Year to June 2011: [http://www.voa.gov.uk/corporate/statisticalReleases/110929\\_PrivateResidentialRentalMarketStatistics.html](http://www.voa.gov.uk/corporate/statisticalReleases/110929_PrivateResidentialRentalMarketStatistics.html) and Valuation Office Agency (2012) *Private Rental Market Statistics* Year to June 2012 [http://www.voa.gov.uk/corporate/statisticalReleases/120823\\_PrivateResidentialRentalMarketStatistics.html](http://www.voa.gov.uk/corporate/statisticalReleases/120823_PrivateResidentialRentalMarketStatistics.html)

<sup>163</sup> Pawson, H. & Wilcox, S. (2011) *UK Housing Review 2011 Briefing Paper*. Coventry: CiH.

<sup>164</sup> DCLG (2012) Housing starts in England (quarterly) – Live Table 213: <http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/housebuilding/livetables/>

The official expectation is that, by 2016/17, the New Homes Bonus will have increased supply only by 8-13% above a baseline level.<sup>165</sup> At the mid-point of the range, this would amount to a modest extra 14,000 homes per year.

The implications of these housing market changes and prospects for homelessness are considered below.

### 3.5 Impact of the post-2007 economic and housing market downturn on homelessness

As noted in Chapter 2, European comparative research suggests that housing market conditions and systems can have a fairly direct effect on homelessness, but the impact of rising unemployment is likely to be more complex and diffuse, mediated by welfare arrangements and other intervening factors. Analyses of previous UK recessions have also suggested that a time lag operates, with unemployment affecting homelessness both *directly* – via higher levels of mortgage or rent arrears – and *indirectly* – through pressures on family and household relationships<sup>166</sup>.

Taken together, however, the net effects of recessionary pressures on homelessness may not always be the expected ones; nor are they uniform over economic and housing market cycles. While there are some common elements in economic and housing market cycles there are also important differences in the configuration and characteristics of each market cycle.

Following the post-1990 recession, easing affordability and rental housing supply substantially outweighed the negative

consequences of economic weakness on housing – e.g. repossessions arising from rent or mortgage arrears triggered by loss of employment. Probably partly reflecting this trend, by 1997 statutory homelessness had fallen by some 27% on its 1990 peak<sup>167</sup> – see Figure 3.7. As discussed in Chapter 2 (and see Chapter 5), the more dramatic reduction in homelessness acceptances recorded in the 2003/09 period was attributable to changes in administrative procedures – not to a decline in underlying housing need.

The easing of access pressures is crucial because frustrated ‘entry’ into independent housing by newly forming or fragmenting households is a far more important ‘trigger’ of (statutory) homelessness than are forced ‘exits’ from owner occupation via repossessions or eviction due to rent arrears (notwithstanding the growing importance of the loss of fixed-term tenancies as a cause of homelessness, see below).<sup>168</sup> There is also good evidence that general conditions of affordability predict levels of hidden homelessness, such as overcrowding or concealed households (see Chapter 5).<sup>169</sup>

Crucially, post-1990 also saw a substantial rise in the availability of social sector lettings (see Figure 3.8), partly as a result of government action to increase investment in new social sector housing as part of its response to the housing market collapse, and partly because increased private sector affordability also enables more social sector tenants to move out to buy, thus increasing the availability of ‘relet’ properties in the private sector.

Stimulus investment approved in 2008/09 contributed to an upturn in social housing availability in the following two years – see Figure 3.8. However, a sustained positive

<sup>165</sup> DCLG (2010) New Homes Bonus – Consultation (Appendix E). London: DCLG <http://www.communities.gov.uk/documents/housing/pdf/1767788.pdf>

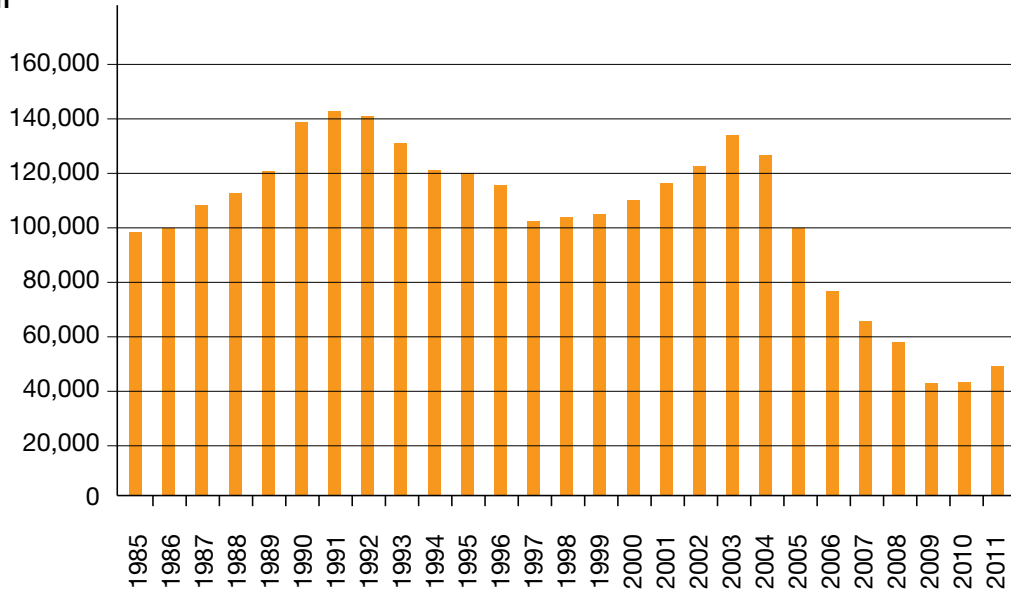
<sup>166</sup> Vaitilingham, R. (2009) *Britain in Recession: Forty Findings from Social and Economic Research*, Swindon: ESRC; and Audit Commission (2009) *When it comes to the Crunch ..... How Councils are Responding to the Recession*. London: Audit Commission

<sup>167</sup> See Table 90 in: Pawson, H. & Wilcox, S. (2012) *UK Housing Review 2011/12*. Coventry: CiH: <http://www.york.ac.uk/res/ukhr/index.htm>

<sup>168</sup> Pleace, N., et. al. (2008) *Statutory Homelessness in England: The Experience of Families and 16-17 Year Olds*. London: CLG.

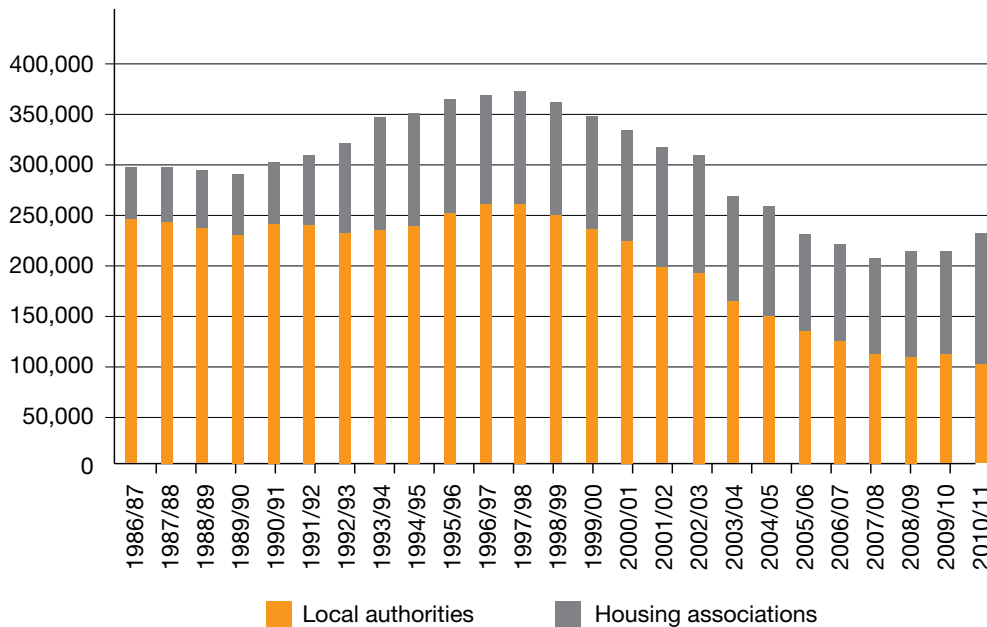
<sup>169</sup> Bramley, G., et. al. (2010) *Estimating Housing Need*. London: DCLG.

**Figure 3.7 – Homelessness acceptances fell after the early 1990s downturn but rising after the 2008 credit crunch**



Source: DCLG homelessness statistics

**Figure 3.8 – Post-1990 growth in social rented sector lettings available for new tenants**



Source: Table 101 in *UK Housing Review*

impact on social sector lettings, similar to that seen in the 1990s is not expected following the current downturn. This is partly because the short government boost to new social sector housing supply has been less pronounced this time round, but also because the continuing constraints of the deeper and longer economic downturn, and the continuing limitations on the availability of mortgage finance, are not expected to facilitate voluntary moves out of the sector that would lead to a substantial rise in the levels of available social sector relets. Moreover, predominantly as a result of the gradual long-term effect of the right to buy, levels of relets are now much lower than they were at the time of the last recession. Nor have levels of new supply been increased to offset the decline in relets.

Traditionally, commentators have made reference to local authority housing waiting list figures as a conceptually straightforward measure of 'expressed demand' for social housing. DCLG statistics showed waiting list applicants across England totalling over 1.8 million households in 2011 – some 70% higher than in 2001.<sup>170</sup> Variable data management practices mean that the numbers are not always a reliable estimate of currently expressed demand, with analysis in Scotland in 2010 suggested that 42-49% of the entries on social housing waiting lists were 'dead wood' applications – i.e. involving people no longer in fact in need of housing.<sup>171</sup> It is possible that more active management of housing applications by English LAs (e.g. under the 'housing options' approach) means that the rate of deadwood applications here is not as high as in Scotland. Nevertheless, it seems likely that the difference will not be dramatic.

While the growth in the availability of lettings through the private rented sector has thus

far been seen as a predominantly positive factor in easing the impact of the recession, there are doubts about the likely availability of lettings to lower income households in the coming years. In addition to the squeeze from frustrated potential first time buyers, there are also concerns about the impact of the recently introduced reforms to the housing benefit regime for private tenants (see Chapter 4 below).

Moreover, the other side of the coin of the growth of the private rented sector is the growth in the numbers of private sector tenancies being brought to an end. While, as seen above, the great majority of moves are initiated by tenants, the ending of private sector assured shorthold tenancies (AST) are nonetheless the immediate cause of a substantial proportion of homelessness applications, and acceptances. In England they have typically represented some 14-15% of all homeless acceptances over the last decade, albeit with a temporary fall in 2009. However, as discussed in Chapter 5, the ending of ASTs as a cause of statutory homelessness appears to be on a strongly upward (absolute and relative) trajectory, particularly in the very 'active' housing markets of London and the South.

As in 2011, LA representatives interviewed this year highlighted housing market dynamics as critical to trends in statutory and family homelessness. In particular, booming demand for private sector tenancies and rising rents (see above), coupled with the growing impact of Local Housing Allowance restrictions (see Chapter 5), was reported as reducing the availability of privately rented dwellings accessible to low-income households. Also linked to this rising market was said to be this growing incidence of termination of AST tenancies as a cause of statutory homelessness. This rising market

<sup>170</sup> DCLG Housing Strategy Statistical Annex Returns. London: DCLG

<sup>171</sup> Scottish Government (2011) *Housing List Statistics from an Omnibus Survey*: <http://www.scotland.gov.uk/Topics/Statistics/Browse/Housing-Regeneration/HSfS/HousingListSurveyb>

was noted as a particular feature of both inner and outer London, and elsewhere in the South, and was feeding into growing difficulties for LAs in procuring properties for private sector leasing.

Also as in the 2011 interviews, key informants representing youth and single homelessness services generally reported in 2012 that, thus far, the extended recession had had little discernible impact on the profile of their client group or demand for their services. There were certainly no reports of the emergence of ‘middle class homelessness’. However, they did foresee a major negative impact of welfare reform (see Chapter 4). In keeping with the theoretical framework set out in Chapter 2, they tended to stress that benefit cuts would have a more direct impact on levels of homelessness and on homeless people than would the recession in and of itself. They nonetheless highlighted the indirect effects of deteriorating economic trends, identifying growing stress on family relationships as the main causal mechanism through which recessionary pressures and higher unemployment would impact on homelessness.<sup>172</sup> There was some indication that these lagged recessionary pressures were beginning to be felt:

*“I think that lag is catching up, yes. I think yes, definitely. We’re seeing people with reduced hours, which puts more pressure on the families. We’re seeing where one party has lost their job and the other one is trying to make up. So the whole tension within the household and then somebody then leaves school and the expectation of the family is that they should then be contributing rather than actually being a drain, which is the effect. Then that tension builds up, so yes, definitely.”*

(Senior manager, the North, youth homelessness service provider, 2012)

On the other hand, a general point made by representatives of organisations working with the most excluded street homeless groups, was that their position was already so extreme that there was relatively little margin for it to get much worse as a result of the recession:

*“We have always dealt with people at the bottom of the pile... we are not suddenly being overwhelmed with much needier groups of people.”*

(Senior manager, single homelessness service provider, London, 2012)

That said, this is precisely the group likely to be hardest hit by cutbacks in SP services (see Chapter 4). This means that the ‘recovery pathway’ was said to be becoming more difficult, as services were cut back or decommissioned. Moreover, several interviewees noted that, with rising unemployment, it was even more difficult to get their clients into work, as they are progressively ‘squeezed’ out of the entry-level jobs that they may otherwise have stood a chance of competing for. There was particular concern amongst the youth homelessness charities about the impact on their client group of rising long-term youth unemployment.

The next few subsections consider the specific interrelationship between mortgage arrears/repossessions, and rent arrears/evictions, and homelessness, as this is an area of particular policy and press interest.

### **Mortgage arrears and repossessions**

While both mortgage arrears and repossessions have risen sharply since 2007 (see Figure 3.9), the increase in repossessions has been far less marked than in the 1990s recession. Potential claims for possession issued to the courts actually started to rise after 2003 (Figure 3.10), as

<sup>172</sup> See also: Vaitilingham, R. (2009) *Britain in Recession: Forty Findings from Social and Economic Research*. Swindon: ESRC; Equality & Human Rights Commission (2009) *Monitoring the Impact of the Recession Various Demographic Groups*. London: EHRC; and Stafford, B. & Duffy, D. (2009) *Review of Evidence on the Impact of the Economic Downturn on Disadvantaged Groups*. London: DWP.

rising affordability ratios left more recent buyers exposed to unmanageable changes of circumstances, while there were no effective market or regulatory pressures on lenders to exercise any significant measure of 'forbearance'. However, the arrears numbers are shown in Figure 3.9 to have risen more sharply in response to the credit crunch and recession from 2007.

In practice, however, the combination of low interest rates and lender forbearance has so far held down the proportion of high arrears cases resulting in repossession. Lenders have been strongly encouraged by the Government to exercise forbearance, and this has been reinforced by new court protocols and the availability of advice to people with mortgage debt problems on court premises. It may also be argued that lenders have a considerable interest in forbearance in many cases, if there is a reasonable chance that the household will recover its financial position and also if houses are difficult to sell in the current market. This interest may be reinforced by the overall position of banks' balance sheets and the way they are assessed by the financial markets; there may be a disincentive to force the issue and reveal losses on mortgage and other loans.<sup>173</sup>

However, this is now expected by some to change, especially since the reduction in the standard interest rate applied for the Support for Mortgage Interest (SMI) scheme. While hitherto low interest rates have cushioned the impact of forbearance on lenders' finances, it is now the case that a higher proportion of claimants in receipt of SMI will be receiving financial support below the level that fully covers their contractual mortgage interest commitments.

The full effect of this change has yet, however, to be felt, not least as average

interest rates have continued to slowly fall, and under the new arrangements it will take a full 0.5% fall in average rates to trigger a change in the SMI rate. But if on the way down the lagging factor in changes to the SMI factor is beneficial to lenders and borrowers, once interest rates begin to rise the lagging factor will become more problematic.

Even without any change in lenders stance on the exercise of forbearance we might expect to see a further rise in repossessions going forward, especially given the still relatively high number of homeowners with high arrears that makes them vulnerable to repossession actions (albeit the numbers are declining and are much lower than in the period 1991/96).

In addition, the pattern of increased debt and arrears with lender forbearance raises the overall latent risk of overhang within the sector and there is widely argued to be a vulnerability to any increase in interest rates from their currently low levels. Statistical modelling of affordability problems among mortgaged home owners, suggests an elasticity of 2.3 linking such problems to interest rates (if interest rates rose by half, say from 4% to 6%, serious affordability problems would rise from 1% to 2.5% of mortgaged owners).<sup>174</sup> Similarly, this model showed that a doubling of unemployment could lead to a rise of 50% in serious mortgage affordability problems and ultimately to repossessions. If the forbearance process has created a much larger pool of households who are merely 'treading water' then the impact as this unwinds could be larger still.

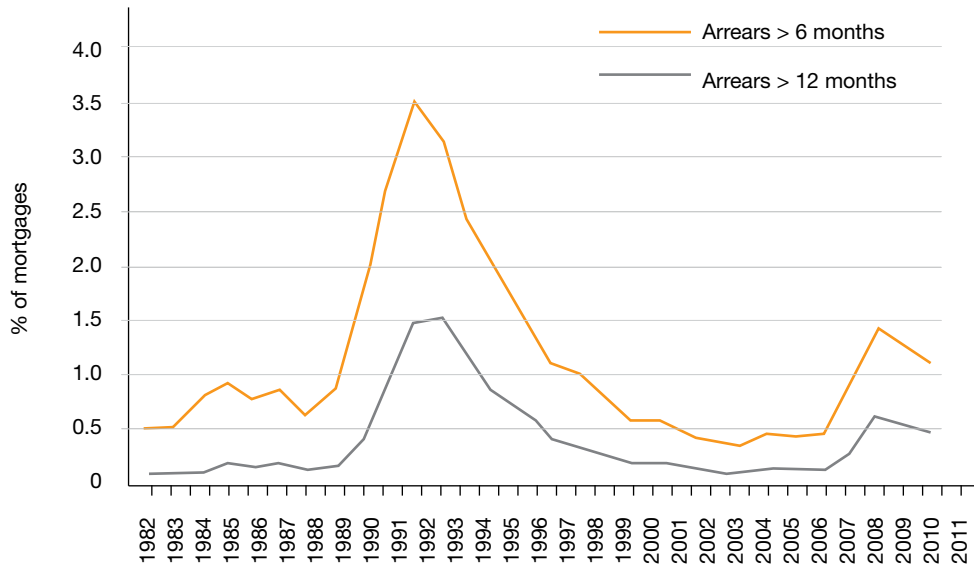
An econometric model based on aggregate data has shown that the level of possessions could be extremely sensitive to the level of interest rates, with more moderate

<sup>173</sup> Wilcox, S., et al. (2010) *Evaluation of the Mortgage Rescue Scheme and Homeowners Mortgage Support*. London: DCLG.

<sup>174</sup> See Bramley, G. (2011) *Affordability Criteria For Mortgage Lending: Household Panel Survey Evidence And Emerging Regulations In the UK*, paper presented at ENHR-EMF Housing Finance Workshop on Mortgage Markets, Brussels, March 2011, p. 20

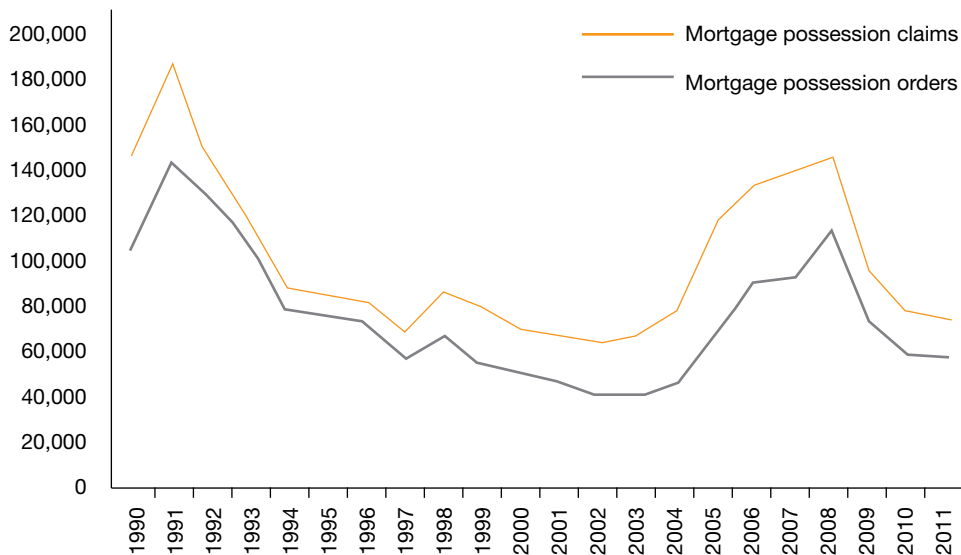


**Figure 3.9 – Mortgage arrears and repossessions, UK 1982-2011**

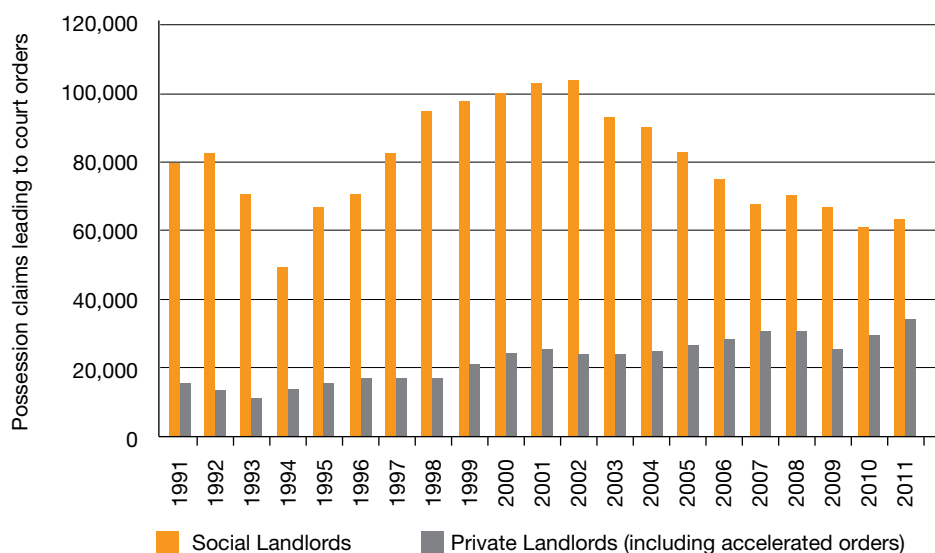


Source: DCLG Live Table 1300

**Figure 3.10 – Mortgage possession claims and orders, England and Wales 1990-2011**



Source: DCLG Live Table 1301

**Figure 3.11 – Landlord possession claims leading to court orders, England and Wales 1991-2011**

Source: Ministry of Justice mortgage and landlord possession statistics

sensitivity to other factors.<sup>175</sup> The same study suggested, as its central forecast, that while repossession levels are likely to remain at around 36,000 in 2012, they are then likely to rise in the next three years to 50,000 in 2015.

### Landlord possession actions

The drivers and dynamics for possession actions by social and private landlords are quite distinct from those relating to the mortgage market, and thus far there is no clear indication that they are strongly linked to economic or housing market pressures.

Indeed, levels of court orders obtained by both private and social landlords fell during the years of the post-1990 recession, and social landlord court orders declined substantially in the period from 2002. In contrast, there has been a rise in levels of private landlord court orders since 1994; but over the two decades from 1991 to 2011 the overall number of private landlord orders

(including accelerated orders in respect of shorthold tenancies) has risen less rapidly than the growth in the size of the sector (see Figure 3.11).

While for both types of landlord the dominant reason for seeking possession is rent arrears, it is not clear how strong the relationship is between rent arrears and the general state of the economy, given the intervening role of the housing benefit system has provided in terms of support for low income tenants. Indeed, rising numbers of social landlord court orders did closely follow a trend of rising rent arrears over the second half of the 1990s, which in turn was related to changes in the administration of housing benefit over the period.<sup>176</sup> Subsequently, a more important driver from the late 1990s at least until 2010 may have been the pressure to perform against 'Best Value' performance indicators and regulatory standards.

<sup>175</sup> Muellbauer, J. & Aron, J. (2010) *Modelling and Forecasting UK Mortgage Arrears and Possessions*. London: DCLG.

<sup>176</sup> See Pawson, H. (2005) 'Social landlords get tough? Investigating recent eviction trends in England', in *UK Housing Review 2005/2006*. Coventry: CiH and CML.

As shown in Table 3.1, there has been no discernible knock-on impact of the post-2007 recession for social housing rent arrears. More importantly, as shown in Table 3.2, the eviction rate recorded for the housing association sector has continued to reduce in recent years. Indeed, 2010/11 saw another marked reduction in housing association rent arrears evictions. The supposition must be that these trends reflect improved management of these problems and/or a strengthened policy focus on tenancy sustainment.<sup>177</sup>

### Unemployment, mortgage/rent arrears, and homelessness

As noted above, a range of intervening variables are likely to influence the relationships between unemployment, mortgage/rent arrears and homelessness. A key point to bear in mind is that, for homelessness to occur, two things have to happen simultaneously, (a) a person has to lose their current home (e.g. because of repossession or eviction), *and* (b) they have to fail to find another. In other words, not everyone who is repossessed or evicted necessarily becomes homeless.

As discussed in Chapter 5, both of these factors have only ever accounted for a small

**Table 3.1 – Rent arrears in social housing – year end current tenant arrears as % of rent due in year**

|                      | 2005/06<br>% | 2006/07<br>% | 2007/08<br>% | 2008/09<br>% | 2009/10<br>% | 2010/11<br>% |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Housing associations | 4.7          | 4.6          | 4.4          | 4.5          | 4.3          | NA           |
| Local authorities    | 2.4          | 2.4          | 2.2          | 2.1          | 2.1          | 1.9          |

Sources: DCLG; Housing Corporation/TSA. Note: Figures show median % for all landlords in each sector (although excluding housing associations managing less than 1,000 homes).

**Table 3.2 – Eviction trends in the housing association sector**

|         | Reason for eviction |                       |                           |       | Total evictions | Housing stock (000s) | Eviction rate |
|---------|---------------------|-----------------------|---------------------------|-------|-----------------|----------------------|---------------|
|         | Rent arrears        | Anti-Social Behaviour | Both rent arrears and ASB | Other |                 |                      |               |
| 2005/06 | 9,194               | 1,495                 | 346                       | 1,110 | 12,145          | 1,841                | 0.66          |
| 2006/07 | 8,661               | 1,421                 | 274                       | 1,028 | 11,384          | 1,927                | 0.59          |
| 2007/08 | 8,391               | 1,626                 | 455                       | 882   | 11,354          | 2,030                | 0.56          |
| 2008/09 | 8,456               | 1,518                 | 250                       | 1,006 | 11,230          | 2,097                | 0.54          |
| 2009/10 | 7,535               | 1,309                 | 214                       | 847   | 9,905           | 2,142                | 0.46          |
| 2010/11 | 7,188               | 1,364                 | 255                       | 928   | 9,735           | 2,217                | 0.44          |

Source: TSA – Statistical Release RSR 2011. Note 'Eviction rate' calculated as number of evictions as a percentage of total housing stock (i.e. general needs rented plus older persons dwellings).

<sup>177</sup> It should be noted that, because the Homes and Community Agency (HCA) has discontinued the collection of evictions statistics in housing association annual returns, the 2010/11 figure in Table 3.1 represents the final number in this series. Henceforward, it will be necessary to look to the CORE lettings dataset for a proxy estimate of HA evictions – although because this will inevitably understate the true numbers, such estimates will not be directly comparable with the administrative figures included in Table 3.1.

minority of statutory homeless acceptances, with rent arrears evictions peaking at only 3% of all acceptances in the two most recent recessions, and remaining at that level throughout the current downturn.<sup>178</sup> In the last major economic downturn mortgage arrears peaked at 12% of statutory acceptances, in 1991, but in the current downturn they have stayed steady at around 3-4% of homeless acceptances (see Chapter 5).

This may seem surprising given that, as noted above, these would appear to be the causes of homelessness most obviously associated with economic weakness (via job losses or short time working). However, as in 2011, homelessness officers in a range of LA areas confirmed that they had seen little direct effect of rising unemployment via increased rent arrears-related evictions or mortgage repossession cases:

*“We know the court figures for repossessions are rising but it’s not showing up for us.”*  
(LA homelessness officer, the South, 2012)

*“We just don’t see people with mortgage arrears [amongst homelessness applicants]. The numbers are still miniscule.”*  
(LA homelessness officer, London, 2012)

Very similar comments were made in Scotland and Wales.<sup>179</sup> with most interviewees taking the view that the affected households were managing to avoid statutory homelessness by finding their own solutions via family and friends, or by securing a private tenancy. Thus, the changing nature of the UK housing market, and in particular the substantial growth in the PRS as a ‘flexible’ tenure, as discussed above, is clearly

important in this context. That said, it may be the case that such arrangements in the PRS, or with family and friends, secured by those evicted or repossessed may simply be short-term ‘fixes’, providing only a temporary respite from homelessness rather than preventing it (see points above about ending of AST as a growing cause of statutory homelessness, and Chapter 5).

### 3.6 Migration trends

The level and type of (net) inward migration can impact on local housing markets in such a way to increase (or decrease) housing demand in general or for specific types of properties. Recent migrants – if they lack access to welfare support in their host country – can be particularly vulnerable to homelessness and destitution in the event that they fail to find work or lose their job (see Chapter 2).

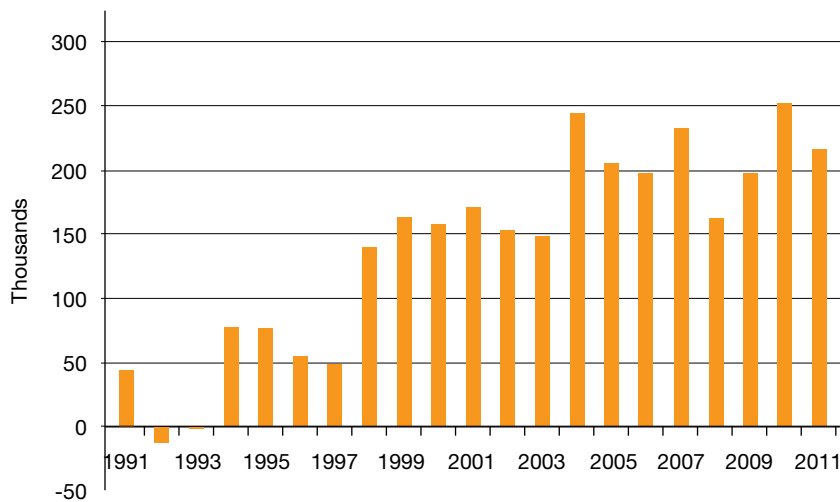
Since 2001 net migration into the UK has become much more significant and was the main driver of population change 2001/11, which in turn underpinned increasing household numbers and housing demand. Annual net migration figures are quite volatile, as they are a net measure of the difference of two much larger flows of inward and outward migration. Every year since 2002 inward migration to the UK has exceeded 500,000, while outward migration has exceeded 300,000, and in 2008 exceeded 400,000. In the year to December 2011 provisional figures show net migration in to the UK falling back to 216,000 from a peak level of 252,000 in 2010 (see Figure 3.12).

The major new factor affecting UK migration rates over the last decade was the influx of workers from the CEE ‘A8’ countries admitted to the European Union (EU) in 2004.<sup>180</sup> There was an initial surge in A8 immigration in

<sup>178</sup> It is worth noting that evictions less important as a cause of eviction in UK than in most other countries, probably reflecting the protective role of HB, but also possibly that some rent arrears related-evictions are ‘disguised’ as ending of fixed-term tenancies. See Busch-Geertsema, V. & Fitzpatrick, S. (2008) ‘Effective homelessness prevention? Explaining reductions in homelessness in Germany and England’, *European Journal of Homelessness*, 2: 69-95

<sup>179</sup> Scotland and Wales Monitors will be available to download free of charge from <http://www.crisis.org.uk/policy-and-research.php>

<sup>180</sup> The A8 countries are Poland, Lithuania, Estonia, Latvia, Slovenia, Slovakia, Hungary and the Czech Republic.

**Figure 3.12 – Net Migration to the UK**

Source: ONS Migration Statistics

2004, with a further rise peaking in 2007. Subsequently, A8 arrivals have fallen while departures have risen, so that in 2011 the net inflow was 40,000, compared to 87,000 in 2007.<sup>181</sup>

Whether the UK will continue to attract sufficient CEE migrants to offset departures is an open question over the medium term. Potentially important is the change in May 2011 when Germany and other countries opened their borders to A8 migrant workers previously denied free access by ‘transitional protection’ rules that have now lapsed. Given the geography of Europe and the relative robustness of some continental European economies, it seems highly likely that Britain will be less attractive to A8 migrant workers from now on. May 2011 also saw the UK extending welfare benefits provision for A8 migrants over and above the highly restricted entitlements they had during the ‘transitional period’ (though nationals from the CEE

‘A2’ countries admitted to the EU in 2007 – Bulgaria and Romania – continue to face additional restrictions and usually require authorization to work in the UK).<sup>182</sup>

While in a number of our case study areas, CEE and other migration had had no discernible effect on homelessness, it was clearly a crucial factor in central London in particular, where CEE migrants have accounted for a large and growing number of rough sleepers in recent years. In 2011, one key informant anticipated a ‘political’ issue in the near future when fewer than half of the rough sleepers in the capital will be from the indigenous population. As Chapter 5 reports (see Table 5.1), that milestone has since been reached, with only 45% of rough sleepers enumerated in the capital now UK nationals, and over half of the remainder CEE migrants.<sup>183</sup>

In some urban areas outside of London it was also reported that there had been significant

<sup>181</sup> Long term international migration tables, ONS website. <http://www.statistics.gov.uk/statbase/Product.asp?vlnk=15053>

<sup>182</sup> Accession State Nationals [http://www.housing-rights.info/02\\_7\\_A8\\_nationals.html](http://www.housing-rights.info/02_7_A8_nationals.html)

<sup>183</sup> Broadway London <http://www.broadwaylondon.org-CHAIN-NewsletterandReports.html>

CEE migration over the past few years, and that this had contributed to a rise both in street homelessness and the numbers using 'cold weather accommodation' and outreach provision. While in both London and elsewhere there are now 'reconnection schemes'<sup>184</sup> to assist destitute CEE nationals to return to their countries of origin, some migrants are reluctant to take up this option.

It is clear that in order to meet the 2012 target to end rough sleeping in London (see Chapter 2), the problem of destitute CEE and other migrants requires to be addressed, as has effectively been acknowledged by current Government<sup>185</sup> (see Chapter 4). While it might have been anticipated that the recent easing of benefit restrictions would have reduced the scale of rough sleeping amongst A8 nationals in the UK, in fact the growth in their numbers has accelerated over the past year (see Chapter 5). This may be, in part, because many of those sleeping rough struggle to fulfil the ongoing 'habitual residence' test, and so remain outside the welfare safety net.<sup>186</sup> That said, a number of both our LA and voluntary sector interviewees reported that they were seeing an increased number of A8 migrants using their services, implying that at least some are successfully securing access to welfare benefits and housing support.

In any case, there are likely to be continuing problems of homelessness and destitution amongst refused asylum seekers, 'irregular' migrants and other migrants who have 'no recourse to public funds' (NRPF), and therefore have to rely on faith communities and other purely charitable support to meet their essential living needs while they are in the UK.<sup>187</sup> Even most emergency accommodation is inaccessible to this

NRPF group, as well as to ineligible CEE migrants, as the funding model for such accommodation in the UK usually relies on individual residents' eligibility for Housing Benefit (as a key tool of the welfare safety net). Consequently, 'assisted voluntary return' to their home country is often considered to be the most realistic option to avoid their sleeping rough.<sup>188</sup>

### 3.7 Key points

- In last year's Monitor we predicted that the impact of the economic downturn on homelessness was likely to be lagged and diffuse, often operating through 'indirect' mechanisms such as additional strain on family relationships. There is evidence emerging of these lagged recessionary effects beginning to be felt, and with the economy having flat-lined over the past year those effects will be more strongly felt in the coming years. But the ongoing benefit cuts are likely to have a much more direct impact on homelessness than the economic downturn in and of itself.
- The last major housing market recession actually *reduced* homelessness because it improved affordability in the owner occupied sector, which in turn freed up additional social and private lets. However, no such benign impact of the housing market is evident in this current recession, with levels of lettings available in the social rented sector now much lower (due to the long term impact of the right to buy and continued low levels of new supply), and continuing constraints on mortgage availability also placing increasing pressures on the rented sectors.

<sup>184</sup> Homeless Link Reconnection Portal [www.reconnect.homeless.org.uk](http://www.reconnect.homeless.org.uk)

<sup>185</sup> DCLG (2011) *Vision to End Rough Sleeping: No Second Night Out Nationwide*. London: DCLG.

<sup>186</sup> Crunch Consulting Ltd (2011) *Homeless Link Scoping Project on the Prevention of Rough Sleeping among Central and Eastern European Migrants in England*. [http://www.feantsa.org/files/freshstart/Communications/Flash%20EN/Docs\\_relating\\_to\\_Flash\\_2011/October/CEE\\_Rough\\_Sleeping\\_Prevention\\_Scoping\\_Project\\_Report\\_HOMELESS\\_LINK\\_2011.pdf](http://www.feantsa.org/files/freshstart/Communications/Flash%20EN/Docs_relating_to_Flash_2011/October/CEE_Rough_Sleeping_Prevention_Scoping_Project_Report_HOMELESS_LINK_2011.pdf)

<sup>187</sup> McNaughton-Nicholls, C. & Quilgars, D. (2009) 'Homelessness amongst minority ethnic groups', in Fitzpatrick, S., Quilgars, D. & Pleace, N. (eds.) *Homelessness in the UK: Problems and Solutions*. Coventry: CiH.

<sup>188</sup> Homeless Link Reconnection Portal [www.reconnect.homeless.org.uk](http://www.reconnect.homeless.org.uk)

- Although much of the anxiety surrounding recessionary impacts on homelessness focuses on repossessions consequent on rent and mortgage arrears, these factors continue to account for only a very small proportion of all statutory homelessness cases. The combined impact of low interest rates and lender forbearance has thus far held down the proportion of mortgage arrears cases resulting in repossession in the current recession (although they are now forecast to rise over the next three years), while rent arrears levels do not appear closely tied to general economic or housing market conditions. Qualitative evidence indicates that most repossessed households manage to find at least an interim solution via family or friends, or by securing a private tenancy.
- Linked with this, it is clear that private renting has become increasingly important both as a solution to homelessness (by absorbing some of those who might otherwise become homeless) and also as a cause of homelessness (with loss of ASTs accounting for a rapidly growing proportion of statutory acceptances over the past year, particularly in London and the South). The ability of the sector to house those who are homeless and/or on low incomes is of course heavily dependent on HB and will therefore be fundamentally shaped by the Government's welfare reforms.
- CEE and other migrants have had a growing influence on rough sleeping trends in England in recent years, particularly in London. While the problem of destitution amongst migrants might have been expected to have eased by now, in light of changing migration patterns and an extension of welfare assistance to some A8 nationals, in fact the number of migrants sleeping rough in London expanded substantially over the past year.

## Chapter 4: Coalition Government policies potentially impacting on homelessness in England

### 4.1 Introduction

Chapter 3 considered the homelessness implications of the post-2007 economic downturn, which straddled the end of the Labour era and the Coalition Government's term in office. This chapter now turns to review policy developments under the Coalition Government that might be expected to affect homeless groups and those vulnerable to homelessness either immediately or over the next few years.

We begin by considering the homelessness policies of the current Government, and in particular the Ministerial Working Group on Homelessness, before examining broader policy agendas that are likely to impact significantly on homelessness. These include, most importantly, the ongoing welfare reform agenda and the 'Localism' agenda, particularly its housing-related dimensions. This discussion is informed by the causal framework set out in Chapter 2, and also by insights derived from our repeated qualitative interviews with key informants from homelessness service providers across England. In Chapter 5 we assess whether the potential policy impacts highlighted in this chapter, are as yet evident in trends in national datasets.

### 4.2 Homelessness Policies

The high policy priority given to street homelessness under the Labour administrations has continued under the present Coalition Government, and is particularly associated with the work of the Ministerial Working Group on Homelessness

(MWG), chaired by the Housing Minister. The MWG brings together eight departments with responsibility for issues that affect homeless people, and has published two reports to date.

The first MWG report, published in July 2011,<sup>189</sup> was focused on rough sleepers and those at risk of rough sleeping. The report reiterated the Government's commitment to work together across departments and with voluntary sector partners to 'end rough sleeping' in England, although no target timescale was specified. The report was, however, explicitly supportive of the Mayor of London's commitment to end rough sleeping in the capital by 2012, with this strategic target defined as follows:

*"By the end of 2012 no one will live on the streets of London and no individual arriving on the streets will sleep out for a second night."*<sup>190</sup>

This first MWG report made a series of commitments on improved access to healthcare and employment support for homeless people, including early access to the Work Programme. Help was also promised to local authorities with significant numbers of migrant rough sleepers to assist in reconnecting them with their home countries. There was a major devolution of responsibility and funding to the Mayor of London to assist with the work of the London Delivery Board (LDB) in its efforts to end rough sleeping in the capital via a pan-London approach.<sup>191</sup> In addition, Homeless Link was made responsible for a new £20million

<sup>189</sup> DCLG (2011) *Vision to End Rough Sleeping: No Second Night Out Nationwide*, London: DCLG.

<sup>190</sup> Hough, J., Jones, A. & Lewis, H. (2011) *No Second Night Out: An evaluation of the first six months of the project*; <http://www.nosecondnightout.org.uk/wp-content/uploads/2012/01/NSNO-6-month-review-Final.pdf>

<sup>191</sup> Note, however, that several of our London-based key informants commented on the relative powerlessness of the LDB to 'corral the [London] Boroughs', so that achieving consistency in policy and practice across the capital, and the provision of pan-London resources, remains very difficult. One example given was the refusal of the Westminster City Council to adopt the NSNO protocol.



'Homelessness Transition Fund' to fund voluntary organisations to deliver strategic rough sleepers services across England, and Crisis was granted £10.8 million to fund voluntary sector schemes to improve access to the PRS for single homeless people.

The centrepiece of the first MWG report was a commitment to a national roll-out of the 'No Second Night Out' project (NSNO), first piloted in London in 2011, and central to the Mayor of London's strategy to end rough sleeping in the capital. The NSNO model is focused on ensuring, via better intelligence and public awareness, a rapid outreach response to people rough sleeping in London for the first time.<sup>192</sup> Integral to the model is the notion of a 'single service offer', intended to be a credible and realistic alternative to rough sleeping, based on an assessment of each individual's needs, and made consistently by all agencies they come into contact with.<sup>193</sup> This offer most often comprises arrangements to 'reconnect' rough sleepers back into accommodation and services in their home locality (either in the UK or overseas),<sup>194</sup> where it is argued that they will be most likely to have access to social networks and other forms of support.<sup>195</sup>

An initial evaluation of the NSNO project in London reported that the programme had been highly successful in supporting many new rough sleepers to move off the streets more quickly,<sup>196</sup> albeit that the authors noted the limited nature of the data available on the sustainability of reconnection outcomes (while 24% of clients were found still to be in accommodation three months after their

reconnection, and only 1% had returned to rough sleeping, outcomes were unknown for 75%).<sup>197</sup> Nonetheless, statistical data reviewed in Chapter 5 indicates that NSNO appears to have been successful in reducing the proportion of new rough sleepers who move onto become long-term rough sleepers in the capital.

The second MWG report, published in August 2012,<sup>198</sup> focuses on homelessness prevention, with the emphasis on 'making every contact count' with public and voluntary sector services, in recognition of the fact that homelessness is often the culmination of a succession of crises that should, in themselves, have prompted preventative action by these agencies.<sup>199</sup> It lays down 'ten local challenges' to LAs and their voluntary sector partners to deliver a 'gold standard service', covering matters such as the adoption of a corporate commitment and strategy to prevent homelessness at LA level, the local establishment a range of good practice models (a Housing Options service; NSNO project; Mortgage Rescue Scheme; and 'housing pathways', including appropriate accommodation and support, and a suitable PRS 'offer', for each client group), and the avoidance of the use of B&B accommodation for 16-17 year olds and families with children.

While also covering homeless families and young people at risk of homelessness, this second report continues a strong focus on rough sleeping, reporting on the adoption of NSNO by three areas outside of London in 2011/12, and the commitment of another ten areas to launch their own NSNO service

<sup>192</sup> For more information about No Second Night Out see <http://www.nosecondnightout.org.uk/about-us.html>

<sup>193</sup> If rough sleepers refuse the single service offer limits may be imposed on their access to local services.

<sup>194</sup> Homelessness Link (2011) *Effective Action to End Homelessness: Reconnecting Rough Sleepers*. London: [http://homeless.org.uk/sites/default/files/Reconnection%20Guidance\\_29November11.pdf](http://homeless.org.uk/sites/default/files/Reconnection%20Guidance_29November11.pdf)

<sup>195</sup> Homeless Link Reconnection Portal <http://www.reconnect.homeless.org.uk/>; Routes Home <http://www.thamesreach.org.uk/what-we-do/routes-home/>

<sup>196</sup> Hough, J., Jones, A. & Lewis, H. (2011) *No Second Night Out: An evaluation of the first six months of the project*. London: <http://www.nosecondnightout.org.uk/wp-content/uploads/2012/01/NSNO-6-month-review-Final.pdf>.

<sup>197</sup> Note that Crisis has recently funded a longitudinal evaluation of the effectiveness and ethicality of reconnections schemes for rough sleepers in England. This study is being undertaken by Heriot-Watt University and University of York, and will report in summer 2013.

<sup>198</sup> DCLG (2012) *Making Every Contact Count: A Joint Approach to Preventing Homelessness*. London: DCLG: <http://www.communities.gov.uk/publications/housing/makingeverycontactcount>

<sup>199</sup> Fitzpatrick, S., Bramley, B. & Johnsen, S. (2012) 'Pathways into multiple exclusion homelessness in seven UK cities', *Urban Studies*, doi: 10.1177/0042098012452329

in 2012/13. Mention is also made of national rough sleeper reporting line (to be put in place by Christmas 2012), and investment in a £5 million ‘Social Impact Bond’<sup>200</sup> focused on sustaining better long-term outcomes for ‘regular’ rough sleepers in London.<sup>201</sup>

The targeted initiatives undertaken by the MWG have generally been welcomed (albeit that this second MWG report remains rather short of specifics, or at least of specific initiatives which are new),<sup>202</sup> but these have to be viewed in the context of much larger structural changes in welfare and housing policies which are likely to be very damaging to those who are homeless or vulnerable to homelessness. For example, while the second MWG report focuses (helpfully) on earlier intervention with young people at most risk of homelessness and exclusion, and presents a useful ‘positive youth accommodation pathway’, this is the very age group targeted for the heaviest cuts in welfare and housing benefits being introduced under the Government’s radical reform agenda (see below). Likewise, single homeless people and rough sleepers will be amongst the groups most acutely affected by the cuts to SP services discussed later in this chapter.

However, over and above the policy initiatives discussed above it is also important to acknowledge the Government’s commitments on homelessness funding. In contrast with most DCLG spending programmes, support for local authority homelessness prevention projects has been largely protected at levels close to

those established under the pre-2010 Labour Government. Hence, Ministers have allocated £100 million per annum to this area of activity, running forward for the remainder of the current Spending Review period in 2014/15.<sup>203</sup>

Associated with this there has been a substantial increase in the budget for Discretionary Housing Payments (DHPs).<sup>204</sup> Welcome though this may be, however, it has been reasonably argued that ‘the money available will in no way meet demand’ arising from the full implementation of HB reductions in 2013-14.<sup>205</sup> The provisions for DHPs are discussed in more detail below.

### 4.3 Welfare reforms

Given that social security systems, and especially housing allowances, are what usually ‘break the link’ between losing a job or persistent low income and homelessness (see Chapter 2), the welfare reforms proposed by the Coalition Government are likely to be highly relevant to homelessness trends. The most important reforms relate to:

- Housing Benefit (HB) and Local Housing Allowance (LHA) reforms;
- Universal Credit and benefit caps;
- Work Programme (WP) and increased conditionality; and
- Discretionary Housing Payments and the Social Fund.

<sup>200</sup> A ‘Social Impact Bond’ (SIB) is a contract with the public sector in which expected public sector savings are used as a basis for raising investment for prevention and early intervention services that improve social outcomes. The homelessness SIB will use a ‘Payment by Results’ model to reward providers who manage to move rough sleepers off the streets quickly and resettle them effectively. This SIB will be managed by the GLA from April 2013 and will reward outcomes (e.g., sustained housing, improved health, employment, etc.) delivered for a group of approximately 700 longer-term rough sleepers who are neither new to the streets nor entrenched.

<sup>201</sup> DCLG (2012) *Grant Shapps: New £5m ‘payment by results’ deal to get rough sleepers off London’s streets*; Press Notice 7 March <http://www.communities.gov.uk/news/corporate/2100913>

<sup>202</sup> It should also be noted that the Government’s Social Justice Strategy has a (well-informed) focus on ‘adults facing multiple disadvantages’, many of whom will have experienced homelessness. DWP (2012) *Social Justice: Transforming Lives*. London: DWP. <http://www.dwp.gov.uk/docs/social-justice-transforming-lives.pdf>. See also: Revolving Doors and Making Every Adult Matter Coalition (MEAM) (2011) *Turning the Tide: A Vision Paper for Multiple Needs and Exclusions*. London: <http://www.meam.org.uk/vision-paper>; and McDonagh, T. (2011) *Tackling Homelessness and Exclusion: Understanding Complex Lives*. York: JRF.

<sup>203</sup> Pawson, H. & Wilcox, S. (2012) ‘Housing Expenditure Trends and Plans’, in *UK Housing Review 2010/11*. Coventry: CiH.

<sup>204</sup> DHPs are top-up housing benefit payments to close or eliminate the gap between a household’s LHA entitlement and the rent being demanded by their landlord.

<sup>205</sup> McDonald, S. (2012) ‘The True Costs’, *Inside Housing*, 10 August: <http://www.insidehousing.co.uk/home/blogs/the-true-costs/6523182.article>

### Housing Benefit and LHA reforms

The LHA was introduced under Labour in 2008 with a number of objectives. Allowances for private tenants were to be set based on standard rates for the accommodation of the size deemed appropriate for the size of the household, in the broad locality of the dwelling (the Broad Rental Market Area or BRMA), rather than a complex assessment of the reasonable market rent for the individual dwelling, and the 'local reference rent' for the locality. In practice, the Government introduced as part of the LHA scheme a provision that the maximum payment to a claimant should be no more than £15 above the level of their contractual rent.

The LHA regime was intended to be simpler and more transparent than the previous regime, and at the same time to provide tenants with greater choice – and responsibility – when moving into private dwellings when applying for, or in receipt, of housing benefit.

A further feature of the LHA is that it should generally be paid direct to the claimant, rather than to the landlord, albeit with provisions for direct payments to landlords in the event of rent arrears, or with respect to tenants assessed as 'vulnerable'. The payment via client system provoked widespread landlord concern; with suggestions that this aspect of the new framework would result in claimants' access to housing being debarred.

Overall, however, the years following the roll out of the LHA in fact saw a very substantial rise in the numbers of claimant households securing private tenancies. Numbers rose from 923,000 in May 2007 to 1,455,000 by May 2010.<sup>206</sup> While the numbers of claimants in the PRS had already started to grow from 2003, post-2007 the rate of growth rapidly accelerated.

Factors underlying this trend included the wider growth of the PRS, the constraints on the availability of social rented dwellings, and the proactive policies of English local authorities in supporting access to the PRS for those threatened with homelessness (see Chapter 5). Nonetheless, the rapid growth in claimant numbers in the PRS following the introduction of the LHA put into context previous landlord assertions that LHA payments to claimants would trigger a collapse in provision.

In practice, the sharp rise in the numbers of claimants securing accommodation in the growing PRS led to government concerns about the overall costs of the LHA regime. Coupled to this were concerns that the transparent LHA rates in more expensive parts of the country (and in particular in parts of inner London) were enabling claimants, at substantial cost to the state, to secure accommodation that could not be afforded by working households on moderate earnings.<sup>207</sup>

Those issues were initially set out in a consultation paper issued by the previous Government ahead of the 2010 election. However, these were swiftly taken up by the incoming Coalition Government, in the broader context of its determination to cut public expenditure, with a particular emphasis on achieving economies in the welfare budget. Added to the concerns about the equity of a scheme enabling claimants to live in high value areas, Ministers also argued that the LHA regime had led to landlords increasing their rents to take advantage of the scheme.

With only minor changes, the Coalition Government pressed ahead with its planned reforms to the HB and LHA regimes for tenants in the social and private rented sectors, as originally outlined in 2010. The only major concession to lobbying pressure was to drop the proposed 10%

<sup>206</sup> DWP (2011) *DWP Housing Benefit and Council Tax Benefit Statistical Summary*. London: DWP.

<sup>207</sup> Walker, B & Niner, P. (2010) *Low Income Working Households in the Private Rented Sector*. London: DWP

'benefit penalty' for claimants remaining on Jobseeker's Allowance for more than 12 months. As from April 2011:

- LHA rates for private tenants are based on 30th percentile rather than median market rents (with limited transitional protection for existing tenants);
- The maximum payment for private renters is the actual rent if it is below the LHA rate (i.e. removing the financial incentive for claimants to 'shop around' for 'below-rate' rents);
- National caps apply to the LHA rates (£250-£400 depending on the number of bedrooms required by the claimant household);
- The maximum LHA rate is reduced to the four-bedroom rate; and

- Non-dependent deductions uprated for both private and social tenants.

The three key changes implemented from later dates are as follows:

- In January 2012 the 'shared accommodation rate' (SAR) (formerly 'single room rate') was extended to single claimants aged 25-34, as well as to those under 25;
- From 2013 periodic uprating of LHA will be based on the Consumer Price Index (CPI) rather than on local rents; and
- From April 2013, social tenants of working age in receipt of housing benefit and also 'under-occupying' their homes will be subject to penalty benefit cuts to encourage them to move to an 'appropriate size' dwelling.

Figure 4.1 – Timetable for introduction of major reforms

| Date of introduction | Measures   |
|----------------------|--|
| April 2011           | Lower (30th percentile) LHA rates and national LHA per week caps for new claimants.  |
| January 2012         | Lower LHA rates and caps apply to existing claimants as their claims are renewed over the year.<br>Extension of SAR to single claimants aged 25-34, as well as to those under 25.            |
| April 2013           | Under-occupation limits for social sector tenants.<br>Lower LHA rates basis for limits on temporary accommodation for homeless households.<br>Maximum benefit cap for out of work claimants. |
| October 2013         | Universal Credit for new claimants.  |
| April 2014           | Phased transfer of existing claimants to Universal Credit, over four years.  |

The Government has also modified the presumption that housing allowance payments should in the first instance be paid to claimants, and only be paid to landlords in cases where there are rent arrears, or the claimant is vulnerable. It currently allows payments direct to landlords if they agree to reduce their rent to match the lower LHA rate. However, this provision is only temporary and the wider principle of direct payments will be reconsidered in the context of the Universal Credit scheme (see below).

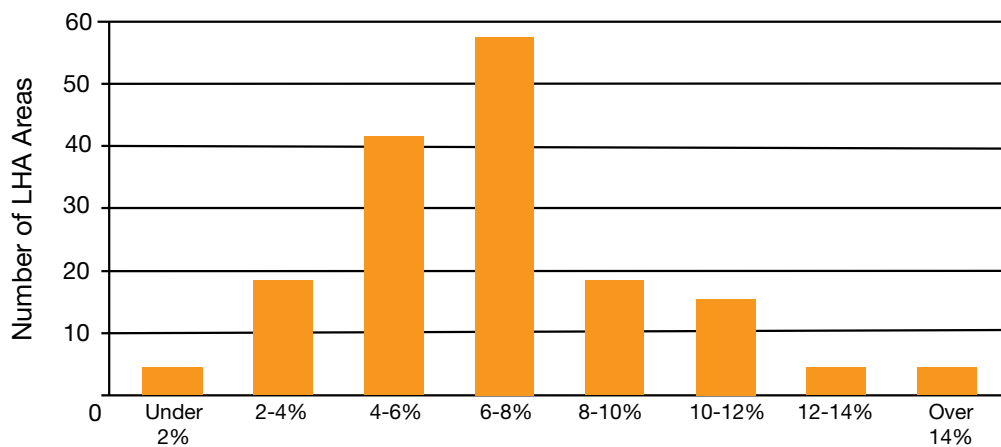
There are transitional arrangements to slightly defer the impact of the new regime on existing claimants. Those transitional provisions, and the ameliorating impact of the increased budgets for LA DHPs, mean that the effects of the new regime will be seen gradually over the current and coming years, rather than as a 'big bang'.

A time line for the new welfare reform provisions is set out in Figure 4.1

The LHA reductions outlined above have been widely predicted as having a very marked impact on the capacity of benefit-dependent households to secure PRS accommodation, particularly in parts of inner London where the national caps will sharply reduce the maximum LHA rate. A leaked letter from a DCLG civil servant to Downing Street even estimated that 40,000 additional families would be made homeless by the reforms.<sup>208</sup>

However, it should be noted that the difference between the 30<sup>th</sup> percentile and median based LHA rates is relatively modest in many areas,<sup>209</sup> as variations in rent levels within the market are relatively compressed (see Figure 4.2). Landlords seem most likely to reduce rents to the new maxima in these areas where the difference between the median and 30th percentile rates is small, where claimants form a large proportion of the demand group for available private lettings, and where competition from other households is limited.

Figure 4.2 – Difference 30th percentile and median LHA rates



Source : Valuation Office. 1 bed rates for June 2010

<sup>208</sup> Boffery, D & Helm, T. (2011) Eric Prickles warns David Cameron of rise in homeless families risk', *The Guardian*, 2nd July: <http://www.guardian.co.uk/politics/2011/jul/02/eric-pickles-david-cameron-40000-homeless>

<sup>209</sup> DWP (2010) *Impacts of Housing Benefit proposals. Changes to the Local Housing Allowances to be Introduced in 2011/12*. London: DWP.

There is considerable uncertainty, and conjecture, about the extent to which landlords might be prepared to reduce rents in line with the lower LHA rates, and thus continue to supply lettings to claimants without any (further) call on their non-LHA disposable incomes. A coherent set of estimates of the likely impacts of the scheme were set out in a Cambridge University report,<sup>210</sup> that in turn took as its starting point evidence from the evaluation of the LHA pathfinders that ran for two years before the LHA scheme was rolled out nationally.<sup>211</sup>

The LHA evaluation found where the LHA rate was lower than the contractual rent that one in six landlords had reduced the rent charged. In just over a half of all cases the tenant made up the shortfall between the LHA and the rent, while almost 30% failed to do so. In half of the latter cases the resulting rent arrears did not lead to any landlord action; and thus there was *de facto* acceptance of the lower level of rent set by the LHA rates. Overall, the Pathfinder evaluation suggests that just over 30% of all landlords had been explicitly (16%), or implicitly (15%), prepared to reduce their rents in response to LHA rates.

While this survey data is the best available on 'landlord behaviour' consequences of the LHA system it cannot conclusively show how landlords will react to the changes to the LHA regime now proposed, which involve a substantial reduction in LHA rates, and take effect in a very different market context.

When the LHA regime was first introduced claimants comprised just over a quarter of all households in the PRS; by 2010 the proportion was one third.<sup>212</sup> At the same time, the changing housing market conditions, the acute mortgage constraints on access to

owner occupation, and the continuing shortfall in new house building rates, have added to the competitive pressures within the PRS.

As noted above, in order to encourage landlords to reduce rent charged to claimants the government introduced a temporary measure whereby housing benefit could be paid direct to the claimant in cases where the landlord agreed to reduce the contractual rent to match the new lower LHA rate. While this measure will reinforce the likelihood of landlords responding to lower LHA rates, the extent of that response cannot be precisely predicted. Within that context there is, however, agreement that the landlord response will vary from area to area depending on local market conditions, and the degree to which landlords have choice in securing tenants not reliant on housing benefit. Given that the proportion of claimants within local private rented markets ranges from less than 10% to over 80% then a similarly marked local variation in landlord responses to the new regime might also be anticipated.<sup>213</sup>

In the medium term there are also concerns about the greater constraints on access to the PRS for claimants that would result if private rents increase more rapidly than the LHA rates are uprated by the CPI. While over the last decade private rents have increased more rapidly than the CPI the future relationship cannot be predicted with any certainty. Moreover, the technical definition of the CPI is also due to be revised in the near future to include an element related to home owners housing costs, and the Government has also acknowledged that CPI uprating cannot be left to run for many years before there is a more fundamental review of LHA rates.<sup>214</sup> This will, however, clearly be an important feature of the new LHA regime to monitor in the years ahead.

<sup>210</sup> Fenton, A. (2010) *How Will Changes to Local Housing Allowance Affect Low-income Tenants in Private Renting?* Cambridge: Cambridge Centre for Housing and Planning Research.

<sup>211</sup> Rhodes, D. & Rugg, R. (2006). *Landlords and Agents in the Private Rented Sector: the Baseline Experience in the LHA Pathfinders*, London: DWP.

<sup>212</sup> DWP (2011) *DWP Housing Benefit and Council Tax Benefit Statistical Summary*. London: DWP; DCLG (2011) *Table 104, Live Tables*.

<sup>213</sup> Wilcox, S. (2011) *Constraining Choices: the housing benefit reforms in UK Housing Review 2010/2011*. Coventry: CiH.

<sup>214</sup> House of Commons (2010) *Changes to Housing Benefit announced in the June 2010 Budget*. Second Report of the Work and Pensions Committee, House of Commons. London.

### Statistical evidence on the early impacts of the new LHA regime

While only limited initial results are currently available from the formal evaluation of the new LHA regime,<sup>215</sup> administrative data is available on changes in numbers of claimants and average claims up to August 2012. By that time the new LHA regime has been operating for just over twelve months, and since the beginning of 2012 its provisions have also begun to impact on existing claimants as their periods of transitional protection unwind.

The first point to note is that the numbers of HB claimants able to secure (or sustain) accommodation in the PRS have continued to grow under the new regime, albeit at a slower rate than in the previous year. This has been the case not just for Great Britain as a whole, but across all the regions of England including London. It is only in the inner London areas subject to the caps that numbers of claimants have fallen.

There was a particularly sharp rise in the number of HB claimants between May 2009 and 2010, from 1,211,000 to 1,455,000. In the year to May 2011 the number of claimants rose by a further 97,000 (to 1,552,000). In the last year to May 2012 the number of claimants rose by a further 94,000 (to 1,646,000). But in the following quarter (to August 2012) the rate of growth slowed, increasing by just 8,000 to 1,654,000.

These figures cannot be crudely taken to suggest that the new LHA regime has had only a marginal impact on the ability of low-income households to gain access to the private rented sector. Other factors need to be taken into account in a more detailed evaluation, including the continuing growth of the PRS sector as a whole, the continuing restrictions on access to the social rented

sector, and the 6% rise in overall claimant unemployment over the twelve months to May 2012.

A further factor is the sharp rise in the numbers of in work households claiming housing benefit.<sup>216</sup> While no breakdown is available by tenure in the two years to May 2012 the increase in the numbers of working (and non-passported) HB claimants rose by 252,000, and this represented 90% of the overall rise in claimant numbers over that period.

While a detailed evaluation is required to provide a full assessment of the causes of that change, there are a number of likely contributory factors. Slow earnings growth in the post credit crunch years, and increased levels of part time employment are two factors to take in account, as are above inflation rises in both social sector and private rents. There is also a possibility that those contextual factors, plus perhaps all the publicity around the LHA and related reforms, have led to some increase in the take up rate for HB by working households.

Nonetheless the continuing growth in the numbers of HB claimants in the PRS post the LHA reforms does require some circumspection, at this point in time, in respect of claims that the new 30<sup>th</sup> percentile based regime is – yet – significantly impacting on low income households capacity to access the sector across the country.

Less circumspection is required with respect to the impact of the LHA reforms on the areas of central London subject to the caps on maximum LHA rates. The numbers of HB claimants securing accommodation in the PRS have declined in both Kensington & Chelsea and Westminster in the period since March 2011 (by 16.0% and 13.4%

<sup>215</sup> Beatty, A, et al. (2012) *Monitoring the impact of changes to the Local Housing Allowance system of housing benefit: Summary of early findings*. Department for Work and Pensions Research Report No 798, London: DWP.

<sup>216</sup> Pattison, B. (2012) *The growth of in-work housing benefit claimants*. Leicestershire: British Social Housing Foundation.

respectively in the period to August 2012). Further contraction is to be anticipated, both because the transitional protection for existing claimants will continue to unwind over the rest of this year, and because the impact of that unwinding will also be lagged as it will take time before all the landlords and tenants impacted by the new limits take responsive actions. A further factor may be local authorities choosing to use their budgets for DHPs to provide existing claimants with a further period of transitional protection.

It is also notable that while over the months to the end of 2011 there was a small increase in the numbers of claimants in Inner London, since the beginning of the year – when the unwinding of transitional protection for existing claimants began – the numbers in Inner London have been falling, and are now lower than in March 2011. Fuller details of the changing caseload numbers are shown in Table 4.1.

The same administrative data also shows that, not surprisingly, the average HB payment to claimants in the private rented sector has declined since the advent of the new LHA levels and caps. From an average of

£115.13 per week in April 2011, the average payment fell to £108.32 per week in May 2012. In this respect the new LHA regime is clearly meeting one government objective in constraining public expenditure levels.

However, it is not yet clear how far these reduced levels of payments are a result of either some landlords reducing rents in response to the lower LHA rates, or tenants either absorbing the shortfall between the lower LHA rates and their actual rent, or moving to less expensive dwellings. The early evaluation study findings do not, however, suggest that these will be substantial factors. While claimants under the new regime are likely to face a larger shortfall between their rent and the LHA rate, compared to existing tenants, there is no initial evidence that they are more likely to seek a move to cheaper accommodation, or to negotiate a lower rent from their landlord.<sup>217</sup>

Moreover some part of the reduction in awards will be as a result of the continuing growth in the proportion of working claimants who as a result of their earnings only receive partial benefit.

**Table 4.1 – Housing Benefit claimant numbers in the private rented sector**

|                      | March 2011 | December 2011 | August 2012 | Mar 2011 – Aug 2012 % Change |
|----------------------|------------|---------------|-------------|------------------------------|
| England              | 1,376,440  | 1,424,300     | 1,470,390   | 6.8%                         |
| London               | 267,040    | 278,460       | 280,750     | 5.1%                         |
| Inner London         | 102,200    | 104,980       | 102,070     | -0.1%                        |
| Kensington & Chelsea | 4,180      | 3,930         | 3,510       | -16.0%                       |
| Westminster          | 8,580      | 8,570         | 7,430       | -13.4%                       |

<sup>217</sup> Beatty, A, et al. (2012). *Monitoring the impact of changes to the Local Housing Allowance system of housing benefit: Summary of early findings*. Department for Work and Pensions Research Report No 798. London: DWP.



While there is local evidence in respect of each of these factors (see below), it will be some time before a fuller evaluation can be made of the relative significance of each factor, and how the balance between them might have varied between one part of the country and another.

Finally, there is one further dimension to the changes in the LHA regime that needs to be appreciated. The LHA rates (and caps) are the basis not just for the levels of payments for tenant claimants directly accessing the PRS, but are also set to become (in 2013) the limit for the rents for households placed in temporary accommodation by local authorities under their homelessness duties. This is inherently more problematic for the central London boroughs where the LHA rates are subject to national caps, and consequently requiring them to seek to procure accommodation in outer London (or beyond) that are not subject to those caps. Indeed London councils are already beginning to anticipate these new limits as they procure accommodation from the PRS for homeless households, and a survey conducted for *The Guardian* found that a large proportion of London boroughs had either begun to procure PRS accommodation in cheaper areas outside London, or were planning to do so (see later).<sup>218</sup>

But as with the wider reforms currently only local evidence is available on the impacts on individual authorities, and a fuller assessment of the impact of the changes cannot yet be made. It is, however, already notable that while the numbers of homeless households in other forms of temporary accommodation has been rising (modestly), the numbers placed in temporary accommodation leased from the PRS has fallen (see Chapter 5 below for further details).

### **Case study evidence on the early impacts of the new LHA regime**

The inner London borough studied was relatively sanguine about the LHA reforms in 2011, with early indications suggesting that landlords in their area would be willing to accept lower rents necessitated by the new LHA caps (partly because of the council's commitment to provide support to both referred households and landlords themselves). It was, however, noted that lowered HB payment ceilings would likely necessitate a return to routine out-of-borough placements, which was problematic both in terms of meeting tenant preferences and tensions with 'receiving boroughs' concerned at both the inflationary impact on local rents and the 'importation' of vulnerable people (see also below).

In 2012, it was reported by this same Borough that the initial impact of the new capping regime had been blunted through work undertaken with landlords and tenants to create technical breaks of tenancy such that transitional relief is extended to its maximum possible duration. For landlords, agreement to forgo one week's rent gave the assurance that existing rents could continue to be charged for a further twelve months. This has had the effect of putting off until later in 2012/13 the point at which landlords' willingness to accept lower rents will be tested. It is notable that, in a rising market, landlords seem to have been generally willing to accept the extension of existing HB-supported tenancies at 'frozen' rents. That said, falling numbers of LHA recipient households in the Borough over the past year suggest that, when LHA tenants move out, vacancies relet have been allocated to non-LHA tenants. The Borough representatives also highlighted the challenges faced in prioritising those to be assisted in negotiating to retain private tenancies – e.g. through one-off 'incentive payments' to landlords funded

from homelessness prevention or DHP budgets. In determining priorities, judgements need to be made about the size of the LHA-rent gap each household will face when their benefit claim is next reviewed. *“What is the point of chucking money at a family when the next round of benefit changes mean they will be pushed out anyway?”* Generally speaking the impacts are greater for larger families.

In the outer London Borough studied, it was reported in 2011 that landlords were splitting about 50/50 between those willing and unwilling to accept lower rents premised on the 30<sup>th</sup> percentile ceiling. However, rising rents across the borough had meant that in fact the 2012 30<sup>th</sup> percentile was at a very similar level to the 2011 median value, thus the need for landlords to accept substantial nominal cuts had not yet arisen. Nonetheless the Council was pro-actively contacting tenants at risk of shortfalls under the new regime, with about a third of these tenants accepting offers of assistance, which largely comprised engineering breaks in tenancy in order to extend transitional protection, as discussed above. The case study outer London borough confirmed concerns about the market effects of competition due to migration from inner London.

Together the mixed responses from the two boroughs is in line with the results of a survey conducted for the London Councils that highlighted the variability in the likelihood of landlords responding positively to the lower LHA rates, and in particular the lower likelihood that they would adjust their rents when there was a larger difference between the contractual rent and the revised LHA rate.<sup>219</sup>

In 2011, the London-based single and youth charities were very concerned about LHA restrictions ‘banishing’ their clients to ‘unwelcoming’ outer London boroughs:

*“There will be less properties and less good quality properties available to young people. Already difficult to move young people into the PRS. Now they will have to move away from central London.”*

(Senior manager, youth homelessness service provider, London, 2011)

By 2012, the London-based single and youth homelessness service providers reported that rehousing their clients into central London was now virtually impossible, and intense competition for the available lettings meant that it was very difficult to secure private tenancies even in outer London. Where private lettings were secured for their clients, they were increasingly having to top up their LHA out of their other benefits in order to meet their rent payments. That said, it was emphasised by one single homelessness service provider that imaginative solutions were still possible:

*“...in some parts of [London] you can still make it financially stack up. In Greenwich for example, because of the nature of that borough, as long as you’re developing private rented sector units that are relatively large, five people to a house, then the rent can be made to work. If you’re doing it two people, three people it’s not so easy.”*

(Senior manager, single homelessness service provider, London, 2012)

Elsewhere, reactions to the LHA reforms were mixed. In the southern urban council, it was reported in 2011 that most landlords had been, at least initially, willing to accept the new maxima. In 2012, it was still the case that the impacts of the LHA reforms had been modest, with the rapidly rising market meaning that current 30<sup>th</sup> percentile rents were similar to the previous 2011 median values, though the key informants did note

<sup>219</sup> London Councils (2010) *The impact of housing benefit changes in London – Analysis of findings from a survey of landlords in London*. London: London Councils.

that: *“What we don’t know is how that will change in coming years with fixed uprating according to CPI”*.

In the northern urban council and the rural councils, in contrast, the introduction of the LHA 30<sup>th</sup> percentile was believed to have had a detrimental impact on low income households’ access to the PRS as local landlords were unwilling to reduce rents to the new ceilings. Local landlords were said to be aware that they are operating in a buoyant private rental market, made stronger because of the reduced access to home ownership, and there was therefore little incentive for them to reduce rents.<sup>220</sup>

### **The Shared Accommodation Rate (SAR)**

Since the late 1990s single childless people<sup>221</sup> aged under 26 and claiming housing benefit have been subject to the Single Room Rent (SRR) restriction, based on the expectation that young people share accommodation rather than occupy a one bedroom flat. Hence, for such claimants HB has been limited according to local rates for shared rather than self-contained accommodation. As from January 2012 this regime, now termed the Shared Accommodation Rate (SAR), has been extended to encompass single childless people aged under 35.

University of York research has highlighted a number of potential implications of the SAR changes for homelessness.<sup>222</sup> These will generate significant additional demand for the shared segment of the PRS, in a context of existing shortages of shared accommodation in many areas. There is also a greater risk of unstable or failed tenancies, particularly given the increased potential for friction arising from a wider mix of ages sharing and the

unsuitability of some ‘stranger’ shared settings for vulnerable tenants with support needs.

In the present research too, the new SAR rules were viewed as *‘disastrous’* by almost all key informants interviewed in 2011 and 2012, and a step-change that involved *‘crossing a line’*, rather than just an incremental adjustment. In the predominantly rural LA, it was viewed as a particular problem because of the lack of any tradition of landlords letting on a shared tenancy basis, whereas the northern urban council saw it as problematically in conflict with the social norm that people in their late 20s and early 30s live independently rather than in shared housing. Several interviewees commented that the new SAR threshold will pose problems for significant numbers of separated fathers who may be unable to have their children to stay. Safeguarding issues were raised by youth homelessness charities, when young sharers mixed with older people, as well as the increased pressure on available shared provision meaning that under 25s may be displaced.

*“Who is going to want a 19 year old... if they can have a 31 year old in a job, who might seem more responsible than a 19 year old, even if they are not.”*

(Senior manager, youth homelessness service provider, London, 2011)

After these 2011 interviews were completed, Ministers made a limited concession to homelessness sector lobbying by exempting from the SAR extension those who have lived in a homeless hostel for at least three months.<sup>223</sup> This exemption meant that some of the single homelessness charities

<sup>220</sup> See also national-level evidence on strength of private rental market reflected in rising rents, RICS. (2011) *RICS Residential Lettings Survey GB April 2011*. London: RICS.

<sup>221</sup> This includes those with non dependent children

<sup>222</sup> Centre for Housing Policy, University of York (2011) *Unfair Shares: A Report on the Impact of Extending the Shared Accommodation Rate of Housing Benefit*. London: Crisis.

<sup>223</sup> The Housing Benefit (Amendment) Regulations 2011 (SI 2011/1736); see also House of Commons (2012) *Housing Benefit: Shared Accommodation Rate (SN/SP/5889)*. These regulations also provided that ex-offenders considered to pose a serious risk to the public are exempt from the SAR extension.

interviewed in 2012 noted that the SAR extension was not directly affecting their clients. However, youth homelessness providers reported that the SAR extension was restricting the number of shared properties available for their young people, with many landlords preferring to instead let their shared accommodation to ‘young professionals’.

There was some suggestion amongst our interviewees that the SAR changes would have the greatest impact in the North, whereas housing pressures meant that sharing was more common in the South already (see Chapter 5). But the SAR extension was clearly a matter of great concern in London and the South too, and in fact the University of York research identified particular demand pressures on shared accommodation in London, and also specific difficulties associated with the large size of shared housing required to make it financially attractive to landlords in the capital.<sup>224</sup> The outer London borough studied noted that the SAR would impact on 190 households in their area as it was phased in over 2012, on average losing £115 per week (60% of their previous housing benefit entitlement). In the southern council studied, it was reported that the SAR extension would impact on 900 people, with a typical reduction of £60 per week – a very large sum to make up through other benefits.

The administrative data suggests that the SAR changes are now beginning to have an impact. While not split by tenure, the data for August 2012 shows a small decline in the numbers of single people aged 25-34 in receipt of HB, compared to December 2011, although they had continued to rise in the first three months after the SAR changes were introduced at the beginning of January. In

contrast, the overall number of HB recipients increased by a small amount over the same period. However, this data only covers only the first eight months of the operation of the new SAR regime, and more time and detailed analysis will be required before the impact of the changes can be fully understood.

### Non-dependent deductions (NDDs)

Non-dependent deductions (NDDs) to HB – to take account of payments assumed to be made to the official tenant by household members aged 18 or over – are generally quite small in cash terms, but may still have a significant cumulative impact leading to upward pressure on rent arrears for the tenants affected.<sup>225</sup> The LA representatives interviewed thought that increased NDDs were likely to lead to a mix of higher rent arrears (especially because parents are often reluctant to ask their grown-up children for higher contributions) and also to rising numbers of young people at risk of homelessness because of being asked to leave the family home. A youth homelessness charity representative argued that, in combination with other benefit cuts, increased NDDs will put pressure on families, making it more difficult to keep young people in the parental home. There is support for this view in the research that led to the previous Government freezing NDDs over a run of years.<sup>226</sup> That said, it is somewhat difficult to isolate the impact of NDDs from other financial pressures on young people and their families. There is also a potentially complex interplay between NDDs and the introduction of the ‘bedroom tax’ for under-occupation in social housing (see below).

The arrangements for NDDs will change again with the introduction of Universal Credits. Instead of deduction levels related to the employment status and earnings levels of the non-dependents there will be a single flat rate

<sup>224</sup> Centre for Housing Policy, University of York (2011) *Unfair Shares: A Report on the Impact of Extending the Shared Accommodation Rate of Housing Benefit*. London: Crisis.

<sup>225</sup> Pawson, H. (2011) *Welfare Reform and Social Housing*. York: HQN Network.

<sup>226</sup> Witherspoon, C., Whyley, C. & Kempson, E. (1996) *Paying for Rented Housing: Non-dependent Deductions from Housing Benefit*. London: Department of Social Security.

requirement for a 'Housing Cost Contribution', at a suggested rate of £65 per month. This is a lower requirement than the current NDDs for anyone earning over £124 per week. However this simplified approach will require a larger contribution from those non-dependents not in work, or with very low earnings.

### **Under-occupation in the social rented sector**

Nationally, it is estimated that about 14% of all social tenants will be affected by the 'bedroom tax' (see also Chapter 5), with the HB losses for these households averaging £13 per week.<sup>227</sup> While the proportion of social tenants affected is lowest in London (9%), the scale of losses will be larger than in other areas because of higher rents in the capital. In the inner London Borough studied, the introduction of the under-occupier penalty for social tenants was viewed as helpfully increasing incentives for such tenants to downsize, thereby freeing up precious family-sized homes. The enhanced leverage for enabling mutual exchanges to relieve overcrowding was thus anticipated with some eagerness. As regards homelessness there was thought even to be a beneficial consequence in that the penalty will disincentivise family/friend exclusions from social housing where the tenant is a working age Housing Benefit recipient (though NDDs may have the opposite effect, see above). Elsewhere, however, it was assumed that this change would drive up social sector arrears and eviction rates.

The incidence of under-occupation, and perspectives on the issue, clearly vary across the country. There are higher levels of under-occupation in the social sector in areas where housing markets are less pressured, and as a result allocation policies are more relaxed. In part this is also a response by landlords to the imbalance between the stock of dwellings

they hold, and the levels of demand from different household groups (in particular many social landlords have limited supplies of one bedroom accommodation, other than in sheltered housing schemes). In broad terms, therefore, the bedroom tax aroused more concern in the North and Midlands of England (and in Scotland and Wales) than it did in London and the South. That said, in the southern urban authority studied it was said that 4,500 council tenants will be affected, and the homelessness consequences were said to be uncertain.

### **Universal Credit and benefit caps**

Government proposals for a Universal Credit and a cap on maximum total household benefits represent the most significant changes to the welfare benefits regime since the introduction of means tested in work benefits in the early 1970s. The Welfare Reform Act (which was passed in March 2012) includes the outline provisions for the new Universal Credit regime to replace Working Tax Credits, Child Tax Credits, Housing Benefit, Income Support, and the income-related Jobseeker's Allowance and Employment and Support Allowance, with the Universal Credit. It does not cover Council Tax Benefit.

Most, but not all, of the features of the Universal Credits proposal were set out in a 2009 report 'Dynamic benefits' published by the Centre for Social Justice (founded by Ian Duncan Smith MP in 2004).<sup>228</sup>

The Government intends to introduce Universal Credit for new claimants from October 2013 and to 'migrate' existing claimants onto the scheme over a subsequent four-year period. These changes are advocated not only as simplification, but also to improve work incentives and make the potential gains to households entering low-

<sup>227</sup> DWP (2011) *Under occupation of social housing – impact assessment*. London: DWP: <http://www.dwp.gov.uk/docs/social-sector-housing-under-occupation-wr2011-ia.pdf>

<sup>228</sup> Brien, S. (2009) *Dynamic Benefits: Toward welfare that works*. London: Centre for Social Justice.

paid work more transparent. Central to this is that, with a single unified benefit structure, there will be a single 'taper rate' through which help is withdrawn as earned incomes rise. Under the Universal Credit proposals, it is envisaged that benefit recipients would be subject to marginal deductions from additional earnings at a maximum rate of 76% – much lower than their maximum level under the current system. For those working less than 20 hours per week, the marginal deduction rate would be 65%. While there will be transitional protection, in the longer run lone parents, in particular, will be worse off under Universal Credit.<sup>229</sup>

While the Universal Credit as a whole is not in itself an initial cost saving measure, it will be introduced in a context where the Government has already set in train a series of significant cut backs in the levels of available benefits, including the HB reforms discussed above, and the support available for child care costs. In total the various cut backs will by 2014 provide the Government with annual savings totaling some £18 billion.<sup>230</sup> As a result of those various cut backs the Institute for Fiscal Studies (IFS) have estimated that the median income among households with children are set to fall by 4.2% in real terms between 2010-11 and 2015-16; compared to a 0.9% median for all households.<sup>231</sup>

If Universal Credits are not expected to generate initial expenditure savings, Ministers have expressed the hope that the more effective and transparent incentives offered by the scheme will lead to more households entering the labour market, thus leading to longer term expenditure savings.

There are many issues involved in the design of Universal Credit, in particular the logistical challenge of integrating the tax and benefit IT systems. There are also concerns about

the delivery framework for Universal Credits, and in particular its operation as a wholly on line system making only monthly payments in arrears.

The on-line delivery framework will be problematic for non IT literate claimants, while there are obvious concerns about low income households needing to budget over a monthly period, rather than the weekly or fortnightly payments paid in respect of most current benefits.<sup>232</sup>

The new regime will also be more complex than necessary, as it includes a two-tier 'earnings disregard', with a higher 'disregard' available for households not receiving any help with housing costs as part of their Universal Credit. The earnings disregard is the level of earnings that is disregarded before the taper rules apply to reduce the benefit entitlement as a proportion of earnings above the threshold level. It is the level of the earnings disregard, together with the marginal taper rate, that structures the extent to which low paid working households might be better off in rather than out of work.

It should also be noted that since 2009 Child Benefit has been disregarded in the calculation of housing benefit entitlements, and this has operated in the same way as an increase in earnings disregards to boost the incomes of working families in low paid work. This feature disappears in the Universal Credit regime, and while the indicative levels of the Universal Credit earnings disregards are higher than the current levels for HB (other than for single people), for larger families they are lower than the combined value of the earnings and child benefit regards, as shown in Table 4.2.

The consequence is that for many families the work incentives offered by Universal Credits will be little different than those

<sup>229</sup> Institute for Fiscal Studies (2011) *Universal Credit – A Preliminary Analysis*. London, IFS: <http://www.ifs.org.uk/publications/5417>

<sup>230</sup> Institute for Fiscal Studies (2010) *Cuts to Welfare Spending, take 2*. London, IFS: <http://www.ifs.org.uk/budgets/sr2010/welfare.pdf>

<sup>231</sup> Browne, J. (2012) *The Impact of Austerity Measures on Households with Children*. Family and Planning Institute.

<sup>232</sup> Tarr, A & Finn, D (2012) *Implementing Universal Credit: Will The Reforms Improve The Service for users?* York: JRF.

**Table 4.2 – Universal Credit earnings disregards for tenant households**

| Household size           | Current disregards | Universal credit disregards |
|--------------------------|--------------------|-----------------------------|
| Single person            | £5.00              | £13.42                      |
| Couple                   | £10.00             | £32.82                      |
| Couple + 1 child         | £30.30             | £48.79                      |
| Couple + 2 children      | £43.70             | £53.78                      |
| Couple + 3 children      | £57.10             | £58.77                      |
| Lone parent + 1 child    | £45.30             | £53.31                      |
| Lone parent + 2 children | £58.70             | £58.30                      |

under the current regimes, despite the other more positive characteristics of the scheme. Moreover the relatively favourable comparison of the universal credit and current schemes at current rates, is partly a consequence of the cut backs in the value of tax credits over the last two years. Compared to the 2010 welfare benefits regime universal credits compares far less favourably in terms of the incentives it provides for households in low paid work. The households most disadvantaged are larger families on low levels of pay.

In consequence the limited net changes to the work incentives for tenant households will potentially frustrate the Government's hopes that the scheme will encourage greater labor market participation.<sup>233</sup>

The objective of a single integrated and simplified benefit system has also been diluted by the decision not to include Council Tax Benefit within universal credits. Instead Council Tax Benefit has been devolved to local authorities to devise and operate their own schemes, while at the same time being required to do so with a 10% reduction in the level of central government funding to support their schemes.

This will inevitably cause some confusion, and cut across the objectives of simplification and more transparent work incentives. Indeed the Council Tax Benefit tapers, at whatever rate they are set by local authorities, are most likely to run alongside the Universal Credit taper for households on very low earnings where the decision about the net financial benefits of working will be most finely balanced.

It should also be noted while the outline proposals for the new Universal Credit regime are now clear, there are a number of important details where only initial proposals have been put forward for consultation, and where the final form in which they will be put into operation has not yet either been determined, or made public and put into regulations and guidance (see further below).

A further critical related reform is the maximum cap on total benefits for out-of-work households below retirement age, which will come into effect from April 2013. The cap is to be based around the national average wage, but with a lower limit set for single people. These caps – which will initially stand at £350/week for single person households and £500/week for couples and

233 Wilcox, S. (2011) 'Universal Credit: Issues, Opportunities and the housing dimension', in *UK Housing Review 2010/11*. Coventry: CiH.

lone parents – are to be a flat rate across the whole UK, with no variations to take account of either family size or housing costs. As a consequence the cap will be particularly hard-hitting for larger families in areas of high housing costs, because it will severely constrain the maximum amount of housing benefit such households can access, limiting their ability to meet ‘affordable’ or even social rents in some cases. For very large families the impact will also be felt in areas with relatively low rents.

An indication of the level of funding available for housing costs under the caps, without requiring households to reduce their expenditures on essential living costs below the levels provided for in basic benefit allowances, can be seen in Figure 4.3.

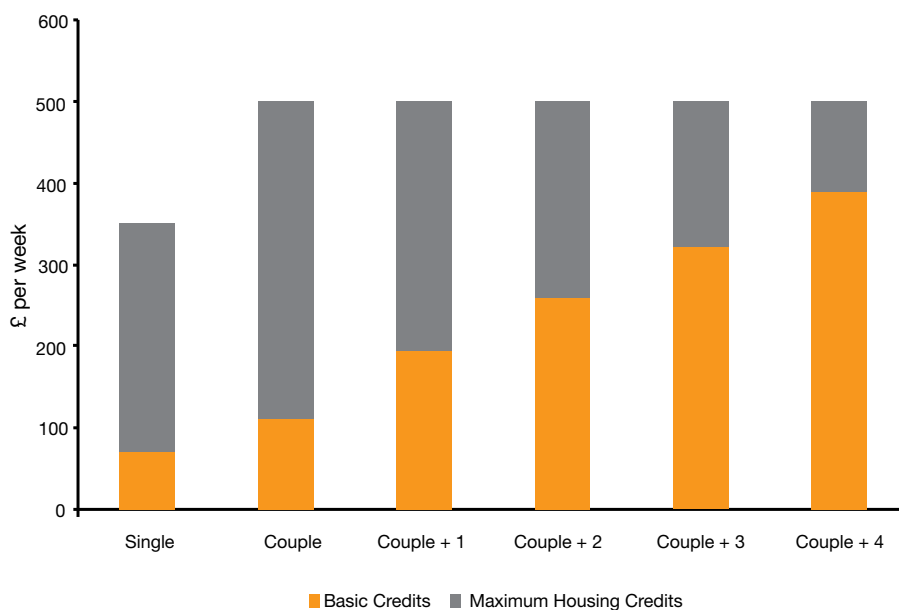
Interestingly, the Universal Credit was the one element of the welfare reform agenda that was widely welcomed by our key informants. As a senior manager in a single homelessness charity in London commented when interviewed in 2011:

*“In principle it’s actually quite a good idea, as current system is too hard for clients and those that administer it to understand. To simplify it radically is quite helpful.”*

In 2011, another senior manager from a single homelessness service emphasised the ‘flexibility’ Universal Credit offered for people to work a small number of hours and still be better off: *“like idea somebody could work for one day a week and that would be OK”*.

The main homelessness-related concerns about Universal Credit were twofold. Firstly, there was the worry that rent arrears could arise if the housing element in the payment is not sufficiently sensitive to local rents. Secondly, given the intention to incorporate the rent element of UC within the overall payment rather than (in general) making it a detachable component which could be paid direct to landlords – there was an anxiety that claimants will spend some of the rent element elsewhere, again exacerbating the risk of rent arrears. This latter concern was particularly highlighted by charities working

Figure 4.3 – Impact of Maximum Benefit Cap





with those with substance misuse problems, and was just as strongly expressed in 2012 as it had been a year earlier. One youth homelessness provider interviewed in 2012 argued that direct payments should be made to registered supported housing providers like themselves from 'Day one' as "You can build up a lot of arrears in eight weeks!"

These worries mirror those expressed by private landlords before the introduction of the LHA regime in 2008. In practice, under the LHA regime by February 2010 some 8% of claimants were having direct payments made to landlords under the rules permitting this where rent arrears occurred. A further 11% were having direct payments made to landlords on the basis of either a history of rent arrears, or an assessment that they were vulnerable and thus likely to have difficulty in paying their rent.<sup>234</sup>

The Government has launched a number of local 'demonstration projects' to guide them in framing the detailed arrangements for cases where payments in respect of rent might be made direct to landlords. However, the projects only commenced in June 2012 and will run for twelve months. Given that initial regulations and guidance for the new regime will have to be introduced well before the projects have run their course, and been evaluated, this is a clear indication of how hurriedly the new universal credit regime is being introduced.

The LHA regime for private landlords provides a broad outline of the cases where payments to landlords might be adopted – including cases that accrue rent arrears, or have a history of rents arrears, or can be viewed as 'vulnerable' to the extent they should not be required to take on the responsibility for

managing their own rental payments. There are critical issues in defining each of these sets of reasons for making rental payments direct to landlords, but a particularly problematic task will be to operationally define and identify 'vulnerable' households within that the context of a centrally managed national system.

### Work Programme and increased conditionality

The issue that appeared to be of greatest concern to single and youth homelessness service providers in 2011 was the prospect of increased conditionality and tougher sanctions within income-related Jobseeker's Allowance (JSA) and Incapacity Benefit (IB)/Employment and Support Allowance (ESA), and also re-assessments of individual claimants which will result in some of those currently on sickness benefits being moved onto JSA, with a consequent significant drop in their weekly income.

While interviewees generally acknowledged that some level of conditionality was necessary to encourage participation in paid work, they insisted that implementation must be sensitive to the realities of working with very marginalised groups. Homelessness service providers argued that their clients are likely to find their benefits being reduced or withdrawn because their chaotic lifestyles mean that they won't go to the necessary appointments, etc.<sup>235</sup> There were also doubts raised about whether Jobcentre Plus have enough properly trained staff to make the correct ('tight') judgement calls about the work capabilities of benefit claimants.<sup>236</sup>

The punitive nature of the sanctions available under the new benefit regime was the central concern for respondents. Tiered sanctions

<sup>234</sup> DWP (2011) *Two Year Review of the Local Housing Allowance*. London: DWP.

<sup>235</sup> The extreme nature of the complex needs faced by those accessing homelessness and other 'low threshold' services' is evidenced in Fitzpatrick, S., Johnsen, S. & White, M. (2011) 'Multiple Exclusion Homelessness in the UK: Key patterns and intersections', *Social Policy and Society*, 10 (4): 501-512.

<sup>236</sup> See also Department for Business, Innovation and Skills (2011) *Identifying Claimants' Needs: Research into the Capability of Job Centre Plus Advisers*. BIS Research Paper Number 43: <http://www.bis.gov.uk/assets/biscore/higher-education/docs/i/11-935-identifying-claimants-needs-research-jobcentre-plus-advisors.pdf>

mean that, ultimately, claimants could lose benefit entitlement for three years:

*“... we’re hearing a lot more anecdotal stories around DWP getting much tougher in relation to benefit sanctions...so that certainly has an impact on the young people that we accommodate because some of them with very chaotic lives have been unable to keep within the DWP expectation... most of them are JSA... There are regular benefit suspensions; hard to get them back on and they get into rent arrears while they’re off so you go round in this cycle...”*

(Senior manager, youth homelessness service provider, the North, 2012)

The prospect of ‘disheartened’ people being forced into the Work Programme also concerned both single and youth homelessness service providers. Youth homelessness charities focused strongly on their clients’ ‘progression’, and were anxious that young people may be pushed onto inappropriate programmes when they are already doing useful voluntary or other work while on benefits.

By mid-2012, the experience of single homelessness service providers seemed to be that, while it was more difficult for their clients to access ESA, those who were on sickness benefits were tending to stay on them, having ‘passed’ the necessary medical tests for eligibility. However, there was a strong view that single homeless people were not getting a good service from the Work Programme prime contractors, who were making an economic decision that, even though a higher premium was attached to working with the neediest groups, the chances of success were so slim that they were not worth the effort. In the 2012 interviews, it was also noted by key informants that the replacement of Disability

Living Allowance (DLA) with Personal Independence payments is likely to result in cuts in benefit payments to some former DLA claimants.

All of these reductions in income maintenance benefits reduce the overall resources available to low income households, impacting on their capacity to top up rent payments for those experiencing HB cuts.

### **Discretionary Housing Payments and the Social Fund**

As noted above local authorities have been provided with an increase in their budgets for ‘discretionary housing payments’ (DHPs) in order to ameliorate the impact of the LHA changes in some cases. In addition to a provision of an additional £40 million a year over the three years to 2014/15 for the LHA reforms, £60 million is to be provided over the two years 2013/14 and 2014/15 for the social sector size limits, and up to £120 million over those two years for the introduction of the national benefit caps.<sup>237</sup>

The pattern of local authority usage of the initial DHP facility is not yet clear, and thus the impact it has had for claimants impacted by the LHA changes. The use of those budgets is wholly a matter for local authority discretion and the only certainty therefore is that the pattern of usage will vary from one area to another. It would not, however, be surprising if at least some authorities tended to prioritise their use for the fund for those households where it would have a potential legal duty to secure accommodation under the homelessness legislation.

With the introduction of the Universal Credit regime, the discretionary elements of the centralised Social Fund to deal with benefit claimants exceptional needs and circumstances will be abolished.

The provisions for Budgeting Loans and alignment Crisis Loans will remain part of the central national benefit system, but will be reconfigured. However, the central provisions for Community Care Grants and Crisis Loans for living expenses will come to an end, to be replaced by locally based schemes from April 2013.<sup>238</sup> The loss of those grant and loan facilities has clear risks in terms of potential impacts on rent arrears, and consequently homelessness, as well as the more immediate hardships that have in the past been alleviated (or at least ameliorated) by those facilities.

Instead, local authorities are to be provided with some limited additional government funding, which they may use at their discretion to either fill the gap left by the abolition of those centralised provisions, or to otherwise provide selective additional support to households where they deem it to be appropriate. There will be no formal duty for local authorities to undertake those functions, nor any new powers proposed. Final details of these arrangements, and any guidance that central government might issue, have yet to be determined.

While authorities will at the same time lose their role in the administration of HB, the combined DHP and Social Fund functions give them a critical role in supplementing the core national universal credit regime to help those households with circumstances that they consider should be recognised by some form of additional support. This heavy reliance on discretionary arrangements to play such a major role in supplementing the underlying national welfare system must be seen as inherently challenging, and problematic. There are issues around not just local authorities different priorities, and the extent to which they make use of the budget provisions, but about the effective co-ordination of policies and administration between the benefit and homelessness

divisions within each authority.

There remain other unresolved details of the proposed Universal Credit scheme, including the arrangements in respect of the current ‘passported benefits’ (such as free school meals, healthy start food vouchers, free NHS prescriptions and dental care etc). This is another area where it is possible that local authorities could find themselves asked to take on responsibility for issues that are difficult to resolve within the centralised national welfare scheme.

#### 4.4 Localism agenda

As noted in Chapter 2, most of the recent successes of homelessness policies in England have been associated with the national statutory framework and centrally driven policies on homelessness prevention. However, as part of the Coalition Government’s ‘Localism’ and ‘Big Society’ agendas, some aspects of these national frameworks will be partially decentralised, with more decision making performed at local level, and more emphasis on voluntary organisations and social enterprises taking responsibility for social action rather than the state. This is part of a general attempt by the Coalition Government to “*achieve a substantial and lasting shift in power away from central government and towards local people*”.<sup>239</sup>

There are a number of elements of the ‘Localism’ agenda that are particularly pertinent to homelessness and as such will be examined in detail here:

- Localism and Supporting People;
- Localism, social housing and statutory homelessness; and
- Localism and single homelessness.

<sup>238</sup> DWP (2011) *Local Support to Replace Community Care Grants and Crisis Loans for Living Expenses: A Call for Evidence*. London: DWP.

<sup>239</sup> DCLG (2011) ‘*A Plain English Guide to the Localism Bill: Update*’. London: DCLG. Foreword by Greg Clark, Minister of State for Decentralisation.

## Localism and Supporting People

Chapter 2 discussed that the introduction of the SP funding stream in 2003 was central to the expansion of homelessness resettlement services across the UK. However, the ring-fence on these funds was lifted in April 2009, meaning that local authorities could then elect to spend these funds on other local priorities. While implemented by the last Labour Government, this lifting of the ring-fence is very much in keeping with the current Government's decentralisation agenda.

Serious concerns have been raised about the combined impact on homelessness services of the disappearance of the ring-fence and the reduction in funding notionally received via the SP channel following the Comprehensive Spending Review in October 2010 (amounting to a national 12% cut over the four-year period). While the Government has urged local authorities not to make disproportionate cuts in front line services for the most vulnerable, particularly those who are homeless,<sup>240</sup> Homeless Link's annual Survey of Needs and Provision (SNAP)<sup>241</sup> indicates that 58% of homelessness projects experienced funding reductions in 2011/12, with an average cut in funding of 15%. Moreover, over half of all projects (55%) had been informed of further cuts in local authority funding for services within their area within the financial year.

Among the projects reporting decreased funding in this SNAP survey, almost half (47%) said that this had affected the services that they delivered, with key working and associated forms of support, such as 'meaningful activities' intended to develop the 'soft skills' relevant to employment, most often

affected. Projects had usually reduced services rather than terminating them entirely, but night cover and floating support were the services most often closed down altogether. Agencies appear to have insulated accommodation-based services, and especially the provision of bed spaces, from the full impact of the funding cuts. While the number of bed spaces in homelessness accommodation projects was reported to be down by 1,544 across England since November 2010, this 3.6% reduction was much less than the 16% fall predicted by homelessness services themselves in research undertaken by Homeless Link in early 2011.<sup>242</sup> At the same time, however, there is evidence of increased demand for this declining resource, with 83% of surveyed accommodation projects reporting that they were at full capacity on any given night (up from 77% a year earlier). Overall, there was a reported fall of 22% in the number of vacant bed spaces on an average night, implying limited spare capacity to assist people who become newly homeless. Moreover, reduced staffing levels mean that projects are more often reluctant to accept clients with complex needs, as they cannot ensure staff safety or provide the intensive levels of support required by these clients.<sup>243</sup>

One senior manager in a London-based homelessness charity interviewed in 2011 said that SP in many ways had been an 'unheralded success',<sup>244</sup> prevention and floating support services had not only protected people but, more importantly, had 'lifted them up'. With the SP cuts now being implemented, it was predicted that many of these projects would be 'stripped to the bone'. By 2012, these effects on frontline services were beginning to be felt:

240 DCLG (2011) *Vision to End Rough Sleeping: No Second Night Out Nationwide*. London: DCLG.

241 Homeless Link (2012) *Homeless Watch. Survey of Needs and Provision 2012. Homelessness Services for Single People and Couples Without Dependent Children in England*. London: Homeless Link: <http://homeless.org.uk/sites/default/files/SNAP2012%20fullreport.pdf>

242 Homeless Link (2011) *Counting the Cost of Cuts*. London: Homeless Link: <http://www.homeless.org.uk/cuts2011>

243 Homeless Link are currently undertaking detailed case study research on SP funding in eight diverse areas across England. The results will be available in Winter 2012.

244 Research undertaken on behalf of Communities and Local Government estimated the net financial benefits from the Supporting People Programme to be £2.77 billion per annum, against an overall investment of £1.55 billion. See Ashton, T. & Turl, D. (2008) *Research into the Financial Benefits of the Supporting People Programme*. London: CLG: <http://www.communities.gov.uk/documents/housing/pdf/spprogramme.pdf>

*“Clients are getting a basic service, not getting the resettlement work, the quality of service... if you want people to succeed, got to spend the time with them.”*  
(Manager, single homelessness service provider, the North, 2012)

However, echoing the SNAP findings, there were relatively few examples of services having actually been closed down in the areas we studied in either 2011 or 2012. Rather, re-tendering processes had been used to push down contract prices, which often meant that services had been restricted in various ways and/or switched to another (cheaper) provider. One youth homelessness service provider interviewed in 2012 commented that funding cuts meant that they were *‘just doing much the same, but on a smaller scale’*. In central London in particular, there was also reported to be a tendency for LAs to become *‘more focussed’* on limiting services to their own local residents.<sup>245</sup> Much stricter timescales were also being imposed on supporting stays in transitional accommodation.

A key point made by several homelessness organisations was that, while accepting the inevitability of funding reductions, they were seeking flexibility on how such reductions should be achieved. Several interviewees expressed strong concerns about LAs dictating that cost reductions should be achieved via cuts in staff hourly rates which, by implication, pushes down quality.<sup>246</sup> Instead, it was felt that the required cuts could often be achieved via more efficient working across client groups and funding streams, and other ‘creative’ responses. That said, there was a sense in many areas that

the worst was ‘yet to come’ with respect to SP funding cuts, with an *‘unpredictable and volatile’* context prevailing in service commissioning, and much of the impact on end users still to take hold.

### Localism, social housing and statutory homelessness

The Government’s reforms in this area are intended to *“ensure that decisions about housing are taken locally”* (p.5).<sup>247</sup> In a social housing consultation paper published in November 2010,<sup>248</sup> the Housing Minister’s foreword stated that:

*“These reforms are about localism. We want to give local authorities and social landlords the flexibility they need to make the best use of their social housing, in a way which best meets the needs of their local area.”*

Where the Government’s housing reforms required legal changes, these were incorporated within the Localism Act 2011. The key housing and homelessness reforms are as follows:

- The introduction of an ‘Affordable Rent’ model, whereby housing associations will finance new social housing development by charging rents higher than social rent, up to a ceiling of 80% of market rates. This new Affordable Rent regime is applicable to all new build properties, with housing associations having the option of charging up to 80% of market rents in relets too.<sup>249</sup> Local authorities are also now able to build using this scheme after the reform of Housing Revenue Account subsidy was finalised in April 2012.

<sup>245</sup> Homeless Link’s 2012 SNAP survey found a 38% increase in London projects requiring a local connection. Homeless Link (2012) *Homeless Watch. Survey of Needs and Provision 2012. Homelessness Services for Single People and Couples Without Dependent Children in England*. London: Homeless Link: <http://homeless.org.uk/sites/default/files/SNAP2012%20fullreport.pdf>

<sup>246</sup> Though in at least one provider’s case it was found that quality had been preserved because existing staff had accepted cuts in their hourly pay rates as there was so few alternatives open to them.

<sup>247</sup> DCLG (2011) *‘A Plain English Guide to the Localism Bill: Update’*. London: DCLG.

<sup>248</sup> DCLG (2010) *Local Decisions: A Fairer Future for Social Housing. Consultation*. London: DCLG.

<sup>249</sup> There is a misunderstanding in some quarters that ‘Affordable Rent’ properties have to be let on fixed-term tenures. In fact, they can also be let on the traditional ‘lifetime’ tenancies.

- New powers for social landlords in England to offer fixed-term renewable tenancies to new social tenants.<sup>250</sup> The statutory minimum fixed term is two years, but Government has indicated that a five-year minimum term should be standard practice, with shorter fixed terms offered only in (unspecified) exceptional circumstances.<sup>251</sup> There is a new statutory duty on LAs to prepare a 'Tenancy Strategy', to which housing associations must 'have regard'. In its Tenancy Strategy a local authority must specify (a) whether it is locally acceptable for fixed-term tenancies (FTTs) to be used in social housing, (b) if acceptable, in what circumstances FTTs should be used, and (c) on what basis FTTs should be reviewed at expiry. While there is no national guidance on tenancy renewal, Government has indicated that income, employment status, under-occupancy and behaviour may all be taken into account.<sup>252</sup> The first wave of draft Tenancy Strategies published suggest that tackling under-occupation was the most widely favoured objective of LAs adopting FTTs, with around half of all draft strategies also envisaging reference to a household's financial means in reviewing expiring tenancies.<sup>253</sup>
  - New powers for LAs to restrict access to their waiting lists by determining which applicants qualify for an allocation of social housing (though the statutory 'reasonable preference' criteria for prioritising allocations have been retained, including with respect to statutorily homeless households).<sup>254</sup> This could mean LAs imposing residency or age criteria, or excluding those with a poor tenancy record or who are deemed to have sufficient resources to rent or buy privately; and
  - New powers for LAs to discharge their statutory homelessness duty via the offer of fixed-term ASTs in the PRS, without the need for applicant consent. This accommodation has to be let for a term of at least 12 months, with the homelessness duty recurring if the applicant becomes unintentionally homeless again within two years. While such accommodation must be deemed 'suitable'<sup>255</sup> in order to discharge the main homelessness duty, question marks have been raised about the standards of quality and appropriateness that will be applied, especially given the pressure on LAs to secure properties that are affordable under the new LHA rules.<sup>256</sup> Particularly controversial is the growing practice, especially amongst London boroughs, of making long-distance out-of-area placements (see further below).<sup>257</sup>
- Amongst the youth and single homelessness service providers we interviewed, these housing reforms were generally much less of a concern than the welfare reforms. In London, in particular, this was generally because their clients were very rarely able to access social housing anyway. In the North, where single

<sup>250</sup> This new fixed-term form of LA tenancy is called a 'Flexible Tenancy', and housing associations will now be free to let their general needs housing on fixed-term ASTs.

<sup>251</sup> DCLG (November 2011) *Implementing Social Housing Reform: Directions to the Social Housing Regulator – Consultation: Summary of responses, Annex A: The Directions on Regulatory Standards, Tenure 2.(4)(a)* (<http://www.communities.gov.uk/documents/housing/pdf/2017529.pdf>)

<sup>252</sup> A detailed account of the relevant issues is provided in Garvie, D. (2012) *Local Decisions on Tenure Reform. Local Tenancy Strategies and the New Role of Local Housing Authorities in Leading Tenure Policy*. London: Shelter.

<sup>253</sup> Fitzpatrick, S. & Pawson, H. (2012) 'Ending Security of Tenure for Social Renters: Opening the Door to 'Ambulance Service' Social Housing?', Paper presented at European Network for Housing Research Conference, Lillehammer, 24-27 June 2012.

<sup>254</sup> DCLG (2012) *Allocation of Accommodation: Guidance for Local Housing Authorities in England*. London: DCLG: <http://www.communities.gov.uk/documents/housing/pdf/2171391.pdf>. Despite the emphasis on local flexibility in this guidance, LAs are strongly encouraged to award greater priority in allocations to people who are in, or seeking, employment, and there is a very firm steer that ex-service personnel are to be given additional preference.

<sup>255</sup> See Homelessness (Suitability of Accommodation) (England) Order (SI 2012/2601)

<sup>256</sup> Hilditch, S. (2012) 'Homelessness safety net: going, going, gone?', 27<sup>th</sup> June

<sup>257</sup> Garvie, D. (2012) 'Location, location: how localism is shunting homeless families out', *The Guardian* 7<sup>th</sup> February: <http://www.guardian.co.uk/housing-network/2012/feb/07/location-localism-homeless-families-shelter>

and young homeless people often had at least some access to social housing, in a context of less pressured supply, it was generally felt that LAs and social landlords would be 'fair' and so any negative implications would be moderated.

Nonetheless, as a matter of principle social housing reform – especially the Affordable Rents regime – was a concern as it was anticipated that there will be far less social housing development and increasingly lets will move over to 80% market rents which will be unaffordable for many. Doubts were raised over whether DWP and the Treasury will tolerate the growing Housing Benefit costs of the new regime in the longer term.

Rent levels implied by the 80% of market ceiling have raised particular concerns about the affordability of family-sized social homes in London, where occupiers might see their HB entitlement capped below actual rent levels because of the overall benefit cap (see above).<sup>258</sup> Indeed reports suggest that – especially in London – many housing association development funding bids under the new regime have incorporated rents some way below the 80% maximum as a result of those concerns. There are also uncertainties on the extent to which development of new homes under the 'Affordable Rent' framework will necessitate the 'conversion' of other tenancies from social rent to AR terms (that is, the re-letting of existing homes with rents set at up to 80% of market levels instead of at 'social rent' levels, as previously). Whether the new formula will generate social housing output on the scale officially envisaged is, anyway, very difficult to predict

(see Chapter 3). In practice the affordable housing programme has been slow to get off the ground, but 146 landlords have been accepted onto the programme, including 25 local authorities.<sup>259</sup> There are, however, challenges in delivering the programme, not least given the low level of market new build, and constraints on the cross subsidy available from S106 agreements.

While some commentators agree with the current Government that the blanket protection of lifetime security for all social renters is inequitable,<sup>260</sup> because it reduces the prospects of private tenants and others from benefiting from the subsidised rents and better standards available in the social rented sector, a range of formidable objections have been raised about removing security of tenure in social housing.<sup>261</sup> These include the potential harm arising from diminished social diversity and increased turnover within the social rented sector if economically active households are progressively excluded from it, and the potential disincentive effects for economic advancement presented by the threat that this will lead to eviction<sup>262</sup> (though this runs rather counter to recent Government guidance which suggests that greater emphasis should be placed on allocations to working households, see below). It has also been suggested that, for the most vulnerable tenants, whose lives may otherwise be in a state of flux, the security represented by their housing can be an especially valuable 'good'.<sup>263</sup> Evidence from Australia indicates that the costs and bureaucratic burdens associated with reviewing social tenancies on a periodic basis may also be disproportionate to any gains.<sup>264</sup>

<sup>258</sup> Pawson, H. & Wilcox, S. (2011) *UK Housing Review Briefing Paper*. Coventry: CIH.

<sup>259</sup> Homes and Communities Agency (2011) *Affordable Homes Programme 2011: Successful Providers*. HCA website.

<sup>260</sup> Dwelly, T. & Cowans, J. (2006) *Rethinking Social Housing*. London: The Smith Institute.

<sup>261</sup> Fitzpatrick, S. & Stephens, M. (2008) *The Future of Social Housing*. London: Shelter.; See an excellent summary of the case for and against fixed-term tenancies in Garvie, D. (2012) *Local Decisions on Tenure Reform. Local Tenancy Strategies and the New Role of Local Housing Authorities in Leading Tenure Policy*. London: Shelter.

<sup>262</sup> Fitzpatrick, S. & Pawson, H. (2011) *Security of Tenure in Social Housing: An International Review*. Edinburgh. See also the recently closed 'Pay to Stay' consultation by Government on charging higher rents to high income social tenants, albeit that the Government's stated intention here to set the income threshold high enough to avoid 'perverse incentives' which penalise work aspirations. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/8355/2160581.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/8355/2160581.pdf)

<sup>263</sup> Robinson, D. (2008) 'Worklessness and social housing', in S. Fitzpatrick & M. Stephens (eds.) *The Future of Social Housing*. London: Shelter.

<sup>264</sup> Fitzpatrick, S. & Pawson, H. (2011) *Security of Tenure in Social Housing: An International Review*. Edinburgh: Heriot-Watt.

Most – though not all – of the homelessness service providers interviewed in the course of this research disagreed with removing security from tenure from social tenants. Mainly they focused on anxieties about destabilising communities as people ‘invest’ less in their properties and neighbourhoods, which will then tend to become more ghettoised. Concerns were also raised with respect to the social and psychological effects on those affected – having to change schools, disrupt relationships, etc. That said, in one youth homelessness agency opinion was divided: while older staff were concerned that fixed-term arrangements will tend to “*break up communities*”, some younger staff recognised the attraction that such a system “*Frees up housing, throughput is higher*”, albeit that two year fixed terms were considered too short, with five years thought a reasonable compromise. But a representative of another youth homelessness agency interviewed in 2012 was very concerned about the effect of fixed-term social tenancies on young people, especially in combination with welfare reform:

*“Yes, well, I’m absolutely certain that young people will be given short-term tenancies. I think the what you’ll get is with the changes in welfare reform and also the employment situation that will increase rent arrears and increase debt. Therefore they’re not likely to have their tenancies extended... A disproportionate percentage of new tenants will be young people just by the very nature of it. Disproportionate percentages of new tenants have rent problems, arrears issues, so young people already have that. Add to those welfare reform... they will move into...a situation where they will have their housing element back into*

*universal credit. They will be paid monthly in arrears. Sanctions will be applied if they don’t follow through on their work stuff so debt is, I think, inevitable... Therefore the short-term tenancies, the review of their tenancy is likely to result in them not being continued...”*

(Senior manager, youth homelessness service provider, the North, 2012)

Few single/youth homelessness charities seemed particularly concerned about ‘closed waiting lists’ for social housing: most likely because their clients rarely accessed social housing anyway, or in some cases (in the North) because their clients were generally accepted as statutorily homeless and so would be unaffected. The retention of the need to give ‘reasonable preference’ in allocations to a range of prioritised groups – including statutorily homelessness households – should in theory mean that a strong focus on meeting housing need is maintained in the social rented sector in England. But various international reviews sound a cautionary note about the potential implications for exclusion of the most marginalised groups from mainstream social housing if strong national frameworks governing eligibility as well as allocations are not retained,<sup>265</sup> and there is clearly is the potential for LAs to exclude households who, if they were permitted to join the waiting list, would be entitled to a statutory reasonable preference.<sup>266</sup> In recent allocations guidance Government has indicated that it would like to see a higher priority given in social lettings to ex-service personnel, working households and others making a ‘community contribution’.<sup>267</sup> This implies something of a shift back towards ‘desert’ as a key rationing criterion in the allocation of social housing in England,<sup>268</sup> and is somewhat in tension with

<sup>265</sup> Fitzpatrick, S. & Stephens, M. (2007) *An International Review of Homelessness and Social Housing Policy*. London: CLG; and Fitzpatrick, S. & Pawson, H. (2011) *Security of Tenure in Social Housing: An International Review*. Edinburgh: Heriot-Watt.

<sup>266</sup> The Localism Act 2011: allocation of social housing accommodation: <http://www.gardencourtchambers.co.uk/imageUpload/File/Localismarticle2Jan.pdf>

<sup>267</sup> DCLG (2012) *Allocation of Accommodation: Guidance for Local Authorities in England*. London: DCLG: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/5918/2171391.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5918/2171391.pdf)

<sup>268</sup> Fitzpatrick, S. & Stephens, M. (1999) ‘Homelessness, need and desert in the allocation of council housing’, *Housing Studies*, 14(4), 413–3.



the Government's primarily 'needs' based justification for removing security of tenure from social tenants.<sup>269</sup>

The new local authority powers to discharge the statutory homelessness duty into 'suitable' fixed-term private tenancies without the applicant's consent have probably generated the greatest controversy amongst this clutch of policy changes. In particular, media reports have suggested that Government advisors may be encouraging local authorities to move to a position of 'full policy implementation' whereby they seek to end virtually all statutory homelessness duties via such 'compulsory' discharge of duty into the PRS, while at the same time giving statutorily homeless households the lowest possible (lawful) reasonable preference in social housing allocations.<sup>270</sup> Such a 'breaking of the link' between statutory homelessness and social lettings appears designed to render 'minimal' the number of new homelessness applications, and in particular to discourage parent/family exclusions of young people, which are assumed to be largely a device to enable these young people to 'jump the queue' for social housing.<sup>271</sup> In combination with the impact of the benefit caps, such a move would see almost all homeless families in central London facing the choice of either accepting a fixed-term private tenancy in another part of the country, or making their own arrangements to stay in London (possibly in overcrowded or otherwise inappropriate accommodation).

When interviewed in 2012, it did not seem that any of our case study authorities were planning such a radical erosion of the statutory homelessness safety net in their

area. Amongst these councils, the move to allow 'compulsory' discharge of duty to fixed-term private sector tenancies was generally viewed as a helpful step but unlikely to have a major impact, albeit that the potential 'disincentive' effect of the new power was welcomed by some:

*"...[the legislation] may have greater value as a deterrent in that applicants who might otherwise choose to go down the statutory route may decide to accept a private sector prevention solution to start with, rather than having a Section 193(2) duty accepted but being discharged through the private sector anyway".*

(LA homelessness officer, the South, 2012)

In part, our case study authorities' caution on the use of 'compulsory' discharge of duty into the PRS related to concerns about possible legal challenge on the 'suitability' of properties procured from the PRS, particularly where such properties were far removed from applicants' home areas. This issue of the suitability of private tenancies used to discharge the main homelessness duty has been acknowledged by a range of commentators as a potential 'new legal battleground'.<sup>272</sup>

These compulsory discharge measures appeared to raise few anxieties amongst single homelessness providers: in most cases few of their clients were accepted as owed the main duty in any case, and where they were there was a feeling that councils would be reasonable about this. Anxiety about compulsory discharge into fixed-term tenancies may be expected to be highest amongst services working with

<sup>269</sup> DCLG (2010) *Local Decisions: A Fairer Future for Social Housing – Consultation*; London: DCLG; and Fitzpatrick, S. & Pawson, H. (2012) 'Ending Security of Tenure for Social Renters: Opening the Door to 'Ambulance Service' Social Housing?', Paper presented at European Network for Housing Research Conference, Lillehammer, 24-27 June 2012.

<sup>270</sup> Butler, P. (2012) 'Beyond cynical': ministers, housing benefit cuts, and homelessness', *The Guardian*, 13th November: <http://www.guardian.co.uk/society/patrick-butler-cuts-blog/2012/nov/13/beyond-cynical-ministers-housing-benefit-cuts-homelessness>

<sup>271</sup> It should be noted that there is in fact scant evidence for this assumption that large numbers of homelessness applications are 'manufactured' for this purpose. Fitzpatrick, S. & Pleace, N. (2011) 'The Statutory Homelessness System in England: A Fair and Effective Rights-Based Model?' *Housing Studies*, 27(2): 232-251.

<sup>272</sup> Butler, P. (2012) 'Beyond cynical': ministers, housing benefit cuts, and homelessness', *The Guardian*, 13th November: <http://www.guardian.co.uk/society/patrick-butler-cuts-blog/2012/nov/13/beyond-cynical-ministers-housing-benefit-cuts-homelessness>

homeless families with dependent children, to whom security of tenure seems especially important.<sup>273</sup>

### Localism and single homelessness

Finally, it is worth noting that the single homelessness service providers interviewed were generally concerned about the principle of 'Localism', fearing that it would have a damaging impact on 'unpopular' groups such as their clients:

*"You need a national framework, and to work flexibly within it locally. If councils are not told by government what to do, councillors with their own agenda, the Not in My Back Garden idea... I worry about giving everything to local councillors... influential people push through things that are a priority for them but may not be a priority for your city."*

(Manager, single homelessness service provider, the North, 2011)

A single homelessness senior manager from London likewise commented (in 2011):

*"...as a pan-London organisation, we represent a community of identity, not a geographic community, and focus on geographic community will always disadvantage us."*

Local communities often give agencies working with single homeless people 'a hard time', and it was feared that the Localism agenda may open up their work to more (unhelpful) community scrutiny. Views on this matter had not shifted in 2012.

## 4.5 Other policy developments affecting specific groups

There were a range of other policy and contextual developments that were identified as impacting on particular groups of homeless people or those at risk of homelessness.

For example, abolition of the Educational Maintenance Allowance (EMA) was reported by a number of both voluntary sector service providers and LA representatives as potentially making it far harder to hold families together and, thereby, tending to lead to greater youth homelessness:

*"I think in that sense, what we're seeing is the recession impacts on families, which is then starting to impact on a young person. It's always a combination: you take away things like Educational Maintenance Allowance, you increase non-dependant deductions, you get one mum or dad or one member of the family lose their job. Then you get, 'What are you contributing, young person' sort of thing, who becomes more of a drain on the resources rather than a contributor into the resources."*

(Senior manager, youth homelessness service provider, the North, 2012).

While the EMA represents a small amount of money (up to £30 per week), it was argued to make a real financial difference in very marginal households, and research by the Institute for Fiscal Studies (IFS) indicates that the EMA had had a significant positive impact on educational participation rates amongst disadvantaged young people.<sup>274</sup> In 2012, youth homelessness representatives expressed the hope that the special arrangements for vulnerable young people implemented as a (very) partial replacement for EMA – via the 16-19 Bursary Fund

<sup>273</sup> Fitzpatrick, S. (2008) 'The contribution of the statutory homelessness system', in Fitzpatrick, S. & Stephens, M. (eds.) *The Future of Social Housing*. London: Shelter.

<sup>274</sup> IFS (2010) *An efficient maintenance allowance?* London: IFS: <http://www.ifs.org.uk/publications/5370>

administered by schools, colleges and training providers<sup>275</sup> - would be made permanent.

For single homelessness charities the restructure of the NHS was raised as a concern when they were first interviewed in 2011, and again in 2012, with several key informants emphasising that many GPs are unenthusiastic about catering for the needs of severely disadvantaged people. The first MWG report noted the importance of ensuring that the needs of homeless people are better reflected in Joint Strategic Needs Assessments and in the commissioning of health services, including highlighting the role of specialist drug, alcohol and mental health services in treating homeless people.<sup>276</sup> The second MWG report<sup>277</sup> proposes the inclusion of a new pledge on care co-ordination for people with complex needs in the NHS Constitution. The introduction of a statutory duty on the NHS Service Commissioning Board and on clinical commissioning groups to have regard to the need to reduce inequalities in access to healthcare, and to commission accordingly, under the Health and Social Care Act 2012, may also be significant. In the Public Health Outcomes Framework 2013-16, the vision is *'to improve and protect the nation's health and well-being, and improve the health of the poorest fastest'*.<sup>278</sup> However, despite these potentially positive developments, there was concern amongst some of our interviewees in 2012 that local Health and Wellbeing Boards may disinvest in substance misuse services, for example, in favour of services aimed at broader (and more sympathetic) sections of the population.

Another key area of concern is funding cuts to housing advice services. The Legal Aid,

Sentencing and Punishment of Offenders Act 2012, due to come into force in April 2013, will impose significant cuts on legal aid funding for specialist advice to help with housing, debt and welfare benefits problems. A Citizens Advice Parliamentary briefing claims that local advice and community based services such as bureaux will lose over 77% of their legal aid funding as a result of the reform.<sup>279</sup> In many areas these advice services are under threat because of local authority as well as legal aid funding cuts. Vulnerable people's ability to secure a range of their statutory rights – including those provided for under the homelessness legislation – may be undermined as a result.

#### 4.6 Key points

- The MWG's work has established a range of initiatives on addressing rough sleeping, and more recently on homelessness prevention, but it seems likely that these efforts will be overwhelmed by much larger economic and policy forces tending to drive homelessness up.
- While it is very early days in the operation of the LHA reforms, the initial evidence suggests that the most problematic elements are the caps on LHA rates in central London, and the extension of the SAR to 25-34 year olds, increasing pressure on a limited supply of shared accommodation and possibly forcing vulnerable people into inappropriate shared settings. Of the housing cost reforms still to be introduced, most concern focuses on the new 'under-occupation' penalty for working age social tenants.

<sup>275</sup> Department for Education website, 'The 16-19 Bursary Fund' [http://media.education.gov.uk/assets/files/pdf/1/final%20young%20people%2016-19%20bursary%20fund%20qa\\_27july2012.pdf](http://media.education.gov.uk/assets/files/pdf/1/final%20young%20people%2016-19%20bursary%20fund%20qa_27july2012.pdf)

<sup>276</sup> DCLG (2011) *Vision to End Rough Sleeping: No Second Night Out Nationwide*. London: DCLG.

<sup>277</sup> DCLG (2012) *Making Every Contact Count: A Joint Approach to Preventing Homelessness*. London: DCLG: <http://www.communities.gov.uk/publications/housing/makingeverycontactcount>

<sup>278</sup> Department of Health (2012) *Improving outcomes and supporting transparency. Part 1: A Public Health Outcomes Framework for England 2013-16*: [http://www.dh.gov.uk/prod\\_consum\\_dh/groups/dh\\_digitalassets/@dh/@en/documents/digitalasset/dh\\_132559.pdf](http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/documents/digitalasset/dh_132559.pdf)

<sup>279</sup> Citizens Advice (2012) *Legal Aid Reform Parliamentary Briefing*: [http://www.citizensadvice.org.uk/index/parliament/parliamentary\\_briefings/legal\\_aid\\_reform](http://www.citizensadvice.org.uk/index/parliament/parliamentary_briefings/legal_aid_reform).

- While there was support amongst some key informants for the principles of UC, there are now considerable concerns about the readiness and accessibility of the centralised on line arrangements for delivering the new regime.
- There are also concerns that the scheme remains overly complex, and will not enhance work incentives for many claimants, and in particular for larger families in very low paid work, compared to the benefits regime that operated in 2010, before the cut backs in the value of tax credits were introduced. There are also particular anxieties about the prospects for increased rent arrears and evictions where the rent element is paid to tenants.
- There are much greater concerns about the potential impact of the national benefit cap for out of work (working age) households, which will impact not just in relatively high cost areas, but more generally on larger families.
- Linked with this, are growing concerns about benefit caps prompting long distance out-of-area placements by LAs fulfilling their homelessness duties, particularly from central London to cheaper parts of the country.
- Increased conditionality and tougher sanctions within the JSA and ESA regimes were said to be impacting negatively on homeless people with chaotic lifestyles, who find it difficult to meet DWP stipulations, and single homeless people were reported not to be receiving a good service from the Work Programme prime contractors.
- The lifting of the SP ring fence, together with national budget cuts, is now impacting directly on the front-line services available to homeless people, with the prospect of more significant cuts to come in many areas. Homeless Link's latest annual survey reports that 58% of homelessness projects experienced funding reductions in 2011/12, and over half (55%) expected more local authority cuts in the coming year.
- The implementation of 'Localism' has weakened the national 'housing settlement' which has hitherto played an important role in ameliorating the impact of income poverty on disadvantaged households. The move towards less secure tenancies and closer to market rents will weaken the safety net function of the social rented sector over time. Young people are the group most likely to be negatively affected by the move towards fixed-term social tenancies, while rent levels implied by an 80% of market ceiling, in combination with benefit caps, have raised particular concerns about the affordability of family-sized accommodation in London.
- There are also concerns about other aspects of the Government's policy agenda – including abolition of the EMA and health service reforms – impacting negatively on some specific groups vulnerable to homelessness. Another key area of concern is reductions in housing and social welfare advice services, which in many areas are under threat because of both council and legal aid cuts. Vulnerable people's ability to secure a range of their statutory rights – including those provided for under the homelessness legislation – may be undermined as a result.

## 5. Homelessness trends in England

### 5.1 Introduction

Previous chapters have reviewed the possible homelessness implications of the ongoing economic recession and policy reforms instituted under the Coalition Government. In this chapter we assess the extent to which these are matched by recent statistical trends on homelessness. Although our analysis is based mainly on published statistics some sections also draw on unpublished survey data.

The chapter analyses recent trends in homelessness ‘demand’ under the four headings used throughout this report: rough sleeping, single homelessness, statutory homelessness and hidden homelessness. Under each of these headings, the analysis focuses in particular on trends in the years immediately preceding and subsequent to the 2010 change of government. Wherever possible, analyses include the period up to and including financial year 2011/12. The most up-to-date data available at the point of analysis (summer/autumn 2012) has been employed throughout this chapter.

### 5.2 Rough sleeping

National systems for enumerating rough sleeping have been in place since the 1990s. With the reduction of rough sleeper numbers adopted as a high profile social policy target by the first Blair administration, these figures achieved particular prominence around the turn of the millennium. Under this framework, across England, rough sleeping was shown as falling from over 1,800 in 1998 to only 600 in 2002. Subsequently, over the next few years the published national total hovered around 500.<sup>280</sup> However, the methodology underlying these estimates was subject to mounting criticism by the end of the Labour era.

First, there has been the objection that the presentation of snapshot counts as ‘annual totals’ is misleading since the number of people sleeping rough at some point in any given year will inevitably be far greater than the number doing so on a single night.

Conversely, a second criticism is that the snapshot rough sleeper counts distort the measured scale of the issue because they crudely aggregate together those enumerated irrespective of the duration of their street homelessness.<sup>281</sup>

Third, there is controversy about the methods used for snapshot counts. The most fundamental issue is the simple fact that the level of resources available for such counts is always liable to be insufficient to achieve thorough coverage. In addition, enumerators may tend to avoid dangerous or inaccessible locations, resulting in some of those concerned remaining uncouned. Another concern in the English counts was that only those bedded down for the night were included. Possibly in part due to such limitations, official rough sleeper counts in London and elsewhere have been derided as gross understating the true scale of the issue. For example, a drug treatment agency in Manchester reported that ‘nearly half’ of the 100 injecting drug users it surveyed were ‘roofless (rough sleepers)’. This compared with the official 2007 Manchester City Council estimate of seven rough sleepers in the entire city.<sup>282</sup>

A fourth criticism specific to the pre-2010 official methodology for national rough sleeper estimates in England related to the procedure for summing the estimated numbers submitted by some local authorities which had opted against an actual count. In DCLG’s summer 2010 data collection

<sup>280</sup> DCLG (2010) *Rough Sleeping England: Total Street Count and Estimates, 2010*. London: DCLG: <http://www.communities.gov.uk/publications/corporate/statistics/roughsleepingcount2010>

<sup>281</sup> Swain, J. (2012) ‘The true measure’, *Inside Housing* 8 June: <http://www.insidehousing.co.uk/ihstory.aspx?storycode=6522231>

<sup>282</sup> Newcombe, R. (2007) *Multi-drug Injecting in Manchester*. Lifeline Project: [http://www.lifeline.org.uk/Multi-Drug-Injecting-in-Manchester\\_51.php](http://www.lifeline.org.uk/Multi-Drug-Injecting-in-Manchester_51.php)

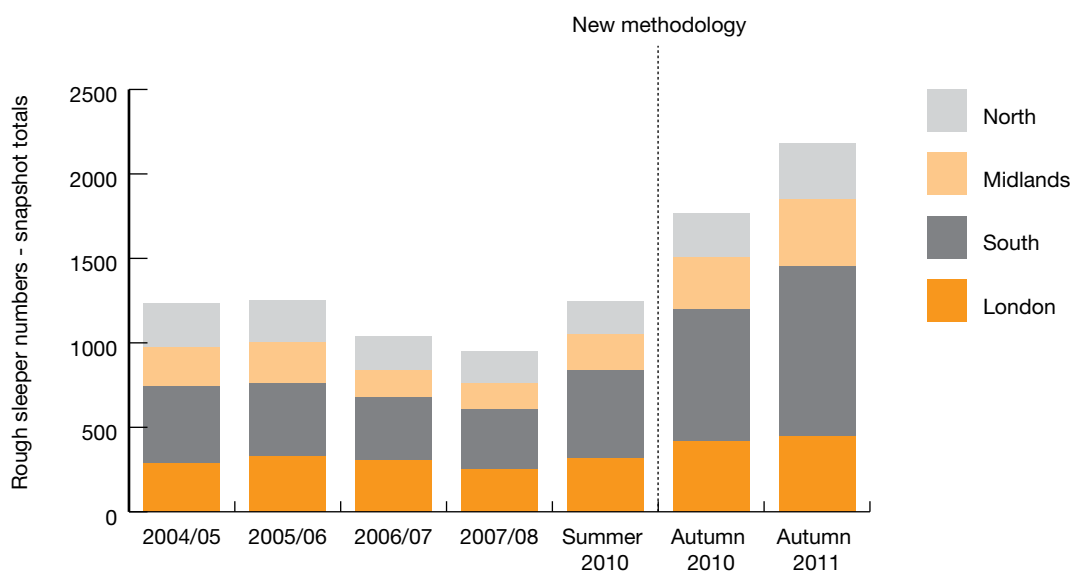
round, for example, more than three quarters of councils submitted estimates rather than counts. Crucially, for the purpose of assembling national totals, each of these was processed by firstly assigning it to a band (e.g. 0-10, 11-20, etc.) and secondly assuming the lowest point within the band to be the best estimate for the council concerned. This was originally justified on the basis of an official view that 'local authorities almost invariably overestimate the scale of rough sleeping in their district until they undertake a street count'.<sup>283</sup> However, with most authority estimates tending to lie in the 0-10 band, all of these will have summed to zero for the purposes of the national total.

Recognising flaws in existing methodology, Coalition Government ministers initiated a modified approach to rough sleeper enumeration in 2010. The new guidance expands the definition of 'rough sleeper' to include people 'about to bed down' as

well as those actually lying down. Perhaps more importantly, LAs opting for desk-based estimates rather than actual counts must now consult on this with agencies working with rough sleepers in their area. Detailed guidance on this and other aspects of recommended estimation methodology have been made available.<sup>284</sup> Nevertheless, some resulting estimates are still considered by one prominent expert as 'utterly implausible'.<sup>285</sup>

Before discussing the latest rough sleeping statistics, as generated from DCLG's new methodology, let us first consider the regional and national trends in rough sleeper numbers as generated under the previous methodological framework, but eliminating the arguably distorting effect of the official 'rounding down' technique, by drawing on the actual rough sleeper numbers submitted annually to the Audit Commission until 2008.<sup>286</sup> As illustrated in Figure 5.1, in all regions, a gradual decline until 2007/08 was

Figure 5.1 – Trends in rough sleeper numbers by region, 2004-2011



Sources: 2004/05-2007/08 – collated from Audit Commission Best Value Performance Indicators returns; Summer 2010 onwards – DCLG.

<sup>283</sup> Written answer to Parliament by Hilary Armstrong, Secretary of State, 19 May 1999 – Hansard [http://www.publications.parliament.uk/pa/cm199899/cmhansrd/vo990519/text/90519w04.htm#90519w04.htm\\_wqn9](http://www.publications.parliament.uk/pa/cm199899/cmhansrd/vo990519/text/90519w04.htm#90519w04.htm_wqn9)

<sup>284</sup> Homeless Link (2010) *Evaluating Rough Sleeping Toolkit*. London: Homeless Link: <http://www.homeless.org.uk/evaluating-roughsleeping-toolkit>

<sup>285</sup> Swain, J. (2012) 'The true measure', *Inside Housing* 8 June: <http://www.insidehousing.co.uk/ihstory.aspx?storycode=6522231>

<sup>286</sup> Note that the Audit Commission figures are 'snapshot counts' submitted by local authorities within the context of annual 'performance indicator' returns for the financial years as specified.

reversed in the most recent period. However, this turnaround was particularly marked in the South while only very modest in the North.<sup>287</sup>

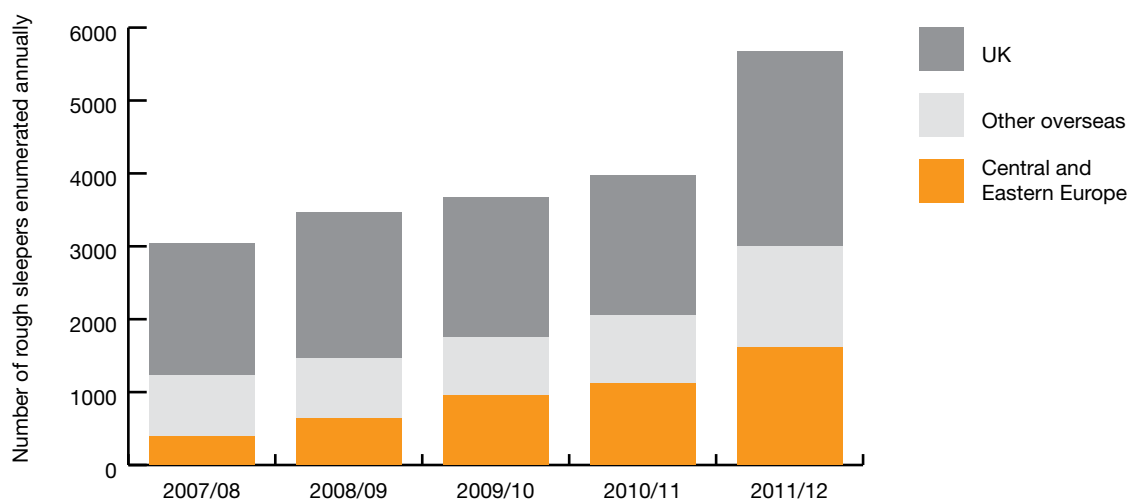
Using the new methodology, national rough sleeper numbers rose by 23% in the year to Autumn 2011 – see Figure 5.1. On the face of it, this suggests a much more marked growth dynamic than anything seen since the 1990s.

However, while DCLG's new approach to collection may be marginally superior to the previous system, it remains vulnerable to a number of the criticisms detailed above. For a more sophisticated and arguably somewhat more robust data source on rough sleeping – albeit restricted to London – we turn to the Broadway CHAIN (Combined Homelessness and Information Network) framework. CHAIN

data are particularly useful in providing 'flow' information on rough sleepers in the capital rather than just snapshots, and offer both a reasonably consistent time series and more in-depth information about rough sleeper characteristics.<sup>288</sup>

As shown in Figure 5.2, CHAIN figures have shown a sustained increase in the incidence of rough sleeping in London over a number of years – certainly long pre-dating the introduction of Coalition Government welfare reforms. Nevertheless, the rate of increase appeared to increase sharply in 2011/12, with the total number of rough sleepers enumerated during the year up by 43% up on the previous year and nearly double the figure for four years earlier – see Figure 5.2 and Table 5.1.<sup>289</sup> The pattern also changed in

**Figure 5.2 – Rough sleeping in London 2007/08-2011/12: breakdown by nationality**



Source: Broadway 'Street to Home' monitoring reports (<http://www.broadwaylondon.org/CHAIN/Reports/StreettoHomeReports.html>) supplemented by unpublished data provided by Broadway

<sup>287</sup> While the provenance of the data underlying Figure 5.1 is subject to many health warnings, it provides the only available basis for tracking trends in the incidence of rough sleeping at a regional level over recent years.

<sup>288</sup> Because this method enumerates people who have slept rough during a given period the resulting figures cannot be directly compared with the snapshot numbers produced under the DCLG approach as described above

<sup>289</sup> In interpreting the CHAIN data trend over time it should also be recognised that an element of the rising rough sleeper figures over the past decade may have been attributable to 'the expansion of monitoring by outreach services to new areas such as Heathrow' – see p. 59 in: Greater London Authority (2009) *Housing in London: the Evidence Base for the London Housing Strategy*. London: GLA: <http://legacy.london.gov.uk/mayor/housing/strategy/docs/housing-in-london2009.pdf>

2011/12 in that increases were recorded for each of the broad nationality groupings as set out in Figure 5.2. Over the previous few years – as shown in Table 5.1 – rising overall numbers resulted solely or largely from the increasing size of the CEE (mainly Polish) cohort. Clearly, the latest figures represent a significantly changed dynamic.

The large and growing scale of non-UK rough sleeping indicates the extent to which destitute migrants have become part of London's homeless population. Those originating from CEE are probably mainly people who arrived in the UK as migrant workers and who will have been, until May 2011, subject to highly restricted welfare entitlements (see Chapter 4). With the easing of these benefit restrictions, it might have been expected that CEE street homelessness would fall away.<sup>290</sup> As yet, however, the 2011/12 figures in Table 5.1(b)

demonstrate that this has not been borne out. Many among the rough sleepers of 'other' nationality (Table 5.1) may be refused asylum seekers or other irregular migrants.<sup>291</sup>

CHAIN data may also be usefully broken down according to the stock/flow/returner typology. As defined below, these terms attempt to differentiate rough sleepers according to their history of street homelessness:

- Stock:** Rough sleepers enumerated in 2011/12 already logged as such in 2010/11.
- Flow:** Rough sleepers enumerated in 2011/12 but never previously seen sleeping rough.
- Returner:** Rough sleepers enumerated in 2011/12 and also logged as

**Table 5.1 – London rough sleepers: breakdown by nationality**  
(a) Overall numbers

|                            | 2007/08      | 2008/09      | 2009/10      | 2010/11      | 2011/12      |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| Central and Eastern Europe | 351          | 545          | 845          | 1,016        | 1,526        |
| Other overseas             | 737          | 705          | 702          | 847          | 1,320        |
| UK                         | 1,606        | 1,710        | 1,700        | 1,744        | 2,531        |
| Not known                  | 344          | 512          | 426          | 368          | 301          |
| <b>Total</b>               | <b>3,038</b> | <b>3,472</b> | <b>3,673</b> | <b>3,975</b> | <b>5,678</b> |

(b) % change, year on year

|                            | 2008/09   | 2009/10  | 2010/11  | 2011/12   |
|----------------------------|-----------|----------|----------|-----------|
| Central and Eastern Europe | 62        | 50       | 17       | 44        |
| Other overseas             | -1        | -4       | 18       | 49        |
| UK                         | 11        | -4       | 0        | 39        |
| <b>Total</b>               | <b>14</b> | <b>6</b> | <b>8</b> | <b>43</b> |

Source: Broadway 'Street to Home' monitoring reports (<http://www.broadwaylondon.org/CHAIN/Reports/StreettoHomeReports.html>) supplemented by unpublished data provided by Broadway

<sup>290</sup> Fitzpatrick, S., Johnsen, S. & Bramley, G. (2012) 'Multiple exclusion amongst migrants in the UK', *European Journal of Homelessness*, 6(1):31-58.  
<sup>291</sup> Broadway (2011) <http://www.broadwaylondon.org-CHAIN-NewsletterandReports.htm>



rough sleepers at least 12 months earlier, but not previously in 2011/12.

Enumerating street homelessness in this way helps to address one of the more important criticisms of rough sleeping statistics outlined above – namely, the inability of simple counts to reveal anything about the seriousness of the problem in terms of homelessness duration.

As shown in Table 5.2(a) much of the global rough sleeping increase recorded in 2011/12 involved people not previously logged as such. This may indicate that ‘hard core’ or sustained rough sleeping is growing somewhat less rapidly than the overall trend suggests. The combined total of ‘stock’ and ‘returner’ cases enumerated in 2011/12 represented an annual increase of 15% as

compared with the 62% increase in ‘flow’ cases.

Consistent with the above interpretation, other analysis focusing on statistics for early 2012 showed a declining proportion of new rough sleepers falling into long term street homelessness as compared with the same period in 2011, which may well reflect the success of the ‘no second night out’ (NSNO) initiative (see Chapter 4).<sup>292</sup>

### 5.3 Single homelessness

The term ‘single homelessness’ as used in this report refers to homeless people staying in hostels, shelters and temporary supported accommodation. Given that some of them may be people who have also slept rough, there will be some linkage between these two categories. Monitoring single homelessness

**Table 5.2 – Rough sleepers in London broken down by stock/flow/returner**  
**(a) Change over time**

|              | 2007/08      | 2008/09      | 2009/10      | 2010/11      | 2011/12      | % change 2010/11-2011/12 |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------------------|
| Stock        | 864          | 902          | 979          | 1,078        | 1,199        | 11                       |
| Flow         | 1,705        | 2,012        | 2,226        | 2,363        | 3,825        | 62                       |
| Returner     | 469          | 558          | 468          | 534          | 654          | 22                       |
| <b>Total</b> | <b>3,038</b> | <b>3,472</b> | <b>3,673</b> | <b>3,975</b> | <b>5,678</b> | <b>43</b>                |

**(b) Proportionate split by year**

|          | 2007/08 % | 2008/09 % | 2009/10 % | 2010/11 % | 2011/12 % |
|----------|-----------|-----------|-----------|-----------|-----------|
| Stock    | 28        | 26        | 27        | 27        | 21        |
| Flow     | 56        | 58        | 61        | 59        | 67        |
| Returner | 15        | 16        | 13        | 13        | 12        |
| Total    | 100       | 100       | 100       | 100       | 100       |

Source: Broadway ‘Street to Home’ monitoring reports (<http://www.broadwaylondon.org/CHAIN/Reports/StreettoHomeReports.html>) supplemented by unpublished data provided by Broadway

**Table 5.3 – Citizens Advice caseload monitoring data – England: 2008/09-2011/12**  
**(a) Trend in housing-related enquiries within broader context**

|                                   | 2008/09<br>(000s) | 2009/10<br>(000s) | 2010/11<br>(000s) | 2011/12<br>(000s) | % change<br>2010/11-<br>2011/12 | % change<br>2008/09-<br>2011/12 |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|---------------------------------|---------------------------------|
| Benefits & tax credits            | 1,654             | 1,958             | 2,028             | 2,080             | 3                               | 26                              |
| Consumer goods & services         | 116               | 133               | 128               | 113               | -12                             | -3                              |
| Debt                              | 1,867             | 2,239             | 2,122             | 1,995             | -6                              | 7                               |
| Education                         | 23                | 28                | 30                | 25                | -16                             | 10                              |
| Employment                        | 549               | 563               | 539               | 495               | -8                              | -10                             |
| Financial products & services     | 113               | 134               | 126               | 122               | -3                              | 8                               |
| Health & community care           | 67                | 75                | 75                | 71                | -5                              | 6                               |
| Housing                           | 396               | 453               | 484               | 468               | -3                              | 18                              |
| Immigration, asylum & nationality | 78                | 93                | 94                | 81                | -14                             | 4                               |
| Legal                             | 253               | 286               | 286               | 252               | -12                             | 0                               |
| Other                             | 74                | 83                | 87                | 96                | 10                              | 30                              |
| Relationships & family            | 276               | 317               | 324               | 302               | -7                              | 9                               |
| Signposting & referral            | 164               | 188               | 163               | 138               | -15                             | -16                             |
| Tax                               | 45                | 51                | 63                | 56                | -11                             | 24                              |
| Travel, transport & holidays      | 40                | 46                | 49                | 45                | -9                              | 12                              |
| Utilities & communications        | 95                | 99                | 86                | 79                | -9                              | -18                             |
| Total                             | 5,809             | 6,746             | 6,683             | 6,417             | -4                              | 10                              |

**(b) Trend in homelessness and arrears-related enquiries – detailed breakdown**

|                                 | 2008/09<br>(000s) | 2009/10<br>(000s) | 2010/11<br>(000s) | 2011/12<br>(000s) | % change<br>2010/11-<br>2011/12 | % change<br>2008/09-<br>2011/12 |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|---------------------------------|---------------------------------|
| Mortgage & secured loan arrears | 90                | 109               | 100               | 88                | -12                             | -2                              |
| Social housing rent arrears     | 65                | 69                | 71                | 72                | 1                               | 11                              |
| Private rental arrears          | 19                | 22                | 26                | 26                | 2                               | 40                              |
| Actual homelessness             | 19                | 20                | 24                | 25                | 6                               | 29                              |
| Threatened homelessness         | 54                | 55                | 63                | 67                | 7                               | 25                              |
| LA Homelessness service         | 16                | 15                | 16                | 16                | -2                              | 1                               |
| All                             | 262               | 291               | 299               | 294               | -2                              | 12                              |

Source: Citizens Advice – see: [https://www.citizensadvice.org.uk/advice\\_trends](https://www.citizensadvice.org.uk/advice_trends) Note: Figures represent ‘advice issues’ – i.e. problems on which a client has received advice, not the number of individual clients advised, as one client may be advised on multiple issues.

demand is rather problematic; most estimates of this population tend to be tied to the scale of accommodation provision for this group rather than true demand or need measures.

#### **Advice service demand statistics**

Data on the Citizens Advice caseload provides an insight into trends in underlying housing needs – including those contributing to single homelessness. However, like figures based on hostel provision, such data are to some extent a ‘supply’ measure rather than a true indicator of demand. Indeed, in explaining the reduction in the overall caseload recorded in 2011/12, Citizens Advice points to the funding cuts which reduced local bureaux capacity in that year by approximately 10% (see Chapter 4). Notwithstanding such limitations, perhaps the most notable figure in Table 5.3 is the sharp increase in private rental arrears cases over the three years to 2011/12. Also worth noting is that, despite the overall fall in caseload numbers over the past year, enquiries related to actual and threatened homelessness still rose, albeit modestly.

#### **Supporting People data**

In the 2011 edition of the Homelessness Monitor for England we also included Supporting People data as an indicator of single homelessness demand. Unfortunately, because mandatory participation in the national monitoring of Supporting People service provision ceased in 2011, the system which continues to operate on a voluntary basis can no longer be used to track national trends over time.

### **5.4 Statutory homelessness**

As used in this report, the term statutory homelessness refers to LA assessments of applicants seeking help with housing on the grounds of being currently or imminently without accommodation. At the end of this section, however, we also refer to statistics on LA homelessness prevention which is, strictly speaking, non-statutory activity. Except where stated, the tables in this section are sourced from DCLG’s quarterly homelessness statistics as published in September 2012.<sup>293</sup>

#### **Overall trends at the national and regional level**

After falling for six years the number of homelessness assessment decisions bottomed out in 2009-10 (see Table 5.4). Since then total decisions have risen by 22% and ‘acceptances’ (households accepted as unintentionally homeless and in priority need) have gone up by 26%. Indeed, the latest quarterly figures (Q2 2012) show acceptances 34% above their 2009 low (see Figure 5.3).

The unprecedented reduction in statutory homelessness seen in the period from 2003/04-2009/10 resulted from a government-inspired drive for local authority homelessness prevention. Increasingly, over this period, formal assessment casework was dwarfed by informal advice and assistance activity aimed at helping applicants to retain existing accommodation or to secure a new (usually private) tenancy. Since 2009/10, as discussed later in this chapter, prevention activity has remained vigorous. Nevertheless, a strongly rising trend in statutory homelessness has re-appeared since 2009.

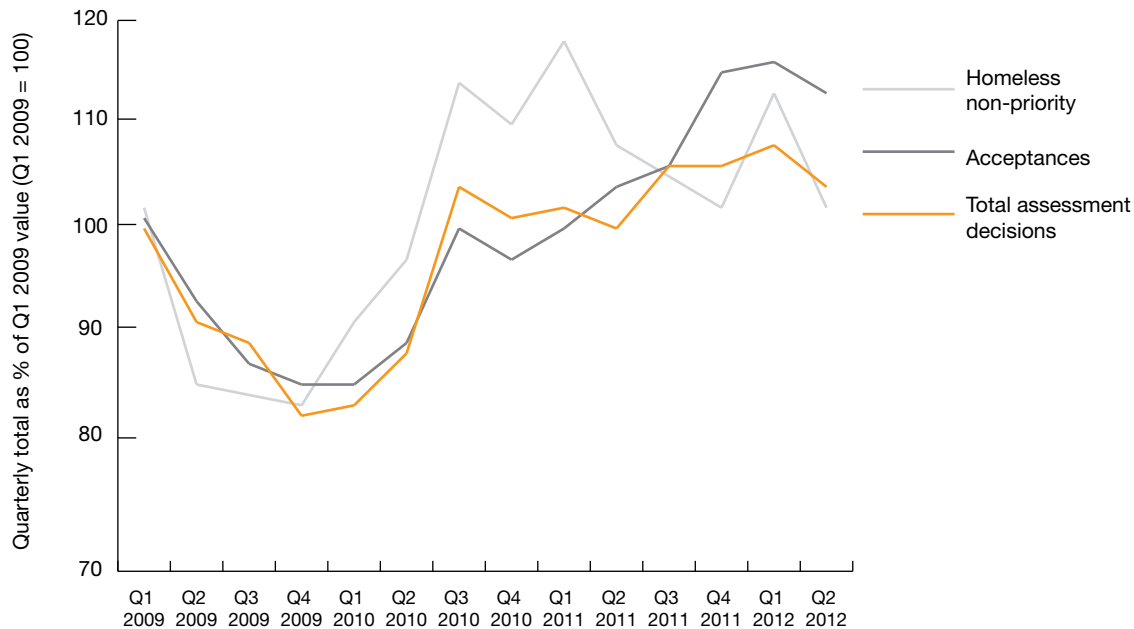
<sup>293</sup> DCLG statistics: <http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/homelessnessstatistics/livetales/>

**Table 5.4 – Statutory homelessness assessment decisions – households**  
**(a) Financial years, 2001/02-2011/12**

| Financial year                | Total decisions | Of which:   |                        |              |              |
|-------------------------------|-----------------|-------------|------------------------|--------------|--------------|
|                               |                 | Acceptances | Intentionally homeless | Non-priority | Not homeless |
| 2001/02                       | 254,050         | 116,660     | 8,540                  | 54,910       | 73,940       |
| 2002/03                       | 279,130         | 128,540     | 9,980                  | 62,980       | 77,630       |
| 2003/04                       | 298,390         | 135,420     | 12,930                 | 67,720       | 82,330       |
| 2004/05                       | 266,870         | 120,860     | 13,810                 | 59,190       | 73,030       |
| 2005/06                       | 213,290         | 93,980      | 13,260                 | 45,540       | 60,500       |
| 2006/07                       | 159,330         | 73,360      | 10,930                 | 31,140       | 43,920       |
| 2007/08                       | 130,850         | 63,170      | 9,560                  | 21,800       | 36,320       |
| 2008/09                       | 112,900         | 53,430      | 8,640                  | 17,480       | 33,350       |
| 2009/10                       | 89,120          | 40,020      | 6,580                  | 15,820       | 26,700       |
| 2010/11                       | 102,200         | 44,160      | 7,130                  | 20,230       | 30,680       |
| <b>Change 2010/11-2011/12</b> | <b>6</b>        | <b>14</b>   | <b>11</b>              | <b>-3</b>    | <b>0</b>     |
| <b>Change 2009/10-2011/12</b> | <b>22</b>       | <b>26</b>   | <b>20</b>              | <b>24</b>    | <b>15</b>    |

**(b) by Quarter, 2009-2012**

|                                   | Total assessment decisions | Acceptances | Homeless non-priority |
|-----------------------------------|----------------------------|-------------|-----------------------|
| Q1 2009                           | 25,890                     | 11,420      | 4,610                 |
| Q2 2009                           | 23,560                     | 10,670      | 3,930                 |
| Q3 2009                           | 22,950                     | 9,990       | 3,890                 |
| Q4 2009                           | 21,200                     | 9,690       | 3,810                 |
| Q1 2010                           | 21,410                     | 9,660       | 4,200                 |
| Q2 2010                           | 22,850                     | 10,130      | 4,450                 |
| Q3 2010                           | 26,890                     | 11,450      | 5,250                 |
| Q4 2010                           | 26,060                     | 11,130      | 5,090                 |
| Q1 2011                           | 26,400                     | 11,450      | 5,430                 |
| Q2 2011                           | 25,980                     | 11,880      | 4,960                 |
| Q3 2011                           | 27,390                     | 12,080      | 4,820                 |
| Q4 2011                           | 27,470                     | 13,100      | 4,710                 |
| Q1 2012                           | 27,880                     | 13,230      | 5,200                 |
| Q2 2012                           | 26,800                     | 12,960      | 4,700                 |
| <b>% change - Q4 2009-Q2 2012</b> | <b>26</b>                  | <b>34</b>   | <b>23</b>             |

**Figure 5.3 – Recent trends in homelessness assessment decisions**

Source: DCLG – September 2012 statutory homelessness statistics

Latest statutory homelessness figures (Quarter 2, 2012) show a general continuation of post-2009/10 trends as shown in Table 5.4. By this time, the number of assessment decisions had risen by 26% over the previous nine quarters since Quarter 4 2009. Non-priority homelessness decisions were up by 23% over the same period – despite the fact that, as shown in Figure 5.3, the trend here has been somewhat volatile.

As shown in Table 5.5, the proportionate split between assessment outcomes has remained generally very steady during the past decade. The substantial reduction in acceptances seen in the years following 2003/04 (see Table 5.4) reflected no reduction in the ‘acceptance rate’ in relation to total decisions although there was an initial increase in ‘intentional homelessness’ decisions. Similarly, the rising acceptance numbers seen since 2009/10 are almost exactly in line with rising overall numbers of recorded decisions. Nevertheless, in interpreting these statistics it is important to bear in mind changing local authority practices as regards which cases are treated

(and recorded for statistical monitoring purposes) as ‘formal decisions’ as opposed to informal advice cases. Previous research has demonstrated the way that more active local authority homelessness prevention in the period from 2003 was associated with a narrowing in the remit of formal monitoring.<sup>294</sup>

While homelessness acceptances bottomed out in 2009/10 at a national level, this was not as true for the northern regions – see Table 5.6. Indeed, acceptances continued to fall in the North East in 2011/12 and rose by only 1% in the West Midlands. More broadly, however, as shown in Figure 5.4, the recent pattern of change at the broad region level has been significantly contrasting. 2011/12 figures suggest London and the South are on the most steeply rising trajectory. The marked divergence seen here suggests housing system factors may be playing an important underlying role, with rising homelessness most acute in the more pressured South of England and less apparent in the weaker housing market context of the Northern regions.

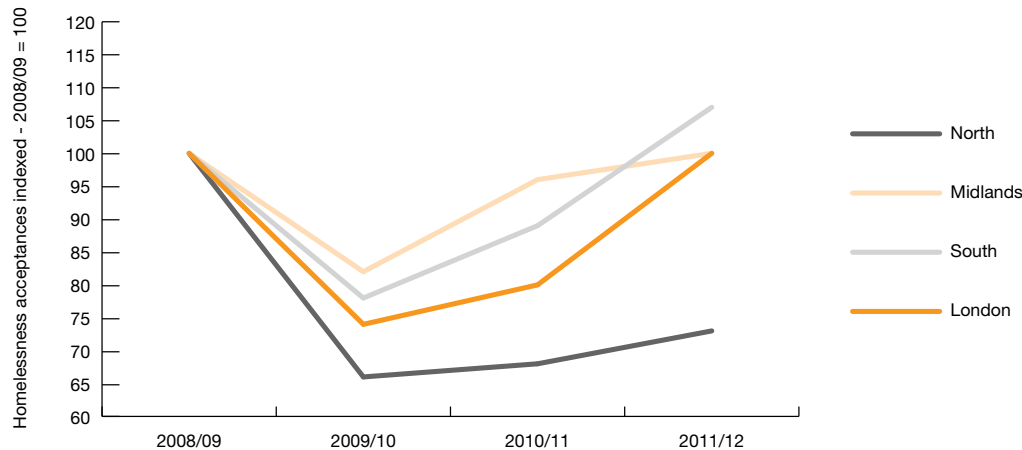
<sup>294</sup> Pawson, H., et al. (2007) *Evaluating Homelessness Prevention*. London: CLG: <http://www.communities.gov.uk/publications/housing/prevention/homelessness>

**Table 5.5 – Assessment decisions – proportionate split**

|         | Acceptances | Intentionally homeless | Homeless, non-priority | Not homeless | Total |
|---------|-------------|------------------------|------------------------|--------------|-------|
| 2001/02 | 46%         | 3%                     | 22%                    | 29%          | 100%  |
| 2002/03 | 46%         | 4%                     | 23%                    | 28%          | 100%  |
| 2003/04 | 45%         | 4%                     | 23%                    | 28%          | 100%  |
| 2004/05 | 45%         | 5%                     | 22%                    | 27%          | 100%  |
| 2005/06 | 44%         | 6%                     | 21%                    | 28%          | 100%  |
| 2006/07 | 46%         | 7%                     | 20%                    | 28%          | 100%  |
| 2007/08 | 48%         | 7%                     | 17%                    | 28%          | 100%  |
| 2008/09 | 47%         | 8%                     | 15%                    | 30%          | 100%  |
| 2009/10 | 45%         | 7%                     | 18%                    | 30%          | 100%  |
| 2010/11 | 43%         | 7%                     | 20%                    | 30%          | 100%  |
| 2011/12 | 46%         | 7%                     | 18%                    | 28%          | 100%  |

**Table 5.6 – Statutory homelessness acceptances by region**

|                        | North East | North West | Yorks & Humber | East Midlands | West Midlands | East   | London | South East | South West |
|------------------------|------------|------------|----------------|---------------|---------------|--------|--------|------------|------------|
| 2002/03                | 6,920      | 15,020     | 15,300         | 8,240         | 14,770        | 11,060 | 29,790 | 14,670     | 12,790     |
| 2003/04                | 8,350      | 18,030     | 16,190         | 9,590         | 15,600        | 11,190 | 30,080 | 15,150     | 11,230     |
| 2004/05                | 7,940      | 17,360     | 13,430         | 9,120         | 14,050        | 10,150 | 26,730 | 12,420     | 9,680      |
| 2005/06                | 5,970      | 13,180     | 9,450          | 6,890         | 11,960        | 8,260  | 21,140 | 9,320      | 7,820      |
| 2006/07                | 4,790      | 11,380     | 8,220          | 6,020         | 8,740         | 6,890  | 15,390 | 6,660      | 5,270      |
| 2007/08                | 3,600      | 8,530      | 7,350          | 4,780         | 9,170         | 5,900  | 13,800 | 5,510      | 4,520      |
| 2008/09                | 3,140      | 5,490      | 6,260          | 3,670         | 8,670         | 5,050  | 12,780 | 4,730      | 3,650      |
| 2009/10                | 2,010      | 4,010      | 3,880          | 3,060         | 7,100         | 3,660  | 9,460  | 3,870      | 2,980      |
| 2010/11                | 1,860      | 3,880      | 4,420          | 3,380         | 8,440         | 4,220  | 10,180 | 4,520      | 3,270      |
| 2011/12                | 1,800      | 4,190      | 4,900          | 3,790         | 8,560         | 5,270  | 12,720 | 5,320      | 3,750      |
| Change 2010/11-2011/12 | -3         | 8          | 11             | 12            | 1             | 25     | 25     | 18         | 15         |
| Change 2009/10-2011/12 | -10        | 4          | 26             | 24            | 21            | 44     | 34     | 37         | 26         |

**Figure 5.4 – Homelessness acceptances, 2008/09-2011/12: trends at broad region level**

Source: DCLG – June 2012 statutory homelessness statistics

### Reasons for homelessness

Looking back across the past decade, the profile of immediate reasons for homelessness as shown in Table 5.7(b) has remained generally consistent, despite the very substantial reduction in the overall size of the cohort during the period to 2009/10 and the subsequent reversal (Table 5.7(a)).

Focusing on the recent past, however, there has been a marked increase in the number of acceptances where homelessness arose from termination of an assured shorthold tenancy (AST) tenancy (see Table 5.7(a)). With numbers up by over 100% in two years this has recently been by far the most rapidly rising source of homelessness. Moreover, in 2011/12 the loss of ASTs accounted for a larger share of newly arising homelessness (19%) than at any time during the previous decade. Combined with ‘loss of other rented housing’, termination of assured shorthold tenancies has accounted for more than half

(51%) of the entire post-2009/10 rise in homelessness, nationally.

Various factors could help to explain the increased importance of private renting as a cause of homelessness. These include the simple expansion of the private rental market which has recently been growing at an extraordinary annual rate of 10%.<sup>295</sup> However, this factor cannot, in itself, explain the recent increase in private renting as a source of homelessness. Other possible contributory influences might, paradoxically, include the delayed impact of local authority action in making extensive use of private tenancy placements as a means of homelessness prevention<sup>296</sup> - see discussion later in this chapter. Beyond this, as demonstrated in Table 5.8, there is a significant regional dimension which suggests that the ‘more active’ housing market of London and the South of England, and the associated upward pressure on rents in these regions, is a key factor linked with rising

<sup>295</sup> Pawson, H. & Wilcox, S. (2012) *UK Housing Review 2011/12*. Coventry: CiH.

<sup>296</sup> Pawson, H., et. al. (2007) *Evaluating Homelessness Prevention*. London: CLG: <http://www.communities.gov.uk/publications/housing/prevention/homelessness>

homelessness originating in the PRS. Especially in the capital and its immediate surrounding area, the influence of foreign property purchasers and concentrated population growth may be important underlying drivers.

Also notable in Table 5.7(a) is that homelessness acceptances attributed to mortgage repossessions and rent arrears have remained at relatively low levels and

have been rising at only slightly in excess of overall rates of rising homelessness (Table 5.4(a)).<sup>297</sup> As discussed in Chapter 3, while it might be anticipated that these categories would be particularly sensitive to the post-2007 economic and housing market downturn, in fact they have only ever constituted a relatively small proportion of all homelessness acceptances, including during previous recessions.

**Table 5.7 – Acceptances by reason for homelessness**

**(a) Households**

|                        | Parental exclusion | Other relatives/friends exclusion | Relationship breakdown | Mortgage repossession | Rent arrears | End of AST | Loss of other rented hsg | Other  |
|------------------------|--------------------|-----------------------------------|------------------------|-----------------------|--------------|------------|--------------------------|--------|
| 2002/03                | 25,010             | 19,750                            | 26,410                 | 2,100                 | 3,200        | 17,460     | 8,080                    | 26,550 |
| 2003/04                | 29,800             | 20,870                            | 26,890                 | 2,050                 | 2,820        | 16,970     | 7,240                    | 28,830 |
| 2004/05                | 27,890             | 18,330                            | 23,440                 | 1,940                 | 2,470        | 16,130     | 6,450                    | 24,240 |
| 2005/06                | 21,950             | 14,150                            | 18,190                 | 2,390                 | 2,090        | 12,370     | 5,040                    | 17,870 |
| 2006/07                | 17,000             | 10,170                            | 14,590                 | 2,620                 | 1,730        | 10,280     | 3,620                    | 13,400 |
| 2007/08                | 14,470             | 8,320                             | 11,530                 | 2,280                 | 1,550        | 9,780      | 3,310                    | 11,940 |
| 2008/09                | 12,530             | 7,150                             | 9,870                  | 2,150                 | 1,350        | 6,800      | 2,880                    | 10,700 |
| 2009/10                | 8,760              | 5,000                             | 8,120                  | 1,210                 | 1,080        | 4,580      | 2,280                    | 8,990  |
| 2010/11                | 8,750              | 5,960                             | 8,550                  | 1,160                 | 1,220        | 6,630      | 2,560                    | 9,330  |
| 2011/12                | 9,870              | 6,910                             | 8,910                  | 1,580                 | 1,400        | 9,310      | 2,840                    | 9,460  |
| Change 2010/11-2011/12 | 13                 | 16                                | 9                      | 36                    | 15           | 40         | 11                       | 1      |
| Change 2009/10-2011/12 | 13                 | 38                                | 20                     | 31                    | 30           | 103        | 25                       | 5      |

<sup>297</sup> It should be noted that the statistics in Tables 5.7 and 5.8 relate to a classification of the immediate reason for the household's loss of their last home rather than necessarily revealing the main underlying cause of the problem. For example, a proportion of those recorded as having been 'excluded' by parents, friends or relatives will be individuals whose home has been repossessed and whose subsequent temporary housing arrangements have fallen through.



**(b) Proportionate split (row percentages)**

|         | Parental exclusion | Other relatives/friends exclusion | Relationship breakdown | Mortgage repossession | Rent arrears | End of AST | Loss of other rented hsg | Other |
|---------|--------------------|-----------------------------------|------------------------|-----------------------|--------------|------------|--------------------------|-------|
|         | %                  | %                                 | %                      | %                     | %            | %          | %                        | %     |
| 2002/03 | 19                 | 15                                | 17                     | 2                     | 2            | 14         | 6                        | 21    |
| 2003/04 | 22                 | 15                                | 17                     | 2                     | 2            | 13         | 5                        | 21    |
| 2004/05 | 23                 | 15                                | 16                     | 2                     | 2            | 13         | 5                        | 20    |
| 2005/06 | 23                 | 15                                | 16                     | 3                     | 2            | 13         | 5                        | 19    |
| 2006/07 | 23                 | 14                                | 17                     | 4                     | 2            | 14         | 5                        | 18    |
| 2007/08 | 23                 | 13                                | 15                     | 4                     | 2            | 15         | 5                        | 19    |
| 2008/09 | 23                 | 13                                | 16                     | 4                     | 3            | 13         | 5                        | 20    |
| 2009/10 | 22                 | 12                                | 17                     | 3                     | 3            | 11         | 6                        | 22    |
| 2010/11 | 20                 | 13                                | 16                     | 3                     | 3            | 15         | 6                        | 21    |
| 2011/12 | 20                 | 14                                | 15                     | 3                     | 3            | 19         | 6                        | 19    |

As shown in Table 5.8(a), there has been considerable diversity at the regional level in recent trends for distinct homelessness causes. For example, while homelessness resulting from termination of assured shorthold tenancies (ASTs) rose by 103% across England in the two years to 2011/12, this ranged from only 11% in the North East to 156% in London and 126% in the

East of England. As demonstrated by Table 5.8(b) there is a distinct spatial pattern here, with this indicator rising much more sharply in London and the South than in the less pressured housing markets of the Midlands and the North. This is consistent with recent indications of a re-emerging North-South divide in both housing and labour markets.<sup>298</sup>

298 Goodley, S. (2012) 'House price divide between north and south to widen, says thinktank', *The Guardian*, 4 June: <http://www.guardian.co.uk/money/2012/jun/04/house-prices-north-south>; Peacock, L. (2012) 'North-South divide on jobs as UK braced for unemployment figures', *The Telegraph*, 18 July: <http://www.telegraph.co.uk/finance/jobs/9406647/North-South-divide-on-jobs-as-UK-braced-for-unemployment-figures.html>; and Shelter (2012) *England re-possession hotspots 2011/12*. London: Shelter: [http://england.shelter.org.uk/\\_data/assets/pdf\\_file/0003/571620/Repossession\\_Hotspots\\_2012.pdf](http://england.shelter.org.uk/_data/assets/pdf_file/0003/571620/Repossession_Hotspots_2012.pdf)

**Table 5.8 - % change in homelessness cases attributed to specific reasons, 2009/10-2011/12****(a) Regional breakdown**

|                        | Parental exclusion | Other relatives/friends exclusion | Relationship break-down | Mortgage repossession | Rent arrears | End of AST | Loss of other rented housing | Other    | All       |
|------------------------|--------------------|-----------------------------------|-------------------------|-----------------------|--------------|------------|------------------------------|----------|-----------|
| North East             | -30                | -18                               | -5                      | 2                     | -18          | 11         | -42                          | -7       | -10       |
| Yorkshire & the Humber | 3                  | 73                                | 20                      | 13                    | 32           | 99         | 45                           | 12       | 26        |
| East Midlands          | 17                 | 18                                | 5                       | 17                    | 16           | 87         | 33                           | 8        | 24        |
| East of England        | 31                 | 45                                | 28                      | 39                    | 85           | 126        | 24                           | 26       | 44        |
| London                 | 4                  | 46                                | 28                      | 18                    | 24           | 156        | 61                           | 7        | 34        |
| South East             | 37                 | 37                                | 9                       | 53                    | 26           | 121        | 30                           | 7        | 38        |
| South West             | 3                  | 31                                | 9                       | 63                    | 69           | 87         | 25                           | 5        | 26        |
| West Midlands          | 23                 | 52                                | 2                       | 55                    | 29           | 89         | -24                          | 3        | 21        |
| North West             | 8                  | -4                                | 0                       | 19                    | 14           | 53         | 31                           | -10      | 4         |
| <b>England</b>         | <b>13</b>          | <b>38</b>                         | <b>10</b>               | <b>30</b>             | <b>31</b>    | <b>103</b> | <b>24</b>                    | <b>5</b> | <b>26</b> |

**(b) Broad region breakdown**

|          | Parental exclusion | Other relatives/friends exclusion | Relationship break-down | Mortgage repossession | Rent arrears | End of AST | Loss of other rented housing | Other | All |
|----------|--------------------|-----------------------------------|-------------------------|-----------------------|--------------|------------|------------------------------|-------|-----|
| London   | 4                  | 46                                | 28                      | 18                    | 24           | 156        | 61                           | 7     | 34  |
| South    | 26                 | 38                                | 16                      | 49                    | 54           | 111        | 27                           | 12    | 36  |
| Midlands | 21                 | 40                                | 3                       | 41                    | 25           | 88         | -13                          | 4     | 22  |
| North    | -2                 | 21                                | 5                       | 13                    | 13           | 58         | 27                           | -1    | 10  |
| England  | 13                 | 38                                | 10                      | 30                    | 31           | 103        | 24                           | 5     | 26  |

### The profile of homelessness acceptances

Recent rises in statutory homelessness have borne somewhat differently on specific demographic and ethnic groups. As shown in Table 5.9, family homelessness has risen faster than average. This is confirmed by the priority need category analysis shown in Table 5.10 demonstrating that homeless households granted priority due to the presence of children increased by 39% in the two years to 2011/12 as compared with a general increase of only 26%.

Treating minority ethnic households as a single group, statutory homelessness numbers rose by 32% in the two years to 2011/12 – somewhat higher than the overall 26% increase. However, this should be seen within the context of the more longstanding gradually increasing share of acceptances accounted for by ethnic minority households.<sup>299</sup> At least in part, this trend may reflect cohort effects resulting from the diverse age structures of the various ethnic populations.

**Table 5.9 – Acceptances by household type profile**

|                                 | Couple, dependent children | Lone parent family | Single person | Other     | Total     |
|---------------------------------|----------------------------|--------------------|---------------|-----------|-----------|
| 2008/09                         | 10,270                     | 26,140             | 14,380        | 2,650     | 53,440    |
| 2009/10                         | 7,410                      | 19,440             | 11,240        | 1,930     | 40,020    |
| 2010/11                         | 8,520                      | 21,870             | 11,630        | 2,150     | 44,170    |
| 2011/12                         | 10,280                     | 25,620             | 11,970        | 2,410     | 50,280    |
| <b>% change 2010/11-2011/12</b> | <b>21</b>                  | <b>17</b>          | <b>3</b>      | <b>12</b> | <b>14</b> |
| <b>% change 2009/10-2011/12</b> | <b>39</b>                  | <b>32</b>          | <b>6</b>      | <b>25</b> | <b>26</b> |

**Table 5.10 – Acceptances by priority need category**

|                               | Household includes... |                |                           |                |            |          | Homeless in emergency | Total     |
|-------------------------------|-----------------------|----------------|---------------------------|----------------|------------|----------|-----------------------|-----------|
|                               | Children              | Pregnant woman | Person vulnerable due to: |                |            |          |                       |           |
|                               |                       |                | Physical disability       | Mental illness | Youth      | Other    |                       |           |
| 2008/09                       | 31,430                | 6,080          | 2,650                     | 3,750          | 4,080      | 5,090    | 350                   | 53,430    |
| 2009/10                       | 22,950                | 4,580          | 2,480                     | 3,200          | 2,680      | 3,930    | 200                   | 40,020    |
| 2010/11                       | 26,670                | 4,480          | 2,960                     | 3,560          | 2,210      | 4,030    | 240                   | 44,150    |
| 2011/12                       | 31,790                | 4,990          | 3,310                     | 3,957          | 1,980      | 4,040    | 230                   | 50,297    |
| <b>Change 2010/11-2011/12</b> | <b>19</b>             | <b>11</b>      | <b>12</b>                 | <b>11</b>      | <b>-10</b> | <b>0</b> | <b>-4</b>             | <b>14</b> |
| <b>Change 2009/10-2011/12</b> | <b>39</b>             | <b>9</b>       | <b>33</b>                 | <b>24</b>      | <b>-26</b> | <b>3</b> | <b>15</b>             | <b>26</b> |

<sup>299</sup> See also: Pleece, N., et al. (2008) *Statutory Homelessness in England: The Experience of Families and 16-17 Year Olds*. London: CLG.

### Homeless households in temporary accommodation (TA)

Although evoking little celebration, 2010 saw the achievement of the 2005 official target to halve the use of temporary housing within five years. Whereas placements had remained above 101,000 in December 2004, by the end of the deadline year they had fallen to just 48,000. In 2011/12, however, placements began to rise once again, ending the year 5% higher than 12 months earlier – see Table 5.11(a). However, while London remains dominant in terms of the total number of placements, the rate of increase has been greater in certain other regions – notably the North West and South East – see Table 5.11(a).

Importantly, although overall national TA numbers have risen only modestly since their 2010/11 low point, B&B hotel placements have risen much more sharply – almost doubling in the two years to March 2012, from 2,050 to 3,960 – see Table 5.11(b). Rising numbers of households with children in B&B have been even more dramatic, from 630 in 2009/10 to 1,660 in 2011/12. Since such accommodation is particularly unsuitable for families this is a concerning development.

**Table 5.11 – Homeless households in temporary accommodation – snapshot total at year end**

**(a) Breakdown by region**

|                        | England | North East | North West | Yorks & Humber | East | West Midlands | East of England | London | South East | South West |
|------------------------|---------|------------|------------|----------------|------|---------------|-----------------|--------|------------|------------|
| 2008/09                | 64,000  | 300        | 1,360      | 1,430          | 930  | 1,160         | 3,470           | 47,780 | 4,610      | 2,980      |
| 2009/10                | 51,310  | 190        | 880        | 920            | 680  | 1,340         | 2,630           | 39,030 | 3,520      | 2,130      |
| 2010/11                | 48,240  | 220        | 920        | 900            | 680  | 1,360         | 2,600           | 35,850 | 3,660      | 2,040      |
| 2011/12                | 50,430  | 210        | 1,100      | 940            | 740  | 1,420         | 3,010           | 36,740 | 4,280      | 2,000      |
| Change 2010/11-2011/12 | 5       | -5         | 20         | 4              | 9    | 4             | 16              | 2      | 17         | -2         |
| Change 2009/10-2011/12 | -2      | 11         | 25         | 2              | 9    | 6             | 14              | -6     | 22         | -6         |

**Table 5.11 – Homeless households in temporary accommodation – snapshot total at year end**  
**(b) Breakdown by accommodation type**

|                            | All forms of TA |                               | B&B hotels |                               | Hostels |                               | In mainstream LA/<br>HA stock |                               | Leased from<br>private owners |                               | Other private<br>accom |                               |
|----------------------------|-----------------|-------------------------------|------------|-------------------------------|---------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------|-------------------------------|
|                            | Total           | of which,<br>with<br>children | Total      | of which,<br>with<br>children | Total   | of which,<br>with<br>children | Total                         | of which,<br>with<br>children | Total                         | of which,<br>with<br>children | Total                  | of which,<br>with<br>children |
| 2008/09                    | 64,000          | 49,030                        | 2,450      | 470                           | 5,170   | 2,740                         | 10,480                        | 7,800                         | 37,450                        | 32,050                        | 8,460                  | 5,970                         |
| 2009/10                    | 51,310          | 39,200                        | 2,050      | 630                           | 4,240   | 2,270                         | 7,790                         | 5,790                         | 30,920                        | 26,310                        | 6,320                  | 4,210                         |
| 2010/11                    | 48,240          | 36,640                        | 2,750      | 1,030                         | 4,250   | 2,330                         | 7,490                         | 5,500                         | 26,960                        | 23,170                        | 6,790                  | 4,620                         |
| 2011/12                    | 50,430          | 37,190                        | 3,960      | 1,660                         | 4,360   | 2,350                         | 8,270                         | 6,000                         | 26,040                        | 21,490                        | 7,810                  | 5,690                         |
| Change 2010/11-<br>2011/12 | 5               | 2                             | 44         | 61                            | 3       | 1                             | 10                            | 9                             | -3                            | -7                            | 15                     | 23                            |
| Change 2009/10-<br>2011/12 | -2              | -5                            | 93         | 163                           | 3       | 4                             | 6                             | 4                             | -16                           | -18                           | 24                     | 35                            |

### Local authority homelessness prevention

Coalition Government Ministers have committed to extending the policy emphasis on active homelessness prevention established under the previous administration. While this approach was credited with having cut statutory homelessness acceptances by over 70% between 2003 and 2009, it was somewhat controversial. Some argued that ‘prevention’ was sometimes little more than a euphemistic term for unacceptable ‘gatekeeping’.<sup>300</sup> Indeed, a former housing minister felt it necessary to ‘remind local authorities of their homelessness responsibilities’ within this context.<sup>301</sup> Official guidance explicitly discourages gatekeeping and promotes an interpretation of ‘prevention’ as a constructive activity rather than the creation of barriers to application.<sup>302</sup>

There are also doubts on the sustainability of homelessness prevention interventions. A person threatened with homelessness may well be informally assisted to access a private tenancy, but to what extent do such arrangements remain intact? The recent increase in homelessness arising from the termination of ASTs (see above) may validate such concerns, although such a link cannot be known for certain. Relevant here is an ongoing study being undertaken by Shelter and Crisis, with support from the Big Lottery Fund, to track well-being and sustainability of PRS placements.<sup>303</sup>

Recorded prevention activity continued to expand in 2011/12, with the number of prevention instances logged during the year (199,000) almost double the number of formal assessment decisions (109,000), and almost four times the number of statutory acceptances (50,000) – see Table 5.12.

**Table 5.12 – Homelessness prevention activity within broader context**

|  | 2008/09<br>(000s) | 2009/10<br>(000s) | 2010/11<br>(000s) | 2011/12 | % change<br>– 2010/11-<br>2011/12 |
|--|-------------------|-------------------|-------------------|---------|-----------------------------------|
| Instances of homelessness prevented                        | 130               | 165               | 189               | 199     | 5                                 |
| Formal homelessness assessment decisions                   | 113               | 89                | 102               | 109     | 7                                 |
| Statutory homelessness acceptances                         | 53                | 40                | 44                | 50      | 14                                |
| Statutory homeless acceptances rehoused in social housing  | 38                | 34                | 28                | 30      | 7                                 |
| Statutory homeless acceptances rehoused in private tenancy | 2                 | 3                 | 2                 | 1       | -50                               |

Sources: DCLG Homelessness Prevention and Relief statistics; DCLG Statutory Homelessness statistics

<sup>300</sup> Hawkey, E. (2004) ‘Fobbed off? Or offered a better option? Are some councils trying to avoid their duties to homeless people under the guise of offering them more choice?’ *Roof*, May/June 2004.

<sup>301</sup> Hilditch, M. (2006) ‘Cooper sounds alarm on homelessness bad practice’, *Inside Housing*, 21 April: <http://www.insidehousing.co.uk/cooper-sounds-alarm-on-homelessness-bad-practice/1447520.article>

<sup>302</sup> Pawson, H., Netto, G. & Jones, C. (2006) *Homelessness Prevention: A Guide to Good Practice*. London: DCLG: <http://www.communities.gov.uk/publications/housing/homelessnessprevention>

<sup>303</sup> See <http://www.privaterentedsector.org.uk/SUSTAIN.asp> for more information. This study will report findings in Autumn 2013. An interim findings report is available - <http://www.crisis.org.uk/publications-search.php?fullitem=361>

As shown in Table 5.13, the largest single category of homelessness prevention activity involves potentially homeless households being helped to access a private tenancy. Perhaps significantly, however, the past two years have seen the balance between assisted access to private and social tenancies shifting in favour of the latter.

This might reflect greater difficulty encountered by LA homelessness staff in securing access to private renting given (a) increased competition for tenancies in some regions – see above, and (b) the phasing-in of LHA changes which restrict the ability of lower income households to meet rents demanded – see Chapter 4.

**Table 5.13 – LA homelessness prevention activity – breakdown by form of assistance provided**

| Form of homelessness prevention                           | 2008/09        | 2009/10        | 2010/11        | 2011/12        | % change, 2010/11-2011/12 |
|---|----------------|----------------|----------------|----------------|---------------------------|
| <b>Assisted to remain in existing home</b>                |                |                |                |                |                           |
| Debt advice or financial assistance                       | 13,240         | 16,300         | 22,700         | 26,100         | 15                        |
| Family mediation or conciliation                          | 7,540          | 9,800          | 10,500         | 10,500         | 0                         |
| Sanctuary scheme  | 3,820          | 5,200          | 6,100          | 6,000          | -2                        |
| Crisis intervention - emergency support                   | 1,440          | 2,300          | 3,100          | 3,700          | 19                        |
| Mortgage rescue   | 1,680          | 3,600          | 6,400          | 5,800          | -9                        |
| Other assistance to help retain private or social tenancy | 12,630         | 20,300         | 25,300         | 26,000         | 3                         |
| Other actions to assist in retaining accommodation        | 7,500          | 6,800          | 7,700          | 7,800          | 1                         |
| <b>Assisted to obtain alternative accommodation</b>       |                |                |                |                |                           |
| Help to find private tenancy                              | 45,170         | 60,200         | 57,700         | 54,300         | -6                        |
| Mainstream social tenancy arranged                        | 14,650         | 20,800         | 24,900         | 31,900         | 28                        |
| Supported tenancy or lodging arranged                     | 6,810          | 11,600         | 13,300         | 14,000         | 5                         |
| Accommodation arranged with friends or relatives          | 3,170          | 5,200          | 7,000          | 8,600          | 23                        |
| Other actions to assist in obtaining new accommodation    | 5,720          | 3,100          | 4,200          | 4,100          | -2                        |
| <b>Total</b>  | <b>123,370</b> | <b>165,200</b> | <b>188,900</b> | <b>198,800</b> | <b>5</b>                  |

Source: DCLG Homelessness Prevention and Relief statistics

## 5.5 Hidden homelessness

People may be in a similar housing situation to those who apply to Local Authorities (LA) as homeless, that is lacking their own secure, separate accommodation, without formally applying or registering with a LA or applying to other homelessness agencies. Such people are often referred to as ‘hidden homeless’ (see Chapter 2). A number of large-scale/household surveys enable us to measure some particular aspects of (potential) hidden homelessness: *concealed households*; households who are *sharing accommodation*; and *overcrowded households*. It should be emphasised that these categories are focussed upon because they are measurable using robust national datasets, and provide important data about the intensity of housing pressure, but they are best understood as indicative of likely levels of hidden homelessness rather than a direct representation of this phenomenon, as is explained in more detail below.

### Concealed households

Concealed households are family units or single adults living within other households, who may be regarded as potential separate households that may wish to form given appropriate opportunity. Examples could include: a married or cohabiting couple living with the parents of one of the couple; a lone parent with child(ren) living with her parent(s); a young adult living with his/her parents or some other relative; a young adult living in a flat or house-share with other unrelated adults; an adult living informally, and temporarily, in someone else’s home.

The Survey of English Housing (SEH), which is now part of the English Housing Survey (EHS), and the Labour Force Survey (LFS)<sup>304</sup> ask questions about the composition of the household which enable the presence of ‘additional family units’ to be identified.

These surveys only approximate to the ideal definition of ‘concealed households’, as they do not necessarily distinguish those who would currently prefer to remain living with others from those who would really prefer to live separately. Moreover, they may not fully capture all concealed households reliably. For example, people staying temporarily and informally with others may not be recorded in household surveys (like EHS) nor respond to individual surveys (like LFS).

These caveats duly noted, in 2012 there were about 1.54 million households (7% of all households) which contained additional family units, based on the LFS. Of these, 214,000 (1.0% of all households) were cases involving couples or lone parent families living with other households, while 1.3 million (6%) were cases of one person units (excluding never married children of main householder), as shown in Table 5.14. It should be noted that this part of the analysis is broad brush, and includes groups such as students – we consider later some evidence on how people regard their present living arrangements.

**Table 5.14 – Households with additional family units present, England 2012**

| Households with         | Number     | Percent |
|-------------------------|------------|---------|
| No additional families  | 20,721,000 | 93.09   |
| Additional family units | 1,538,000  | 6.91    |
| of which:               |            |         |
| One person units only   | 1,324,000  | 5.95    |
| Couples/lone parents    | 214,000    | 0.96    |
|                         |            |         |
| All households          | 22,259,000 | 100.0   |

Source: Labour Force Survey, Quarter 1 2012.

<sup>304</sup> The main advantage of the EHS is that it is a housing-oriented survey which asks other related questions, in some cases only in particular years. Its disadvantages include having a smaller sample and rather less complete information about the adults who are not the core household members. The LFS is up-to-date and has a large sample and good questions about household structures, but less detail about housing including little in the way of attitudinal information.



These additional family units were much more prevalent in private renting (in part because some students and young people living in flatshares will be recorded as additional family units), while the proportions in social renting households were slightly greater than in owner occupation (Table 5.15). There was some variation across the regions, with the lowest incidence in the East Midlands (4.9%), rather higher incidence in some other regions including the South West (6.4%), and a much higher incidence in London (12.4%). This correlates with many other indicators of housing pressure in London, including most homelessness indicators (see above). These potential concealed households were more prevalent in larger urban areas, and least in town and fringe areas, with slightly greater incidence in the most rural places.

Additional family units were also clearly more prevalent in more deprived neighbourhoods, with 8.7% in the most deprived fifth of small areas compared with 4.2% in the least deprived. This implies that higher incidence of living with others is indicative of necessity rather than choice. However, more than 7.5% of all existing households contained additional family units in all deprivation bands up to the 5<sup>th</sup> decile of deprivation, so this phenomenon is not confined to the most extreme areas of deprivation. In terms of individual income, households which were 'poor' on the official measure of having less than 60% of median income (adjusted for household composition, and after housing costs) had a prevalence of 8.3% versus 6.2% for all other households. Perhaps most striking of the figures in Table 5.15 is the fact that whereas only 5.8% of White households had additional family units, this rose to 8.4% for Black households and 18.1% for Asian households, and 16.1% for other minority ethnic households.

**Table 5.15 – Households with additional family units present by tenure, region, rurality, deprivation, poverty and ethnicity 2008-10**

| Tenure  | Additional family units |
|---|-------------------------|
| Owner occupier  | 4.8%                    |
| Private renter  | 16.7%                   |
| Social renter   | 5.0%                    |
|   |                         |
| Region  |                         |
| East Midlands   | 4.9%                    |
| West Midlands   | 6.4%                    |
| London  | 12.4%                   |
|   |                         |
| Urban-Rural Morphology                                      |                         |
| Urban >10k  | 7.3                     |
| Town & fringe   | 3.9                     |
| Village   | 4.1                     |
| Hamlet & isolated   | 4.4                     |
|   |                         |
| Neighbourhood Deprivation                                   |                         |
| Most deprived 20%   | 8.7%                    |
| Least deprived 20%  | 4.2%                    |
|   |                         |
| Poverty – household <60% med equivalent after housing costs |                         |
| Not poor  | 6.2%                    |
| Poor  | 8.3%                    |
|   |                         |
| Ethnicity   |                         |
| White   | 5.8%                    |
| Black   | 8.4%                    |
| Asian   | 18.1%                   |
| Other   | 16.1%                   |
|   |                         |

Source: English Housing Survey

**Table 5.16 – Additional single person family units and non-dependent children by age and tenure, England 2008-10 (percent of all households in each tenure)**

| Tenure Category | Extra singles | Singles >25 | Non-dependent children | Non-dependent children >25 |
|-----------------|---------------|-------------|------------------------|----------------------------|
| Owner occupied  | 3.3%          | 2.8%        | 12.8%                  | 5.6%                       |
| Social rented   | 3.3%          | 2.4%        | 12.6%                  | 4.8%                       |
| Private rented  | 14.0%         | 8.6%        | 4.9%                   | 1.5%                       |
|                 |               |             |                        |                            |
| <b>Total</b>    | <b>5.0%</b>   | <b>3.6%</b> | <b>11.5%</b>           | <b>4.8%</b>                |

Source: English Housing Survey

Table 5.16 provides a further breakdown of households containing single adults living with others, showing non-dependent ('grown up') children of the main householder or partner as well as those single adults counted in the above tables as additional family units. For both groups we distinguish those aged over 25 and show the proportions in each tenure. The case for using an age cut-off such as 25 is that this may provide a proxy for the age at which most individuals and families would expect independent living to be achieved. It also coincided with the threshold for lower income support scale rates and the 'single room rate' (now SAR) rule for LHA, until the recent decision to raise this to 35 (see Chapter 4).

'Extra singles' are much more prevalent in the PRS than in the other tenures. However, 'non-dependent children' living with parents is common across the mainstream tenures, and is most common in owner occupation followed by LA renting, with a lower incidence in private renting. Although the number of children remaining in the parental household falls with age, 4.8% of all households contain a non-dependent child over 25.

In recent fieldwork the EHS has asked a question, where such individuals are present in a household, as to why this person is living there. The responses are summarised in Table 5.17. The most common individual responses are 'this is their home and they have no plans to move', which accounts for just over 50% of each group, and 'would like to buy or rent but can't afford it at the moment', which accounts for between 13% and 25%. Overall, answers implying a preference on balance to stay account for between 60 and 65%, while answers implying a preference or intention to move, albeit constrained, or some uncertainty, account for 36-40% of cases.

This evidence confirms that the argument that not all singles living with others are seeking independent accommodation immediately. However, it does *not* confirm two suppositions often made, namely that a) older singles (currently living with others) are more likely to want/need to move, or b) that non-dependent children are less likely to want/need to move. If one were to try to make numerical estimates from these data of the implied housing need for these groups, it would be more appropriate to apply a percentage (of around 35-40%) to both groups without an age cut off, than to simply take the over-25s or the group of singles excluding non-dependent children.

**Table 5.17 – Reasons single adults are living with others, 2008/09**

| Reason person is living here                                | Extra singles |         | Non-dep children |         |
|---|---------------|---------|------------------|---------|
|   | All           | Over 25 | All              | Over 25 |
| Their home and have no plans to move                        | 54.8%         | 55.0%   | 51.2%            | 51.1%   |
| Living here temporarily while looking for work              | 2.1%          | 1.7%    | .9%              | .9%     |
| Would like to buy or rent but can't afford it at the moment | 13.4%         | 14.1%   | 25.2%            | 25.3%   |
| Looking to buy or rent something affordable                 | 4.9%          | 6.1%    | 4.8%             | 4.9%    |
| Soon moving into own accommodation                          | 2.7%          | 3.1%    | 3.0%             | 3.0%    |
| Going to college or going travelling on extended holiday    | 1.6%          | 1.4%    | 1.0%             | 1.0%    |
| Au pair, or carer for another household member              | 5.4%          | 5.1%    | 1.8%             | 1.8%    |
| Is being cared for by parent(s)                             | .8%           | 1.1%    | 5.5%             | 5.6%    |
| Buying renting property together with householder           | .9%           | .6%     | .1%              | .1%     |
| Other reason  | 13.3%         | 11.9%   | 6.5%             | 6.4%    |
| Total   | 100.0%        | 100.0%  | 100.0%           | 100.0%  |
| Reasons implying prefer stay                                | 63.6%         | 63.2%   | 59.6%            | 59.5%   |
| Reasons implying leave or uncertain                         | 36.4%         | 36.8%   | 40.4%            | 40.5%   |

Source: English Housing Survey

Drawing across the range of evidence presented above, we estimate that there were 1.54 million concealed single person households in England in 2012, in addition to 214,000 concealed couples and lone parents.

The LFS allows trends in concealed households to be tracked back to 1992, as shown in Table 5.18. The indicators selected are households containing 'extra singles' over 25 (excluding never-married children) and couple/lone parent family units for selected years between 1992 and 2012. It appears that concealed households were static or declining during the 1990s and into the early 2000s. There were indications of increases after 2002, particularly for singles in 2010, and for couples/lone parents in 2008 but subsequently reversed.

**Table 5.18 – Households with additional single person units over 25 and couple/lone parent units living by year**

| Year | Extra singles >25 | Couples/lone parents |
|------|-------------------|----------------------|
| 1992 | 3.2%              | 1.3%                 |
| 1997 | 3.4%              | 1.0%                 |
| 2002 | 3.0%              | 1.2%                 |
| 2008 | 3.1%              | 1.7%                 |
| 2010 | 3.7%              | 1.0%                 |
| 2012 | 3.7%              | 1.0%                 |

Source: Labour Force Survey

Another indirect indicator of concealed households is (reduced) household formation. The propensity of individuals within given age groups to form ('head') separate households is a conventional way of measuring household formation.

Table 5.19 illustrates rates for younger adults for selected regions facing very different economic and housing market conditions. The longer-term trend for most age groups under 35 is for headship rates to rise. This can be seen in the overall rates for the North East and East Midlands and for the South West up to 2002, but there was a fall or pause in the period up to 2008. Rates bounced back up in these regions in 2010, but there was some further fallback in some of the rates in 2012. London is clearly different, showing

falling rates from as early as 1992 and up to 2008, followed by a partial recovery in 2010.

The rates for younger age groups (up to 24) will be affected by trends of growing participation in higher education as well as issues concerning access to housing. Rates for 25-34 age groups may be expected to be affected by the state of the economy and difficulties of access to housing, but also by trends in marriage and cohabitation. The rates for 25-34 year olds have tended to fluctuate, with more tendency to rise in the North and Midlands and fall in the South and London. In the South West there seems to be a sort of 'cohort effect' running through where people who did not establish households in the mid 2000s continue to have lower rates of separate living in 2010,

**Table 5.19 – Headship rates by age (16-34), selected region and year**

| <b>North East</b>    | <b>1992</b> | <b>1998</b> | <b>2002</b> | <b>2008</b> | <b>2010</b> | <b>2012</b> |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 16-19                | .0251       | .0523       | .0523       | .0251       | .0487       | .0368       |
| 20-24                | .2426       | .2586       | .2445       | .2362       | .2590       | .2783       |
| 25-29                | .4475       | .4835       | .4306       | .4410       | .4610       | .5067       |
| 30-34                | .5308       | .5147       | .5504       | .5498       | .5850       | .5690       |
| <b>East Midlands</b> |             |             |             |             |             |             |
| 16-19                | .0173       | .0147       | .0257       | .0215       | .0296       | .0160       |
| 20-24                | .2274       | .2363       | .2321       | .2195       | .2336       | .2748       |
| 25-29                | .4453       | .4427       | .4538       | .4193       | .5005       | .4777       |
| 30-34                | .5390       | .5316       | .5232       | .5166       | .5206       | .5292       |
| <b>South West</b>    |             |             |             |             |             |             |
| 16-19                | .0298       | .0299       | .0253       | .0135       | .0265       | .0216       |
| 20-24                | .2781       | .2218       | .2242       | .1701       | .2300       | .2645       |
| 25-29                | .4489       | .4495       | .4881       | .3993       | .4567       | .4672       |
| 30-34                | .5272       | .5247       | .5324       | .5492       | .5475       | .5176       |
| <b>London</b>        |             |             |             |             |             |             |
| 16-19                | .0241       | .0339       | .0079       | .0247       | .0334       | .0162       |
| 20-24                | .2627       | .2099       | .1781       | .1880       | .2514       | .2250       |
| 25-29                | .4652       | .4299       | .4142       | .3623       | .4328       | .4446       |
| 30-34                | .5551       | .5538       | .5432       | .5037       | .5434       | .5610       |

Source: Labour Force Survey

at a slightly older age. Overall, the picture is one of the general upward trend in headship being maintained in the North and Midlands but significantly reversed in London and the South, particularly in the period leading up to 2008 when housing affordability pressures were increasing.

Complementary evidence of declining household formation by new households may be found in the tables derived from the SEH/EHS on households moving to form new households in the last year. Table 5.20 shows figures for the four years to 2010 with the average for the previous period for comparison. This shows that there was a clear slowing in the flow of new household formation up to 2009, particularly because of the drastic decline in the number of new households buying but also because of the fall in numbers of social lettings. In 2010 household formation numbers returned to 2007 levels, but with the PRS providing most of the opportunities.

Also relevant to this discussion is the recently published ONS analysis revealing a 20% increase in the number of 20-34 year olds living with parents since 1997.<sup>305</sup>

### Households sharing accommodation

A 'household' is one person or a group of people who live at the same address and share either regular meals or a living room. It follows that 'sharing households' are those households who live together in the same dwelling but who do not share either a living room or regular meals together.<sup>306</sup> Sharing reflects some of same characteristics as concealed households, namely an arrangement people make when there is not enough separate accommodation which they can afford or access. For example, some 'flatsharers' will be recorded as concealed households, and some will be recorded as sharing households, depending on the room sizes and descriptions. Traditionally, sharing was a major phenomenon, with many households sharing in different ways, as 'lodgers' living in bedsitters or multi-occupied rooming houses. As shown below, this is less true today.

Table 5.21 provides a profile of sharing in England in 2012. According to the LFS, 1.6% of households in England shared in that year. Sharing was most common for single person households (4.2%) but was also found amongst couples (1.8%), couples with children and lone parent households

**Table 5.20 – Estimated number of new households forming, by tenure of first destination 2002-2010 (000s)**

| Tenure       | 2002-06 avg | 2007 | 2008 | 2009 | 2010 |
|--------------|-------------|------|------|------|------|
| Own          | 118         | 131  | 72   | 40   | 55   |
| Social rent  | 92          | 76   | 44   | 48   | 71   |
| Private rent | 190         | 183  | 229  | 208  | 268  |
|              |             |      |      |      |      |
| Total        | 400         | 390  | 345  | 296  | 394  |

Source: Survey of English Housing and English Housing Survey Reports.

Note: years refer to financial years 2007/08 etc.

<sup>305</sup> ONS (2012) *Young Adults Living with Parents in the UK 2011*. London: ONS. [http://www.ons.gov.uk/dcp171776\\_266357.pdf](http://www.ons.gov.uk/dcp171776_266357.pdf)

<sup>306</sup> This is the standard Government and ONS definition of 'sharing households', applied in the Census and in household surveys. This means that many people who are 'flatsharers' in the common usage of the term, or who are 'sharing' in the sense of being subject to the SAR, as well as many students, are not 'sharing households' in this sense, mainly because they have a common living room (including larger kitchens) and/or they share some meals. In this analysis, such groups are considered above under 'concealed households'. In practice, the distinction between 'concealed' and 'sharing' households is a rather fluid one.

(1.0%). Sharing is particularly concentrated in private renting (4.8%) but is not unknown in the social rented sector (1.2%) and even in the owner occupier sector (0.8%). It is much more prevalent in London (5.6%), as one would expect and as with other indicators of housing pressure. However it is interesting to note that the next highest region is the South West (1.8%). Sharing is particularly rare in the North East, West Midlands and East of England (0.2-0.3%). A third of sharers share with one or two other households, but two-thirds of the total share with three or more other households.

Sharing has seen a long-term decline, which may reflect improving housing availability but also probably changes in the PRS and

its regulation. Traditionally multi-occupied houses where people rented rooms have declined, as a result of HMO regulation, HB/LHA restrictions, general stock upgrading, and the new buy-to-let investment. The trajectory of sharing over time is shown in Figure 5.5 below. This showed a pronounced decline in the 1990s and a slight further decline in the early-mid-2000s, followed by an apparent increase from 2007 to 2010. This increase appears to evidence the impact of constrained access to housing following the 2007 credit crunch and the subsequent recession. However, there was a modest decline between 2010 and 2012, perhaps reflecting economic recovery and the expansion of private renting.

**Table 5.21 – Sharing households in England by household type, tenure, region and number sharing, 2012 (percent of households).**

| Household type      |             | Region         |             |
|---------------------|-------------|----------------|-------------|
| Single              | 4.2%        | North East     | 0.3%        |
| Lone parent         | 1.0%        | Yorks & Humber | 1.0%        |
| Couple or 2 adult   | 1.8%        | North West     | 0.7%        |
| Couple + 1 child    | 0.9%        | East Midlands  | 0.4%        |
| Couple + 2 children | 1.0%        | West Midlands  | 0.3%        |
| Couple 3+ children  | 0.7%        | South West     | 1.8%        |
| Multi-adult         | 1.1%        | East England   | 0.2%        |
| Single pensioner    | 1.0%        | South East     | 1.5%        |
| Couple pensioner    | 0.5%        | Greater London | 5.6%        |
| <b>Total</b>        | <b>1.6%</b> | <b>Total</b>   | <b>1.6%</b> |
|                     |             |                |             |
| Tenure              |             | Number Sharing |             |
| Own                 | 0.8%        | 2 households   | 0.5%        |
| Social rent         | 1.2%        | 3 households   | 0.3%        |
| Private rent        | 4.8%        | 4+ hhlds       | 0.8%        |
| <b>Total</b>        | <b>1.6%</b> | <b>Any</b>     | <b>1.6%</b> |

Source: Labour Force Survey 2012.

One reason to expect some further increase is the extension of the SAR to 25-34 year olds (see Chapter 4). DWP have estimated that, as the result of this change to the age threshold, a further 62,500 people will become eligible for the SAR rather than the one bedroom property rate, roughly doubling the demand for shared accommodation if claimants do not access other housing options.<sup>307</sup> But for the reasons given above, coupled with the existing demand pressures on a limited supply of shared accommodation,<sup>308</sup> we would anticipate many of the additional people affected by the SAR to become 'concealed households' rather than sharing households.

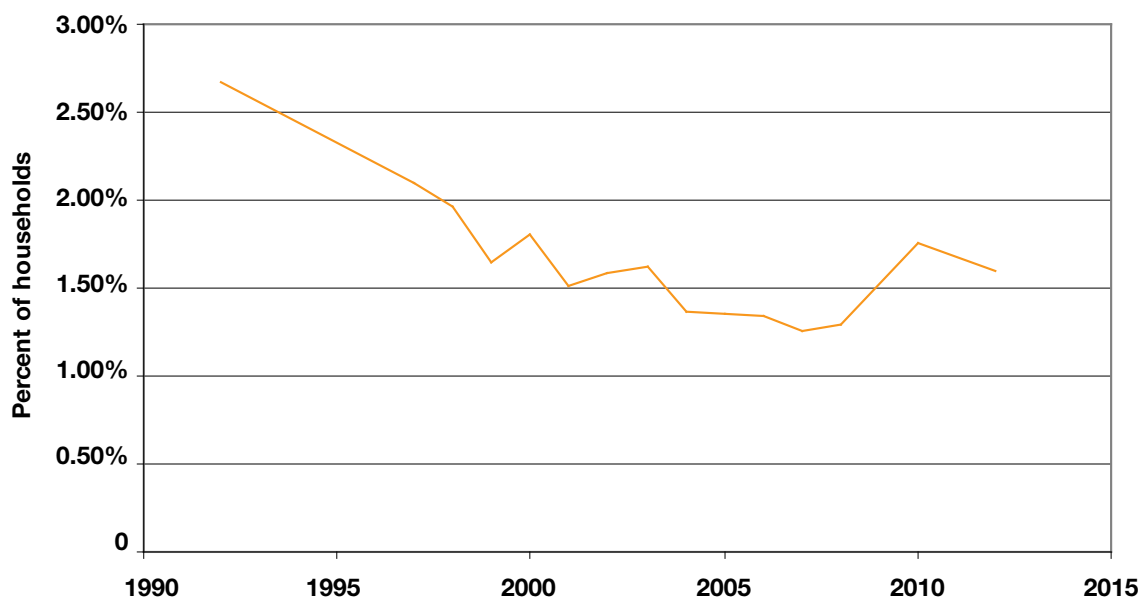
### Overcrowding

There is a general consensus that overcrowding is an important type of housing need to be addressed, and some would argue that, in its more extreme forms, it constitutes homelessness.<sup>309</sup> There is also considerable concern that this problem has got worse

in the last decade. The most widely used official standard is the 'bedroom standard'. Essentially, this allocates one bedroom to each couple or lone parent, one to each pair of children under 10, one to each pair of children of the same sex over 10, with additional bedrooms for individual children over 10 of different sex and for additional adult household members. This measure is implemented in household surveys, including SEH/EHS, and while some would argue that it is overly conservative, when even this very basic threshold is not being met it is likely to be treated as a priority over achieving higher standards.

Figure 5.6 summarises trends in overcrowding by tenure in England between 1995 and 2010 (DCLG prefer to present this indicator based on a 3 year rolling average). Overcrowding has actually increased to quite a pronounced extent since 2003, from 2.4% to 3.0% of all households, reversing previous declining trends. On the most recent

Figure 5.5 – Sharing Households in England 1992-2012 (percent)



<sup>307</sup> Centre for Housing Policy, University of York (2011) *Unfair Shares: A Report on the Impact of Extending the Shared Accommodation Rate of Housing Benefit*. London: Crisis.

<sup>308</sup> Ibid.

<sup>309</sup> This is the position of FEANTSA (the European Federation of National Organisations Working with the Homeless), for example. <http://www.feantsa.org/code/en/pg.asp?page=484>

figures 670,000 households (3.0%) were overcrowded in England. Overcrowding is less common in owner occupation (1.3%) and much more common in social renting (7.3%) and private renting (5.6%). The upward trend in overcrowding is primarily associated with the two rental tenures, with social renting increasing strongly up to 2009 and private renting more in the most recent year.

The high level of and the increase in overcrowding in the social rented sector is worthy of further comment. Underlying factors behind this probably include the concentration of social sector rehousing on families (including many homeless families), the small size profile of new social house-building,<sup>310</sup> and possibly a greater prevalence of larger families among some minority ethnic and immigrant groups gaining access to social housing.

The regional incidence of overcrowding is given in Table 5.22 broken down by tenure. As with the other need indicators considered here, there is a much higher incidence in London, in each of the tenure categories. The next worst region for overcrowding varies with tenure; the West Midlands for owner

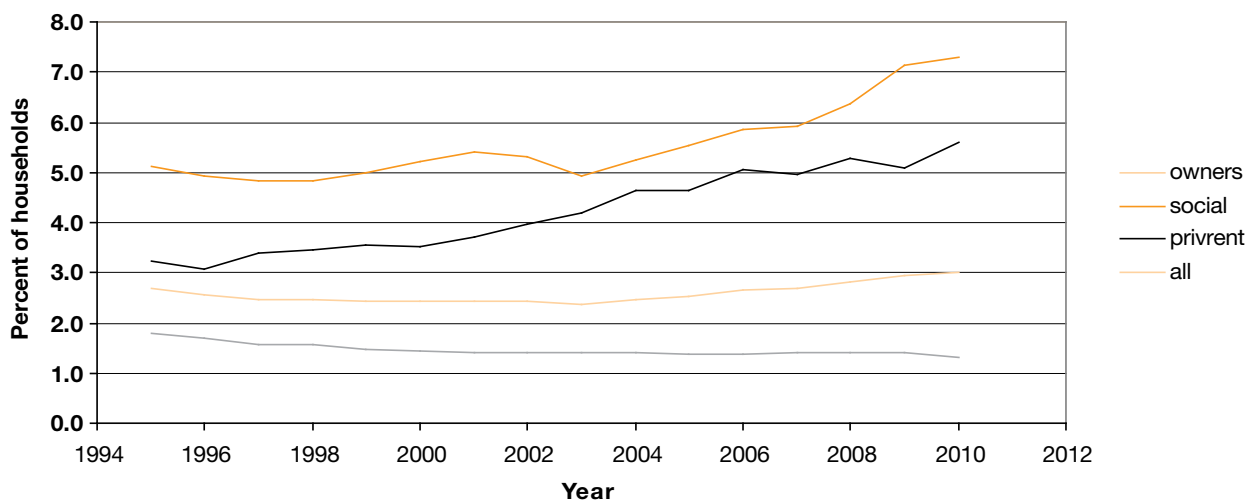
occupiers, although in the social rented sector the South East is worst, while in private renting the incidence is higher in the East and East Midlands. Overcrowding rates are generally lower in the northern regions.

**Table 5.22 – Overcrowding by region by tenure 2008/10 (percent)**

| Region          | Own        | Social rent | Private rent |
|-----------------|------------|-------------|--------------|
| North East      | 1.0        | 3.7         | 1.8          |
| Yorks & Humber  | 1.5        | 3.4         | 3.2          |
| North West      | 1.5        | 4.5         | 3.4          |
| East Midlands   | 0.9        | 5.6         | 5.1          |
| West Midlands   | 1.9        | 5.8         | 4.3          |
| South West      | 0.6        | 5.7         | 2.9          |
| East of England | 0.8        | 5.7         | 5.1          |
| South East      | 0.9        | 6.1         | 3.8          |
| Greater London  | 2.9        | 16.7        | 12.1         |
| <b>Total</b>    | <b>1.3</b> | <b>7.3</b>  | <b>5.6</b>   |

Source: English Housing Survey, based on three-year average data.

**Figure 5.6 – Overcrowding by Tenure in England 1995-2010 (percent)**



Source: Survey of English Housing/English Housing Survey



### Under-occupancy

Under-occupancy is considered here because it is, in a sense, the mirror image of overcrowding. Moreover, given the introduction of the HB 'bedroom tax' for claimants of working age living in social housing from April 2013 (see Chapter 4), under-occupation in the social sector is an issue of growing policy relevance, not least with respect to future homelessness trends. It is possible to make an approximate estimate of the incidence of under-occupation in England using the EHS. As Table 5.23 indicates, 37% of all working age social renters in England under-occupy their homes, including 29% of social renters who under-occupy by one bedroom, and 8% who under-occupy by two or more bedrooms. These figures are lower than for either of the other private tenures, particularly owner-occupation, and also lower than those for retirement age households. For example, 66% of retired home-owners have two or more spare bedrooms. Within social renting, the proportions of under-occupiers are similar

for households receiving HB (35.2%) and those not on HB (38.5%). Nonetheless, they do imply that approximately 540,000 social renters in England will be liable to a reduction in their HB (with 113,000 social tenants facing a two-bedroom reduction in their entitlement).

### 5.6 Key points

This statistical analysis has demonstrated some very sharp increases in 'visible' forms of homelessness, including both rough sleeping and statutory homelessness, over the past year, with an apparent acceleration of the nascent upward trajectory identified in the 2011 Homelessness Monitor. Last year's Monitor also identified that, starting before the post-2007 downturn, 'hidden' forms of homelessness – concealed, sharing and overcrowded households – were on an upward trajectory. That remains broadly the case, though in the very most recent period the picture as to trends is slightly more mixed. With respect to both visible and hidden forms of homelessness, there are

**Table 5.23 – Under-occupation in England by tenure and broad age group (2008-10)**

| Age Group      | No bedrooms in relation to Standard | Tenure         |             |              |        |
|----------------|-------------------------------------|----------------|-------------|--------------|--------|
|                |                                     | Own Occupation | Social Rent | Private Rent | Total  |
| Retirement Age | one below                           | .0%            | .0%         |              | .0%    |
|                | at standard                         | 4.1%           | 51.0%       | 23.7%        | 14.4%  |
|                | one above                           | 29.7%          | 31.8%       | 38.0%        | 30.5%  |
|                | two + above                         | 66.2%          | 17.1%       | 38.2%        | 55.1%  |
|                | Total                               | 100.0%         | 100.0%      | 100.0%       | 100.0% |
| Working Age    | two+ below                          | .2%            | 1.1%        | .8%          | .5%    |
|                | one below                           | 1.6%           | 9.1%        | 5.3%         | 3.5%   |
|                | at standard                         | 17.3%          | 53.2%       | 43.2%        | 28.1%  |
|                | one above                           | 38.8%          | 29.0%       | 36.1%        | 36.7%  |
|                | two + above                         | 42.1%          | 7.7%        | 14.7%        | 31.2%  |
|                | Total                               | 100.0%         | 100.0%      | 100.0%       | 100.0% |

Source: English Housing Survey 2008-2010

marked regional variations, which appear to reflect housing market affordability and demographic pressures, particularly in London and the South.

Specific points to note are as follows:

- National rough sleeper numbers rose by 23% in the year to Autumn 2011 – a much more marked growth dynamic than anything seen since the 1990s.
- There has been a 43% rise in recorded rough sleeping in London over the past year, affecting UK nationals as well as CEE and other migrants. However, a declining proportion of new rough sleepers appear to be falling into long-term street homelessness in the capital.
- After falling sharply for six years, the number of statutory homelessness acceptances rose substantially (by 34%) between the final quarter of 2009 and the second quarter of 2012. There is marked regional divergence, with London and the South on the most steeply rising trajectory.
- This recent increase in statutory homelessness has disproportionately affected families with children, and there appears to be a sustained trending upwards in the importance of the ending of private sector ASTs as a cause of statutory homelessness.
- Temporary accommodation placements have also started to rise, with B&B hotel placements almost doubling in the two years to March 2012. There has been a particularly dramatic increase in the numbers of households with children in B&B. Though again there is marked regional divergence, with the rate of increase highest in the South East and East of England and in the North West.
- Recorded prevention activity continued to expand in 2011-12, with the number of prevention instances logged almost four times the number of statutory homelessness acceptances. While the largest single form of prevention activity continues to be helping potentially homeless households to secure a private tenancy, the past two years have seen more of a focus on assisted access to mainstream social tenancies, which might reflect increased difficulties being encountered by LA homelessness staff in securing access to private renting.
- The number of concealed households, which was static or in decline during the 1990s and into the early 2000s, has shown signs of recent increases. In 2012 there were an estimated 1.54 million concealed single households in England, as well as 214,000 concealed couples and lone parents.
- There has been a clear slowing down in new household formation, mainly because of the drastic decline in the number of new households entering owner occupation but also because of the fall in numbers of social lettings. The resurgent PRS has to some extent offset the fall in supply from the other tenures, particularly in 2010.
- After a long-term decline, there was an increase in the number of sharing households in the period 2007-2010, which appears to evidence the impact of constrained access to housing following the 2007 credit crunch and the subsequent recession.
- Overcrowding has increased markedly since 2003, from 2.4% to 3.0% of all households, reversing previous declining trends. On the most recent figures 670,000 households were overcrowded in England. Overcrowding is much more common in the rental sectors than in owner occupation.

- Over one third (37%) of all working age social renters in England under-occupy their homes, including 29% of social renters who under-occupy by one bedroom, and 8% who under-occupy by two or more bedrooms. This implies that approximately 540,000 social renters in England will be liable to a reduction in their HB post-April 2013 (with 113,000 English social tenants facing a two-bedroom reduction in their entitlement).

## Chapter 6. Conclusions and future monitoring

This is a very concerning time for homelessness in England: the simultaneous weakening of welfare protection and the housing safety net, in a context of wider recessionary pressures and worsening housing market conditions, is evidently having a negative effect on those most vulnerable to homelessness.

Drawing on detailed statistical analysis and repeated qualitative interviews with selected key informants across the country, this report has sought to provide an independent assessment of the homelessness impacts of these recent economic and policy developments in England. It has considered the effects of the post-2007 economic and housing market recessions and the welfare reforms being implemented by the current Coalition Government, as well as the implications of the Government's housing, homelessness and other relevant policies. Impacts on all four of the following homeless groups were considered: people sleeping rough; single homeless people living in hostels, shelters and temporary supported accommodation; statutorily homeless households; and potential 'hidden homeless' households (living in overcrowded conditions, and also in 'concealed' and 'sharing' households). Within our five-year longitudinal study, this second year report provides an 'update' account of how homelessness stands in 2012 (or as close to 2012 as data availability will allow).

A range of the data sources reviewed indicate a very sharp increase in 'visible' forms of homelessness over the past year, with an apparent acceleration of the nascent upward trajectory identified in the 2011 Homelessness Monitor. Thus, a gradual decline in *rough sleeping* until 2007/08 was reversed in the most recent period, with this turnaround particularly marked in the South. The national rough sleeper numbers rose by

23% in the year to Autumn 2011 – a more dramatic growth dynamic than anything seen since the 1990s. There has been a 43% rise in recorded rough sleeping in London over the past year, affecting UK nationals as well as CEE nationals and other migrants. However, most likely associated with the impact of 'no second night out' (NSNO), a declining proportion of new rough sleepers appear to be falling into long-term street homelessness in the capital.

After declining for six years, *statutory homelessness* numbers bottomed out in late 2009, and have since risen by 34%. This recent increase in statutory homelessness has disproportionately affected families with children. Temporary accommodation placements have also started to rise, with a particularly dramatic increase in the number of families with children living in B&B accommodation. Recorded local authority prevention activity continued to expand in 2011/12, with the level of prevention instances logged almost four times that of statutory homelessness acceptances. However, the past two years have seen more of a focus on assisted access to mainstream social tenancies within these prevention activities, which might reflect increased difficulties being encountered by LA homelessness staff in securing access to private renting.

Last year's Monitor also identified that, starting in the early 2000s and continuing through the post-2007 downturn, potential 'hidden' forms of homelessness were on an upward trajectory. That remains broadly the case in 2012. Thus there were an estimated 1.54 million *concealed households* involving single people in England in 2012, as well as 214,000 concealed couples and lone parents. After a long-term decline, there was an increase in the number of *sharing households* in the period 2007-2010, probably consequent on constrained access

to housing following the credit crunch. The SAR extension to 25-34 year olds is expected to expand the number of sharing households yet further (though some of those affected are likely to become concealed households instead). *Overcrowding* has increased markedly since 2003, from 2.4% to 3.0% of all households, reversing previous declining trends. On the most recent figures 670,000 households were overcrowded in England.

There is marked regional variation with respect to trends in both visible and hidden forms of homelessness across the country, with more rapidly growing homelessness numbers in London and the South apparently reflecting more intense housing market affordability and demographic pressures in these regions. This is consistent with recent indications of a re-emerging North-South divide in both housing and labour markets in the UK. Possibly linked to this, there is also considerable regional diversity on the causes of homelessness. In particular, while statutory homelessness resulting from termination of ASTs rose by 103% across England in the two years to 2011/12, this ranged from only 11% in the North East to 156% in London.

On the other hand, while much of the anxiety surrounding recessionary impacts on homelessness focuses on mortgage repossession and rent arrears, these factors continue to account for only a very small proportion of all statutory homelessness cases. The combined impact of low interest rates and lender forbearance has thus far held down the proportion of mortgage arrears cases resulting in repossession in the current recession (although they are now forecast to rise over the next three years), while rent arrears levels do not appear closely tied to general economic or housing market conditions. Qualitative evidence indicates that most repossessed households manage to find at least an interim solution via family or friends, or by securing a private tenancy. The substantial growth in the PRS as a 'flexible' tenure is clearly important

in this context, though the expanding influence of AST terminations in the statutory homelessness figures suggests that in some cases private tenancies may provide only a temporary rather than long-term respite from homelessness.

In combination with the prolonged economic downturn, ongoing welfare reform seems certain to drive homelessness up yet further over the next few years. While transitional arrangements have thus far helped to mitigate the impacts of lowered LHA rates, deepening benefit cuts are likely to have a much more dramatic impact on homelessness levels going forward. In particular national benefit caps on LHA rates and on out-of-work (working age) households will increasingly restrict access to housing for low-income households in central London, with the latter measure also impacting on larger families elsewhere. It is difficult to envisage how a consequent escalation of family homelessness is to be avoided. The extension of the SAR to 25-34 year olds was likewise viewed as '*disastrous*' by many of our key informants, because it intensifies pressure on a very constrained supply of shared accommodation in many areas, and risks forcing vulnerable people into inappropriate shared settings (even with the concession for former hostel residents).

Of the housing cost reforms still to be introduced, the new 'under-occupation penalty' within HB for working age social housing tenants is generating greatest concern, particularly in Northern England (and also in Scotland and Wales). There seems little doubt that this measure, due for implementation in April 2013, will drive up rent arrears and/or evictions in the less pressurised housing market regions of the UK. There is also widespread trepidation about the practical implementation of Universal Credit from October 2013, and specific concerns about the prospects for higher levels of social sector rent arrears and evictions when the rent element is paid to

tenants. More generally, increasing reliance on discretionary local arrangements to supplement the core national welfare system – including via the expanded DHP budgets and the new local schemes for CTB and key elements of the Social Fund – also has to be viewed as inherently problematic.

At the same time, the Localism Act (2011) seems likely to undermine the protective ‘national housing settlement’ which has for many years mitigated the impact of poverty on low income groups in the UK. Moves towards fixed-term tenancies in the social rented sector, and rents at up to 80% of market levels, will in time weaken the sector’s safety net function, while local restrictions on eligibility for social housing risk excluding some marginalised groups in high housing need.

Even more controversial have been new local authority powers to discharge the statutory homelessness duty into fixed-term private tenancies without the applicant’s consent. This has raised a range of concerns about the quality and appropriateness of the accommodation offered to vulnerable households – particularly families with children – given the pressure on LAs to procure properties that are affordable under the new LHA restrictions. Linked with this are growing concerns about benefit caps prompting central London boroughs to rely increasingly on long distance out-of-area placements for statutorily homeless families. When interviewed in 2012, our case study local authorities were quite cautious about the deployment of these new powers – not least because of concerns about legal challenge on the ‘suitability’ of properties procured from the PRS, particularly where such properties were far removed from applicants’ home areas – but it will be important to follow up developments on this in 2013.

Other aspects of welfare reform are impacting on specific groups of homeless people. Thus, single homeless people with chaotic

lifestyles were said to be experiencing significant difficulties with the toughened conditionality and sanctions regimes within JSA and ESA, while at the same time many of the SP-funded services upon which this group depend are undergoing substantial funding cuts. The combined impact of rising unemployment, benefit cuts and the weakening of the housing safety net has particularly badly affected young people. If a future Conservative administration acts on current indications that it will remove under-25s from the remit of Housing Benefit entirely, then a very serious rise in youth homelessness seems all but inevitable post-2015.

However, as elsewhere in the UK, and contrary to speculation in the press about ‘middle class homelessness’, there is nothing in the qualitative or quantitative data collected for this study to suggest that the nature of homelessness or the profile of those affected has substantially altered in the current economic climate. Quite the reverse: all of the indications are that the risk of homelessness is heavily concentrated, as always, on the poorest and most disadvantaged sections of the community, who lack access to the sort of financial or social ‘equity’ that enable most people to deal with work and relationship crises without becoming homeless.

Looking forward, the period till the end of the current Coalition Government’s term in office in 2015 is a crucial time period over which the homelessness impacts of the recession are likely to intensify, and be severely exacerbated by the Government’s radical welfare and housing reforms. As well as tracking the headline trends in both visible and hidden forms of homelessness till 2015, we will also attempt to ascertain the profile of those affected, and whether there is any evidence of a change in this as the impacts of recession and welfare reform are played out over the coming years. Likewise, regional patterns will be closely monitored.

The evidence provided by this Homelessness Monitor over the next three years will provide a powerful platform for assessing the impact of economic and policy change on some of the most vulnerable people in England.

## Appendix 1: Policy and economic change in England under the Coalition Government: Monitoring the impact on homelessness

### A Research Project for Crisis

#### Topic Guide for Key Informant Interviews: ROUND 2 Single/youth homelessness

##### 1. Introduction

- Explain nature and purpose of research
- Their job title/role; how long they have been in that position/organisation
- Nature of organisation – nature of service(s) provided; geographical coverage; size and funding streams; homeless groups they work directly with (rough sleepers, single homeless, young homeless, homeless families, statutory homeless, hidden homeless etc.); any recent changes in services (esp whether any services have closed/reduced)

##### 2. Impacts of recession/economic context

- Has there been an impact of the post 2007 recession and housing market downturn on your client group/demand for your services. Probe changes in:
  - > nature, size, profile of client group (inc. any funding or capacity restrictions on who can work with, especially any evidence of unmet needs)
  - > needs of clients
  - > triggers for homelessness/crisis situation, etc.
- What are key contextual factors driving this change – rising unemployment; increased conditionality in JSA/ESA; decline in social lets; affordability/deposit barriers to home ownership
- Any impact of A8/other migration?
- What is it about these changes that directly impacts on your client group?
- Overall, have these economic developments/contexts had a positive or negative impact on your client group? (emphasis on broader trends rather than specific individuals)
- Have you monitored these impacts in any way? Any evidence you can share with us?
- How do you see these effects developing going forward (e.g. resulting from higher unemployment due to public sector cuts)? Will you be monitoring it?



### 3. Impacts of Coalition policies

- Are there any particular Coalition policies/proposals that are likely to impact significantly on your clients/service users and demand for your services (distinguish between likely impacts over next 12 months and longer-term impacts)?
- Probe:
  - > Welfare reform – LHA restrictions (30th percentile rule; SRR extension to 35; LHA caps); cuts in HB for under-occupiers in SRS; uprating of HB non-dependent deductions; overall household benefit caps; Universal Credit, etc.; also IB/ESA reforms
  - > Social housing reform – restricted access to waiting lists; ‘affordable rents’ regime; ending security of tenure
  - > Homelessness legislation – discharge of duty into PRS
  - > Supporting People – cuts/removal of ring fence
  - > Other aspects of localism agenda?
  - > Other public sector reforms/cuts?
- What impact will they have – positive or negative?
- Are your service users aware of these changes? What do they make of them? What are they most concerned about/any trends in these reactions?
- What is it about these policy changes that will directly impact on your client group/what is the process by which it will affect them? (probe: increase risks of homelessness, make homelessness prevention more difficult, make resolving homelessness more difficult, etc.)
- Which policies/impacts are you most concerned about and why?
- When do you think you will start to see these effects/timescale for impacts?
- Do you think they will impact on particular groups/regions more than others?
- Will you be monitoring these impacts in any way? When will you have data/evidence to share?

### 4. Follow up

- Any data/evidence they can give us? Can you feed in any updates on relevant data?
- OK to return to speak to them again this time next year?

## Appendix 2: Policy and economic change in England under the Coalition Government: Monitoring the impact on homelessness

### A Research Project for Crisis

#### Topic Guide for Key Informant Interviews: ROUND 2 Local authorities

##### 1. Introduction - explain nature and purpose of research

Note respondent job title/role; duration in that position/organisation

##### 2. Impacts of recent economic/housing market conditions

(a) Has there been an impact of the ongoing weakness of the job market and the continuing housing market downturn on housing need/homelessness in your LA? – e.g. in terms of:

- Rising unemployment leading to more rent/mortgage arrears feeding through to rising evictions/mortgage repossessions?
- Decline in social lets squeezing affordable housing supply?
- Affordability/deposit barriers to home ownership, etc?
- A8 (or other) migration trends?

(b) Any specific effects on: (i) statutory homeless; (ii) rough sleepers; (iii) single homeless; (iv) hidden homelessness (sofa surfing, overcrowding etc.)

Probe on any changes in size, nature of client group (e.g. any evidence of ‘middle class homelessness’), factors triggering homelessness (e.g. mortgage/rent arrears, end of assured shortholds, family pressures, drug/alcohol problems)

(c) What statistical measures do you have for changing rates of housing need/homelessness demand in your borough over the past 2-3 years? – e.g. new housing applications, housing advice caseload statistics. Can you share these with us?

(d) How do you see the impact of economic and housing market conditions affecting homelessness over the next year?

##### 3. Impacts of Coalition Government housing/housing benefit reform policies

(a) Are there any particular Coalition housing/housing benefit reform policies/proposals impacting significantly on housing need/homelessness or likely to do so in next 1-2 years?

Probe:

- Welfare reform – LHA restrictions (30th percentile rule; SRR extension to 35; LHA caps); cuts in HB for under-occupiers in SRS; uprating of HB non-dependent deductions; overall household benefit caps; Universal Credit, etc
- Social housing reform – restricted access to waiting lists; ‘affordable rents’ regime; ending security of tenure

- Homelessness legislation – discharge of duty into PRS
- Supporting People cutbacks

What impact will these changes have – positive or negative?

- (b) Can anything be said about the likely impacts on distinct homelessness groups – i.e. statutory homeless, rough sleepers, single homeless, hidden homeless?
- (c) Which policies/impacts are you most concerned about and why?
- (d) Do you think social landlords will be budgeting to accept higher arrears levels due to HB cuts or will they just evict more people as arrears rise?
- (e) Do you think that a continuing expansion of the private rented sector will help offset rising homelessness by providing more supply at affordable rents?
- (f) What is your authority's experience of whether landlords are accepting lower rents to conform to reduced HB ceilings?

#### **4. Impacts of other Coalition Government policies over next 12 months**

- (a) Are there any other Coalition Govt policies/proposals you believe are likely to impact significantly on housing need/homelessness? – Probe: other implications of localism or benefit changes not directly related to housing (e.g. IB/ESA reforms)
- (b) How will these factors impact here? - probe: increase risks of homelessness, make homelessness prevention more difficult, make resolving homelessness more difficult
- (c) Can anything be said about how these changes may affect distinct homelessness groups – i.e. statutory homeless, rough sleepers, single homeless
- (d) Which policies/impacts are you most concerned about and why?
- (e) When do you think you will start to see these effects/timescale for impacts? Do you think they will affect some groups more than others?

5. (If not already fully covered) If statutory homelessness numbers (or homelessness applications) have been rising in your authority, what are believed to be the main underlying drivers of this trend? What evidence is available to support this?

6. (If not already fully covered) If rough sleeper numbers have been rising in your authority, what are believed to be the main underlying drivers of this trend? What evidence is available to support this?

7. (If not already covered) Are there any local housing, planning or other policies which have impacted or may impact on homelessness demand?

#### **8. Follow up**

- Any data/evidence/reports to be provided? OK to repeat interview in Spring 2013?

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## About Crisis

Crisis is the national charity for single homeless people. We are dedicated to ending homelessness by delivering life-changing services and campaigning for change.

Our innovative education, employment, housing and well-being services address individual needs and help homeless people to transform their lives. We measure our success and can demonstrate tangible results and value for money.

We are determined campaigners, working to prevent people from becoming homeless and advocating solutions informed by research and our direct experience.

We have ambitious plans for the future and are committed to help more people in more places across the UK. We know we won't end homelessness overnight or on our own. But we take a lead, collaborate with others and together make change happen.

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