

# The homelessness monitor

Tracking the impacts of policy and economic change in England 2011-2013

Year 1: Establishing the baseline

**Suzanne Fitzpatrick, Hal Pawson, Glen Bramley and Steve Wilcox,**  
Institute for Housing, Urban and Real Estate Research, Heriot-Watt University  
and Centre for Housing Policy, University of York

September 2011



## **The homelessness monitor 2011-2013**

The homelessness monitor is a three 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, rising unemployment 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 1 report provides a baseline account of how homelessness stands to date in 2011, and analyses key trends in the preceding 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 two years in order to provide a substantive evidence base and will report on them in 2012 and 2013 respectively.

# The homelessness monitor

Tracking the impacts of policy and economic change in England 2011-2013

Year 1: Establishing the baseline

Suzanne Fitzpatrick, Hal Pawson, Glen Bramley and Steve Wilcox



THE UNIVERSITY *of York*

**CRISIS**

## **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.

## **About the authors**

Professor Suzanne Fitzpatrick, Professor Hal Pawson and Professor Glen Bramley are all based at the Institute for Housing, Urban and Real Estate Research, Heriot-Watt University. Professor Steve Wilcox is based at the Centre for Housing Policy, University of York.

## **Crisis head office**

66 Commercial Street  
London E1 6LT  
Tel: 0300 636 1967  
Fax: 0300 636 2012

[www.crisis.org.uk](http://www.crisis.org.uk)

© Crisis 2011  
ISBN 978-1-899257-69-0

Crisis UK (trading as Crisis). Registered Charity Numbers:  
E&W1082947, SC040094. Company Number: 4024938

This report is available to download free of charge  
from [www.crisis.org.uk](http://www.crisis.org.uk)

## Contents

<i>Figures and tables</i> .....	v
<i>Acronyms</i> .....	vi
<i>Acknowledgements</i> .....	viii
<i>Foreword</i> .....	ix
<i>Executive summary</i> .....	x
<b>1. Introduction</b> .....	1
1.1 Definition of homelessness .....	1
1.2 Research focus and methods .....	1
1.3 Structure of report .....	2
<b>2. The historical and international context for homelessness in England</b> .....	4
2.1 A recent history of homelessness in England: the legacy of the 1997-2011 Labour Governments .....	4
2.2 The wider UK context: The contrast between England and Scotland .....	9
2.3 The international context .....	10
2.4 Causation and homelessness .....	13
2.5 Key points .....	17
<b>3. Economic factors that may impact on homelessness in England</b> .....	19
3.1 Post-2007 economic context .....	19
3.2 Post-2007 housing market downturn .....	21
3.3 Impact of the post-2007 economic and housing market downturn .....	25
3.4 Migration trends .....	33
3.5 Key points .....	35
<b>4. Policies of the Coalition Government which may impact on homelessness in England</b> .....	36
4.1 Ministerial Working Group on Homelessness (MWG) .....	36
4.2 Welfare reforms .....	37
4.3 Localism agenda .....	47
4.4 Other policy developments affecting specific groups .....	52
4.5 Key points .....	53

<b>5. Baseline for Homelessness in England in 2011</b> .....	55
5.1 Rough sleeping .....	55
5.2 Single homelessness.....	58
5.3 Statutory homelessness.....	59
5.4 Hidden homelessness .....	68
5.5 Key points .....	76
<b>6. Conclusions and future monitoring</b> .....	78
6.1 The legacy of the 1997-2010 Labour Governments .....	78
6.2 The implications of the post-2007 economic and housing market recessions on homelessness.....	80
6.3 The implications of the Coalition Government's welfare reforms on homelessness.....	81
6.4 The implications for homelessness of the Coalition Government's housing reform and the localism agenda .....	82
6.5 Emerging statistical trends .....	83
6.6 The homelessness monitor: Tracking the impacts on homelessness going forward.....	85
<i>Appendix 1</i> .....	87
<i>Appendix 2</i> .....	89
<i>Bibliography</i> .....	92

## Figures and tables

<b>Figure 3.1</b> Faltering recovery in GDP.....	19
<b>Figure 3.2</b> Deeper crunch recession.....	20
<b>Figure 3.3</b> Housing market affordability in Great Britain.....	21
<b>Figure 3.4</b> Decline in low-deposit mortgages for first time buyers.....	22
<b>Figure 3.5</b> Nearly a half of all households moves each year in England are into the PRS .....	23
<b>Figure 3.6</b> Rapid growth of private rented sector.....	24
<b>Figure 3.7</b> Homeless acceptances fell following the 1990 downturn, but ahead of the 2008 downturn .....	25
<b>Figure 3.8</b> Post-1990 growth of social rented sector lettings available for new tenants .....	26
<b>Figure 3.9</b> Mortgage arrears and repossessions in UK, 1982-2010.....	29
<b>Figure 3.10</b> Mortgage possession claims issues and court orders made in England and Wales 1990-2011 .....	30
<b>Figure 3.11</b> Landlord court orders do not follow housing market cycles.....	31
<b>Table 3.1</b> Rent arrears in social housing (year end current tenant arrears as % of rent due in year).....	32
<b>Table 3.2</b> Eviction trends in the housing association sector.....	32
<b>Figure 4.1</b> Difference 30th percentile and median LHA rates.....	39
<b>Figure 5.1</b> Trends in rough sleeper numbers by region, 2004-2010.....	57
<b>Table 5.1</b> Citizens Advice caseload monitoring data, 2008/09-2010/11 .....	58
<b>Table 5.2</b> Single homeless people with support needs (SP-funded support episodes by type of provision).....	59
<b>Table 5.3</b> Statutory homelessness assessment decisions (households).....	60
<b>Figure 5.2</b> Recent trends in homelessness assessment decisions .....	61
<b>Table 5.4</b> Assessment decisions (proportionate split) .....	61
<b>Table 5.5</b> Statutory homelessness acceptances by region .....	62
<b>Table 5.6</b> Acceptances by reason for homelessness .....	63
<b>Table 5.7</b> Acceptances by household type profile.....	63
<b>Table 5.8</b> Acceptances by age of applicant.....	64
<b>Table 5.9</b> Acceptances by ethnic origin (proportionate split).....	64
<b>Table 5.10</b> Homeless households in temporary accommodation by region (snapshot total at year end).....	65

<b>Table 5.11</b> Homeless households in temporary accommodation by accommodation type (snapshot total at year end).....	66
<b>Table 5.12</b> Homelessness prevention activity within broader context.....	67
<b>Table 5.13</b> Prevention activity – breakdown by form of assistance provided.....	69
<b>Table 5.14</b> Households with additional family units present, 2008/09 .....	70
<b>Table 5.15</b> Households with additional family units present by tenure, region and deprivation, 2008/09 .....	70
<b>Table 5.16</b> Additional single person family units and non-dependent children by age and tenure 2008/09 (% of all households in each tenure).....	71
<b>Table 5.17</b> Reasons single adults are living with others .....	71
<b>Table 5.18</b> Households with additional single person units over 25 and couple/lone parent units living by year.....	72
<b>Table 5.19</b> Headship rates by age (16-34), selected region and year.....	73
<b>Table 5.20</b> Estimated number of new households forming, by tenure of first destination, 2002/09 (000s).....	73
<b>Table 5.21</b> Sharing households in England by household type, tenure, region and number sharing, 2010 (% of households) .....	74
<b>Figure 5.3</b> Sharing households in England, 1992-2010.....	76
<b>Figure 5.4</b> Overcrowding by tenure in England, 1995-2009 (%) .....	76
<b>Table 5.22</b> Overcrowding by region by tenure, 2008/09 (%) .....	76

## Acronyms

AST	Assured Shorthold Tenancy
B&B	Bed and Breakfast Hotels
BRMA	Broad Rental Market Area
CEE	Central and Eastern European
CML	Council of Mortgage Lenders
CPI	Consumer Price Index
DCLG	Department for Communities and Local Government
DHP	Discretionary Housing Payments
DTLR	Department for Transport, Local Government and the Regions
EEA	European Economic Area
EHS	English Housing Survey
EMA	Education Maintenance Allowance
ESA	Employment and Support Allowance
FEANTSA	European Federation of National Organisations Working with the Homeless
HB	Housing Benefit
HCA	Homes and Communities Agency
HMO	House in Multiple Occupation
HTF	Homelessness Task Force
IB	Incapacity Benefit
ILO	International Labour Organisation
JSA	Jobseekers Allowance
LA	Local Authority
LDB	London Delivery Board
LFS	Labour Force Survey
LHA	Local Housing Allowance
MWG	Ministerial Working Group on Homelessness
NDDs	Non Dependent Deductions
NRPF	No Recourse to Public Funds
NSNO	No Second Night Out
OBR	Office for Budget Responsibility
ONS	Office for National Statistics
PRS	Private Rented Sector
RICS	Royal Institution for Chartered Surveyors
RSI	Rough Sleepers Initiative
SAR	Shared Accommodation Rate
SEH	Survey of English Housing
SMI	Support for Mortgage Interest
SNAP	Survey of Needs and Provision
SRR	Single Room Rate
SP	Supporting People
TA	Temporary Accommodation
TSA	Tenants Services Authority
UKHR	UK Housing Review

## Acknowledgements

This report was commissioned and funded by Crisis, and our thanks to Pam Vallance, Duncan Shrubsole and Lúgia Teixeira at Crisis for all of their support with this work. We would also like to record our thanks to the following organisations that helped us to secure relevant data: Broadway, Chartered Institute of Housing, Homeless Link, and Citizens Advice. In addition, we are extremely grateful to all of the key informants from homelessness service providers and local authorities across England who very generously found time in their busy schedules to help us with this study.

### **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.

## Foreword

This is a concerning time for homelessness in England. Levels are already rising as the fall out from the post 2007 recession continues to be felt through a sluggish recovery and rising unemployment. At the same time we are witnessing the most radical shake up of our systems of welfare and housing support for a generation. This report, the first of three, tracking the impact of these economic and policy developments in England between 2011 and 2013, is therefore extremely timely.

The evidence from the report is clear that economic downturns tend to have a lagged effect on homelessness. Historically, it is the structures of welfare and housing support that provide a cushion between poverty and unemployment and homelessness. It is therefore extremely worrying that the Coalition Government's radical reform of the welfare and housing safety nets look set to weaken the very systems that have traditionally provided a 'buffer' between vulnerable households and homelessness. We are deeply concerned that 2010 marks the start of a reversal of this positive trend and that we now face a sustained increase in homelessness, with the worst yet to come.

This baseline report provides clear analysis of the current 'state of play' of homelessness and emerging trends across a range of groups. This first report already highlights concerns that there is a very real risk that the combination of the economic downturn and the weakening of the protections which can literally keep a roof over vulnerable households' heads will cause all forms of homelessness to increase yet further.

As always, it is the poorest and most disadvantaged in our communities who will be worst affected by any rise in homelessness. We urge the Government to take stock of this report and rethink the path it is set upon.



**Leslie Morphy OBE**  
Chief Executive, Crisis  
September 2011

## Executive summary

### Key findings

- This is a concerning time for homelessness in England: the simultaneous weakening of welfare protection and the national 'housing settlement', in a context of wider recessionary pressures and growing unemployment, seems likely to have a negative impact on many of those vulnerable to homelessness.
- In particular, welfare reform – in combination with the economic downturn – seems certain to drive homelessness up in England over the next few years, as it will undermine the safety net that usually provides a 'buffer' between a loss of income, or a persistently low income, and homelessness, and will restrict access to the private rented sector for low income households.
- Statistical analysis indicates that some aspects of 'visible' homelessness – including rough sleeping and statutory homelessness – have commenced a very recent upward trajectory.
- With respect to hidden homelessness – concealed, sharing and overcrowded households – there are longer-term rising trends, starting before the current recession, and reflecting mainly housing affordability and demographic pressures.
- Looking forward, the next two years may be a crucial time period over which 'lagged' impacts of the recession start to materialise, together with at least some of the effects of welfare and housing reform.

### Introduction and methods

This three year study 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 rising unemployment, the housing market downturn, and migration – particularly A8 migration. 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.

Four homeless groups are looked at specifically:

- 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 their being currently or imminently without accommodation;
- 'Hidden homeless' households – that is, households living in 'overcrowded' conditions, and also 'concealed' and 'sharing' households.

Within our three-year longitudinal study, this Year 1 report provides a 'baseline' account of how homelessness stands to date in 2011, and analyses key trends in the preceding 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.

Three methods were employed in the study:

1. A review of relevant literature, legal and policy documents.
2. Key informant interviews conducted with senior representatives of local authorities and single and youth homelessness service providers in different parts of England.

3. Detailed statistical analysis undertaken on
  - a) relevant economic and social trends in England, particularly post-2007; and
  - b) the scale and nature of homelessness amongst the four subgroups noted above, and recent trends in this.

### Causation and homelessness

We began the study by developing a conceptual framework on the causation of homelessness 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>1</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 effects of labour market change more likely to be a lagged and diffuse, strongly mediated by welfare arrangements and other contextual factors<sup>2</sup>.

Often the individual vulnerabilities, support needs and ‘risk taking’ behaviours implicated in some people’s homelessness are themselves rooted in the pressures associated with poverty and other forms of structural disadvantage<sup>3</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>4</sup>. Thus deteriorating structural conditions could also be expected to generate more ‘individual’ and ‘interpersonal’ vulnerabilities to homelessness over time.

However, there is international evidence that policy interventions which are well-targeted, adequately resourced and effectively governed, can achieve positive outcomes on homelessness even in the face of problematic structural trends, such as worsening housing affordability, rising unemployment or poverty<sup>5</sup>.

This conceptual framework led us to consider 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. This Year 1 report highlights already emerging trends and forecasts some of the likely changes over the next couple of years. Its key conclusions lie in the following areas:

- The legacy of the homelessness and related policies of the 1997-2010 Labour Governments
- The implications of the post-2007 economic and housing market recessions for homelessness
- The homelessness implications of the policies of the post-2010 Coalition Government, particularly with respect to its:
  - a) welfare reforms
  - b) housing reforms and the Localism agenda
- Emerging homelessness trends

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

2. Stephens, M., Fitzpatrick, S., Elsinga, M., Steen, G.V. and Chzhen, Y. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

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

4. Lemos, G. and 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.

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

## The Legacy of the 1997-2010 Labour Governments

By the end of the Labour period in office there had been some notable achievements on homelessness<sup>6</sup>. In particular, there had been a sustained large reduction in levels of rough sleeping, or at least its visible manifestations, and an unprecedented decline in statutory homelessness since 2003. Local homelessness strategies, and the Supporting People and Hostels Capital Improvement programmes, had encouraged strategic working by local authorities and their voluntary sector partners, and 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>7</sup>.

By international standards, the English (and wider UK) response to homelessness had developed into one that was notably sophisticated by the end of the Labour Government period in office, especially with regard to the statutory homelessness framework<sup>8</sup> and the strong emphasis on homelessness prevention<sup>9</sup>. The UK is highly unusual in having enforceable rights for some homeless people where the ultimate discharge of public responsibility involves making available *settled housing* to qualifying households. Elsewhere, across the developed world, only France offers anything remotely

similar<sup>10</sup>. While many other European countries incorporate a 'right' to housing in their national constitutions, there are seldom any legal mechanisms to enable homeless individuals to enforce these rights. While the UK's statutory framework predated the 1997-2010 Labour Governments' time in office, having been first introduced by the Housing (Homeless Persons Act) 1977, the step-change in the attention given to homelessness prevention occurred under these recent Labour administrations. The 'housing options' approach that was central to this preventative agenda has been controversial, but research has indicated that at least some of the decline in statutory homelessness has been the result of 'genuine' homelessness prevention rather than being entirely attributable to more onerous local authority gatekeeping<sup>11</sup>.

Notably, these Labour era 'gains' in homelessness responses in England were based largely on centrally-driven policies and centrally-policed national minimum standards. However, several significant problems remained when Labour vacated office, including the lengthy periods spent in temporary accommodation by some statutorily homeless families, especially in London<sup>12</sup>, and rising numbers of destitute migrants amongst the rough sleeping population<sup>13</sup>. There was also little sign that single homelessness (beyond rough sleeping) had diminished under Labour's watch<sup>14</sup>. Most single homeless people remained outwith the statutory safety net in England,

6. Fitzpatrick, S., Quilgars D. and Pleace, N. (Eds.) (2009) *Homelessness in the UK: Problems and Solutions*. Coventry: CIH.

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

8. Since the Housing (Homeless Persons) Act 1977 came into force in 1978, local authorities in England (and elsewhere in Great Britain) have had a duty to secure settled accommodation for certain categories of homeless household.

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

10. 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.

11. Pawson, H., Netto, G., Jones, C., Wager, F., Fancy, C. and Lomax, D (2007) *Evaluating Homelessness Prevention*. London: CLG  
<http://www.communities.gov.uk/publications/housing/preventhomelessness>

12. Pleace, N., Fitzpatrick, S., Johnsen, S., Quilgars, D. and Sanderson, D. (2008) *Statutory Homelessness in England: The Experience of Families and 16-17 Year Olds*. London: Communities and Local Government.

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

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

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 around 2003, associated with housing affordability and demographic pressures (see further below).

The Labour administrations also oversaw a significant divergence in homelessness law and policy across the UK post-devolution, with Scotland opting to strengthen its statutory safety net far beyond anything contemplated in England, most notably with respect to the commitment to abolish, by 2012, the requirement to be in a ‘priority need’ group in order to be entitled to settled housing<sup>16</sup>. This means that it is now problematic to refer to a national ‘UK homelessness framework’, but also that, potentially, all four UK jurisdictions can learn from each other on the advantages and disadvantages of their contrasting approaches<sup>17</sup>.

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

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>18</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 (see below), are what usually ‘breaks the link’ between losing a job and homelessness<sup>19</sup>, any significant reform of welfare provisions – such as that proposed by the Coalition Government and discussed below - are likely to be highly relevant to homelessness trends.

Housing market conditions tend to have a more direct impact on levels of homelessness than labour market conditions<sup>20</sup>, and the last major housing market recession (1990–92) actually reduced statutory homelessness<sup>21</sup> because it eased the affordability of home ownership, which in turn freed up additional social and private lets. This positive impact on general housing access and affordability substantially outweighed the negative consequences of economic weakness on housing – e.g. evictions or repossessions triggered by loss of employment. The easing of housing affordability is crucial in this context 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’ via repossessions or evictions<sup>22</sup>. There is also good evidence that housing affordability trends underlie the changing incidence of hidden homelessness, such as overcrowding or concealed households<sup>23</sup>.

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

16. Anderson, I. (2009) ‘Homelessness policy in Scotland: A complete state safety net by 2012?’, in Fitzpatrick, S., Quilgars D. and Pleace, N. (eds.) *Homelessness in the UK: Problems and Solutions*, Coventry: CIF.

17. Wilcox, S. and Fitzpatrick, S. with Stephens, M., Pleace, N., Wallace, A. and Rhodes, D. (2010) *The Impact of Devolution: Housing and Homelessness*. York: JRF.

18. Vaitilingham, R. (2009) *Britain in Recession: Forty Findings from Social and Economic Research*. [http://www.esrc.ac.uk/\\_images/Recession\\_Britain\\_tcm8-4598.pdf](http://www.esrc.ac.uk/_images/Recession_Britain_tcm8-4598.pdf); Audit Commission (2009) *When it comes to the Crunch ..... How Councils are Responding to the Recession*. London: Audit Commission.

19. Stephens, M., Fitzpatrick, S., Elsinga, M., Steen, G.V. and Chzhen, Y. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

20. Ibid.

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

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

23. Bramley, G., Pawson, H., White, M., Watkins, D. and Pleace, N. (2010) *Estimating Housing Need*. London: DCLG.

However, such a benign impact of the housing market recession is less likely this time around. The volume of lettings becoming available in the social rented sector is much lower<sup>24</sup>, due to the long term impact of the right to buy sales together with low rates of new build. Continuing constraints on mortgage availability are also placing increasing pressures on the rented sectors<sup>25</sup>.

The substantial growth in the private rented sector also means that the relationship between the economic downturn and homelessness may be very different this time round<sup>26</sup>. The sector has grown by more than 50% over the last decade<sup>27</sup>, and has thus become increasingly important as both a solution to homelessness (by absorbing some of those who might otherwise become homeless) and potentially also as a cause of homelessness (with loss of fixed-term tenancies possibly accounting for a growing proportion of statutory acceptances)<sup>28</sup>. Much therefore depends on the capacity of the private rented sector to expand any further, and absorb additional demand generated by access pressures in the other main tenures, as it did in the last major recession (albeit that it may not represent the preferred tenure of frustrated first time buyers or social renters).

### 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>29</sup>, any radical weakening in England's welfare protection is likely to have damaging consequences for homelessness. Key informants participating in this research tended to emphasise that it will be the *combination* of benefit cuts and lack of access to employment that will hit potentially homeless groups – rather than resulting from any single factor, it is the cumulative effect which is likely to be telling.

The Coalition Government's welfare reforms which seem likely to have the most significant implications for homelessness include:

- The caps on Local Housing Allowance (Housing Benefit) and overall household benefit entitlement, which will severely restrict access to housing for low-income households in central London, particularly larger families<sup>30</sup>.
- Local Housing Allowance (Housing Benefit) rates being set according to 30<sup>th</sup> percentile market rents rather than median values, which is likely to restrict access to the private rented sector for low-income households in a range of areas of England. In the medium term there are also concerns about the greater constraints on access to the private rented sector for claimants that would result if private rents increase more rapidly than LHA rates are updated by the Consumer Price Index;
- The extension of the (Housing Benefit) Shared Accommodation Rate to 25-34 year olds, which will increase pressure on a limited supply of shared accommodation and possibly force vulnerable people into

24. Pawson, H. and Wilcox, S. (2011) *UK Housing Review 2010/11*; Coventry: CiH

25. Wilcox, S. (2011) *The Deposit Barrier to Home Ownership*, in Pawson, H. and Wilcox, S. (2011) *UK Housing Review*. Coventry: CiH.

26. Department for Communities and Local Government. (2011) *English Housing Survey: Headline report 2009-10*. London: Department for Communities and Local Government

27. Pawson, H. and Wilcox, S. (2011) *UK Housing Review*. Table 17. Coventry: CiH.

28. <http://www.communities.gov.uk/publications/corporate/statistics/homelessnessq42010>

29. Stephens, M., Fitzpatrick, S., Elsinga, M., Steen, G.V. and Chzhen, Y. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

30. 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.; Wilcox, S. (2011) 'Constraining choices: the housing benefit reforms', in Pawson, H. and Wilcox, S. *UK Housing Review 2010/2011*. Coventry: CiH.

inappropriate shared settings<sup>31</sup> (even with the recent concession for those leaving hostels);

- The uprating of non-dependant deductions from Housing Benefit, which could exacerbate rent arrears<sup>32</sup> and (in combination with other factors such as the abolition of Education Maintenance Allowance) increase the likelihood of young people being ejected from the family home, precipitating a rise in youth homelessness<sup>33</sup>;
- The new ‘under-occupation penalty’ for working age social tenants, which may drive up rent arrears and evictions<sup>34</sup>; and
- Increased conditionality and sanctions associated with the Work Programme, implying the possibility of draconian sanctions applied to single homeless people and other vulnerable groups with chaotic lifestyles<sup>35</sup>.

Among our homelessness service provider interviewees there was some support for the principles of Universal Credit – if it can be made to work – particularly the flexibility it offers for people to work for a small number of hours and still be better off. That said, anxiety remains about ‘housing credits’ replacing direct rent payments to landlords, with potential implications for rent arrears, evictions and ultimately homelessness.

## The implications for homelessness of the Coalition Government’s housing reform 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>36</sup>. Housing appears to be a comparative asset, which tends 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 the case 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>37</sup>.

The Coalition Government’s Localism agenda may undermine this national ‘housing settlement’ which has hitherto played an important role in ameliorating the impact of income poverty on disadvantaged households. The significant reforms to Housing Benefit have been noted above. The move towards fixed-term ‘flexible’ tenancies in the social rented sector, and rents pushed up to 80% of market levels, will weaken the

31. 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.

32. Pawson, H. (2011) *Welfare Reform and Social Housing*. York: HQN Network.

33. Witherspoon, C., Whyley, C. and Kempson, E. (1996) *Paying for Rented Housing: Non-dependent Deductions from Housing Benefit*. London: Department of Social Security.

34. Pawson, H. (2011) *Welfare Reform and Social Housing*. York: HQN Network.

35. Fitzpatrick, S., Johnsen, S. and White, M. (2011) ‘Multiple Exclusion Homelessness in the UK: Key Patterns and Intersections’, *Social Policy and Society*, 10 (4): 501-512.

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

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

safety net function of the social rented sector over time. Removing security of tenure from new social tenants could also have negative impacts on community stability and work incentives<sup>38</sup>. The decentralisation of housing allocation eligibility decisions risks excluding some marginalised groups from mainstream social housing<sup>39</sup>.

Discharge of the statutory homelessness duty into fixed-term private tenancies without the applicant's consent also raises important concerns regarding the tenure security available to vulnerable households, especially families with children. However, the impact of this particular change may be blunted somewhat by affordability constraints in the light of the Local Housing Allowance reforms (which will severely restrict access to the private rented sector for low-income households in some areas of England), although at the same time it may also lead to more 'out-of-area' placements to cheaper localities.

The introduction of the Supporting People funding stream in 2003 was central to the expansion of homelessness resettlement services across the UK<sup>40</sup>. 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. Though implemented by the last Labour Government, this move strongly prefigured the current Government's decentralisation agenda which, in combination with national Supporting People budget cuts (amounting to a national 12% cut 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>41</sup>.

More broadly, it was noted by our key informant interviewees 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 recognising this reality, a quasi-national framework is being retained through the Government's Ministerial Working Group on homelessness, albeit focused on a narrow definition of homelessness which relates primarily to rough sleeping<sup>42</sup>. Ministerial Working Group initiatives may help to drive down rough sleeping in England, particularly if the planned national roll-out of the 'No Second Night Out' project<sup>43</sup> is conducted in a flexible and locally-sensitive manner. The MWG's emphasis on addressing health inequalities affecting homeless people is also welcome, though its practical impact remains to be seen.

## Emerging statistical trends

Data from a variety of sources demonstrates some very recent growth in 'visible' forms of homelessness, including both rough sleeping and statutory homelessness, thus contrasting with the last major recession when the net impact of economic and housing market weakness was beneficial in terms of (statutory) homelessness numbers. There are also indications that, continuing through the post-2007 downturn, 'hidden' forms of homelessness – concealed, sharing and overcrowded households – are on an upward trajectory. These trends on hidden homelessness appear to reflect housing market affordability and demographic pressures, particularly in London and the South.

38. Fitzpatrick, S. and Pawson, H. (2011) *Security of Tenure in Social Housing: An International Review*. [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)

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

40. Fitzpatrick, S., Quilgars D. and Pleace, N. (Eds.) (2009) *Homelessness in the UK: Problems and Solutions*. Coventry: CIH.

41. Homeless Link (2011) Press Release 30 June 2011: *Cuts Making it Harder for Homeless People to Get Help* <http://www.homeless.org.uk/news/cuts-making-it-harder-homeless-people-get-help>.

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

43. <http://www.nosecondnightout.org.uk/about-us.html>

### 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>44</sup>. There has been an 8% rise in rough sleeping in London to 3,975 over the past year, only some of which is attributable to increased numbers of central and eastern European migrants amongst the rough sleeping population<sup>45</sup>.

After a very sharp decline from 2003-2009, as a consequence of the homelessness prevention agenda, the number of local authority homelessness assessment decisions (a proxy for 'applications') started to rise again in 2010. Financial year figures for 2010/11 show an annual increase of 15% to 102,200<sup>46</sup>. The most recent quarterly statistics (for January-March 2011) show signs of a continuing upward trend in homelessness acceptances – often considered *the* key headline indicator<sup>47</sup>. Taking the 2010/11 financial year as a whole, there were 44,160 acceptances (from a total of 102,200 decisions). This is an increase from 40,020 in 2009/10 (a 10% rise) – the first financial year increase since 2003/04. The decline in the number of homeless households in temporary accommodation has also slowed down, adding to the sense that 2010 may be a year in which the trend on statutory homelessness 'turned' upwards<sup>48</sup>. Moreover, although overall temporary accommodation numbers continued to fall in 2010, B&B hotel placements rose significantly. In addition, homelessness prevention activity has continued to expand with 189,000 instances of prevention

logged by local authorities in 2010/11, an increase of 14% on the previous year<sup>49</sup>.

Also notable is that the profile of household types accepted as homeless, and the immediate reasons for applying as homeless, have remained remarkably consistent over the past decade, despite the very substantial reduction in the overall size of the cohort (until recently). Moreover, there has been no significant shift in these patterns during the current economic downturn. While there has been a recent resurgence in loss of fixed-term tenancies as a presenting cause of statutory homelessness (which may well represent simply a return to the longer-term 'norm'), no proportionate or absolute increase in rent or mortgage arrears as a cause of statutory homelessness is apparent<sup>50</sup>. This is in keeping with the point made above that frustrated 'entry' into independent housing by newly forming or fragmenting households is a far more important 'trigger' of (statutory) homelessness than are forced 'exits' via repossessions or evictions.

### Trends in hidden homelessness

The number of *concealed households*<sup>51</sup> – static or in decline during the 1990s and into the early 2000s – has recently increased<sup>52</sup>. In 2008 there were an estimated 1.39 million concealed single person households in England, as well as 315,000 concealed couples and lone parents<sup>53</sup>. Related to this development, there has been a clear slow down in new household formation, mainly because of the drastic decline in the

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

45. Broadway (2011) <http://www.broadwaylondon.org-CHAIN-NewsletterandReports.htm>

46. DCLG (2011) *Statutory Homelessness* – 1st Quarter 2011, England; London: DCLG <http://www.communities.gov.uk/publications/corporate/statistics/homelessnessq12011>

47. *Ibid.*

48. *Ibid.*

49. DCLG Homelessness Prevention and Relief statistics

50. DCLG (2011) *Statutory Homelessness* – 1st Quarter 2011, England; London: DCLG <http://www.communities.gov.uk/publications/corporate/statistics/homelessnessq12011>

51. '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.

52. *Labour Force Survey*.

53. *English Housing Survey*.

number of new households entering owner occupation but also because of the fall in numbers of social lettings<sup>54</sup>. The resurgent private rented sector has not increased enough to offset reduced supply in other tenures.

Reversing a long-term decline, *sharing households*<sup>55</sup> have increased in the last two years<sup>56</sup>, apparently a consequence of constrained access to housing following the 2007 credit crunch and the subsequent recession. Extending the (Housing Benefit) Shared Accommodation Rate to 25-34 year olds may expand further the number of households sharing accommodation, but it seems likely that many of those affected will become concealed households instead.

*Overcrowding*<sup>57</sup> has increased markedly since 2003, from 2.4% to 2.9% of all households, reversing previous declining trends<sup>58</sup>. On the most recent figures 630,000 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, and particularly with social renting in the most recent period. The factors underlying this latter point probably include the concentration of social sector lets on families with children, the small size profile of new social house-building, and possibly a greater prevalence of larger families among some ethnic minority and immigrant groups gaining access to social housing.

### Overview of statistical trends

It should be emphasised that these upward trends in both visible and hidden forms of homelessness appear to have taken hold prior to implementation of most of the Coalition Government's planned restrictions on welfare entitlements and other policy reforms which may be anticipated as exacerbating homelessness.

However, while there has been much 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.

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. 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) with weak welfare protection<sup>59</sup>. Any significant reduction of the welfare safety net in the UK as a result of Coalition reforms may, of course, bring the scenario of middle class homelessness that much closer.

---

54. *Labour Force Survey and English Housing Survey.*

55. '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.

56. *Labour Force Survey.*

57. '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.

58. *Survey of English Housing/English Housing Survey.*

59. Stephens, M., Fitzpatrick, S., Elsinga, M., Steen, G.V. and Chzhen, Y. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

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

This is a concerning time for homelessness in England: the simultaneous weakening of the welfare safety net and the national 'housing settlement', in a context of wider recessionary pressures and growing unemployment, seems likely to have a negative impact on many of those vulnerable to homelessness.

In particular, the general effects of welfare reform – in combination with the economic downturn - seems certain to drive up homelessness in England over the next few years, as it will weaken the safety net that provides a 'buffer' between a loss of income, or a persistently low income, and homelessness, and will restrict access to the private rented sector for low income households.

As our statistical analysis shows, some aspects of 'visible' homelessness – including rough sleeping and statutory homelessness – appear to have commenced an upward trajectory ahead of these anticipated policy and economic developments. With respect to hidden homelessness – concealed, sharing and overcrowded households - there are longer-term rising trends, starting before the current recession, and reflecting mainly housing affordability and demographic pressures.

Looking forward, the next two years is widely thought to be a crucial time period over which any 'lagged' impacts of the recession may start to materialise, together with at least some of the effects of welfare and housing reform. At the same time, housing market pressures seem unlikely to ease,

extending highly constrained access to home ownership for first-time buyers which is, in turn, increasing demand for both of the rental sectors (though the response of the private rented sector is an important unknown).

With respect to visible homelessness, this monitoring exercise over the next two years will provide an opportunity to analyse the extent to which the recent upward shifts in visible homelessness – both rough sleeping and statutory homelessness – represent sustained trends or temporary 'blips' in the data.

On hidden homelessness, we will track whether the rising trends in concealed, sharing and overcrowded households persist through the current economic downturn and any short-term fluctuations in housing affordability.

We will also attempt to ascertain the profile of those affected by both visible and hidden forms of homelessness, 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, any shifts in regional patterns will be closely monitored.

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



# 1. Introduction

The aim of this study is to provide an independent analysis of the impact on homelessness of recent economic and policy developments in England. It considers both the impact of the post-2007 economic and housing market recession on homelessness, and also the impact of policy changes now being implemented under the Conservative-Liberal Coalition Government elected in 2010. The report was commissioned in response to concerns that the recession may already be driving up homelessness in England, and also that some of the Coalition's radical welfare and housing reform agenda may have deleterious effects on those vulnerable to homelessness.

This is a three-year longitudinal study, and this first year report provides a 'baseline' account of how homelessness stands to date in 2011 (or as close to 2011 as data availability will allow), and analyses key trends in the period running up to 2011. It also highlights emerging trends and forecasts some of the likely changes, identifying the developments that are likely to have the most significant impacts. It further provides a conceptual framework for linking policy and economic developments to possible impacts on homelessness, and describes how these impacts will be assessed over the next two years of the project.

## 1.1 Definition of homelessness

A wide definition of homelessness is adopted in this report, and we are considering 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 their being currently or imminently without accommodation. This covers all household types, including families with children and single people.
4. 'Hidden homeless' households – that is, households living in overcrowded conditions, and also 'concealed' and 'sharing' households. This definition of hidden homelessness has the benefit of being measurable using national datasets. Further details on the definitions used for each of these categories are given in subsequent chapters.

## 1.2 Research focus and methods

This report is restricted to England because relevant policy and legal frameworks have diverged significantly across the UK since devolution (though we do make reference to important developments in Scotland which contrast with those in England)<sup>60</sup>. The key areas of interest are the homelessness effects of the post-2007 economic recession and rising unemployment, the housing market downturn, and migration – particularly A8 migration – on homelessness. The other main thrust of inquiry was the likely impacts of the welfare, housing and other social policy reforms being pursued by the Coalition Government.

Three main methods are employed in this study:

First, relevant literature and policy documents have been reviewed, including Government

60. Wilcox, S. and Fitzpatrick, S. with Stephens, M., Pleace, N., Wallace, A. and Rhodes, D. (2010) *The Impact of Devolution: Housing and Homelessness*. York: JRF.

impact assessments, and briefings and evaluations prepared by a range of organisations. We have also analysed relevant parts of the Localism Bill and Welfare Reform Bill currently making their way through the UK Parliament.

Second, we have undertaken a series of key informant interviews with senior representatives of service provider organisations likely to experience, directly, homelessness impacts of policy changes and economic developments. In order to facilitate as open and frank a discussion as possible, all interviewees and organisations are anonymised in this report. In selecting these interviewees we sought to capture the experiences of a range of different homeless or potentially homelessness groups, and also a geographical balance, such that:

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

These interviews have mainly been conducted face-to-face, but a few have been conducted by telephone. In these initial interviews we sought key informants' perspectives on both existing impacts of economic and policy change on their service users, and also any future impacts that they are anticipating. The topic guides used in these first round interviews are presented in Appendix 1 (single/youth homelessness

agencies) and Appendix 2 (LAs). The plan is for these interviews to be staged annually throughout the duration of the project, in order to track changes over time in experiences and perceptions of the impact within a purposively selected sample of service providers across England. All of those who have participated in this first year of the project have expressed their willingness to stay involved for the three-year period. In addition, a number of those interviewed have offered to share internally collected data on homelessness impacts that may illustrate relevant trends at local level.

Third, and finally, we have undertaken detailed statistical analysis on

- a) relevant economic and social trends in England, particularly post-2007; and
- b) the scale and nature of homelessness amongst the four subgroups noted above, and recent trends in this.

A wide range of administrative and survey data sources have been consulted, and we should like to acknowledge the assistance of the following organisations in helping us to secure relevant data: Broadway, Chartered Institute of Housing, Homeless Link and Citizens Advice Bureaus (NACAB).

### 1.3 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 economic context and the implications of the recession for homelessness. Chapter 4 shifts focus to the current Government's welfare and housing reform agenda and its likely impacts on homelessness. Both Chapters 3 and 4 are informed by the insights derived from our qualitative interviews

with key informants. Chapter 5 provides a detailed analysis of the available statistical data on current scale and recent trends on homelessness in England, focusing on the four subgroups noted above, thus forming a 'baseline' for subsequent monitoring and identifying any trends already emerging. In Chapter 6 we summarise the main findings of this baseline report and set out a framework for monitoring the impact on homelessness of policy and economic change until 2013.

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

This chapter begins by providing a brief historical introduction to homelessness in England in the years leading up to the change of government in 2010, focussing on the main policy and institutional responses of the post-1997 Labour Governments to each of the four subgroups noted in Chapter 1 - people sleeping rough; single homeless people; statutorily homeless households; and hidden homeless households. It then places this 'English story' in a wider UK and international context. The chapter concludes by summarising current thinking on the causation of homelessness – 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 that forms the main focus of the report.

### 2.1 A recent history of homelessness in England: the legacy of the 1997-2010 Labour Governments

Homelessness is one of the most visible of all social problems and was central to successive Labour Governments' 'social exclusion' agendas after they first took office in 1997, with street homelessness in particular given a high policy profile. We now examine the response of these Labour administrations to the four homeless subgroups of interest.

#### Rough sleeping

As has been well documented, the very visible growth of rough sleeping in central

London in the late 1980s prompted the then Conservative Government to establish the Rough Sleepers Initiative (RSI) in 1990, initially in London and then extended to other parts of England in 1996. The RSI funded outreach and resettlement services, specialist support, and new temporary and permanent accommodation, and, together with associated initiatives, was credited with achieving significant reductions in levels of rough sleeping in the capital in the early 1990s<sup>61</sup>. However, the numbers on the streets began to rise again in the late 1990s, and rough sleepers were the subject of one of the first reports of the Social Exclusion Unit set up by the Labour Government elected in 1997<sup>62</sup>. This report introduced a new target to reduce rough sleeping by two-thirds by 2002, and a cross-departmental body, the Rough Sleepers Unit, was established to drive forward action on tackling rough sleeping across England. The Government's two-thirds reduction target was reportedly met ahead of schedule in 2001 (see Chapter 5)<sup>63</sup>. This lower level of rough sleeping appeared to be sustained through most of the decade, although some rise was apparent in the late 2000s, associated mainly with central and eastern European (CEE) migrants (see Chapter 5).

A new strategy on rough sleeping launched by the Labour Government in November 2008 acknowledged that it remained a significant problem in England, especially in central London, and introduced the ambitious target of ending rough sleeping 'once and for all' by 2012<sup>64</sup> (the 2010 Coalition Government has since affirmed its commitment to 'ending' rough sleeping but has been rather reticent

61 Randall, G. and Brown, S. (1993). *The Rough Sleepers Initiative: An Evaluation*. London: HMSO.

62. Social Exclusion Unit (1998) *Rough Sleeping - Report by the Social Exclusion Unit*. London: HMSO.

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

64. Communities and Local Government (2008) *No-one Left Out – Communities Ending Rough Sleeping*, London: CLG.

as to the timescale (see Chapter 4)). The Mayor of London also made a specific commitment to end rough sleeping in London by 2012, and set up a strategic partnership – the London Delivery Board (LDB) - tasked with delivering on this commitment<sup>65</sup>. There developed a strong focus on highly targeted and ‘personalised’ interventions to address the needs of the most ‘entrenched’ rough sleepers<sup>66</sup>.

At the same time, mounting criticism of aspects of the methodology used in the street counts in England in the Labour era meant that this has now been revised by the Coalition Government, with new estimates provided on a different basis, as is discussed in Chapter 5.

### Single homelessness

A recent review of single homelessness in the UK, by the University of York, demonstrated that there have been long-term improvements in service responses<sup>67</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>68</sup>. The ‘resettlement services’ that have developed over recent years have attempted not only to address tenancy sustainment issues amongst this vulnerable group, but also broader aspects of their ‘social inclusion’, such as re-integrating them with social networks and engaging them in ‘purposeful activity’<sup>69</sup>.

A key landmark in this process was the publication in March 2002 of the government policy report *More than a Roof*, which conceived of homelessness in England

as a form of ‘social exclusion’ rather than simply a housing problem<sup>70</sup>. A national strategic framework for its alleviation was pursued via the central government Homelessness Directorate, and local homelessness strategies (introduced under the Homelessness Act 2002) gradually paid increasing attention to single homelessness as well as to statutory homelessness (see further below). The introduction of the ‘Supporting People’ funding stream, in April 2003, was also central to the 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 in April 2009, 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 has also improved considerably in recent years, most especially as a result of the ‘Hostels Capital Improvement Programme’<sup>71</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>72</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’ which focussed on re-integrating their service users into mainstream society rather than supporting

65. Mayor of London (2009) *Ending Rough Sleeping – the London Delivery Board*. <http://www.london.gov.uk/archive/mayor/publications/2009/docs/ending-rough-sleeping.pdf>

66. Hough, B., and Rice, B. (2010) *Providing Personalised Support to Rough Sleepers*. York: JRF.

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

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

69. Fitzpatrick, S., Quilgars D. and Pleace, N. (Eds.) (2009) *Homelessness in the UK: Problems and Solutions*. Coventry: CIH.

70. DTLG (2002) *More Than a Roof: A Report into Tackling Homelessness*. London: DTLR.

71. Communities and Local Government (2006) *Places of Change: Tackling Homelessness through the Hostels Capital Improvement Programme*. London: CLG.

72. Fitzpatrick, S., Quilgars D. and Pleace, N. (Eds.) (2009) *Homelessness in the UK: Problems and Solutions*. Coventry: CIH.

them in a 'homeless lifestyle'<sup>73</sup>. This interventionist approach is now mainstream within homelessness services which receive public funding, though it remains controversial in some quarters<sup>74</sup>.

Data on trends in the scale and nature of single homelessness is hard to come by in England<sup>75</sup>, as almost all relevant information relates to trends in provision rather than representing true 'need' measures, but we review this data such as it is in Chapter 5.

### Statutory homelessness

While rough sleeping and single homeless people staying in various forms of temporary accommodation are recognisable across the developed world<sup>76</sup>, core to any understanding of homelessness in the UK is our unique 'statutory homelessness system'. This legislative framework, first established by the Housing (Homeless Persons) Act 1977, provided, in brief, that LAs must ensure that accommodation is made available to certain categories of homeless people. The original Act covered all of Great Britain, but was subsequently incorporated into separate legislation for different parts of the UK. The relevant legislation for England is now contained in the Housing Act 1996, as amended by the Homelessness Act 2002. Under this statutory framework, if a LA has 'reason to believe' that a household may be homeless or threatened with homelessness they have a duty to make inquiries to establish whether they owe them a statutory duty. These inquiries concern the following key concepts:

- *eligibility* – many 'persons from abroad' are 'ineligible' for assistance under the homelessness legislation.

- *homelessness* - persons without any accommodation in the UK which they have a legal right to occupy, together with their whole household, are legally 'homeless'. Those who cannot gain access to their accommodation, or cannot reasonably be expected to live in it (for example because of a risk of violence), are also homeless<sup>77</sup>.
- *priority need* – the priority need groups comprise: households which contain dependent children, a pregnant woman, or someone who is 'vulnerable' because of age, disability, or for 'some other reason'; adults who are 'vulnerable' because of time spent in care, custody or the armed forces or because of having left their homes because of violence; young people aged 16 or 17 (or 18-20 years old if formerly in LA care); and those who have lost accommodation as a result of an emergency, such as fire or flood.
- *intentional homelessness* - this refers to deliberate acts or omissions that cause a person to lose their accommodation (e.g. running up rent arrears, anti-social behaviour, giving up accommodation that was reasonable to occupy, etc.).
- *local connection* – for the purposes of the homelessness legislation, households can have a local connection with a particular LA because of residence, employment or family associations, or because of special circumstances.

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 LA in England is to provide temporary

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

74. 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.

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

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

77. There may also be duties owed to those 'threatened with homelessness' within the next 28 days, depending on the extent to which they fulfil the other statutory criteria.

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 in the great majority of cases duty is discharged via the offer of a social rented tenancy. If a household owed the main homelessness duty has no local connection with the authority to which they have applied, the 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).

Most statutorily homeless households experience a period in temporary accommodation (TA) before being rehoused in settled housing. Nowadays this TA is generally provided in ordinary houses or flats leased from private landlords or in social housing stock<sup>78</sup>. There is also some use of Bed & Breakfast hotels (B&B) and hostels to temporarily accommodate statutorily homeless households, but the long-term use of B&B for families with children has been prohibited in law<sup>79</sup>.

The number of homeless households accepted by English LAs has varied over time since the legislation was introduced, and rose steeply in the late 1990s and early 2000s, as housing affordability deteriorated (see Chapter 3). However, from 2003 onwards there was an extraordinarily sharp decline in statutory homeless acceptances in England (see Chapter 5 for details), associated with a step-change in the attention given to homelessness prevention

by central government. This began with the Homelessness Act 2002 which gave LAs in England a new duty to develop prevention-focused homelessness strategies for their areas. Critical was the mainstreaming of the 'housing options' approach, strongly promoted by central government<sup>80</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. This may include a range of services - such as family mediation, rent deposit guarantee provision, sanctuary schemes for those at risk of domestic violence, and tenancy sustainment services - designed to prevent the need to make a statutory homelessness application.

Some have argued that the post-2003 collapse in acceptance rates was attributable to increased LA gatekeeping which may, on occasion, have meant that homeless people were being denied their statutory rights<sup>81</sup>. Research has indicated that at least some of the decline in statutory homelessness has been the result of 'genuine' homelessness prevention rather than being entirely attributable to increased LA gatekeeping<sup>82</sup>. Nonetheless, partly in response to these criticisms, the last Labour Government introduced new methods for recording prevention activity, as discussed in Chapter 5.

### Hidden homelessness

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>83</sup>. The term 'hidden homelessness'

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

79. Homelessness (Suitability of Accommodation) (England) Order 2003 (SI 2003/3326)

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

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

82. Pawson, H., Netto, G. Jones, C., Wager, F., Fancy, C. and Lomax, D (2007) *Evaluating Homelessness Prevention*. London: CLG <http://www.communities.gov.uk/publications/housing/prevenhomelessness>

remains controversial, but broadly speaking 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 homeless people (though see the useful analysis in the recent Crisis work<sup>84</sup>), but some particular elements of hidden homelessness are amenable to statistical analysis, including with respect to trends over time, and it is these elements of hidden homelessness that are focused upon in this report. This includes overcrowded households, and also 'concealed' households and 'sharing' households, all of which are concepts recognised in a number of official surveys in the UK. Again, Chapter 5 considers these points in detail.

### **An overview of developments under the 1997-2010 Labour Governments**

To summarise, by the end of the Labour era in power, in 2010, there were a number of 'good news' stories to tell about responses to homelessness in England. Most obviously, there had been a sustained large reduction in levels of rough sleeping, or at least its visible manifestations, and an unprecedented decline in statutory homelessness since 2003. Local homelessness strategies, and the Supporting People and Hostels Capital Improvement programmes, had encouraged strategic working on the part of LAs and their

voluntary sector partners, and had led directly to the development of new, improved and more flexible services for single homeless people.

Another area of significant success, cutting across all four subgroups discussed above, was youth homelessness, where a major UK review reported a 'sea change' of improvement in service responses over the decade until 2008<sup>85</sup>. The strengthening of the statutory safety net in 2002, by extending automatic priority need to 16 and 17 year olds and certain categories of care leavers, 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>86</sup> decided that homeless 16 and 17 year olds should be considered 'children in need' under the Children Act 1989, and 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.

However, at the end of Labour's period in office there were also areas of significant and unresolved problems - often closely associated with acute shortages in affordable housing, especially in London and the South<sup>87</sup>. For example, some statutorily homeless families still had to spend extremely long periods in TA, at very considerable cost to the public purse, and their frustration was demonstrated in large-scale research<sup>88</sup>. While rough sleeping had diminished in scale since the 1990s, it was far from clear that other forms of single homelessness had similarly

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

84. Ibid.

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

86. *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>

87. Fitzpatrick, S., Quilgars D. and Pleace, N. (Eds.) (2009) *Homelessness in the UK: Problems and Solutions*. Coventry: CIH.

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

declined, and many single homeless people remained outwith the statutory safety net in England<sup>89</sup>. A key theme in latter stages of the Labour administration was the rising numbers of CEE migrants, as well as refused asylum seekers and other irregular migrants, who were sleeping rough or using emergency services, especially in London<sup>90</sup>.

## 2.2 The wider UK context: The contrast between England and Scotland

A key development during Labour's period in office was a 'radical divergence' in homeless policies and legal frameworks across the UK<sup>91</sup>, with an especially strong contrast emerging between England and Scotland. There were some parallels in policy developments north and south of the border during the Labour era: the introduction of statutory homelessness strategies; the expansion of priority need groups; the increased attention given to homelessness prevention; and, most recently, a focus on making greater use of the PRS to discharge the main homelessness duty. However, at a deeper level, consequent on the work of the Homelessness Task Force (HTF) established in 1999, Scotland took a sharply different path to that of England post-devolution by significantly strengthening its statutory safety net for homeless people<sup>92</sup>. This began with the Housing (Scotland) Act 2001 which imposed new duties on local authorities to provide temporary accommodation for non-priority homeless households. 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>93</sup>. This will be achieved, principally, by the gradual expansion and then abolition of 'priority need' status – thereby ending the traditional 'discrimination' against (non-vulnerable) single people and childless couples. The 2003 Act also provided for a significant softening of the impact of the intentionality provisions in Scotland, and made allowance for the Scottish Government to suspend the operation of the local connection referral rules (neither of these amendments have been brought into force as yet).

This deep divergence means that it is now problematic to refer to a national 'UK homelessness framework', but also that all four UK jurisdictions can potentially learn from each other with respect to the advantages and disadvantages of their varying approaches. In a recent review of the housing and homelessness impacts of devolution, it was suggested 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>94</sup>*

It was conceded by these authors that the shortage of social rented housing makes the Scottish 'universal assistance' approach difficult to deliver in many parts of England, most notably in London. Even in Scotland, pressure on social housing stock means that

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

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

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

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

93. Ibid.

94. Wilcox, S. and Fitzpatrick, S. with Stephens, M., Pleace, N., Wallace, A. and Rhodes, D. (2010) *The Impact of Devolution: Housing and Homelessness*. York: JRF.

there are serious challenges in delivering this 'rights-based' model in practice. It is notable the Scottish Government has recently started to promote prevention measures, to some extent along the lines of the English 'housing options' model, far more strenuously than hitherto in an effort to reduce 'statutory demand' and assist with meeting the demands of the 2012 commitment<sup>95</sup>. At the same time, it has introduced legislative amendments which allow for discharge of the permanent accommodation duty into fixed-term 'short assured tenancies' in the PRS, with the consent of the applicant<sup>96</sup>. These amendments on discharge of duty bring Scotland into line with the current position in England, and there seem to be no plans for 'compulsory' discharge of duty into fixed-term tenancies as contained in the Localism Bill for England (see Chapter 4)<sup>97</sup>. The political momentum in Scotland seems sufficient to ensure that, whatever the difficulties, the 2012 undertaking to abolish priority need will be met. There is, however, less certainty that the remaining HTF recommendations – including on intentionality and local connection – will be fully implemented<sup>98</sup>.

## 2.3 The international context

It is helpful to place this account of homelessness policy in England, and in Scotland, in a wider international context. The first point to make is that the main definition of homelessness used in England and elsewhere in the UK – the statutory definition – is wide by international standards<sup>99</sup>, covering as it does all those who do not have a legal right to occupy accommodation which

is available to them (and their household) and which it would be reasonable for them to continue to live in.

The breadth of this statutory definition can be contrasted with that of 'literal homelessness' – limited to people sleeping rough and using emergency shelters – which is the most common definition employed in the US, and is akin to the rather narrow definitions common in some parts of Europe and elsewhere in the developed world. This means that when people from England, and the wider UK, talk about 'homelessness' they tend to assume something rather wider than that which Americans and some other Europeans have in mind. Those countries with more developed approaches to tackling homelessness – such as Sweden, Germany and Australia – tend to share with the UK wider definitions of homelessness<sup>100</sup>.

These differing definitions of homelessness, as well as varying methodologies and timescales, means that at the moment it is not possible to make systematic inter-country comparisons of the scale of homelessness<sup>101</sup>. However, it is clear that the sharp downward trend seen in (some aspects of) homelessness in England in recent years is internationally unusual, with only really Germany providing a similar example of strongly positive trends<sup>102</sup>. In both cases these encouraging developments were associated with targeted and sustained policy interventions (see below).

As most other developed countries employ a definition of homelessness that heavily

95. Shelter Scotland (2011) *A Shelter Scotland Report: Housing Options in Scotland*. Edinburgh: Shelter Scotland.

96. The Homeless Persons (Provision of Non-permanent Accommodation) (Scotland) Regulations 2010 (SI 2010/2).

97. These new provisions on discharge in Scotland also seem to have barely been used thus far, see SCSH and Crisis (2011) *SCSH and Crisis Survey: Section 32A Findings*. Edinburgh: SCSH.

98. Anderson, I. (2009) 'Homelessness policy in Scotland: A complete state safety net by 2012?', in Fitzpatrick, S., Quilgars D. and Pleace, N. (Eds.) *Homelessness in the UK: Problems and Solutions*, Coventry: Chartered Institute for Housing.

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

100. Though it should be noted that there are some suggestions that the Coalition Government may narrow the definition of homelessness. For example, in the context of recent debates about welfare reform, and particularly cuts to Housing Benefit, Lord Freud signalled a possible revision of the statutory definition to exclude overcrowding and/or the risk of homelessness. <http://www.guardian.co.uk/society/2010/nov/03/welfare-minister-new-definition-homelessness>

101. Edgar, W. and Meert, H. (2005) *The Fourth Review of Statistics on Homelessness in Europe*. FEANTSA: Brussels.

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

emphasises rough sleeping/shelter use, there is a consistent pattern whereby the great majority of households identified as homeless are single men, though rising numbers of women and families are sometimes noted<sup>103</sup>. This contrasts with the position in England where the majority of those enumerated in the official statistics as statutorily homeless are families with children, most of them headed by female lone parents<sup>104</sup>. But figures on rough sleeping and single homelessness in England reflect those in other countries by demonstrating an overwhelming majority of single men<sup>105</sup>. In the UK, as elsewhere, the young homeless population tends to be fairly evenly split between young men and young women<sup>106</sup>.

Ethnic minorities tend to be heavily over-represented amongst homeless people in most developed countries. In the US, for example, two-fifths of both homeless families and single homeless people are African American (as compared to approximately 12% of the total US population)<sup>107</sup>. Recent migrants are reported as especially vulnerable to homelessness across a wide range of developed countries, with the specific problem of destitute migrants from CEE countries a major and growing concern in many western European cities<sup>108</sup>. These international patterns are replicated in England. The growing presence of migrants (particularly CEE migrants) amongst rough sleepers in London has already been mentioned, and it is also worth noting the

over-representation of minority ethnic groups, particularly Black and Black British people, in the statutory homeless population in England<sup>109</sup> (see Chapter 5).

Perhaps the key respect within which England, and the wider UK, stands out from other countries is in 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 housing need is met<sup>110</sup>. The UK is highly unusual in having enforceable rights for some homeless people where the ultimate discharge of public responsibility involves making available *settled housing* to qualifying households, with only France offering anything remotely similar<sup>111</sup>. While in many other European countries there is a 'right' to housing contained in the national constitution, there are seldom any legal mechanisms provided to enable homeless individuals to enforce these rights.

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 US<sup>112</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 for those owed the main homelessness duty. On the other hand, it is

103. Fitzpatrick, S. and Stephens, M. (2007) *An International Review of Homelessness and Social Housing Policy*, London: CLG; Stephens, M., Fitzpatrick, S., Elsinga, M., Steen, G.V. and Chzhen, Y. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

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

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

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

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

108. Stephens, M., Fitzpatrick, S., Elsinga, M., Steen, G.V. and Chzhen, Y. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

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

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

111. 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 - 100.

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

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 is weaker than in these countries.

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: 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 England, most western European countries offer 'reintegrative' services of various kinds as well as emergency provision, and have at least some focus on homelessness prevention, most notably in Germany where prevention efforts (particularly eviction prevention) have been extremely effective with regard to family homelessness<sup>114</sup>. This evidence from Germany, as well as developments in England, suggest that<sup>115</sup>:

*"Encouragingly, and perhaps surprisingly, positive outcomes can be achieved even in the face of unhelpful structural trends (worsening housing affordability in England; rising unemployment and poverty in Germany). Successful prevention policies... must be carefully targeted on the key "triggers" for homelessness ... Such policies also need to be backed*

*by appropriate resources...and have an effective governance framework for implementation...A strong steer from central government/umbrella organisations is likely to be helpful..." (p.90).*

Among eastern and southern European countries, however, provision tends still to be more basic and crisis-focused. In Australia and the US there are sophisticated targeted programmes on homelessness, but in the latter case in particular this is compensating for a very weak mainstream welfare safety net. Another weakness in the US is a lack of emphasis on prevention, though that is beginning to change<sup>116</sup>.

To sum up, there are a number of areas where the established English and wider UK response to homelessness seems 'ahead of the game' as compared with other developed countries, and most of these 'gains' are the result of centrally-driven policy frameworks and national minimum standards. The most obvious example is the statutory protection given to certain categories of homeless households. While this statutory system has its drawbacks, in that it can encourage an adversarial approach on the part of both LA and advocacy agencies<sup>117</sup>, it also has a number of important benefits<sup>118</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>119</sup>. The Localism Bill and broader decentralisation agenda may have a significant impact on this national homelessness framework, as is discussed further in Chapter 4.

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

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

115. *Ibid.*

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

117. O'Sullivan, E. (2008) 'Sustainable solutions to homelessness: The Irish case', *European Journal of Homelessness*, 2: 205-234.

118. Fitzpatrick, S. and Watts, B. (2011) 'The 'Right to Housing' for homeless people', in E. O'Sullivan (eds), *Homelessness Research in Europe*. Brussels: FEANTSA.

## 2.4 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>120</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 mid-1960s as pressure groups and academics increasingly argued that homelessness was the result of housing market failures. Structural, housing market-based accounts of homelessness then dominated until the 1980s, but after that started to lose credibility as research repeatedly identified high levels of health and social support needs amongst single homeless people, particularly those sleeping rough<sup>121</sup>. As a result, researchers started again to take account of individual factors in their explanations of homelessness, but at the same time continued 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>122</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 a number of reasons. For example, there are a great 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 those cases of 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>123</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*

119. Stephens, M., Burns, N. and MacKay, L. (2002) *Social Market or Safety Net? British Social Rented Housing in a European Context*, Bristol: Policy Press.

120. Neale, J. (1997) 'Theorising homelessness: contemporary sociological and feminist perspectives', in R. Burrows, N. Pleace and D. Quilgars (eds.) *Homelessness and Social Policy*. London: Routledge.

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

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

123. Crane, M., Byrne, K., Fu, R., Lipmann, B., Mirabelli, F., Rota-Bartelink, A., Ryan, M., Shea, R., Watt, H. and Warnes, A.M. (2005) 'The causes of homelessness in later life: findings from a 3-Nation study', *Journal of Gerontology*, 60B(3): 152-159.

*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>124</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. 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<sup>125</sup>. These ‘buffer’ factors may include, for 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. From this perspective, constellations of inter-related causal factors are likely to ‘explain’ homelessness in any particular case<sup>126</sup>, and the challenge is to identify common patterns that can be explained by the ‘qualitative nature’ of recurring antecedents – i.e. *what it is about* these factors that could *tend* to cause homelessness.

To illustrate this approach, research has repeatedly indicated that most but not all homeless people come from circumstances of poverty; at the same time, it is clear that most people living in poverty do not experience homelessness<sup>127</sup>. For a critical realist, the fact that homelessness arises amongst non-poor people indicates only that poverty is not a ‘necessary condition’ of homelessness; it does not remove the possibility of its being one of a range of causal factors. Similarly, the lack of universality of the homeless experience amongst poor people is not the central concern of critical realist approaches. The key question for a realist is not *what proportion of poor people are homeless?* but rather *what is it about poverty that could cause homelessness?* The obvious response is that homelessness can arise from poor people’s inability to compete in a ‘tight’ housing market where pricing is the key rationing mechanism: and indeed affordability problems are strongly correlated with levels of homelessness (as discussed elsewhere in this report). However, homelessness also exists in areas of the UK where access to affordable housing is less problematic, and amongst groups for whom priority is given in access to social housing (where ability to pay is therefore not the key rationing device).

Within a critical realist perspective, this is explicable because the connection between poverty and homelessness will be more complex than simply generating an inability to ‘purchase’ housing. Instead, it is often likely to lie in the interaction between poverty and a range of other potential causal mechanisms<sup>128</sup>. Domestic violence, for example, is ‘externally’ related to poverty in that one can exist without the other, and either could be hypothesised to result in homelessness independently of the other. However, poverty may also (contingently)

124. Randall, G. and Brown, S. (1999) *Prevention is Better Than Cure*. London: Crisis.

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

126. Byrne, D. S. (1998) *Complexity Theory and the Social Sciences*. London: Routledge.

127. Fitzpatrick, S., Kemp, P. and Klinker, S. (2000) *Single Homelessness: An Overview of Research in Britain*. London: Shelter.

impact on domestic violence (making it more likely), and reverse causation is also possible (with domestic violence making poverty more likely). Where they are found in combination, poverty and domestic violence (regardless of their own causal interrelationship) may increase the probability of homelessness, with particular violent incidents, for example, providing the ‘trigger’ event. Clearly, if an individual experiences other potential causal factors, such as mental health problems or substance misuse, then the ‘*weight of the weighted possibility*’ of homelessness starts to increase substantially<sup>129</sup>.

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>130</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>131</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. Likewise, recent 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>132</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>133</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>134</sup>.

Recent EC-funded research supports the argument that ‘welfare regimes’ impact profoundly on the causes and nature of homelessness.<sup>135</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

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

129. Williams, M. (2001) ‘Complexity, probability and causation: implications for homelessness research’, *Journal of Social Issues*, 1(2) <http://www.whb.co.uk/socialissues/mv.htm>

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

131. Fitzpatrick, S. (2000) *Young Homeless People*. Basingstoke: Macmillan.

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

133. Fitzpatrick, S. (1998) ‘Homelessness in the European Union’, in M. Kleinman, W. Mattznetter, and M. Stephens (eds.) *European Integration and Housing Policy*, London and New York: Routledge (pp.197-214). Shinn, M. (2007) ‘International homelessness: policy, socio-cultural, and individual perspectives’, *Journal of Social Issues*, 63(3): 657-677.

134. Fitzpatrick, S. (forthcoming 2011) ‘Homelessness’, in D. Clapham and K. Gibb (eds.), *Handbook of Housing Studies*. London: Sage.

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)*

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 ‘breaks the link’ between losing a job or persistent low income and homelessness<sup>136</sup>. This means that significant reform of welfare provisions – such as that proposed 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 independent of welfare arrangements to at least some extent<sup>137</sup>. In Germany, for example, a slackening housing market in many parts of the country has driven down

homelessness, even in the context of rising unemployment and increased welfare conditionality<sup>138</sup>. Likewise in the UK, statutory homelessness has been closely tied to the housing market cycle until the recent emphasis on homelessness prevention<sup>139</sup>. As discussed in Chapter 3, in the last housing 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>140</sup>.

Housing policies as well as housing markets matter to homelessness<sup>141</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>142</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>143</sup>. Notably, all three aspects of this UK ‘housing settlement’ are now subject to potentially far-reaching change in England under the Coalition Government’s reform proposals, as detailed in Chapter 4.

---

135. Stephens, M., Fitzpatrick, S., Elsinga, M., Steen, G.V. and Chzhen, Y. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

136. Ibid.

137. Ibid.

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

139. Fitzpatrick, S. and Pawson, H. (2007) ‘Welfare safety net or tenure of choice? The dilemma facing social housing policy in England’, *Housing Studies*, 22(2): 163-182.

140. Pawson, H. and Wilcox, S. (2011) *UK Housing Review 2010-11*. Coventry: CIH.

141. Stephens, M., Fitzpatrick, S., Elsinga, M., Steen, G.V. and Chzhen, Y. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

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

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 in the pressures associated with poverty and other forms of structural disadvantage<sup>144</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>145</sup>, and conversely the ‘exhaustion’ of family or other ‘anchor’ relationships (both sudden or gradual) is a widespread trigger to homelessness<sup>146</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).

## 2.5 Key points

- By the end of the Labour era in office much had been achieved on homelessness that was worth preserving, particularly with respect to the downward pressure on rough sleeping and statutory homelessness, and improvements in service responses to single homeless people.
- However, a number of significant problems remained, including the lengthy periods spent in TA by some statutorily homeless families, especially in London, and the rising numbers of migrants amongst the single homeless and rough sleeping populations.
- There is significant divergence in homelessness law and policy across the UK in the post-devolution period, with Scotland opting to strengthen its statutory safety net far beyond anything contemplated in England.
- By international standards, the English (and wider UK) response to homelessness was notably sophisticated by the end of Labour’s time in office, especially with regard to the statutory homelessness framework and the emphasis on prevention. Most of these ‘gains’ were based on centrally-driven policies and centrally-policed national minimum standards.
- 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,

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

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

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

146. Stephens, M., Fitzpatrick, S., Elsinga, M., Steen, G.V. and Chzhen, Y. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

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 lagged and diffuse, strongly mediated by welfare arrangements and other contextual factors.

### 3. Economic factors that may impact on homelessness in England

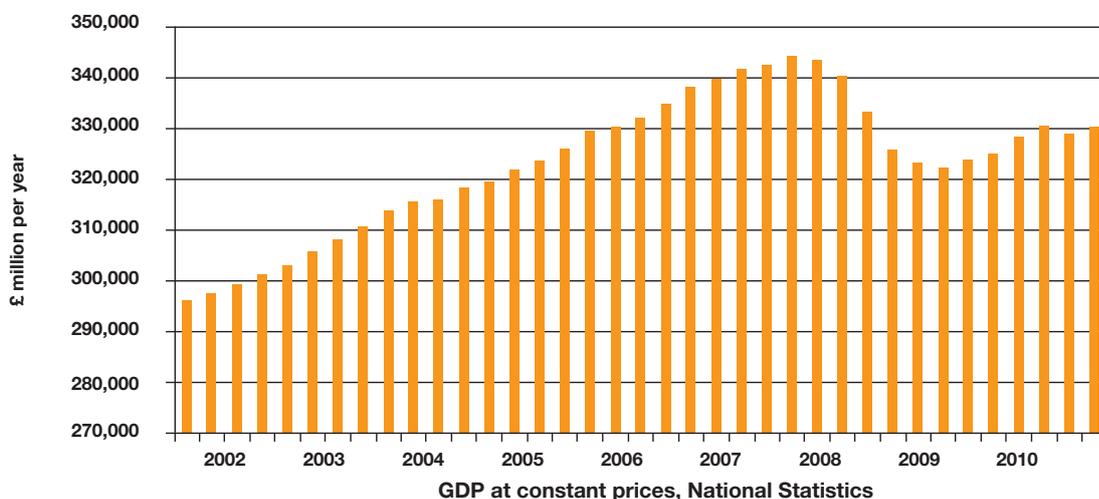
This chapter reviews the key economic developments in England that may be expected to affect homeless groups and those vulnerable to homelessness. It identifies the likely impacts of the post-2007 economic and housing market recessions, and also considers the potential impact on homelessness of migration – particularly Central and Eastern European (CEE) migration - over the past few years. 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 trends in national datasets.

#### 3.1 Post-2007 economic context

The post-credit-crunch downturn in the UK economy has been much more severe than other recent recessions, and even optimistic forecasts predict that this time

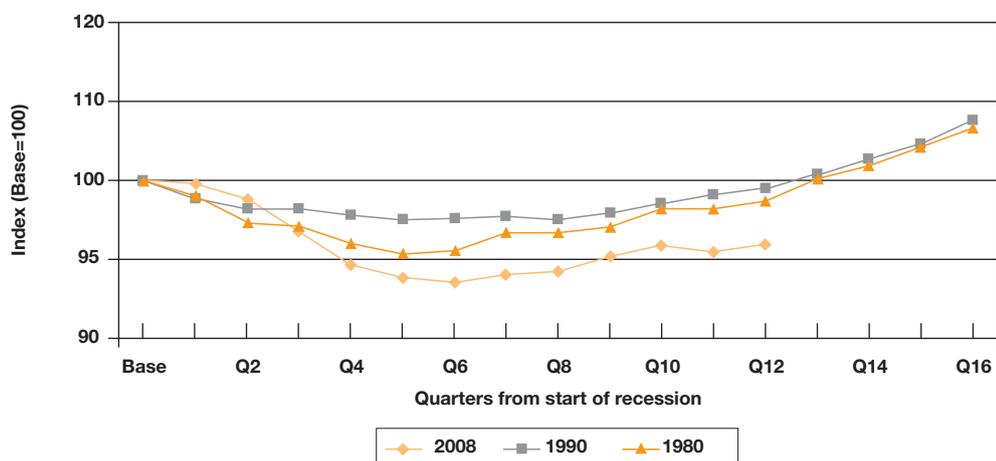
recovery will be far slower. Following the election the Coalition Government tilted the balance of fiscal policy towards faster cuts in levels of government borrowing and debt. The downside of public spending cuts in the UK is the prospect of slower economic growth. This is partially reflected in lower growth rates now forecast by the Office for Budget Responsibility (OBR). The revised OBR forecast in March 2011 foresaw growth of 1.7% in 2011, rising to 2.5% in 2012 and then 2.8% in 2013 and 2014. The Treasury's published average of independent forecasts in July 2011 showed GDP growth for 2011 of only 1.4% in 2011 rising to only 2.1% in 2012, with medium term growth of 2.4-2.5% in 2013-2015<sup>147</sup>. The latest outturn figures also show that UK economic recovery remains very fragile, with modest growth in the first quarter of 2011 only offsetting the decline in the last quarter of 2010 (see Figure 3.1). Subsequent global economic and financial uncertainty has also resulted in a further lowering of expectations for UK GDP growth.

Figure 3.1 Faltering recovery in GDP



147. H.M. Treasury (2011) *Forecasts for the UK Economy: a comparison of independent forecasts*. July 2011 and May 2011 editions. <http://www.hm-treasury.gov.uk/d/201107forecomp.pdf>

Figure 3.2 Deeper crunch recession



Source: Computed from ONS Quarterly GDP data (ABMI)

Cuts in public spending have only just begun to take effect, and the negative impact on economic growth and public sector employment has not yet been fully felt. OBR forecast unemployment to rise to just over 8% in 2011 and 2012, easing back over the next three years to 6.4% in 2015 (on the ILO measure). This is still some way above the average (5.3%) over the decade before the credit crunch. The rising trend in unemployment has affected some groups disproportionately, most notably young people. Between 2002 and 2011 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>148</sup>. Rising

unemployment as a result of public spending cuts is a particular concern in those parts of England most dependent on public sector jobs, such as the North East. The loss of jobs in the retail sector is also significant in terms of numbers of relatively low paid and less skilled employment.

The downgrading of economic growth forecasts is also likely to see a further rise in unemployment compared to the OBR forecast. It should also be noted that even before the latest economic uncertainty the current recession has already been deeper, and with a slower rate of recovery, than previous recent UK recessions (see Figure 3.2 above).

### 3.2 Post-2007 housing market downturn

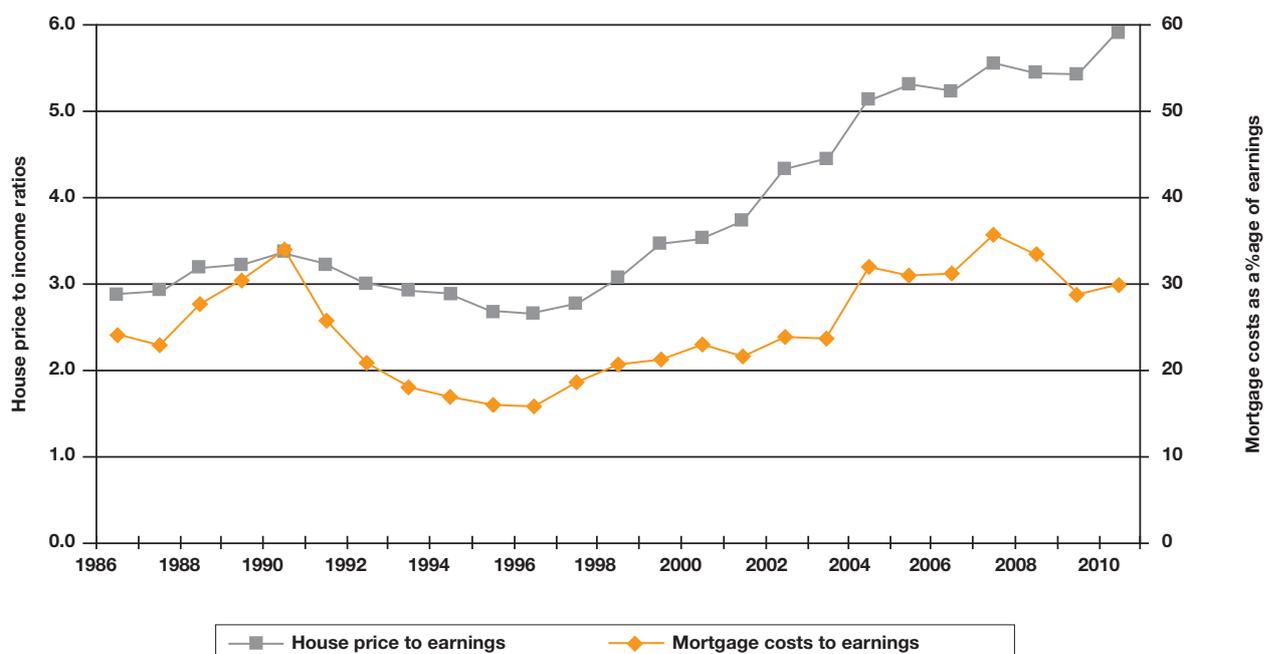
Housing affordability improved in the early 1990s but began to deteriorate from 1997 onwards, and more sharply after 2004. Much of the improvement in affordability was based on the substantial reduction in interest rates after 1990, linked to the long period of low inflation resulting both from government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

private rented sector, also played some part in the rise in house prices, that impact was also softened for home buyers by the lower post 1990 levels of interest rates<sup>149</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 to the same level as 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 fall in house prices and a reduction in interest rates, which both improve 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

Figure 3.3 Housing market affordability in Great Britain



All full-time earnings and first time buyer house prices and mortgage advances

149. Wilcox, S and Williams, P. (2009) *The Emerging New Order*, in *UK Housing Review 2009/2010*. Coventry: CiH.

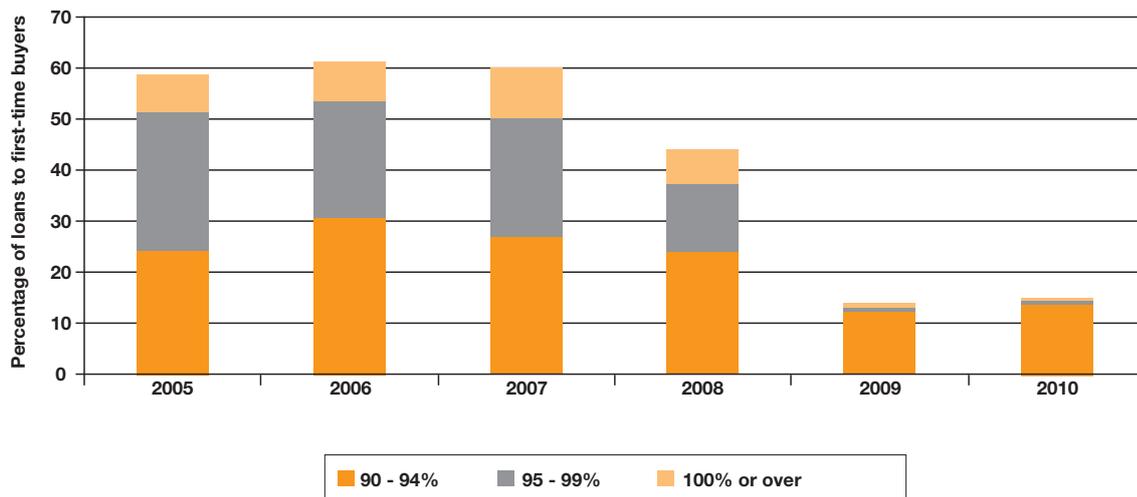
purchase with low or no deposit<sup>150</sup>. The sharp reduction in the availability of low deposit mortgages (see Figure 3.4) has in effect created a ‘wealth barrier’ to homeownership for aspiring first-time buyers – now excluding some 100,000 potential purchasers each year. Advances for first-time buyers remained below 200,000 in 2010 – as they were in 2008 and 2009. This is 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, though mix-adjusted analysis reveals that by the start of 2011 prices remained below their 2007 peak, and downward trends had been resumed from mid-2010<sup>151</sup>. There was only some marginal easing, however, in the availability of low deposit mortgages for first time buyers, and

this constraint for would-be first time buyers looks set to be locked in by a future tighter regulatory framework for mortgage lenders that will extend beyond the current dislocation of the market. In effect this is equivalent to a reversion to the constraints on mortgage availability in the years before the deregulation of the mortgage markets in the early 1980s.

Expectations for housing market recovery in 2011 are moderated by the low level of anticipated economic growth, anxieties about employment prospects in the face of public sector cuts, and the prospect that inflationary pressures will result in rising interest rates. In that context the continuing constraints on access to low deposit mortgages will also be a factor; only marginally moderated by the new government scheme to assist some 10,000 households with mortgage

Figure 3.4 Decline in low-deposit mortgages for first-time buyers



Source: Regulated Mortgage Survey

150. Pawson, H. and Wilcox, S. (2011) *UK Housing Review Briefing Paper*. Coventry: CiH.

151. *Ibid.*

deposits<sup>152</sup>. As indicated above this scheme will support only about one in ten of the potential first time buyers excluded from the market by the ‘wealth barrier’.

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 grown by more than 50% over the last decade<sup>153</sup>, and now fulfils an important and active role in providing accommodation for households at all income levels. It is also associated with high levels of mobility, providing accommodation for three fifths of all households moving in the previous year (see Figure 3.5)<sup>154</sup>.

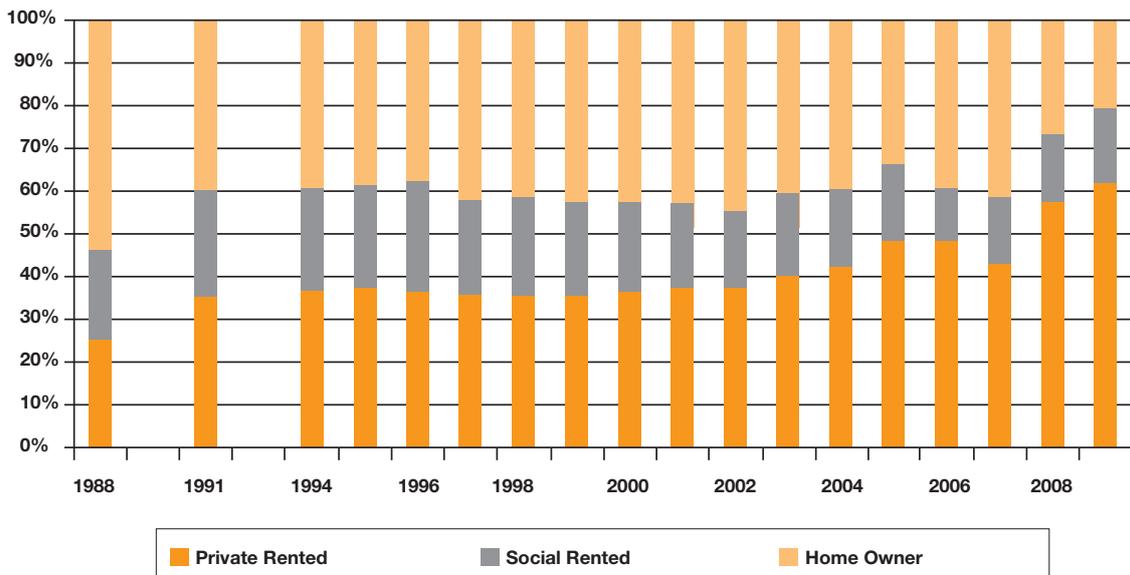
The improved supply of private rented dwellings has brought a welcome flexibility to the wider housing market, and has also provided an alternative source of

accommodation for households 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 either because the accommodation was unsuitable, or because of issues with their landlord<sup>155</sup>, this still amounts to over 60,000 ‘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

**Figure 3.5 Nearly a half of all household moves each year in England are into the private rented sector**



Source: EHS and predecessor surveys

152. Wilcox, S. (2011) *The Deposit Barrier to Home Ownership*, in Pawson, H. and Wilcox, S. (2011) *UK Housing Review*. Coventry: CiH.

153. Pawson, H. and Wilcox, S. (2011) *UK Housing Review*. Table 17. Coventry: CiH.

154. Ibid.

155. Department for Communities and Local Government. (2011) *English Housing Survey: Household Report 2009-10*. London: DCLG.

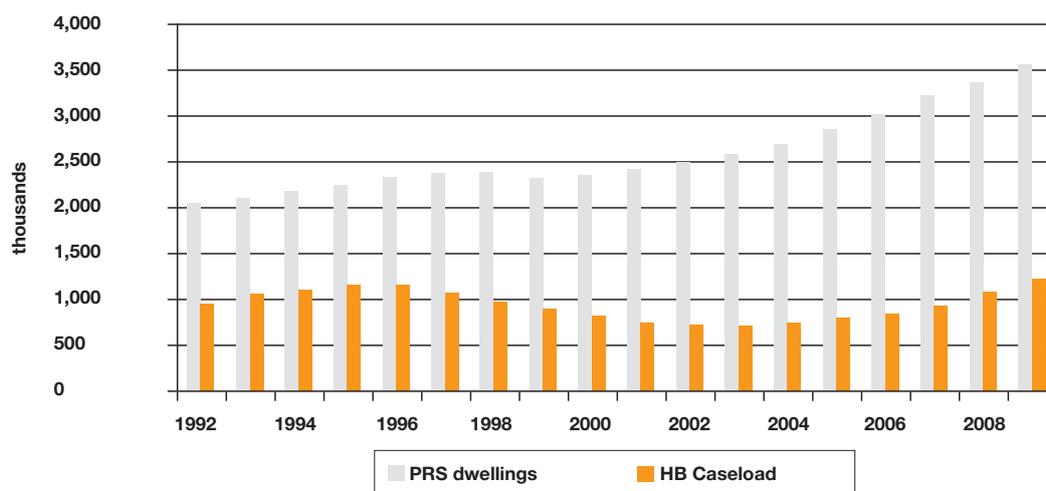
for house sales, and no robust data series on PRS rents. We currently rely either on survey data, which is always some two years behind the story, or various ad hoc private sector data sets which give only a very partial perspective on more current developments.

We do, however, have more timely data on the numbers of low income households in the PRS, in receipt of housing benefit, and those numbers have grown rapidly in recent years, and particularly since 2006 (see Figure 3.6). While stock data for the sector in 2010 is not available, housing benefit data shows that the number of UK claimants rose to 1.45 million in May of that year; a 20% increase over the previous year.

While robust up to date time series data on private rents are not available, the latest Royal Institution of Chartered Surveyors (RICS) survey suggests that private rents have been rising strongly since April 2010, having fallen in the previous year<sup>156</sup>.

In the 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, building rates remained only marginally above those of 2009 – in England the lowest peacetime output since 1924<sup>157</sup>. The official expectation is that, by 2016/17, the recently enacted New Homes Bonus will have increased supply only by 8-13% above a baseline level<sup>158</sup>. At the mid-point of the range, this would amount to an extra 14,000 homes per year – quite a modest

Figure 3.6 Rapid growth of private rented sector (data for Great Britain)



Source : UK Housing Review 2010/11

156. RICS (2011) *RICS Residential Lettings Survey GB April 2011*. London: RICS.

157. Pawson, H. and Wilcox, S. (2011) *UK Housing Review Briefing Paper*. Coventry: CiH.

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

increment when set against the possible fall in house building that could result from the government's 'localist' planning reforms (see Chapter 4).

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

### 3.3 Impact of the post-2007 economic and housing market downturn

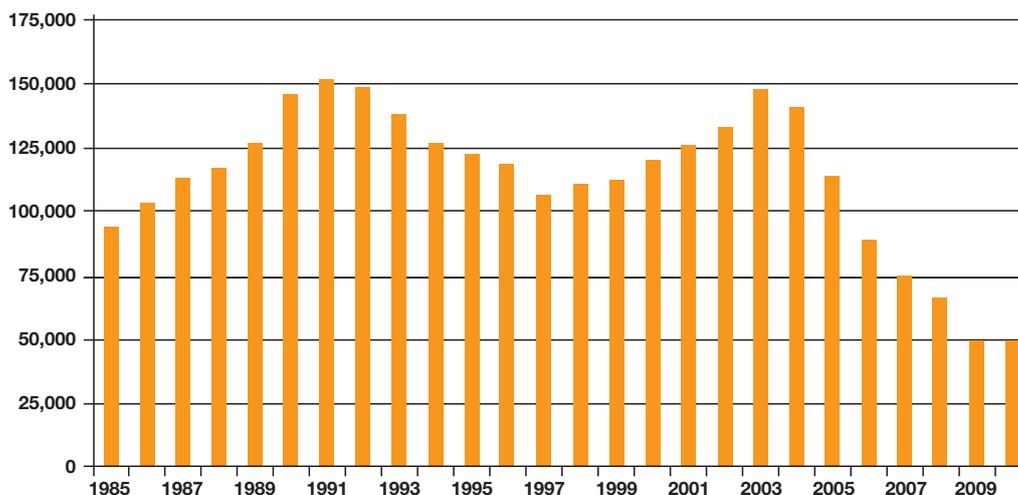
As noted in Chapter 2, European comparative research suggests that housing market conditions and systems can have a more direct effect on homelessness than labour market conditions. It also indicates that the impact of recessionary pressures – particularly rising unemployment – on homelessness is likely to be complex and rather 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>159</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 (see Figure 3.7).<sup>160</sup>

Figure 3.7 Homeless acceptances fell following the 1990 downturn, but ahead of the 2008 downturn



Source: DCLG Homelessness Statistics

159. Vaitilingham, R. (2009) *Britain in Recession: Forty Findings from Social and Economic Research*. Swindon (ESRF). [http://www.esrc.ac.uk/\\_images/Recession\\_Britain\\_tcm8-4598.pdf](http://www.esrc.ac.uk/_images/Recession_Britain_tcm8-4598.pdf); Audit Commission (2009) *When it comes to the Crunch ..... How Councils are Responding to the Recession*. London: Audit Commission.

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

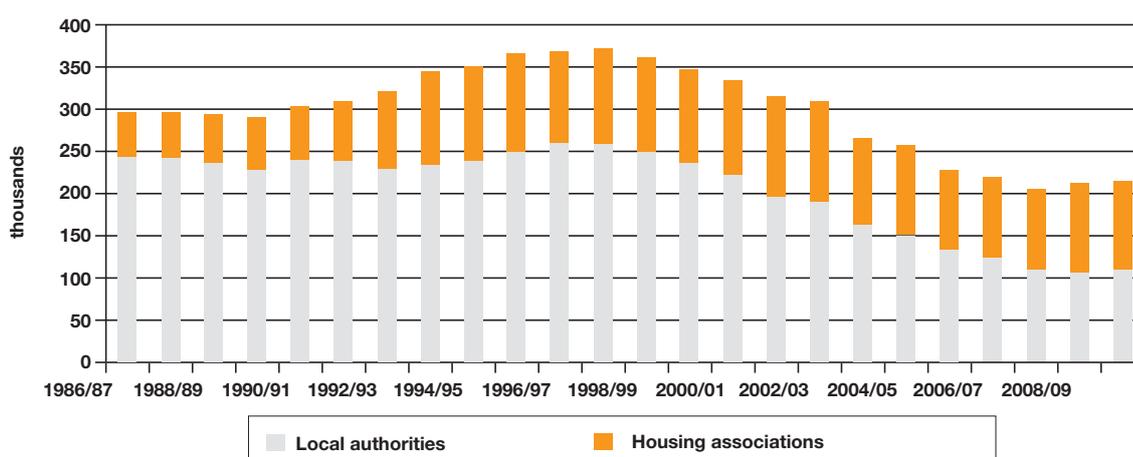
The easing of affordability is crucial because frustrated ‘entry’ into independent housing by newly forming or fragmenting households is a far more important ‘trigger’ of (statutory) homelessness than are forced ‘exits’ from owner occupation via repossessions or eviction due to rent arrears (see above and also Chapter 5)<sup>161</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>162</sup>.

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 then 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.

However a similar sustained positive impact on social sector lettings 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 LA housing waiting list figures as a conceptually straightforward measure of ‘expressed demand’ for social housing.

Figure 3.8 Post-1990 growth of social rented sector lettings available for new tenants



Source: UK Housing Review, Table 101 (data for England)

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

162. Bramley, G., Pawson, H., White, M., Watkins, D. and Pleace, N. (2010) *Estimating Housing Need*. London: DCLG.

DCLG statistics showed waiting list applicants across England totalling nearly 1.8 million households in 2010 – nearly 70% higher than in 2001<sup>163</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>164</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.

General conditions in the housing market were seldom identified by our key informants as crucial drivers of single or youth homelessness, but LA representatives highlighted local housing market trends as critical to patterns of statutory and family homelessness. New build supply and sale transactions had often dropped in their areas and, as a result, there had been strong demand for private tenancies due to the squeeze on potential first time buyers denied access to mortgages. In one northern urban area it was suggested: ‘*Landlords know this and are asking for high bonds of £1,000 at least*’. These sorts of developments were curtailing access to the PRS for at least some households at risk of homelessness.

While the growth in the availability of lettings through the PRS have thus far been seen as a predominantly positive factor in easing the impact of the recession, there are various 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 PRS 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 (see Chapter 5). Its subsequent return to a higher level was also reflected in the comments of some of our key informants. Again there are concerns about the future impact of the housing benefit reforms discussed in the next chapter, especially as they begin to impact on existing tenants.

The importance of the longer term indirect impacts of recessions on homelessness was certainly present in the perceptions of our key informants, most of whom noted that, thus far, the post-2007 recession had had little impact on their client group or demand for their services. However, almost all anticipated that homelessness ‘demand’ will rise significantly over the next year or two, as they expected a major lagged effect of the recession in combination with welfare reform (see Chapter 4). Several suggested that these lagged effects would take another 12-18 months to manifest as an upward pressure on homelessness, because it is over this timescale that people will have lost their jobs, run out of savings, redundancy payments and insurance cover. In keeping with the theoretical framework set out in Chapter 2,

163. DCLG Housing Strategy Statistical Annex Returns.

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

interviewees tended to emphasise that it will be the *combination* of benefit cuts and lack of access to employment that will hit potentially homeless groups – it will not generally be one particular factor on its own that will tend to be decisive, but rather the cumulative effect.

Most representatives of single and youth homelessness services focused on the indirect effects of economic trends, identifying growing stress on family relationships as the main causal mechanism through which recessionary pressures would impact on homelessness<sup>165</sup>. One interviewee predicted a *'huge rise in alcohol issues'* as a result of growing unemployment and the consequent strain on individuals and families. Homelessness was anticipated to be a lagged effect mainly because these health and interpersonal pressures take time to build up. Several interviewees made the point that the impact on the most vulnerable and excluded groups is likely to *'kick in further down the line'* than for the general population because they are further away from the labour market. As one senior manager from a youth homelessness charity put it: *'It will hit them later and last for longer'* because they will also benefit least from recovery<sup>166</sup>. She predicted that there will be a *'considerable time lag'* before they are affected and it will *'manifest as pressure on relationships – through family relationship breakdown'*.

However, the statistical evidence for these propositions on the deferred indirect effects of economic recessions on homelessness is not very clear. This is perhaps not surprising as the indirect effects are, by definition, somewhat diffuse, and only likely to kick in as the immediate recessionary 'crisis' eases. However, it may be the case that with the current prolonged and deeper recession the anxieties expressed by key respondents about the strains the recession puts on

families' lives will prove to have stronger foundations.

### **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 compared to the last recession. Potential claims for possession issued to the courts actually started to rise after 2003 (Figure 3.10 overleaf), as 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.

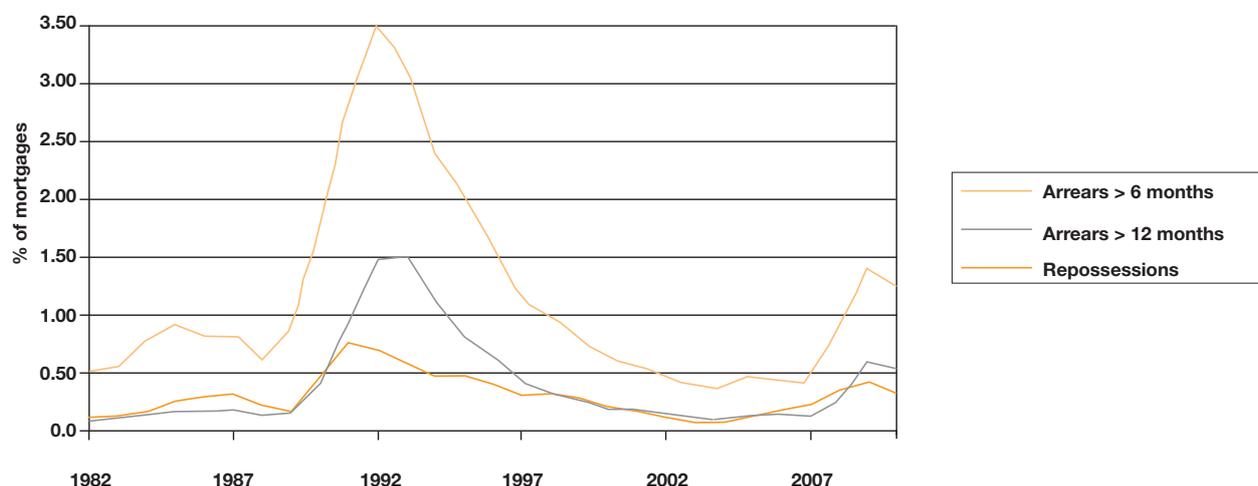
In practice, however, the combination of low interest rates and lender forbearance has so far held down the proportion of high arrears cases resulting in repossession. Lenders have been strongly encouraged by the Government to exercise forbearance, and this has been reinforced by new court protocols 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 currently to force the issue and reveal losses on mortgage and other loans<sup>167</sup>.

However, this is now expected by some to change, especially since the reduction in the

<sup>165</sup>. See also Vaitilingham, R. (2009) *Britain in Recession: Forty Findings from Social and Economic Research*. [http://www.esrc.ac.uk/\\_images/Recession\\_Britain\\_tcm8-4598.pdf](http://www.esrc.ac.uk/_images/Recession_Britain_tcm8-4598.pdf)

<sup>166</sup>. See also Equality and Human Rights Commission (2009) *Monitoring the Impact of the Recession Various Demographic Groups*. London: London: EHRC; Stafford, B and Duffy, D. (2009) *Review of Evidence on the Impact of the Economic Downturn on Disadvantaged Groups*. London: DWP.

Figure 3.9 Mortgage arrears and repossessions in UK 1982-2010



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 far higher proportion of claimants in receipt of SMI will be receiving financial support below the level that fully covers their contractual mortgage commitments; or even simply the level of interest only costs on their mortgage.

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 more 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>168</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.

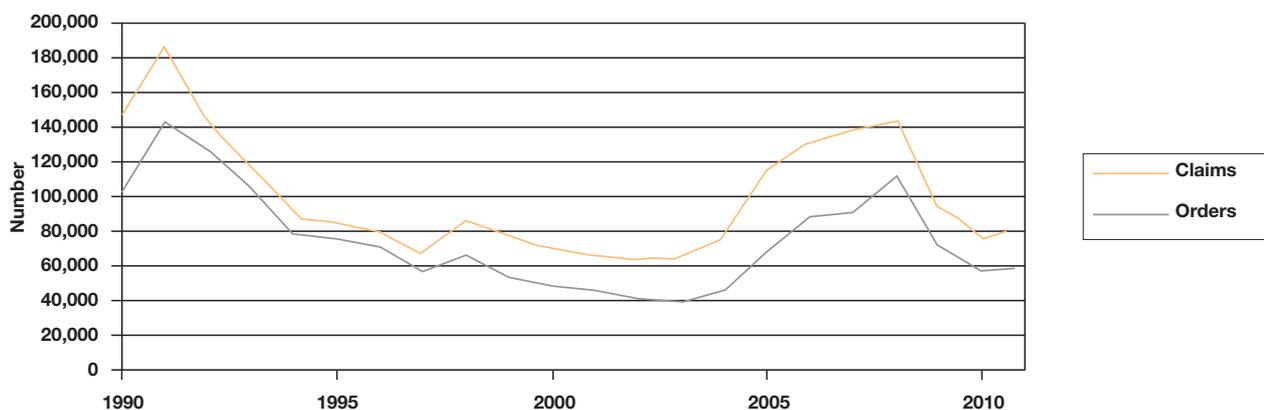
A recent study has developed an econometric model on aggregate data to predict mortgage arrears and possessions that attempts to take account of recent changes in the market<sup>169</sup>. This shows that the level of possessions could be extremely sensitive to the level of interest rates, with more moderate sensitivity to other factors.

<sup>167</sup>. Wilcox, S, Wallace, A, Bramley, G, Morgan, J, Sosenko, F and Ford, J. (2010) Evaluation of the Mortgage Resuce Scheme and Homeowners Mortgage Support. London: DCLG.

<sup>168</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.

<sup>169</sup>. Muellbauer, J. and Aron, J. (2010) *Modelling and Forecasting UK Mortgage Arrears and Possessions*. London: DCLG: [www.communities.gov.uk/publications/housing/modellingarrearssummary](http://www.communities.gov.uk/publications/housing/modellingarrearssummary)

Figure 3.10 Mortgage possession claims issues and court orders made in England and Wales 1990-2011



Source: DCLG Live Tables Table 1301 <http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/repossessions/livetablerepossession/>

### 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 have been falling (with only a pause in 2008) since 2002. In contrast there has been a rise in levels of private landlord court orders since 1994; but over the two decades from 1990 to 2010 the total level of private landlord orders (including accelerated orders in respect of shorthold tenancies) have risen less rapidly than the growth in the size of the sector (see Figure 3.11).

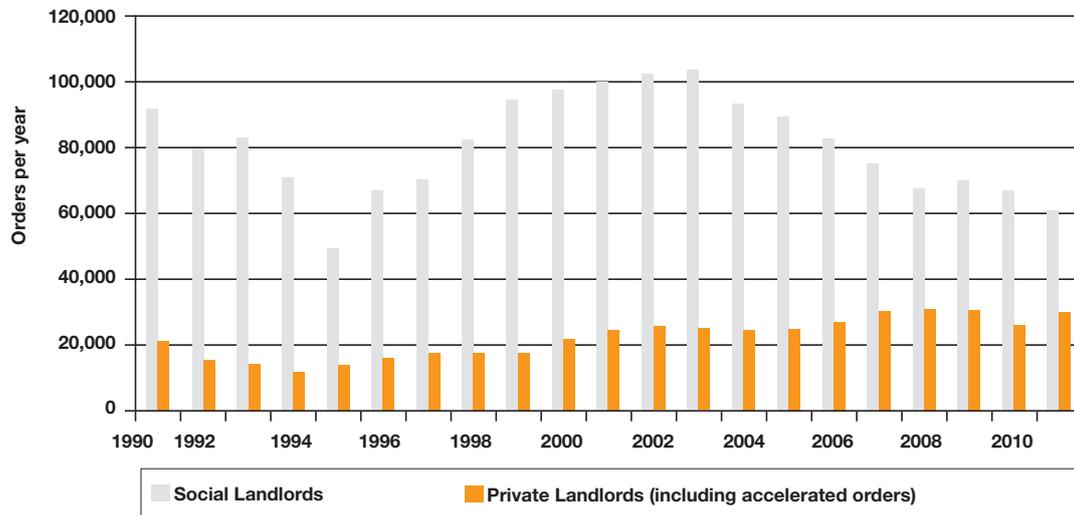
While for both types of landlord the dominant reason for seeking possession is rent arrears, it is not clear how strong the relationship is

between rent arrears and the general state of the economy, given the intervening role of the housing benefit system is providing support for out of work tenant households. Indeed the rise in levels of social landlord court orders did closely follow a similar rise in levels of 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>170</sup>. Subsequently a more important driver in the late 1990s may have been the pressure to perform against 'Best Value' performance indicators and regulatory standards.

As shown in Table 3.1, there have been no discernible knock-on consequences of the current 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. In 2009/10, housing association evictions fell markedly, both in relation to rent arrears and anti-social behaviour. The

<sup>170</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.

Figure 3.11 Landlord court orders do not follow housing market cycles



Source: Ministry of Justice statistics (data for England and Wales)

supposition must be that these trends reflect improved management of these problems and/or a strengthened policy focus on tenancy sustainment.

### Unemployment, mortgage and rent arrears and homelessness

As noted above, a range of intervening variables are likely to affect the probability of any 'direct' relationship between rising 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. Both of these factors have only ever accounted for a small minority of statutory homeless acceptances, with eviction due to rent arrears only rising to 3% of all acceptances in either of two recent recessions<sup>171</sup>. In the last major

recession mortgage arrears reached a peak of 12% of statutory acceptances, in 1991, but in the current downturn mortgage arrears rose to account for just 4% of homeless acceptances in England in 2008, and had fallen back to 2% by 2010 (see Chapter 5). The changing nature of the UK housing market, and in particular the substantial growth in the PRS as a 'flexible' tenure, as discussed in detail 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 Chapter 5).

This above analysis is in keeping with the perceptions of our key informants, some of who were in areas where the recession had already resulted in considerable numbers of redundancies. It had been expected that this would feed through into mortgage

171. It is worth noting that evictions are 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. and Fitzpatrick, S. (2008) 'Effective homelessness prevention? Explaining reductions in homelessness in Germany and England', *European Journal of Homelessness*, 2: 69-95.

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

	2005/06 %	2006/07 %	2007/08 %	2008/09 %	2009/10 %
Housing associations	4.7	4.6	4.4	4.5	4.3
Local authorities	2.4	2.4	2.2	2.1	2.1

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	ASB	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

Source: TSA – Statistical Release RSR 2010. Note ‘Eviction rate’ calculated as number of evictions as a percentage of total housing stock (i.e. general needs rented and older persons dwellings).

repossessions, and a resulting surge in homelessness applications, but this had not generally happened. Likewise, even in these areas where the recession had already impacted on the local labour market, there were few signs of an increase in homelessness due to rent arrears (see Chapter 5).

Another point to bear in mind is that much of the rise in unemployment thus far has been concentrated amongst young people. This may also dampen direct impacts on homelessness as some unemployed young people may simply remain living with their families, with parents more willing to ‘hold onto’ adult children for protracted periods in a difficult economic climate. But this could of course also lead to household friction and homelessness in the longer-term, with a lagged effect on youth homelessness, especially once combined with the welfare cuts discussed in Chapter 4.

A final point relevant here, 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 work with people who were desperate even during the ‘golden times’, with multiple needs life was never a bowl of cherries and is still not a bowl of cherries, they were always on the bottom rung and can only go down just a little”.* (Senior manager, single homelessness service provider, London)

That said, this is precisely the group likely to be hardest hit by cutbacks in Supporting People services (see Chapter 4). Moreover, many of the services working with this group have focused heavily on employment-related

programmes for their clients in recent years (see Chapter 2), and some interviewees noted that the recession and rising unemployment will tend to 'squeeze' their service users out of the entry level jobs that they may otherwise have had a chance of competing for.

### 3.4 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 2001-2008, which in turn underpinned increasing household numbers and housing demand. Latest figures show that immigration is beginning to pick up again after its low point in 2008/09, and at the same time there has been a fall in emigration since the end of 2008, so net migration into the UK grew to 242,000 in the year ending September 2010 (in the process accounting for more than a half of all population growth).

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 EU in 2004<sup>172</sup>. There was an initial surge in A8 immigration in 2004, with a further rise peaking in 2007. Subsequently, A8 arrivals halved while departures roughly doubled, so that in 2009 the net inflow was just 16,000, compared to 87,000 in 2007<sup>173</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', so that rather being conditional on employment, their welfare entitlements are now usually based on the same 'habitual residence' test applied to all European Economic Area (EEA) workers living in the UK (though nationals from the CEE 'A2' countries admitted to the EU in 2007 - Bulgaria and Romania - continue to face additional restrictions and usually require authorisation to work in the UK)<sup>174</sup>.

While in a number of the areas we studied, 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 most of the recent rise in rough sleeping (see Chapter 5). In some ways, the acute vulnerability of these CEE migrants to homelessness on loss of income or employment mirrors the position of the population as a whole in countries with very weak welfare provision<sup>175</sup>, and provides almost a 'comparison group' on the consequences for homelessness if mainstream welfare protection was to be very seriously weakened in the UK.

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. The latest statistics

172. The A8 countries are Poland, Lithuania, Estonia, Latvia, Slovenia, Slovakia, Hungary and the Czech Republic.

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

174. [http://www.housing-rights.info/02\\_7\\_A8\\_nationals.html](http://www.housing-rights.info/02_7_A8_nationals.html)

on rough sleeping in London indicate that this significant milestone has indeed been reached, with only 48% of rough sleepers enumerated in the capital now UK nationals, with around half of the remainder CEE migrants<sup>176</sup>.

However, even within central London the impact of CEE migration on homelessness has been uneven, and it was thought to have contributed only marginally to rough sleeping in the inner London borough we studied. On the other hand, in some urban areas outside of London it was reported that there had been significant A8 migration over the past few years and that this had contributed to an increase in rough sleeping and the numbers using 'cold weather accommodation' and outreach provision. While in both London and elsewhere there are 'reconnection schemes' to assist unemployed and destitute A8 nationals to return to their countries of origin, many are reluctant to take up this option, and where combined with an 'enforcement' agenda associated with UK Borders Agency and the threat of deportation, can be controversial<sup>177</sup>.

It is clear that, in order to meet the 2012 target to end rough sleeping in London, the problem of destitute CEE and other migrants requires to be addressed, as has effectively been acknowledged by the Government in the recent Ministerial Working Group report on homelessness<sup>178</sup> (see Chapter 4). While it might have been anticipated that the recent ending of transitional arrangements restricting benefit entitlements might reduce the number of A8 nationals sleeping rough in the UK, many are likely to struggle to fulfil the 'habitual residence' test and so will remain outside the welfare safety net<sup>179</sup>. There

are also likely to be continuing problems of homelessness and destitution amongst refused asylum seekers and other 'irregular' 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<sup>180</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) rather than 'block purchase' arrangements, as are found in some other European countries.

### 3.5 Key points

- The impact of the economic downturn and rising unemployment on homelessness is likely to be lagged and diffuse, often operating through 'indirect' mechanisms such as additional strain on family relationships. Much depends on the strength of the welfare safety net, and therefore the impact on this on the Government's planned welfare reforms.
- The last major housing market recession reduced homelessness because it eased affordability in the owner occupied sector, which in turn freed up additional social and private lets. This positive impact substantially outweighed the negative consequences of economic weakness on housing – e.g. repossessions arising from rent or mortgage arrears triggered by loss of employment.

175. Stephens, M., Fitzpatrick, S., Elsinga, M., Steen, G.V. and Chzhen, Y. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

176. <http://www.broadwaylondon.org-CHAIN-NewsletterandReports.html>

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

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

179. Crunch Consulting Ltd (forthcoming) *Homeless Link Scoping Project on the Prevention of Rough Sleeping among Central and Eastern European Migrants in England*.

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

- However, such a benign impact of the housing market recession is less likely this time. Levels of lettings available in the social rented sector are much lower due to the long term impact of the right to buy sales and continued low levels of new supply, and the continuing constraints on mortgage availability is also placing increasing pressures on the rented sectors.
- The substantial growth in the PRS also means that the relationship between the economic downturn and homelessness may be very different this time round. The PRS has become increasingly important as both a solution to homelessness (by absorbing some of those who might otherwise become homeless) and potentially also as a cause of homelessness (with loss of ASTs possibly accounting for a growing proportion of statutory acceptances). The ability of the sector to house those who are homeless and/or on low incomes is of course heavily dependent on housing benefit and therefore will be impacted by the Government's reforms.
- CEE and other migrants have had a growing influence on rough sleeping trends in England in recent years, particularly in London. The problem of destitute migrants may possibly be eased by changing migration patterns and an extension of welfare help to some A8 migrants, together with reconnections schemes which will be an appropriate response for some in this group. However, there is likely to be an ongoing humanitarian issue in addressing the immediate needs of those who cannot or will not return to their home country but have no access to the welfare safety net in the UK.

## 4. Policies of the Coalition Government which may impact on homelessness in England

In the last chapter we considered the implications for homelessness of the economic downturn commencing in 2007, which straddled the end of the Labour era and the commencement of the Coalition Government's period in office in May 2010. 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 work of the Ministerial Working Group (MWG) on Homelessness, before examining broader policy agendas that are likely to impact significantly on homelessness. These include, most importantly, the welfare reform agenda and the 'Localism' agenda, particularly its housing and homelessness dimensions. This discussion 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 potential policy impacts highlighted in this chapter, are as yet evident in trends in national datasets.

### 4.1 Ministerial Working Group (MWG) on Homelessness

The high policy priority given to street homelessness under the Labour administrations has continued under the present Coalition Government, with the work of the MWG, chaired by the Housing Minister. The MWG brings together eight departments with responsibility for issues that affect homeless people. The focus of the first report by this group, published in July 2011<sup>181</sup>, is rough sleepers and those at risk of rough sleeping. The report reiterates the Government's commitment to work together across departments and with voluntary sector partners to 'end rough sleeping' in England, but places no timescale on the achievement of this. It is, however, supportive of the Mayor of London's commitment to end rough sleeping in the capital by 2012, with this 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>182</sup>

The MWG report makes a series of commitments on helping to improve homeless people's access to healthcare, including specialist mental health and drug and alcohol services, and also to employment support and (voluntary) early access to the Work Programme. Help is promised to local authorities with significant numbers of migrant rough sleepers to assist with reconnecting them with their home countries. There is also a major devolution of responsibility and funding to the Mayor of London to assist with the work of the London Delivery Board in its efforts to end

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

182. [http://www.homeless.org.uk/sites/default/files/July2010\\_0.pdf](http://www.homeless.org.uk/sites/default/files/July2010_0.pdf)

rough sleeping in the capital via a pan-London approach. In addition, Homeless Link will administer a new £20 million 'Homelessness Transition Fund' to fund voluntary organisations to deliver strategic rough sleepers services across England (and presumably offset some of the damage associated with SP cuts) and Crisis has been granted £10million to fund voluntary sector schemes to improve access to the PRS for single homeless people.

However, the centrepiece of this first MWG report is a commitment to a national 'roll out of the principles of the 'No Second Night Out' project (NSNO). The NSNO project, being piloted in London till September 2011, is focused on ensuring a rapid response to people rough sleeping in London for the first time<sup>183</sup>. There is a 24-hour helpline and a website, with outreach workers dispatched to contact anyone referred as soon as possible. An Assessment Hub has been established so that outreach teams have somewhere to take new rough sleepers to arrange appropriate accommodation or reconnection. This approach seems highly appropriate in London, given the persistent flow of new rough sleepers onto the streets of the capital<sup>184</sup>. However, the 'rolling out' of a London-based approach to the rest of England sits a bit awkwardly with the Government's avowed commitment to 'localism', and raises question marks about its appropriateness in contexts where the issue is more an entrenched group of existing rough sleepers rather than a strong flow of newcomers to the streets. On the other hand, if NSNO is implemented in a flexible way, to support whichever rough sleeper-focused interventions are appropriate in local contexts, with support from Homeless Link and the Homelessness Transition Fund, it could potentially have a significant impact in reducing levels of rough sleeping in England.

## 4.2 Welfare reforms

Given that social security systems, and especially housing allowances, are what usually 'breaks 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 and Local Housing Allowance (LHA) Reforms
- Universal Credit and benefit caps
- Work Programme and increased conditionality

### 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 not be more than £15 above the level of their contractual rent.

This 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 payments to be made to landlords in

183. <http://www.nosecondnightout.org.uk/about-us.html>

184. Broadway (2011) <http://www.broadwaylondon.org-CHAIN-NewsletterandReports.htm>

cases with rent arrears, or where the tenant was assessed to be 'vulnerable'. This latter provision provoked a great deal of concern by private landlords; with suggestions that unless the payments continued to be made direct to the landlord many of them would cease to let to claimants.

Overall, however, it is notable that the years following the roll out of the LHA have seen a very substantial rise in the numbers of claimant households securing accommodation in the PRS. Numbers rose from 923,000 in May 2007 to 1,455,000 by May 2010<sup>185</sup>. While the numbers of claimants in the PRS had already started to grow from 2003, post 2007 the rate of growth rapidly accelerated.

A number of factors underlie this; including 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 puts into context landlords assertions that LHA payments to claimants would lead to them ceasing to accommodate this sector.

The national roll out of LHA in April 2008 was identified by one LA interviewed as a negative development with respect to managing homelessness. This was not so much due to the new payment ceiling, but rather because of landlord concerns about rent payments being made direct to claimants. But in other areas no particular problems were reported in terms of the LHA constraining access to tenancies for low income households. In fact quite the reverse, in one urban area in the North the introduction of LHA had actually improved the LA's ability to procure tenancies

for low income households because of helpful changes to the 'broad market areas' geography. In the outer London Borough studied the introduction of LHA was also said to have helped improve access to the PRS for low income households because the council found it useful that HB claimants were incentivised to accept sub-LHA tenancies by the scope to keep savings of up to £15 per week.

In practice the sharp rise in the numbers of claimants securing accommodation in the growing private rented sector led to government concerns about the 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>186</sup>.

Those issues were initially set out in a consultation paper issued by the previous government ahead of the last general election, but were then swiftly taken up by the Coalition Government immediately after the election, in the broader context of its determination to reduce levels of public expenditure. Added to the concerns about the equity of a scheme that supported the ability of claimants to live in high value areas, the Coalition Government also argued that the LHA regime had led to landlords increasing their rents to take advantage of the scheme. However the 'evidence' presented in support of that contention is weak<sup>187</sup>; and the sharp rise in housing benefit costs in the private rented sector can almost entirely be explained by the increase in caseload numbers, and the movements in rents across the whole market.

---

185. DWP (2011) *DWP Housing Benefit and Council Tax Benefit Statistical Summary*. London: DWP.

186. Walker, B and Niner, P. (2010) *Low income working households in the private rented sector*. London: DWP.

187. Wilcox, S. (2011). *Constraining Choices: the housing benefit reforms in UK Housing Review 2010/2011*. Coventry: CIH.

With only minor changes, the Coalition Government has now pressed ahead with its planned reforms to the HB and LHA regimes for tenants in the social and private rented sectors respectively. The only major concession to lobbying pressure was to drop the proposed 10% ‘benefit penalty’ for claimants remaining on JSA for more than 12 months. From April 2011 for new claimants with existing claimants being affected from January 2012:

- 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 possibility of the claimant retaining savings of up to £15). This takes effect from April 2011 for all claimants
- national caps apply to the LHA rates (£250-£400 depending on the number of bedrooms required by the claimant household)

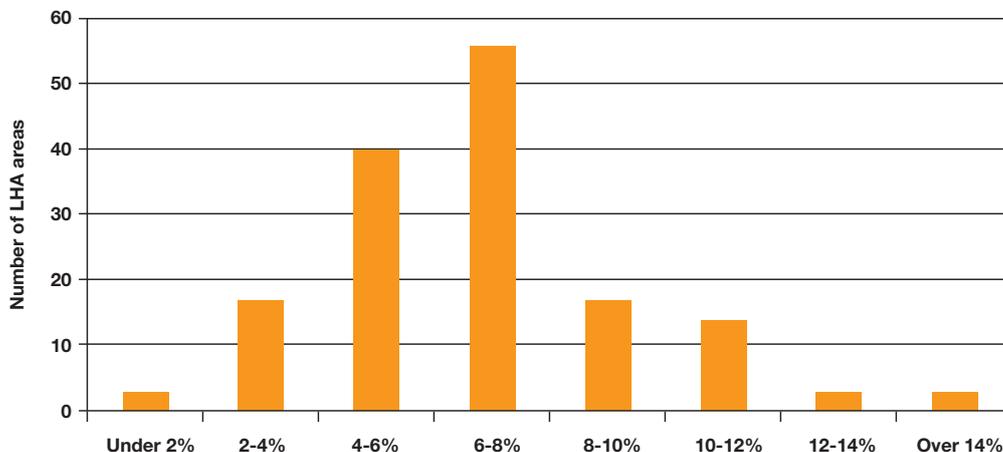
- the maximum LHA rate is reduced to the 4-bed rate
- non-dependent deductions will be uprated for both private and social tenants

The three key changes that will be implemented later are that:

- from January 2012 the ‘shared accommodation rate’ (SAR) (formerly ‘single room rate’) will be extended to single claimants aged 25-34, as well as to those under 25.
- from 2013 the new LHA rates will be uprated on the basis of the Consumer Price Index rather than local rents
- from April 2013, social tenants of working age who are ‘under-occupying’ their properties will be subject to cuts in HB, as the amount of benefit payable to that applicable for a dwelling of an ‘appropriate size’

LAs have been provided with a limited increase in their budgets for Discretionary

Figure 4.1 Difference 30th percentile and median LHA rates



Source: Valuation Office. 1 Bed rates for June 2010

Housing Payments (DHPs) to offset the impacts of these changes in selected cases. An initial provision of an extra £10 million in 2011/12 and £40 million a year thereafter was subsequently increased by a further £50 million spread over the Spending Review period. 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 now plans to allow payments direct to landlords if they agree to reduce their rent to match the lower LHA rate. 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).

These reductions in LHA rates have been widely predicted to have 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 produce a very sharp cut in the maximum LHA rate. A leaked letter from a senior civil servant at DCLG to Downing Street even estimated that 40,000 additional families would be made homeless by the reforms<sup>188</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>189</sup>, as variations in rent levels within the market are relatively compressed (see Figure 4.1). Landlords seem most likely to reduce rents to the new maxima in these areas where the difference between the median and 30<sup>th</sup> 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. These conditions are least likely to occur in London and other high pressure housing markets<sup>190</sup>.

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>191</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>192</sup>.

The LHA evaluation found that 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 they de facto accepted the lower level of rent set by the LHA rates. Overall, the Pathfinder evaluation suggests that just over 30% (16% + 15%) of all landlords had been explicitly, or implicitly, 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 will come into effect in a very different market context.

188. <http://www.guardian.co.uk/politics/2011/jul/02/eric-pickles-david-cameron-40000-homeless>

189. DWP (2010). *Impacts of Housing Benefit proposals. Changes to the Local Housing Allowances to be introduced in 2011/12*. London: DWP.

190. London Councils (2010). *The impact of housing benefit changes in London – Analysis of findings from a survey of landlords in London*. London: London Councils.

191. 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

192. Rhodes, D. and Rugg, R. (2006). *Landlords and Agents in the private rented sector: the baseline experience in the LHA Pathfinders*, London: DWP.

When the LHA regime was first introduced claimants comprised just over a quarter of all households in the private rented sector; by 2010 the proportion was one third<sup>193</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, add to the competitive pressures within the private rented sector.

To encourage landlords to reduce rent charged to claimants the government announced in late 2010 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>194</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 Consumer Price Index (CPI). While over the last decade private rents have increased more rapidly than the CPI the future relationship cannot be predicted with any certainty. What is clear is that rents inflate at different rates in different areas, whereas the CPI is a more standard

measure which will uprate rents by a flat level regardless of any local market variations, meaning a greater potential for divergence between rents and LHA rates in areas with higher rent inflation. The government has also acknowledged that CPI uprating cannot be left to run “for ever”<sup>195</sup> but has neither firmly committed to when they might review the relationship between rates and rents nor set out what will replace CPI as a means of uprating. This will therefore clearly be an important feature of the new LHA regime to monitor in the years ahead.

Taking all of this into account, it is perhaps rather surprising that the inner London borough studied was relatively sanguine about the LHA reforms and did not consider that these will seriously impair the council’s ability to procure private tenancies in the course of homelessness prevention work. Early indications suggested 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). However, they did note that lowered HB payment ceilings will likely necessitate a return to routine out-of-borough placements. This is problematic in terms of meeting tenant preferences and also creates tensions with ‘receiving boroughs’ who are concerned at both the inflationary impact on local rents and the ‘importation’ of vulnerable people. In the outer London Borough studied, initial signs are that landlords are splitting about 50/50 between those willing and unwilling to accept lower rents premised on the 30<sup>th</sup> percentile ceiling.

Together the mixed responses from the two boroughs is in line with the results of a survey conducted for London Councils that highlighted the variability in the likelihood of landlords responding positively to the lower

193. DWP (2011). *DWP Housing Benefit and Council Tax Benefit Statistical Summary*. London: DWP. DCLG (2011) *Table 104, Live Tables*.

194. Wilcox, S. (2011). *Constraining Choices: the housing benefit reforms in UK Housing Review 2010/2011*. Coventry: CIH.

195. Steve Webb MP, (2011) Westminster Hall debate. 10 March 2011

LHA rates, and in particular the reduced possibility that they would adjust their rents when there was a larger difference between the contractual rent and the revised LHA rate<sup>196</sup>.

The outer London borough confirmed concerns about the market effects of competition due to migration from inner London. The London-based single and youth charities likewise 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)

This restriction in LHA was argued to have undermined a lot of work done to persuade young and single homeless people that their only realistic options are to a) move into PRS, or b) leave central London. Some have a ‘sense of entitlement’ about social housing, so many service providers have worked hard to convince them that it is most likely the PRS that they will move onto from hostels and other TA. Now that option is effectively removed, the only one left is leaving central London.

Elsewhere, reactions to the LHA reforms were mixed. In the southern urban council, it was reported that most landlords were willing to accept the new maxima. In the northern urban council and the rural council studied, 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 little incentive to reduce rents<sup>197</sup>.

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

Recently published University of York research has highlighted a number of potential implications of the SAR changes for homelessness<sup>198</sup>. The extension of the SAR to 25-34 year olds 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 extension of the shared accommodation rate (SAR) to 25-34 year olds was viewed as ‘*disastrous*’ by almost all key informants for a wide variety of reasons, 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 there is little tradition of landlords letting on a shared tenancy basis, whereas the northern urban council was very concerned because of the conflict with the social norm that people in their late 20s and early 30s live independently rather than in shared housing. The outer London borough representative commented that raising the SAR threshold to 35 will affect significant numbers of separated fathers who may not be able to have their children

196. London Councils (2010) The impact of housing benefit changes in London – Analysis of findings from a survey of landlords in London. London: London Councils.

197. 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.

198. Rhodes, D. and Wilcox, S. (2011) *Unfair Shares: A Report on the Impact of Extending the Shared Accommodation Rate of Housing Benefit*. London: Crisis.

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)

Single homelessness service providers argued that the SAR extension would make it much harder to rehouse their service users out of hostel accommodation. Even if this can be achieved, the rate of tenancy sustainment among people aged 25-34 is likely to be negatively affected, recalling the failure of shared tenancies in the first RSI programme<sup>199</sup>, especially for people with mental health problems who are hard to live with and find it hard to live with others (*‘damages their recovery’*). While there was some recognition of the ‘fairness’ point that many people in London have to share accommodation until their 30s, there was thought to be a lack of policy understanding that what works for young professionals/ students will not necessarily work for this group with complex needs.

Since these interviews were completed, the Government has made some concession to homelessness sector lobbying by exempting those who have lived in a homeless hostel for at least three months from the SAR extension. While welcome at one level, this seems a rather odd exemption. Not least because it seems to provide an unhelpful incentive for homelessness services to

ensure that their service users spend at least three months in a hostel, at a time when the emphasis is on preventing the need to place people in hostels whenever possible and on minimising hostel stays (see Chapter 2). In the regulations laid before Parliament on 19<sup>th</sup> July 2011<sup>200</sup>, it was also revealed that ex-offenders who pose a serious risk to the public will be exempt from the SAR extension. There have, however, been no concessions for other vulnerable groups such as those with disabilities or mental health problems, those fleeing domestic violence, or parents who need to have their children to stay.

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 extension of the SAR was clearly a matter of great concern in London and the South too, and in fact the recent 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>201</sup>.

### **Non-dependant deductions (NDDs)**

Non-dependant 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>202</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

199. Randall, G. and Brown, S. (1993) *The Rough Sleepers Initiative: an Evaluation*. London: HMSO.

200. The Housing Benefit (Amendment) Regulations 2011 (SI 2011/1736)

201. Rhodes, D. and Wilcox, S. (2011) *Unfair Shares: A Report on the Impact of Extending the Shared Accommodation Rate of Housing Benefit*. London: Crisis.

202. Pawson (2011) *Welfare Reform and Social Housing*. York: HQN Network.

higher contributions) and also 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 increased NDDs, in combination with other benefit cuts will put pressure on families, making it much 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>203</sup>.

### Under occupation in the social rented sector

Nationally, it is estimated that about 14% of all social tenants will be affected by the 'under-occupation penalty', with the HB losses for these households averaging £13 per week<sup>204</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 leverage for such tenants to downsize, thereby freeing up precious family-sized homes. At the same time, budgeting for higher levels of rent arrears and arrangements for a publicity campaign meant that there was no assumption that it will necessarily increase homelessness via more evictions. Elsewhere, 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, 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.

### 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 for forty years. The Welfare Reform Bill which is currently passing through the UK Parliament would 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 at present 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>205</sup>.

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

203. Witherspoon, C., Whyley, C. and Kempson, E. (1996) *Paying for Rented Housing: Non-dependant Deductions from Housing Benefit*. London: Department of Social Security.

204. 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>

205. Brien, S. (2009) *Dynamic Benefits: Toward welfare that works*. London: Centre for Social Justice.

will be transitional protection in the longer run lone parents, in particular, will be worse off under Universal Credit<sup>206</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 Housing Benefit reforms discussed above, and the levels of 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>207</sup>. The government has also 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. The new regime will also be far more complex than it otherwise would be because it includes a complex graduated earnings disregard, with a higher disregard available for households not receiving any help with housing costs as part of their Universal Credit. The complexity of these provisions, and the lower levels of assistance that will consequently be offered to working tenant households receiving help with their rent, are also likely to undermine the Government's hopes that the scheme will encourage greater labour market participation.<sup>208</sup>

A further critical aspect is the related proposal for a maximum cap on total benefits for out-of-work households below retirement age. 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 for single person households and £500 for couples and 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<sup>209</sup>.

Interestingly, though, 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:

*"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."*

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 1 day a week and that would be OK'*.

The main homelessness-related concern about Universal Credit centred on the possible consequences for rent arrears if the housing element in the payment is not sufficiently sensitive to local rents, and also on the possibility that claimants will spend some of the rent element elsewhere, a concern particularly highlighted by charities working with those with substance misuse problems.

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

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

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

209. Wilcox, S. (2011) 'Constraining choices: the housing benefit reforms', in Pawson, H. and Wilcox, S. *UK Housing Review 2010/11*. Coventry: CIH.

These concerns mirror those expressed by private sector 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>210</sup>

Perhaps understandably, only the inner London borough representative commented that on the maximum cap on total household benefits. They argued that this development – together with the index-linking of LHA - may pose a greater and longer term challenge than any of the other welfare reforms.

### Work Programme and increased conditionality

The issue that appeared to be of overriding concern to single homelessness service providers was the prospect of increased conditionality and tougher sanctions within income-related Jobseekers 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.

While a number of interviewees acknowledged that some level of conditionality was necessary to encourage participation in paid work – and that an attitude on the part of some voluntary sector staff that low paid work was inherently exploitative had to be challenged – they insisted that this has to be implemented in

a way which was sensitive to the realities of working with very marginalised groups. Single homelessness service providers argued that their clients will almost certainly start finding that their benefits are reduced or withdrawn because their chaotic lifestyles mean that they will not go to the necessary appointments etc.<sup>211</sup> There were also doubts raised about whether Jobcentre Plus have enough properly trained staff to make the correct ('tight') judgement calls required under the new system.<sup>212</sup>

The potentially very punitive sanctions under the new benefit regime was the central concern. Tiered sanctions mean that, ultimately, claimants could lose benefit entitlement for three years. This would clearly be disastrous for individuals involved, and also for the agencies that work with them. That said, a number of interviewees were hopeful that exemption will be made for particularly vulnerable groups, and pointed out that it is not in the Government's interests to leave people destitute, especially given the focus on ending rough sleeping.

The prospect of 'disheartened' people being forced into the Work Programme also concerned both single and youth homelessness service providers. Youth homelessness charities focus 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. While some service providers reported that most of their service users were not aware of, or exercised about, welfare reforms as yet, one senior manager from a single homelessness charity commented that his service users were very

210. DWP (2011) *Two Year Review of the Local Housing Allowance*. London: DWP Housing.

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

212. 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>

worried about 'failing' forthcoming medical tests, meaning a significant drop in weekly income when they are moved from sickness benefits onto income-related JSA. They do want to work but *'it's all about fear [of making] the leap'* given that they have usually been out of work for a very long time and have mental and physical health problems that make work a challenge. Many are also worried that with the recession there are *'no jobs out there'*.

### 4.3 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, for example. However, as part of the current Coalition Government's 'Localism' and 'Big Society' agendas, some aspects of these national frameworks will be partially decentralised, with more decision making carried out 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>213</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

- Localism and single homelessness

#### 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. Though implemented by the last Labour Government, this lifting of the ring-fence is very much in keeping with the current Government's decentralisation agenda.

However, 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>214</sup> a recent survey of homelessness services in England found that 57% have seen their funding fall in 2011, while 48% expected further cuts this year.<sup>215</sup> Homeless Link expects funding cuts in 2011 to result in a 20% reduction in bedspaces in 2011/12. While many councils have sought to protect funding for housing-related support, research by Homeless Link indicates that around two fifths have disproportionately cut the SP budget.<sup>216</sup> There are also indications from Homeless Link's annual Survey of Needs and Provision (SNAP) of growing pressure on existing capacity, with 26% of services in SNAP 2011 reporting having had to turn away clients due to lack of space, as compared with only 18% of services in SNAP

213. DCLG (2011) *A Plain English Guide to the Localism Bill: Update*. London: DCLG. Foreword by Greg Clark, Minister of State for Decentralisation.

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

215. Homeless Link (2011) Press Release 30 June 2011: *Cuts Making it Harder for Homeless People to Get Help* <http://www.homeless.org.uk/news/cuts-making-it-harder-homeless-people-get-help>.

216. <http://homeless.org.uk/cuts-monitoring>. See also <http://www.insidehousing.co.uk/need-to-know/surveys/support-on-a-shoestring/6516562.article>

2010.<sup>217</sup> At the same time, there appear to be parallel cuts in 'specialist services', with the SNAP 2011 survey finding a contraction in both drug and alcohol treatment provision, reversing the previous trend of improving availability.

One senior manager in a London-based homelessness charity argued that SP in many ways had been an *'unheralded success'*; better funded than had been expected, with these funds largely *'put to good use'*.<sup>218</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, many of these projects will be *'stripped to the bone'*. Several service providers interviewed had experienced cuts of 10%-15% in their SP contracts - in the case of one service a 42% cut was required to be achieved in less than one month. The swift and front-loaded nature of the cuts has added to the sudden and devastating impact in many cases. Some of the LA representatives interviewed said that, within their authority, the SP budget has largely been preserved, but in others it was reported that savings of 10-25% in contract prices would be sought in the forthcoming rounds of re-commissioning. In the outer London Borough studied it was noted that the main risk to SP-funded services for homeless people was the expectation that the council's main formula grant will be cut back in 2012/13. Homelessness prevention services are likely to struggle to compete for priority against services such as adult social services.

Thus far, however, there were few examples of services having actually been closed down in the areas we studied, rather services have usually been restricted in various ways and/or switched to another (cheaper) provider: 'a

*reduction in money rather than an annihilation of the service'*. Price was now the dominant factor in tendering, with procurement staff in LAs often now in charge rather than commissioners (who were more interested in quality and innovation). This means that services have become *'very standard'* and less imaginative, with little incentive for creativity:

*"Safe is enough, not so transformational."*  
(Senior manager, homelessness service, London)

There was also said to be a switch away from assertive interventions to more emphasis on service users being willing to engage with services, with agencies encouraged to close cases where users do not respond as are *'not articulating a need.'* In central London in particular, there was also reported to be a tendency for funders to become *'more focussed'* on limiting services to their own local residents.

A key point made by several homelessness organisations was that, while they accepted the need for cuts, they were seeking flexibility on how to achieve those cuts. Several interviewees expressed strong concerns about LAs dictating that cuts should be achieved via cuts in staff hourly rates, which by implication pushes down quality. Instead, it was felt that the required cuts could often be achieved via more efficient working across client groups and funding streams. Linked with this, some interviewees argued that cuts in funding can precipitate creative responses, and so have a positive as well as negative impact:

*"When government has to save money it also has to do things differently."*  
(Senior manager, London-based homelessness service)

217. Homeless Link (2011) *Survey of Needs and Provision 2011*. <http://www.homeless.org.uk/snap-2011>

218. 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. and 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>

### Localism, social housing and statutory homelessness

Housing has been argued to be, to some extent, ‘the saving grace’ in our 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>219</sup> (see Chapter 2). Three key housing policy instruments appear to contribute to these relatively good housing outcomes for poorer households in the UK: HB; 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>220</sup>. All three key aspects of this national ‘housing settlement’ are likely to be significantly impacted upon by the Government’s Localism agenda in England. HB is discussed above, and we consider here the impact of Coalition policies on social housing and the statutory homelessness framework here.

The Government’s reforms in this area are intended to ‘ensure that decisions about housing are taken locally’ (p.5)<sup>221</sup>. In the social housing consultation paper published in November 2010<sup>222</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 Governments’ housing reforms require changes in the law, these are contained in the Localism Bill currently making its way through Parliament. The key housing and homelessness reforms are as follows:

- the introduction in April 2011 of a new ‘affordable rent’ fixed-term tenancy, offered by housing associations at a rent up to 80% of market rents. 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. The additional revenues generated by these affordable rents are intended to support new social housing development.
- new ‘flexibilities’ for social landlords in England to offer fixed-term renewable tenancies to new social tenants, with a minimum term of two years, if they wish to do so (though the Government has indicated that in most cases it would expect the minimum term to be five years).
- new powers for LAs to restrict access to their waiting lists and therefore to determine who is eligible to apply for social housing (though the statutory ‘reasonable preference’ criteria for prioritising allocations has been retained); and
- new powers for LAs to discharge their statutory homelessness duty via the offer of fixed-term assured shorthold tenancies in the PRS, without the need for applicant consent. The accommodation offered has to be ‘suitable’ and for a term of at least 12 months, with the homelessness duty recurring if the applicant becomes unintentionally homeless again within two years (even if they are no longer in priority need).

Amongst the youth and single homelessness service providers we interviewed, these housing reforms seemed less of a concern than did the welfare reforms. In London in

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

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

221. DCLG (2011) *A Plain English Guide to the Localism Bill: Update*. London: DCLG.

222. DCLG (2010) *Local Decisions: A Fairer Future for Social Housing. Consultation*. London: DCLG.

particular, this was generally because their clients were very rarely able to access social housing at the moment anyway. In the North, where single and young homeless people did often have 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 HB costs of the new regime in the longer term. In any case, higher rents will impact negatively on work incentives and the unemployment trap, especially in London (though it was acknowledged that in some parts of the North the affordable rents regime would make little difference as the gap between social and market rents was modest). 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 government's proposed overall benefit cap (see above)<sup>223</sup>. Indeed reports suggest that many of the bids for funding by housing associations under the new regime are at rents some way below the 80% maximum as a result of those concerns. Whether the new formula will generate social housing output on the scale officially envisaged is, anyway, very difficult to predict (see Chapter 3). Assuming a 50% 'conversion

rate' and allowing for many other factors, Hometrack suggests that the new regime is likely to generate less than 50,000 homes in the period to 2015 – well short of the 80,000 required to meet ministers' targets<sup>224</sup>.

While some commentators agree with the current Government that the blanket protection of lifetime security for all social renters is inequitable<sup>225</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>226</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>227</sup>. If one accepts that it is impractical to introduce significantly greater security of tenure into the PRS<sup>228</sup>, removal of such security in the social sector may mean that low-income households who cannot access home ownership would find themselves without any prospect of ever acquiring 'secure occupation'<sup>229</sup>. It has 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>230</sup>. The costs and bureaucratic burdens associated with periodic review of tenancies may also potentially be disproportionate to any gains. A recent international review found that in Australia (New South Wales), where a fixed-term tenancy regime has been introduced

223. Wilcox, S. (2011) 'Constraining choices: the housing benefit reforms', in Pawson, H. and Wilcox, S. *UK Housing Review 2010/11*. Coventry: CIH.

224. Hometrack (2011) *Affordable Rent Policy Impact Analysis*. [www.hometrack.co.uk](http://www.hometrack.co.uk)

225. Dwelly, T. and Cowans, J. (2006) *Rethinking Social Housing*. London: The Smith Institute.

226. Fitzpatrick, S. and Stephens, M. (2008) *The Future of Social Housing*. London: Shelter.

227. Fitzpatrick, S. and Pawson, H. (2011) *Security of Tenure in Social Housing: An International Review*. [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)

228. Ball, M. (2010) *The UK Private Rented Market as a Source of Affordable Accommodation*. JRF Programme Paper: Housing Market Taskforce.

229. Hulse, K., Milligan, V. and Easthope, H. (forthcoming 2011) *Secure Occupancy in Rental Housing: Conceptual Foundations and Comparative Perspectives*. Australian Housing and Urban Research Institute.

230. Robinson, D. (2008) 'Worklessness and social housing', in S. Fitzpatrick and M. Stephens (eds.) *The Future of Social Housing*. London: Shelter.

in order to eject tenants who no longer meet income and need criteria, only 0.8% of tenancies reviewed thus far have been terminated<sup>231</sup>. Critics argue that these fixed-term arrangements, while having generated only a negligible number of additional vacancies, have at the same time undermined work incentives, calling into question the efficacy of a policy which is fairly similar to that now proposed in England.

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.:

*“If you move into a property with a family you want to feel that’s your family home.”*  
(Manager, single homelessness service provider, the North)

One youth homelessness representative was worried that her clients would lose out disproportionately because, as with probationary tenancies, they would be less likely to be renewed than older people’s tenancies. However, for another youth homelessness agency opinion was divided: some younger staff think ‘*great! Frees up housing, throughput is higher*’, but older staff tended to be concerned that it will ‘*break up communities*’ and lead to ‘*hostel estates*,’ with the same problems of ‘*conveyor belt*’ living that you can have in some institutional settings.

Few single/youth homelessness charities seemed aware or concerned about potential restrictions in access to housing waiting lists: most likely because their clients rarely accessed social housing at the moment 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 reasonable preference criteria in allocations is likely to mean that a strong focus on meeting housing need is maintained in the social rented sector in England. Nonetheless, 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 allocations are not retained<sup>232</sup>.

Amongst the councils interviewed, 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. In the predominantly rural council, for example, there was support for the power to discharge homelessness duty in the PRS, partly on the basis that this will help disincentivise homelessness applications inspired largely by the expectation of securing a social tenancy. In practice, however, the key informant there reported that affordability issues may limit the extent to which the council will be able to make use of the new power (elsewhere there may be more ‘out-of-area’ discharges of duty into cheaper locations). Anxiety about compulsory discharge into fixed-term tenancies may be expected to be highest amongst services working with homeless families with dependent children, to whom security of tenure seems especially important<sup>233</sup>. These measures appeared to raise few anxieties

231. Fitzpatrick, S. and Pawson, H. (2011) *Security of Tenure in Social Housing: An International Review*. [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)

232. Fitzpatrick, S. and Stephens, M. (2007) *An International Review of Homelessness and Social Housing Policy*, London: CLG. Fitzpatrick, S. and Pawson, H. (2011) *Security of Tenure in Social Housing: An International Review*. [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)

233. Fitzpatrick, S. (2008) ‘The contribution of the statutory homelessness system’, in S. Fitzpatrick and M. Stephens (eds.) *The Future of Social Housing*. London: Shelter.

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. The youth homelessness charity representative from London commented that this would have little impact as it is hard to get landlords to take young people anyway.

### Localism and single homelessness

The single homelessness service providers interviewed were generally hostile to the principle of 'Localism', fearing that it would have a seriously deleterious impact on 'unpopular' groups such as their clients. One senior manager from a northern single homelessness service said, quite frankly, that he does not want local councillors making key decisions on policy and funding as their focus is on looking after their own wards and they *'are not interested in the wider dimension'*. This view was echoed by a single homelessness charity representative from a different part of the North:

*"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."*

A single homelessness senior manager from London likewise commented:

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

He went on to say that *'communities are by definition exclusive'* and will tend to exclude his clients who *'don't fit and obviously don't fit'*. Local communities often give agencies working with single homeless people *'a hard time'*, and Localism agenda may open up their work to more (unhelpful) community scrutiny.

### 4.4 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. While the EMA represents a small amount of money, it was argued to make a real difference in very marginal households. Tuition fees were also said to be a significant concern amongst many of the more 'engaged' young homeless people.

For single homelessness charities on the other hand, GP fundholding was a concern, with several interviewees worried that many GPs are unenthusiastic about catering for the needs of severely disadvantaged people. In general, it was felt that this was *'too medical'* a model and they were not convinced about GPs *'making the right decisions'*. Since the interviews with the service providers the Government has indicated that there will be significant modifications to its proposals for GP fundholding, but it is not clear how far those modifications will impact on the issues and concerns raised by the agencies. One positive development has been the Government's acknowledgment in the MWG report of 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>234</sup>. The introduction of a new duty on the NHS Commissioning Board and GP Commissioning Consortia to reduce inequalities in access to healthcare (under the Health and Social Care Bill currently making its way through Parliament) may also be significant. However at this point it is difficult to say how much practical impact these measures will have in protecting or improving specialist services for homeless people.

Another key area of concern is housing advice services, which in many areas are under threat because of both council and legal aid cuts. The Legal Aid, Sentencing and Punishment of Offenders Bill currently making its way through Parliament will impose significant cuts on legal aid funding for specialist advice to help with housing, debt and welfare benefits problems. Legal aid for social welfare issues constitutes 5% of the total legal aid budget but is being disproportionately cut, losing over a third of its budget.<sup>235</sup> 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.

#### 4.5 Key points

- The work of the Ministerial Working Group on homelessness may help to reduce rough sleeping in England.
- However, the general impact of welfare reform – in combination with the economic downturn - seems certain to drive homelessness up in England over the next few years, as it will weaken the safety net that provides a 'buffer' between a loss of income, or a persistently low income, and homelessness.
- The most problematic welfare reforms include: the LHA and overall household benefit caps, particularly with respect to their impacts on larger families in London; the 30<sup>th</sup> percentile limit on LHA rates, and potentially the uprating of LHA rates in line with CPI, both of which may restrict claimants' access to the PRS in a range of areas across England; 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; increased NDDs, potentially driving up both rent arrears and the ejection of young people from the family home; the new 'under-occupation' penalty for working age social tenants, which may drive up rent arrears and evictions; and increased conditionality and sanctions associated with the Work Programme, implying the possibility of draconian sanctions applied to single homeless people and other vulnerable groups.
- There was broad support amongst key informants for the principles of Universal Credit, though anxiety about the prospects for increased rent arrears and evictions if the rent element is paid to tenants.

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

235. [http://england.shelter.org.uk/\\_data/assets/pdf\\_file/0010/362854/Legal\\_Aid\\_Sentencing\\_and\\_Punishment\\_of\\_Offenders\\_Bill\\_-\\_Briefing\\_for\\_2nd\\_Reading\\_290611.pdf](http://england.shelter.org.uk/_data/assets/pdf_file/0010/362854/Legal_Aid_Sentencing_and_Punishment_of_Offenders_Bill_-_Briefing_for_2nd_Reading_290611.pdf)

- The lifting of the Supporting People ring fence as well as national budget cuts has impacted on the front-line services available to homeless people, with the prospect of more significant cuts to come in many areas.
- The Localism agenda risks undermining 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, and may also have potentially negative impacts on community stability and work incentives, while the decentralisation of eligibility decisions risks excluding some marginalised groups from mainstream social housing.
- Compulsory discharge of the statutory homeless duty into fixed-term private tenancies also raises issues regarding the tenure security available to vulnerable households, particular families with children, but its impact may be blunted in some areas by affordability constraints in the light of the LHA reforms, or alternatively there will be more 'out of area' discharges of duty into cheaper locations.
- Marginalised groups such as single homeless people are unlikely to benefit from a shift away from national minimum standards and policy frameworks in favour of the local determination of priorities.
- A range of other aspects of the Government's reform agenda – including abolition of the EMA, GP fund-holding, and legal aid reform – may also impact negatively on some specific groups vulnerable to homelessness.

## 5. Baseline for homelessness in England in 2011

Previous chapters have reviewed the likely implications of both the economic climate and policy change for homelessness. In this chapter we a) assess whether any statistical trends on homelessness are as yet in evidence, and b) provide a baseline against which to measure the impacts on homelessness of policy change and/or any lagged impacts of the recession over the next couple of years. Although our analysis is mainly based on published statistics Section 5.5 also draws 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 leading up to the change of Government in 2010. The overall aim here is to determine trajectories already established in advance of the policy and public spending agenda introduced under the new administration. We have also sought to identify early indications of subsequent trends, and the analysis therefore covers data up to June 2011 insofar as possible.

To establish the pre-2010 ‘direction of travel’ in respect of each key measure of housing need and homelessness, the analysis focuses in particular on recorded statistics for the previous 12 months. However, to provide additional context – and to minimise the risk of misinterpreting ‘freak year’ figures – most of the detailed tables in this chapter also specify changes over the previous two years.

### 5.1 Rough sleeping

As noted in Chapter 2, 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, the figures generated by the Westminster Government’s monitoring system 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>236</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.

Second, 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 uncounted. Possibly in part due to such limitations, official rough sleeper counts in London and elsewhere were alleged by voluntary agencies as gross underestimates in 2007. For example, a drug treatment agency in Manchester reported that ‘nearly half’ of the 100 injecting drug users it surveyed were ‘roofless (rough sleepers)’.

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

237. 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)

This compared with the official 2007 Manchester City Council estimate of seven rough sleepers in the entire city<sup>237</sup>.

A third criticism specific to the pre-2010 official methodology for national rough sleeper estimates in England related to the procedure for enumerating rough sleepers in areas where the annually submitted LA estimate was in fact a desk-based approximation rather than being founded on an actual count. In DCLG's summer 2010 data collection round, for example, only 70 of the 326 councils submitted count-based returns. The vast majority of councils therefore submitted estimates only. 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>238</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 inadequacies in existing methodology, Coalition Government ministers initiated a review of the official approach to rough sleeper enumeration during 2010. Under the new guidance on counts the definition of 'rough sleeper' is expanded to include people 'about to bed down' as well as those actually lying down. Perhaps more importantly, LA 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>239</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>240</sup>. As illustrated in Figure 5.1, in all regions, a gradual decline until 2007/08 was reversed in the most recent period. However, this turnaround was particularly marked in the South while only very modest in the North<sup>241</sup>.

Using the new methodology, DCLG estimated that the Autumn 2010 snapshot rough sleeping total for England amounted to 1,768 as compared with 1,247 rough sleepers recorded under the former approach in Summer 2010<sup>242</sup>. However, because of the different approaches used, the two sets of figures cannot be reliably compared. It is, nevertheless, interesting to note that authorities basing Autumn 2010 returns on *counts in place of estimates* (as in Summer 2010) tended to return lower figures under the new system whereas the larger number submitting an *estimate in Autumn 2010 in place of a count* (as in Summer 2010) tended to post much higher figures<sup>243</sup>. This could possibly be seen as vindicating the originally stated DETR 'rounding down' justification (see above).

238. Armstrong, H. (1999) Written answer to Parliament by Hilary Armstrong, Secretary of State, 19 May 1999 – Hansard [http://www.publications.parliament.uk/pa/cm/199899/cmhansrd/vo990519/text/90519w04.htm#90519w04.htm\\_wqn9](http://www.publications.parliament.uk/pa/cm/199899/cmhansrd/vo990519/text/90519w04.htm#90519w04.htm_wqn9)

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

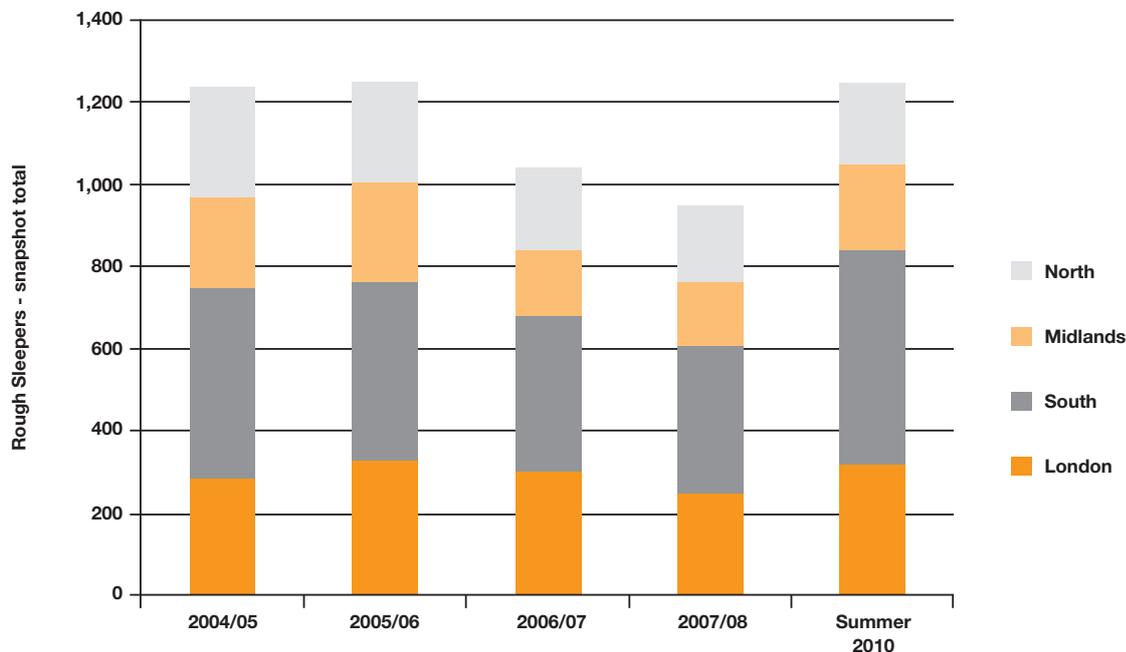
240. Note that the Audit Commission figures are 'snapshot counts' submitted by local authorities within the context of annual 'performance indicator' returns for the financial years as specified.

241. 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.

242. DCLG (2010) *Rough Sleeping Statistics England – Autumn 2010 Experimental Statistics*; <http://www.communities.gov.uk/publications/corporate/statistics/roughsleepingautumn2010>

243. DCLG (2010) *Technical Note – Rough Sleeping Statistics England – Autumn 2010* <http://www.communities.gov.uk/documents/statistics/pdf/1846366>

Figure 5.1 Trends in rough sleeper numbers by region, 2004-2010



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

While the Autumn 2010 rate of rough sleeping per 1,000 households was highest in London (0.13), the rate for South West England was only marginally lower (0.12)<sup>244</sup>.

Detailed statistics on rough sleeping in London are compiled via Broadway's CHAIN system. CHAIN data are particularly useful in providing 'flow' information on rough sleepers in the capital rather than just snapshots, and offer both a consistent time series and more in-depth information about rough sleeper characteristics<sup>245</sup>.

CHAIN figures have shown a steady increase in the incidence of rough sleeping in London over recent years. Rough sleepers counted by outreach workers as having slept rough

during 2009/10 totalled 3,673 – 6% up on the previous year and 22% higher than in 2006/07<sup>246</sup>. However, the increase seen over this period was entirely accounted for by rising numbers of CEE nationals – mainly individuals from Poland and Romania. Excluding all CEE nationals from the figures, rough sleeping fell slightly during the 2008-2010 period.<sup>247</sup> Beyond this, rising rough sleeper figures over the past decade are reported to have been partly attributable to 'the expansion of monitoring by outreach services to new areas such as Heathrow'.<sup>248</sup> The latest Broadway figures indicate that the number of people seen sleeping rough in London was 8% higher in 2010/11 than in 2009/10.<sup>249</sup> Notably, however, while homelessness involving CEE nationals

244. DCLG (2010) *Rough Sleeping Statistics England – Autumn 2010 Experimental Statistics*; <http://www.communities.gov.uk/publications/corporate/statistics/roughsleepingautumn2010>

245. 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

246. Homeless Link et. al. (2010) *Homelessness Trends and Projections*; <http://www.homeless.org.uk/sites/default/files/Homelessness%20briefing%20-%20December%202010.pdf>

247. Broadway (2010) *Street to Home Quarterly Bulletin October-December 2010* <http://www.broadwaylondon.org/CHAIN/NewsletterandReports>

248. P59 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>

249. <http://www.broadwaylondon.org/CHAIN/NewsletterandReports.html>

contributed to this latest increase, this was far from the only factor: excluding those of CEE origin, overall rough sleeper numbers rose by 5% in 2010/11. In all, fewer than half (48%) of all enumerated rough sleepers are now UK nationals, with CEE migrants comprising around a quarter (28%) of the visible street homeless population in the capital, and the remainder comprising other ‘other groups’ (many of whom are likely to be refused asylum seekers or other irregular migrants)<sup>250</sup>.

## 5.2 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 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. Comparing the most recent statistics with those for the first quarter in the series, the strongest trend is the reducing number of instances involving mortgage arrears – by Q3 2010/11 this had fallen by some 20% as compared with the average for the previous financial year (see Table 5.1). Otherwise, most of the advice categories identified in the Citizens Advice monitoring data (including both homelessness and rent arrears) show no clear evidence of strong and sustained changes over the period.

### Supporting People data

Table 5.2 (opposite) tracks the provision of support services for single homeless people with support needs where the relevant service is funded under the Supporting People (SP) programme (as noted in Chapter 4, this funding ceased to be ring-fenced in April 2009)<sup>251</sup>. The quantum of provision dipped around 2005-07, but subsequently expanded to its highest level in 2009/10. As also shown in Table 5.2, while the volume of supported housing placements has remained fairly steady, there has been a gradual reduction in direct access placements balanced by an increase in floating

Table 5.1 Citizens Advice caseload monitoring data – 2008/09-2010/11

	2008/09 Q4	2009/10 Q1	2009/10 Q2	2009/10 Q3	2009/10 Q4	2010/11 Q1	2010/11 Q2	2010/11 Q3
	000s							
Homelessness - all	24	23	24	23	27	25	29	24
Total housing	110	109	118	111	129	121	134	112
Rent arrears - social landlords	19	17	17	18	20	17	19	17
Rent arrears - PRS	6	6	6	6	7	7	7	6
Mortgage arrears	30	29	29	27	31	25	26	23

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.

250. Broadway (2011) <http://www.broadwaylondon.org-CHAIN-NewsletterandReports.htm>

251. Local authorities and service providers will no longer be required to submit ongoing data returns to Government on SP services, with DCLG SP data collection ceasing once data has been collected for 2010/11. We understand, however, that some local authorities plan to fund the Centre for Housing Research, University of St Andrews to continue to process and analyse their SP data.

**Table 5.2 Single homeless people with support needs: SP-funded support episodes by type of provision**

	Supported housing	Supported lodgings	Foyer	Direct access	Floating support	Outreach service	Resettlement service	Other	Total
2003/04	25,944	692	2,504	24,495	5,602	973	2,046	267	62,523
2004/05	25,907	544	2,425	21,965	7,449	461	1,861	261	60,873
2005/06	25,554	391	2,160	19,379	6,880	244	1,592	256	56,456
2006/07	23,533	361	2,174	18,375	6,629	158	1,267	255	52,752
2007/08	23,643	444	2,057	20,248	8,698	1,210	1,684	287	58,271
2008/09	25,508	515	1,919	20,524	9,221	1,412	1,478	257	60,834
2009/10	28,183	1,305	2,095	19,304	11,990	1,069	928	290	65,164
Change 2008/09-2009/10	10	153	9	-6	30	-24	-37	13	7
Change 2007/08-2009/10	19	194	2	-5	38	-12	-45	1	12

Notes: 1. Because figures refer to 'support episodes' it is possible that there is some 'double counting' where a single homeless person is admitted to a service or programme more than once within a given year. 2. A proportion of those enumerated will be persons accepted by a LA as statutory homeless cases. 3. Cases included in the table relate only to those where 'single homeless with support needs' was specified the 'primary client group'. Instances where this categorisation is the secondary or tertiary client group would be additional.

support provision. In 2009/10 the number of supported lodgings placements also increased substantially. Chapter 4 above notes recent and ongoing reductions in service provision for single homeless people consequent upon cuts in Supporting People funding.

### 5.3 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 June 2011<sup>252</sup>.

### Overall trends at the national and regional level

After falling for six years the number of homelessness assessment decisions bottomed out in 2009 (see Table 5.3 overleaf). However, the increase seen in 2010 was almost entirely attributable to an increased number of 'homeless – non-priority' decisions. Numbers in this category were up by 17% as compared with an increase of only 4% for total decisions and only 1% for acceptances.

Partly because 'assessment decisions' are only a very rough proxy for 'homelessness applications'<sup>253</sup> it is quite difficult to interpret the apparent increase in non-priority homelessness. However, one possible explanation could be that recent economic and/or policy changes have impacted disproportionately on childless single people

252. DCLG (2011) *Statutory Homelessness – 1st Quarter 2011, England*; London: DCLG <http://www.communities.gov.uk/publications/corporate/statistics/homelessnessq12011>

253. Pawson, H. and Davidson, E. (2006) 'Fit for purpose? Official measures of homelessness in the era of the activist state', *Radical Statistics*, 93: 7-29

**Table 5.3 Statutory homelessness assessment decisions (households)**

Calendar year	Total decisions	Of which:			
		Acceptances	Intentionally homeless	Homeless, non-priority	Not homeless
2001	255,080	117,830	8,420	54,330	74,500
2002	269,330	123,840	9,460	60,170	75,870
2003	296,970	135,590	12,230	67,120	82,040
2004	281,460	127,760	13,640	63,300	76,780
2005	227,260	100,170	13,830	48,990	64,270
2006	168,530	76,860	11,410	33,910	46,360
2007	137,690	64,970	9,920	24,630	38,190
2008	117,460	57,510	8,890	17,460	33,600
2009	93,600	41,780	6,880	16,230	28,710
2010	97,210	42,390	6,900	18,990	28,930
% change 2009-2010	4	1	0	17	1
% change 2008-2010	-17	-26	-22	9	-14

of working age. Alternatively, the figures might reflect a widely implemented local authority policy change in favour of undertaking (and recording) formal assessments on single people of working age previously unlikely to be subject to such procedures.

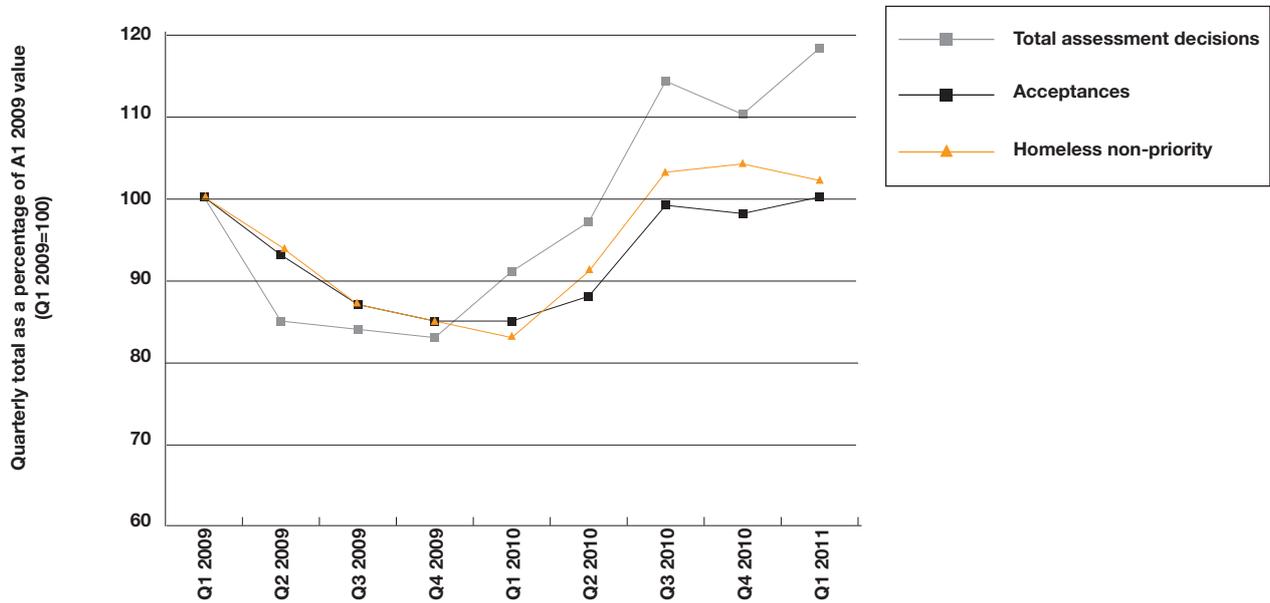
Latest statutory homelessness figures (Quarter 1, 2011) show a general continuation of 2009-2010 trends as shown in Table 5.3. The number of assessment decisions logged in the first quarter of 2011 was some 23% higher than a year previously, again mainly reflecting the disproportionate increase in 'non-priority homelessness' judgements – see Figure 5.2<sup>254</sup>. However, focusing specifically on homelessness acceptances – often considered *the* headline indicator – these most recently published quarterly figures do also show signs of a continuing upwards trajectory. Taking the 2010/11 financial year as a whole, there were 44,160 acceptances. This is an increase from 40,020 in 2009/10 (a 10% rise) – the first financial year increase since 2003/04.

As shown in Table 5.4 (opposite), the increased incidence of 'non-priority homeless' decisions in 2010 and 2011 reflects an increase in the proportion of such decisions. However, there is little clear sign of any long term trend here. Conversely, the post-2003 reduction in homelessness acceptances was initially associated with an increased incidence of 'intentional homelessness' decisions – see Table 5.4.

While homelessness acceptances bottomed out in 2009 at a national level, this was true in only five of England's nine regions – see Table 5.5 (overleaf). Across the three northern regions as well as in London, the numbers continued to decline in 2010. Regions where 2010 acceptances were appreciably higher were the East and West Midlands, as well as the South East and South West. Given that these combinations of regions do not clearly translate as groups with similar housing market conditions it is difficult to formulate any clear hypothesis for the observed pattern.

<sup>254</sup> DCLG (2011) *Statutory Homelessness – 1<sup>st</sup> Quarter 2011, England*; London: DCLG <http://www.communities.gov.uk/publications/corporate/statistics/homelessnessq12011>

Figure 5.2 Recent trends in homelessness assessment decisions



Source: DCLG – 1st quarter 2011 statutory homelessness decisions

Table 5.4 Assessment decisions (proportionate split)

	Acceptances	Intentionally homeless	Homeless, non-priority	Not homeless	Total
2001	46%	3%	21%	29%	100%
2002	46%	4%	22%	28%	100%
2003	46%	4%	23%	28%	100%
2004	45%	5%	22%	27%	100%
2005	44%	6%	22%	28%	100%
2006	46%	7%	20%	28%	100%
2007	47%	7%	18%	28%	100%
2008	49%	8%	15%	29%	100%
2009	45%	7%	17%	31%	100%
2010	44%	7%	20%	30%	100%

**Table 5.5 Statutory homeless acceptances by region**

	North East	North West	Yorkshire and the Humber	East Midlands	West Midlands	East	London	South East	South West
2001	5,490	13,440	10,330	7,240	14,320	10,310	30,590	14,760	11,380
2002	6,460	14,260	14,160	8,040	14,780	10,830	28,830	14,220	12,280
2003	8,020	17,660	16,260	9,140	15,690	11,290	30,510	15,240	11,770
2004	8,510	17,720	14,590	9,570	15,080	10,680	28,050	13,460	10,100
2005	6,330	14,530	10,020	7,470	11,860	8,650	22,700	9,990	8,650
2006	4,980	11,580	8,470	6,100	9,580	7,130	16,240	7,200	5,580
2007	3,960	9,320	7,520	5,070	9,070	6,040	13,650	5,630	4,690
2008	3,220	6,200	6,830	4,050	8,950	5,440	13,850	5,050	3,920
2009	2,290	4,240	4,250	3,020	7,220	3,860	9,960	3,940	3,010
2010	1,810	3,850	4,160	3,360	8,000	3,950	9,700	4,350	3,220
% change 2009-2010	-21	-9	-2	11	11	2	-3	10	7
% change 2008-2010	-44	-38	-39	-17	-11	-27	-30	-14	-18

### Reasons for homelessness

Looking back across the past 10 years, the profile of immediate reasons for homelessness as shown in Table 5.6(b) (opposite) has remained remarkably consistent, despite the very substantial reduction in the overall size of the cohort during this period (Table 5.6(a) (opposite)).

2010 saw a marked increase in the number of acceptances where homelessness arose from an assured shorthold tenancy (AST) tenancy brought to an end (see Table 5.6(a) (opposite)). Compared with the 2009 total, this category grew by 34%. Nevertheless, as shown in Table 5.6(b) (opposite), this could prove to be no more than a reversion to a longer term pattern whereby 'loss of AST' has accounted for 13-15% of total acceptances.

Also notable in Table 5.6(a) (opposite) is that homelessness acceptances attributed to mortgage repossessions and rent arrears continued to decline in absolute numbers post 2007, and account for only very small proportions of acceptances (Table 5.6(b) (opposite)).<sup>255</sup> As discussed in Chapter 3, while these categories might be expected to prove particularly sensitive to the post-2007 economic and housing market downturn, there has in fact been no discernible impact of the recession on social sector rent arrears, and mortgage repossessions have been held down by continuing very low interest rates and forbearance arrangements. The sustainability of these forbearance arrangements is, however, open to question.

<sup>255</sup> It should be noted that the statistics in Tables 5.6(a) and (b) (opposite) 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.

**Table 5.6 Acceptances by reason for homelessness**

**(a) Households**

	Parental exclusion	Other relatives/friends exclusion	Relationship breakdown	Mortgage repossession	Rent arrears	End of Assured Shorthold tenancy	Loss of other rented housing	Other
2001	21,720	17,100	26,100	3,090	3,370	17,520	8,250	20,670
2002	23,480	18,900	26,560	2,230	3,120	17,240	7,910	24,410
2003	29,000	20,790	26,660	2,020	2,970	17,300	7,590	29,310
2004	29,210	19,640	24,950	2,020	2,550	16,820	6,700	25,880
2005	23,490	15,080	19,410	2,180	2,230	13,150	5,570	19,150
2006	17,920	10,900	15,270	2,590	1,730	10,470	3,750	14,280
2007	14,980	8,630	12,230	2,380	1,620	9,960	3,340	11,850
2008	13,250	7,690	10,360	2,340	1,400	7,870	3,130	11,470
2009	9,610	5,270	8,430	1,370	1,170	4,580	2,270	9,080
2010	8,430	5,590	8,290	1,050	1,140	6,150	2,470	9,290
% change 2009-2010	-12	6	-2	-23	-3	34	9	2
% change 2008-2010	-36	-27	-20	-55	-19	-22	-21	-19

**(b) Proportionate split**

	Parental exclusion	Other relatives/friends exclusion	Relationship breakdown	Mortgage repossession	Rent arrears	End of Assured Shorthold tenancy	Loss of other rented housing	Other
	%	%	%	%	%	%	%	%
2001	18	15	22	3	3	15	7	18
2002	19	15	21	2	3	14	6	20
2003	21	15	20	1	2	13	6	22
2004	23	15	20	2	2	13	5	20
2005	23	15	19	2	2	13	6	19
2006	23	14	20	3	2	14	5	19
2007	23	13	19	4	2	15	5	18
2008	23	13	18	4	2	14	5	20
2009	23	13	20	3	3	11	5	22
2010	20	13	20	2	3	15	6	22

**Table 5.7 Acceptances by household type profile**

	Couple, dependent children	Lone parent family	Single person	Other	Total
2007	12,380	31,330	17,780	3,480	64,970
2008	11,220	28,290	15,140	2,860	57,510
2009	7,740	20,370	11,660	2,020	41,790
2010	8,100	20,850	11,410	2,030	42,390
% change 2009-2010	5	2	-2	0	1
% change 2008-2010	-28	-26	-25	-29	-26

**Table 5.8 Acceptances by age of applicant**

	16-24	25-44	44-59	60-64	65-74	75+	All
2007	26,210	30,800	5,900	790	870	410	64,980
2008	23,030	27,410	5,460	610	680	330	57,520
2009	16,690	19,910	3,990	450	540	200	41,780
2010	15,480	20,920	4,570	530	630	270	42,400
% change 2009-2010	-7	5	15	18	17	35	1
% change 2008-2010	-33	-24	-16	-13	-7	-18	-26

**Table 5.9 Acceptances by ethnic origin (proportionate split)**

	White	Black or Black British	Asian or Asian British	Mixed	Chinese or other ethnic group	Ethnic group not stated
2001	72%	9%	6%	..	7%	7%
2002	70%	9%	6%	..	8%	7%
2003	72%	10%	5%	..	7%	6%
2004	73%	10%	5%	..	6%	5%
2005	74%	10%	5%	2%	3%	5%
2006	74%	10%	6%	2%	3%	5%
2007	73%	10%	6%	2%	3%	6%
2008	70%	12%	6%	3%	4%	6%
2009	69%	14%	6%	3%	4%	5%
2010	67%	14%	6%	3%	4%	5%

### The profile of homelessness acceptances

There is little sign that the recent bottoming out in the statutory homeless acceptance numbers reflects any trends specific to certain household types – see Table 5.7. However, while they account for a relatively small proportion of the homelessness acceptances cohort, the numbers of middle aged and older applicants (44+) classed as such in 2010 were substantially up on the previous year, while the number of young people once again fell (see Table 5.8).

Table 5.9 reveals a notable change in the ethnic profile of the homelessness acceptances cohort, with a growing share of the total

accounted for by ethnic minority households. By 2010 ethnic minority households accounted for 27% of all households accepted as, as compared with only 20% in 2005, with this upward trajectory mainly accounted for by a steady proportionate increase in Black households accepted as homeless<sup>256</sup>. White households have fallen from nearly three quarters to two thirds of the total. At least in part, these trends may reflect cohort effects resulting from the different age structures of the various ethnic groups.

<sup>256</sup>. See also Pleace, N., Fitzpatrick, S., Johnsen, S., Quilgars, D. and Sanderson, D. (2008) *Statutory Homelessness in England: The Experience of Families and 16-17 Year Olds*. London: CLG.

**Table 5.10 Homeless households in temporary accommodation by region (snapshot total at year end)**

	England	North East	North West	Yorkshire and the Humber	East	West Midlands	East of England	London	South East	South West
2001	<b>77,510</b>	1,690	2,000	1,670	2,080	2,030	5,730	44,970	12,060	5,280
2002	<b>85,140</b>	570	1,860	2,200	2,180	1,370	7,280	51,030	12,840	5,810
2003	<b>94,610</b>	740	2,800	2,380	2,620	1,880	7,920	56,950	12,860	6,460
2004	<b>101,030</b>	830	2,730	2,220	2,880	2,600	8,350	61,670	13,340	6,410
2005	<b>98,730</b>	730	2,340	2,170	2,190	2,010	6,900	63,800	11,870	6,710
2006	<b>89,510</b>	470	2,300	2,070	1,930	1,610	5,540	60,960	9,280	5,350
2007	<b>79,500</b>	340	2,230	1,700	1,460	1,450	4,390	56,740	6,760	4,450
2008	<b>67,480</b>	330	1,450	1,610	1,000	1,270	3,550	49,960	5,050	3,270
2009	<b>53,370</b>	150	920	910	690	1,100	2,560	41,190	3,620	2,210
2010	<b>48,010</b>	200	910	910	670	1,200	2,560	36,020	3,530	2,000
% change 2009-2010	<b>-10</b>	33	-1	0	-3	9	0	-13	-2	-10
% change 2004-2010	<b>-52</b>	-76	-67	-59	-77	-54	-69	-42	-74	-69

### Homeless households in temporary accommodation (TA)

With remarkably little fanfare, 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 – see Table 5.10. Moreover, despite a renewed increase in homelessness acceptances since 2009 (see above), the TA decline continued throughout 2010. Whereas the five year reduction in placements was proportionately slightly lower for London than for other regions, the cut achieved by London boroughs in 2010 was relatively substantial.

This decreasing trend in the number of households in TA has, however, slowed recently, and as there tends to be a lag between a change in direction in the number of acceptances and a change in direction in the number of households in TA, we may be seeing the turn in these figures we would

expect following the recent increase in the acceptances<sup>257</sup>.

Moreover, although overall TA numbers continued to fall in 2010, B&B hotel placements rose significantly – see Table 5.11 (overleaf). This may also reflect the re-emergence of an upward trend in acceptances (see above).

### Local Authority homelessness prevention

Coalition Government Ministers have confirmed a commitment to extend the policy emphasis on active homelessness prevention established under the previous administration. While this approach is credited with having cut statutory homelessness acceptances by over 70% since 2003, as noted in Chapter 2, it has been somewhat controversial. Some have argued that ‘prevention’ is largely a euphemistic term for unacceptable ‘gatekeeping’<sup>258</sup> (see Chapter 2). Indeed, a former housing minister felt it necessary to ‘remind local authorities

257. DCLG (2011) *Statutory Homelessness – 1st Quarter 2011, England*; London: DCLG <http://www.communities.gov.uk/publications/corporate/statistics/homelessnessq12011>

258. 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.

Table 5.11 Homeless households in temporary accommodation by accommodation type – snapshot total at year end

	All forms of TA		B&B hotels		Hostels		In mainstream LA/HA stock		Leased from private owners		Other private accom	
	Total	of which, with children	Total	of which, with children	Total	of which, with children	Total	of which, with children	Total	of which, with children	Total	of which, with children
2001	77,510	..	11,860	..	10,680	..	26,570	..	20,600	..	7,800	..
2002	85,140	60,310	13,240	5,870	9,640	5,760	27,580	20,380	25,940	21,630	8,740	6,660
2003	94,610	67,540	8,420	1,730	10,370	6,060	27,470	19,460	38,740	33,340	9,620	6,950
2004	101,030	72,800	6,450	820	10,060	5,660	27,730	19,730	46,140	38,750	10,640	7,840
2005	98,730	72,920	4,950	820	9,230	5,000	24,220	17,110	49,910	42,310	10,420	7,700
2006	89,510	65,770	4,210	640	7,840	3,950	18,840	13,930	48,650	40,130	9,770	7,120
2007	79,500	59,990	3,530	700	6,620	3,490	15,910	11,780	41,730	35,380	11,710	8,640
2008	67,480	52,290	2,560	520	5,250	2,830	11,930	8,990	38,790	33,560	8,950	6,400
2009	53,370	40,560	1,880	400	4,150	2,150	8,180	5,950	32,430	27,540	6,730	4,520
2010	48,010	36,230	2,310	660	4,160	2,270	7,430	5,440	27,730	23,620	6,380	4,250
% change 2009-2010	-10	-11	23	65	0	6	-9	-9	-14	-14	-5	-6
% change 2004-2010	-52	-50	-64	-20	-59	-60	-73	-72	-40	-39	-40	-46

of their homelessness responsibilities' within this context.<sup>259</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>260</sup>

There are also misgivings as to 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? Fully addressing this question would call for a major longitudinal study, and relevant work is currently being undertaken by Shelter and Crisis, with support from the Big Lottery Fund, to track well-being and sustainability of PRS placements<sup>261</sup>.

Notwithstanding the concerns outlined above, recorded prevention activity continued to expand in 2010/11, with the number of prevention instances logged during the year almost double the number of formal assessment decisions – see Table 5.12.

As shown in Table 5.13 (overleaf), the largest single category of homelessness prevention activity involves potentially homeless households being helped to access a private tenancy. The number of households helped in this way was significantly more than double the number placed in a permanent social sector tenancy for each of these three years. While homelessness prevention via private tenancy placements may be further reinforced by the 'compulsory discharge' arrangements in the Localism Bill, it could also be jeopardised by LHA/HB reforms (see Chapter 4).

**Table 5.12 Homelessness prevention activity within broader context**

	2008/09 (000s)	2009/10 (000s)	2010/11 (000s)	% change 2008/09 -2010/11
Instances of homelessness prevented	130	165	189	+45
Formal homelessness assessment decisions	113	89	102	-10
Statutory homelessness acceptances	53	40	44	-17
Statutory homeless acceptance rehoused in social housing	42	34	28	-26
Statutory homeless acceptance rehoused in private tenancy	4	4	2	-33

**Sources: DCLG Homelessness Prevention and Relief statistics; DCLG Statutory Homelessness statistics**

<sup>259</sup> Hilditch, M. (2006) 'Cooper sounds alarm on homelessness bad practice', *Inside Housing* 21 April 2006. <http://www.insidehousing.co.uk/cooper-sounds-alarm-on-homelessness-bad-practice/1447520.article>

<sup>260</sup> Pawson, H., Netto, G. and Jones, C. (2006) *Homelessness Prevention: A Guide to Good Practice*. London: CLG. <http://www.communities.gov.uk/publications/housing/homelessnessprevention>

<sup>261</sup> See <http://www.privaterentedsector.org.uk/SUSTAIN.asp> for more information.

**Table 5.13 Prevention activity – breakdown by form of assistance provided**

Form of home-lessness prevention	2008/09	2009/10	2010/11	% change, 2008/09-2009/10
<b>Assisted to remain in existing home</b>				
Debt advice or financial assistance	13,240	16,300		23
Family mediation or conciliation	7,540	9,800		30
Sanctuary scheme	3,820	5,200		36
Crisis intervention - emergency support	1,440	2,300		60
Mortgage rescue	1,680	3,600		114
Other assistance to help retain private or social tenancy	12,630	20,300		61
Other actions to assist in retaining accommodation	7,500	6,800		-9
<b>Assisted to obtain alternative accommodation</b>				
Help to find private tenancy	45,170	60,200		33
Mainstream social tenancy arranged	14,650	20,800		42
Supported tenancy or lodging arranged	6,810	11,600		70
Accommodation arranged with friends or relatives	3,170	5,200		64
Other actions to assist in obtaining new accommodation	5,720	3,100		-46
Total	123,370	165,200		34

Source: DCLG Homelessness Prevention and Relief statistics

## 5.4 Hidden homelessness

People may be in a similar housing situation to those who apply to LAs 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 categories of hidden homelessness: *concealed households*; households who are *sharing accommodation*; and *overcrowded households*.

### 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>262</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

262. 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 has a large sample and good questions about household structures, but less detail about housing including little in the way of attitudinal information.

informally with others may not be recorded in household surveys (like EHS) nor respond to individual surveys (like LFS).

These caveats duly noted, in 2008/09 there were about 1.4 million households (6.6%) which contained additional family units. Of these, 315,000 (1.5%) were cases of couples or lone parent families living with other households, while 1.1 million (5.1%) 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 2008/09**

Households with	Number	Percent
No additional families	20,113,442	93.4
Additional family units	1,416,961	6.6
of which:		
One person units only	1,102,112	5.1
Couples/lone parents	314,848	1.5
<b>All households</b>	<b>21,530,403</b>	<b>100.0</b>

Source: EHS

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 (4.5%), rather higher incidence in some other regions including the South West (6.2%), and a much higher incidence in London (11.9%). This correlates with many other

indicators of housing pressure in London, including most homelessness indicators (see above). Additional family units were also clearly more prevalent in more deprived neighbourhoods, with 8.1% in the most deprived tenth of small areas compared with 3.5% in the least deprived. This implies that higher incidence of living with others is indicative of necessity rather than choice. However, c.8% of households had 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.

**Table 5.15 Households with additional family units present by tenure, region and deprivation, 2008/09**

	Additional Family Units
<b>Tenure</b>	Units %
Owner Occupier	4.6%
Private Renter	18.3%
Social Renter	5.0%
<b>Region</b>	
East Midlands	4.5%
South West	6.2%
London	11.9%
<b>Deprivation</b>	
Most deprived 10%	8.1%
Least deprived 10%	3.5%

Source: EHS

Table 5.16 (overleaf) 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).

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 35-40% of cases.

**Table 5.16 Additional single person family units and non-dependent children by age and tenure 2008/09 (% of all households in each tenure)**

Tenure				
	Extra Singles	Singles >25	Non-dep Children	Non-Dep Chn >25
Owner occupied	3.4%	2.9%	12.5%	5.2%
Private rented	15.4%	9.6%	4.8%	1.5%
Local authority	3.6%	2.5%	11.5%	5.4%
RSL	3.0%	2.0%	10.9%	3.3%
<b>Total</b>	<b>5.1%</b>	<b>3.7%</b>	<b>11.2%</b>	<b>4.5%</b>

Source: EHS

‘Extra singles’ are much more prevalent in the PRS than in the other tenures. However, ‘non-dependent children’ living with parents is common across all mainstream tenures, and is most common in owner occupation followed by LA renting, with a low incidence in private renting. Although the number of children remaining in the parental household falls with age, 4.5% of all households contain a non-dependent child over 25.

Within the last couple of years 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

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. Taken together, Tables 5.14, 5.16 and 5.17 suggest that there were 1.39 million concealed single person households in England in 2008, in addition to 315,000 concealed couples and lone parents.

The LFS allows trends in concealed households to be tracked back to 1992, as shown in Table 5.23. 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 2010. It appeared 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.

**Table 5.17 Reasons single adults are living with others**

Reason person is living here	Extra Singles		Non-Dep Children	
	All	Over 25	All	Over 25
Their home and have no plans to move	55.1%	56.2%	50.6%	51.1%
living here temporarily while looking for work	1.8%	1.4%	.8%	.9%
Would like to buy or rent but can't afford it at the moment	13.8%	13.0%	25.0%	25.3%
Looking to buy or rent something affordable	4.9%	5.8%	5.4%	4.9%
Soon moving into own accommodation	2.7%	3.0%	3.2%	3.0%
going to college or going travelling on extended holiday	1.4%	1.8%	1.0%	1.0%
Au pair, or carer for another household member	5.4%	5.1%	2.0%	1.8%
Is being cared for by parent(s)	1.5%	1.9%	5.3%	5.6%
Buying renting property together with householder	.8%	.5%	.1%	.1%
Other reason	12.7%	11.2%	6.7%	6.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<i>Reasons implying prefer stay</i>	64.1%	65.5%	58.9%	59.5%
<i>Reasons implying leave or uncertain</i>	35.9%	34.5%	41.1%	40.5%

Source: EHS

**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%

Source: LFS

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.

As Table 5.19 (overleaf) demonstrates, 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 up to 2008 and for the South West up to 2002. London is clearly different, showing falling rates up to 2008, followed by rather 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, at a slightly older age. Overall, the picture is one of the general upward trend in headship

**Table 5.19 Headship rates by age (16-34), selected region and year**

North East	1992	1998	2002	2008	2010
16-19	0.025	0.035	0.052	0.025	0.049
20-24	0.243	0.284	0.244	0.236	0.222
25-29	0.448	0.478	0.431	0.441	0.492
30-34	0.531	0.528	0.550	0.550	0.547
East Midlands					
16-19	0.017	0.033	0.026	0.022	0.033
20-24	0.227	0.247	0.232	0.220	0.212
25-29	0.445	0.462	0.454	0.419	0.473
30-34	0.539	0.527	0.523	0.517	0.546
South West					
16-19	0.030	0.021	0.018	0.014	0.019
20-24	0.278	0.239	0.208	0.170	0.194
25-29	0.449	0.446	0.453	0.399	0.425
30-34	0.527	0.511	0.556	0.549	0.512
London					
16-19	0.024	0.033	0.008	0.025	0.033
20-24	0.263	0.204	0.178	0.188	0.216
25-29	0.465	0.447	0.414	0.362	0.416
30-34	0.555	0.549	0.543	0.504	0.542

Source: LFS

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 three years to 2009 with the average for the previous period for comparison. This shows that there has been a clear slowing in the flow of new household formation, particularly because of the drastic decline in the number of new households buying but also because of the fall in numbers of social lettings. The resurgent private rented sector has increased its numbers somewhat, but not enough to offset the fall in supply from the other tenures.

**Table 5.20 Estimated number of new households forming, by tenure of first destination 2002-2009 (000s)**

	2002-06 avg	2007	2008	2009
Own	118	131	72	40
Social Rent	92	76	44	48
Private Rent	190	183	229	208
<b>Total</b>	<b>400</b>	<b>390</b>	<b>345</b>	<b>296</b>

Source: SEH and EHS Reports  
Note: years refer to financial years 2007/08 etc.

### 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. Sharing reflects some of the 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 2010. According to the LFS, 1.75% of households in England shared in that year. Sharing was more common for single person households (4.6%) but was also quite common for couples (2.6%) and lone parent households (1.5%). Sharing is particularly concentrated in private renting (6.2%) but is not unknown in the social rented sector (1.5%) and even in the owner occupier sector (0.7%). It is much more prevalent in London, as one would expect and as with other indicators of housing pressure. However it is interesting to note that the next highest region by a considerable margin is the South West (2.3%). Sharing is particularly rare in the North East and West Midlands (0.1-0.2%). The majority of sharers share with one or two other households, but there are quite a few sharing households (40% of the total) who share with three or more other households.

**Table 5.21 Sharing households in England by household type, tenure, region and number sharing, 2010 (% of households)**

Household Type		Region	
Single	4.6%	NE	0.2%
Lone Parent	1.5%	YH	0.7%
Couple or 2 Adult	2.6%	NW	1.0%
Couple + 1 kid	1.1%	EM	0.7%
Couple + 2 kids	1.0%	WM	0.1%
Couple 3+ kids	0.6%	SW	2.3%
Multi Adult	0.8%	EE	0.4%
Single Pens	1.1%	SE	1.2%
Couple Pens	0.6%	GL	6.5%
<b>Total</b>	<b>1.8%</b>	<b>Total</b>	<b>1.8%</b>
Tenure		Number Sharing	
Own	0.7%	2 house-holds	0.7%
Soc Rent	1.5%	3 house-holds	0.3%
Priv Rent	6.2%	4+ hhllds	0.7%
<b>Total</b>	<b>1.8%</b>	<b>Any</b>	<b>1.8%</b>

Source: LFS 2010

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 5.3 overleaf. This showed a pronounced decline in the 1990s and a slight further decline in the early-mid-2000s, followed by an apparent increase in the last two years. This increase appears to evidence the impact of constrained access to housing following the 2007 credit crunch and the subsequent recession. 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>263</sup>. But for the reasons given above, coupled with the existing demand pressures on a limited supply of shared accommodation<sup>264</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 it constitutes homelessness in its more extreme forms<sup>265</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 5.4 summarises trends in overcrowding by tenure in England between 1995/6 and 2009/10 (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 2.9% of all households,

reversing previous declining trends. On the most recent figures 630,000 households (2.9%) were overcrowded in England. Overcrowding is less common in owner occupation (1.4%) and much more common in social renting (7.1%) and private renting (5.1%). The upward trend in overcrowding is primarily associated with the two rental tenures, in the most recent year more with social renting.

The high level of and the increase in overcrowding in the social rented sector is worthy of further comment. Traditionally we regard social housing as part of the solution to housing need problems rather than part of the problem (see Chapter 2). It may be the case that some of these households are still better off in social housing than they would be in the private sector, particularly in light of significant improvements in housing quality in the social sector as a result of the Decent Homes programme<sup>266</sup>, but it is a cause for concern that social housing cannot deliver an improving picture in terms of overcrowding. 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>267</sup> (encouraged by a mixture of planning, financial incentives, 'numbers games', and dubious demographic need estimates), 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.

263. 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.

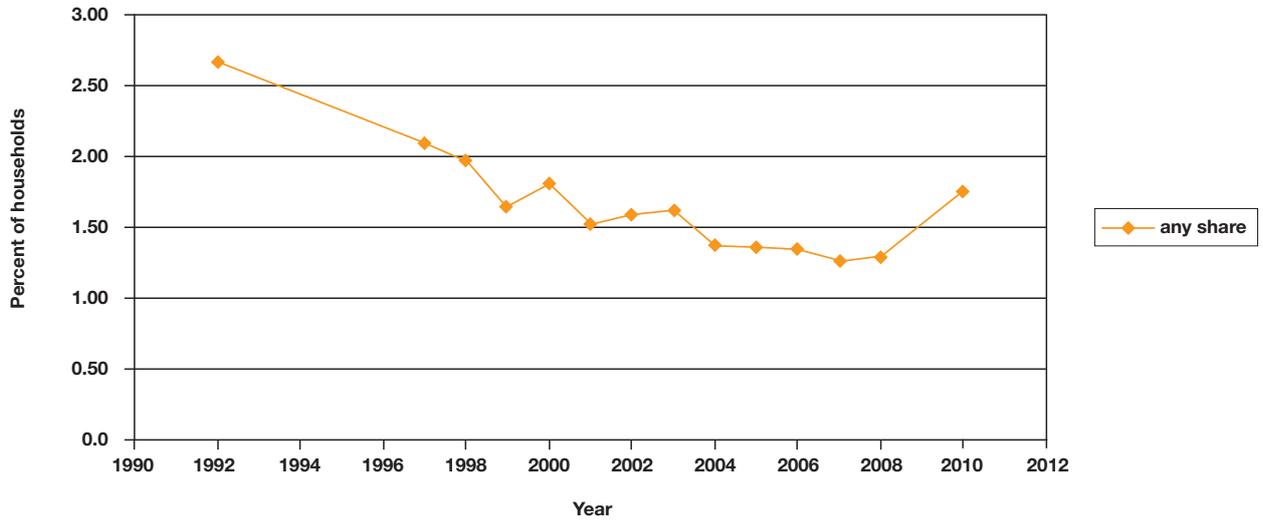
264. Ibid.

265. This is the position of FEANTSA (the European Federation of National Organisations Working with the Homeless) <http://www.feantsa.org/code/en/pg.asp?page=484>

266. Bramley, B. (2008) 'Need and demand, supply and quality', in Fitzpatrick, S. and Stephens, M. (eds.) *The Future of Social Housing*. London: Shelter.

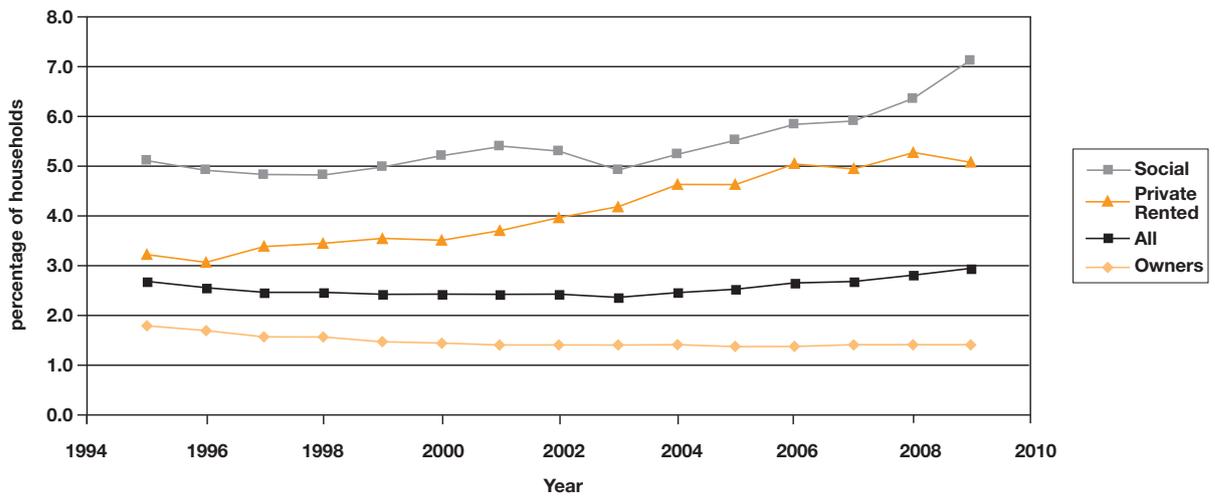
267. Crook, T., Whitehead, C., Jones, M., Monk, S., Tang, C., Tunstall, B., Bibby, P., Brindley, P. and Ferrari, E. (2011) *New Affordable Homes*. London: HCA and TSA.

Figure 5.3 Sharing households in England 1992 - 2010 (%)



Source: LFS

Figure 5.4. Overcrowding by tenure in England 1995 - 2009 (%)



Source: SEH/EHS

The next worst region for overcrowding is generally the West Midlands, although in the social rented sector the South East is marginally worse. Overcrowding rates are generally lower in the northern regions. The West Midlands situation may be affected by its relatively large ethnic minority population.

eased private housing affordability, which in turn freed up additional social and private lets. However, such a benign impact of the housing market recession is less likely this time because levels of lettings available in the social rented sector are now much lower, and the continuing constraints on mortgage availability is placing increasing pressures on the rented sectors.

**Table 5.22 Overcrowding by region by tenure 2008/09 (%)**

Region	Own	Private rent	Social rent
North East	1.4	3.3	3.4
Yorks & Humber	1.5	3.4	4.6
North West	1.9	4.1	4.0
East Midlands	1.2	3.4	4.2
West Midlands	2.0	5.4	6.1
South West	0.8	3.0	5.3
East of England	1.2	4.9	5.9
South East	1.2	4.5	6.2
Greater London	3.2	10.1	13.5
Total	1.6	5.4	6.7

Source: EHS, based on 3-year average data.

## 5.5 Key points

Previous chapters have reviewed the likely implications of both the economic climate and policy change for homelessness. They argued that the impact of the economic downturn and rising unemployment on homelessness is likely to be lagged and diffuse, often operating through ‘indirect’ mechanisms such as additional strain on family relationships. Much depends on the strength of the welfare safety net, and therefore the impact on this of the Government’s planned welfare reforms, most of which have yet to take effect. Housing market trends appear to have a more direct impact on homelessness than labour market change, and the last major housing market recession actually reduced homelessness, in part because it

In this chapter we utilised a range of statistical sources to assess whether there were any emerging statistical trends on homelessness which may be associated with economic and policy change, and also to provide a baseline against which to measure the impacts on homelessness of welfare and housing policy change and/or any lagged impacts of the recession over the next couple of years.

Our analysis demonstrated some very recent growth in ‘visible’ forms of homelessness, including both rough sleeping and statutory homelessness, thus contrasting with the last major recession when the net impact of economic and housing market weakness was beneficial in terms of (statutory) homelessness numbers. There are also indications that, starting earlier and continuing through the post-2007 downturn, ‘hidden’ forms of homelessness – concealed, sharing and overcrowded households – are on an upward trajectory. These trends appear to reflect housing market affordability and demographic pressures, particularly in London and the South. It is notable that these upward trends in both visible and hidden forms of homelessness appear to be taking hold before the full implementation of the planned restrictions on welfare entitlements.

Specific points to note on statistical trends are as follows:

- A gradual decline in rough sleeping in England until 2007/08 was reversed in the most recent period, although this turnaround was particularly marked in

the South while only very modest in the North. There has been an 8% rise in rough sleeping in London over the past year, only some of which is attributable to increased numbers of CEE migrants amongst the rough sleeping population.

- After a sharp decline from 2003-2009, the number of homelessness assessment decisions started to rise again in 2010, and there was a 10% increase in homelessness acceptances in the financial year 2010/11. B&B hotel placements also rose significantly in 2010.
- The profile of household types accepted as homeless, and the immediate reasons for applying as homeless, have remained remarkably consistent over the past decade, despite the very substantial reduction in the overall size of the cohort.
- 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 2008 there were an estimated 1.39 million concealed single households in England, as well as 315,000 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 not increased enough to offset the fall in supply from the other tenures.
- After a long-term decline, there has been an increase in the number of sharing households in the last two years, 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 2.9% of all households, reversing previous declining trends. On the most recent figures 630,000 households were overcrowded in England. Overcrowding is much more common in the rental sectors than in owner occupation.

## 6. Conclusions and future monitoring

Drawing on detailed statistical analysis and qualitative interviews with selected service providers across the country, this report has sought to provide an independent analysis of the impact on homelessness of recent economic and policy developments in England. It has considered both the effect of the post-2007 economic and housing market recession on homelessness, and also the implications of policy changes now being implemented under the Conservative-Liberal Coalition Government elected in 2010. Impacts on all of the following homeless groups were covered: people sleeping rough; single homeless people living in hostels, shelters and tempo rary supported accommodation; statutorily homeless households; and 'hidden homeless' households (living in overcrowded conditions, and also 'concealed' and 'sharing' households).

This is the first year report in a three-year longitudinal study, and it provides a 'baseline' account of how homelessness stands to date in 2011, as well as highlighting already emerging trends and forecasting some of the likely changes over the next couple of years. Its key conclusions lie in the following areas:

- The legacy of the homelessness and related policies of the 1997-2010 Labour Governments
- The implications of the post-2007 economic and housing market recessions for homelessness
- The implications of the post 2010 Coalition Government for homelessness, particularly with respect to its:

- a) welfare reforms
- b) housing reforms and the Localism agenda

- Emerging trends on homelessness

### 6.1 The legacy of the 1997-2010 Labour Governments

By the end of the Labour period in office there had been some notable achievements on homelessness<sup>268</sup>. In particular, there had been a sustained large reduction in levels of rough sleeping, or at least its visible manifestations, and an unprecedented decline in statutory homelessness since 2003. Local homelessness strategies, and the Supporting People and Hostels Capital Improvement programmes, had encouraged strategic working by local authorities and their voluntary sector partners, and 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>269</sup>.

By international standards, the English (and wider UK) response to homelessness had developed into one that was notably sophisticated by the end of the Labour Government period in office, especially with regard to the statutory homelessness framework<sup>270</sup> and the strong emphasis on homelessness prevention<sup>271</sup>. The UK is highly unusual in having enforceable rights for some homeless people where the

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

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

270. Since the Housing (Homeless Persons) Act 1977 came into force in 1978, local authorities in England (and elsewhere in Great Britain) have had a duty to secure settled accommodation for certain categories of homeless household.

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

ultimate discharge of public responsibility involves making available *settled housing* to qualifying households. Elsewhere, across the developed world, only France offers anything remotely similar<sup>272</sup>. While many other European countries incorporate a 'right' to housing in their national constitutions, there are seldom any legal mechanisms to enable homeless individuals to enforce these rights. While the UK's statutory framework predated the 1997-2010 Labour Governments' time in office, having been first introduced by the Housing (Homeless Persons Act) 1977, the step-change in the attention given to homelessness prevention occurred under these recent Labour administrations. The 'housing options' approach that was central to this preventative agenda has been controversial, but research has indicated that at least some of the decline in statutory homelessness has been the result of 'genuine' homelessness prevention rather than being entirely attributable to more onerous local authority gatekeeping<sup>273</sup>.

Notably, these Labour era 'gains' in homelessness responses in England were based largely on centrally-driven policies and centrally-policed national minimum standards. However, several significant problems remained when Labour vacated office, including the lengthy periods spent in temporary accommodation by some statutorily homeless families, especially in London<sup>274</sup>, and rising numbers of destitute migrants amongst the rough sleeping population<sup>275</sup>. There was also little sign that single homelessness (beyond rough sleeping)

had diminished under Labour's watch<sup>276</sup>. Most single homeless people remained outwith 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>277</sup>) Moreover, a number of forms of hidden homelessness appear to have commenced an upward trajectory during the Labour era, from around 2003, associated with housing affordability and demographic pressures (see further below).

The Labour administrations also oversaw a significant divergence in homelessness law and policy across the UK post-devolution, with Scotland opting to strengthen its statutory safety net far beyond anything contemplated in England, most notably with respect to the commitment to abolish, by 2012, the requirement to be in a 'priority need' group in order to be entitled to settled housing<sup>278</sup>. This means that it is now problematic to refer to a national 'UK homelessness framework', but also that, potentially, all four UK jurisdictions can learn from each other on the advantages and disadvantages of their contrasting approaches<sup>279</sup>.

272. 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 - 100.

273. Pawson, H., Netto, G. Jones, C., Wager, F., Fancy, C. and Lomax, D (2007) *Evaluating Homelessness Prevention*. London: CLG <http://www.communities.gov.uk/publications/housing/preventhomelessness>

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

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

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

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

278. Anderson, I. (2009) 'Homelessness policy in Scotland: A complete state safety net by 2012?', in Fitzpatrick, S., Quilgars D. and Pleace, N. (eds.) *Homelessness in the UK: Problems and Solutions*, Coventry: CIH.

279. Wilcox, S. and Fitzpatrick, S. with Stephens, M., Pleace, N., Wallace, A. and Rhodes, D. (2010) *The Impact of Devolution: Housing and Homelessness*. York: JRF.

## 6.2 The Implications of the Post-2007 Economic and Housing Market Recessions on Homelessness

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>280</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 (see below), are what usually ‘breaks the link’ between losing a job and homelessness<sup>281</sup>, any significant reform of welfare provisions – such as that proposed by the Coalition Government and discussed below – are likely to be highly relevant to homelessness trends.

Housing market conditions tend to have a more direct impact on levels of homelessness than labour market conditions<sup>282</sup>, and the last major housing market recession (1990-92) actually reduced statutory homelessness<sup>283</sup> because it eased the affordability of home ownership, which in turn freed up additional social and private lets. This positive impact on general housing access and affordability substantially outweighed the negative consequences of economic weakness on housing – e.g. evictions or repossessions triggered by loss of employment. The easing of housing affordability is crucial in this context 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’ via repossessions or evictions<sup>284</sup>. There is also good evidence that housing affordability trends underlie the changing incidence of hidden homelessness, such as overcrowding or concealed households<sup>285</sup>.

However, such a benign impact of the housing market recession is less likely this time around. The volume of lettings becoming available in the social rented sector is much lower<sup>286</sup>, due to the long term impact of the right to buy sales together with low rates of new build. Continuing constraints on mortgage availability are also placing increasing pressures on the rented sectors<sup>287</sup>.

The substantial growth in the private rented sector also means that the relationship between the economic downturn and homelessness may be very different this time round<sup>288</sup>. The sector has grown by more than 50% over the last decade<sup>289</sup>, and has thus become increasingly important as both a solution to homelessness (by absorbing some of those who might otherwise become homeless) and potentially also as a cause of homelessness (with loss of fixed-term tenancies possibly accounting for a growing proportion of statutory acceptances)<sup>290</sup>. Much therefore depends on the capacity of the private rented sector to expand any further, and absorb additional demand generated by access pressures in the other main tenures, as it did in the last major recession (albeit that

280. Vaitilingham, R. (2009) Britain in Recession: Forty Findings from Social and Economic Research. [http://www.esrc.ac.uk/\\_images/Recession\\_Britain\\_tcm8-4598.pdf](http://www.esrc.ac.uk/_images/Recession_Britain_tcm8-4598.pdf); Audit Commission (2009) When it comes to the Crunch ..... How Councils are Responding to the Recession : London: Audit Commission.

281. Stephens, M., Fitzpatrick, S., Elsinga, M., Steen, G.V. and Chzhen, Y. (2010) Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision. Brussels: European Commission.

282. Ibid.

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

284. Pleace, N., Fitzpatrick, S., Johnsen, S., Quilgars, D. and Sanderson, D. (2008) *Statutory Homelessness in England: The Experience of Families and 16-17 Year Olds*. London: Communities and Local Government.

285. Bramley, G., Pawson, H., White, M., Watkins, D. and Pleace, N. (2010) *Estimating Housing Need*. London: DCLG.

286. Pawson, H. and Wilcox, S. (2011) *UK Housing Review 2010/11*. Coventry: CIH

287. Wilcox, S. (2011) *The Deposit Barrier to Home Ownership*, in Pawson, H. and Wilcox, S. (2011) *UK Housing Review*. Coventry: CIH.

288. Department for Communities and Local Government. (2011) *English Housing Survey: Headline report 2009-10*. London: CLG

289. Pawson, H. and Wilcox, S. (2011) *UK Housing Review*. Table 17. Coventry: CIH.

290. <http://www.communities.gov.uk/publications/corporate/statistics/homelessnessq42010>

it may not represent the preferred tenure of frustrated first time buyers or social renters).

### 6.3 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>291</sup>, any radical weakening in England's welfare protection is likely to have damaging consequences for homelessness. Key informants participating in this research tended to emphasise that it will be the *combination* of benefit cuts and lack of access to employment that will hit potentially homeless groups – rather than resulting from any single factor, it is the cumulative effect which is likely to be telling.

The Coalition Government's welfare reforms which seem likely to have the most significant implications for homelessness include:

- The caps on Local Housing Allowance (Housing Benefit) and overall household benefit entitlement, which will severely restrict access to housing for low-income households in central London, particularly larger families<sup>292</sup>.
- Local Housing Allowance (Housing Benefit) rates being set according to 30<sup>th</sup> percentile market rents rather than median values, which is likely to restrict access to the private rented sector for low-income households in a range of areas of England.
- The extension of the (Housing Benefit) Shared Accommodation Rate to 25-34 year olds, which will increase pressure on a limited supply of shared accommodation and possibly force vulnerable people into inappropriate shared settings<sup>293</sup> (even with the recent concession for those leaving hostels);
- The uprating of non-dependant deductions from Housing Benefit, which could exacerbate rent arrears<sup>294</sup> and (in combination with other factors such as the abolition of Education Maintenance Allowance) increase the likelihood of young people being ejected from the family home, precipitating a rise in youth homelessness<sup>295</sup>;
- The new 'under-occupation penalty' for working age social tenants, which may drive up rent arrears and evictions<sup>296</sup>; and
- Increased conditionality and sanctions associated with the Work Programme, implying the possibility of draconian sanctions applied to single homeless people and other vulnerable groups with chaotic lifestyles<sup>297</sup>.

Among our homelessness service provider interviewees there was some support for the

291. Stephens, M., Fitzpatrick, S., Elsinga, M., Steen, G.V. and Chzhen, Y. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

292. 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.; Wilcox, S. (2011) 'Constraining choices: the housing benefit reforms', in Pawson, H. and Wilcox, S. UK Housing Review 2010/2011. Coventry: CiH.

293. Rhodes, D. and Wilcox, S., University of York (2011) *Unfair Shares: A Report on the Impact of Extending the Shared Accommodation Rate of Housing Benefit*. London: Crisis.

294. Pawson (2011) *Welfare Reform and Social Housing*. York: HQN Network.

295. Witherspoon, C., Whyley, C. and Kempson, E. (1996) *Paying for Rented Housing: Non-dependent Deductions from Housing Benefit*. London: Department of Social Security.

296. Pawson (2011) *Welfare Reform and Social Housing*. York: HQN Network.

297. UK: Key patterns and intersections', *Social Policy and Society*, 10 (4): 501-512.

principles of Universal Credit - if it can be made to work – particularly the flexibility it offers for people to work for a small number of hours and still be better off. That said, anxiety remains about ‘housing credits’ replacing direct rent payments to landlords, with potential implications for rent arrears, evictions and ultimately homelessness.

## 6.4 The implications for homelessness of the Coalition Government’s housing reform 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>298</sup>. Housing appears to be a comparative asset, which tends 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 the case 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>299</sup>.

The Coalition Government’s Localism agenda may undermine this national ‘housing

settlement’ which has hitherto played an important role in ameliorating the impact of income poverty on disadvantaged households. The significant reforms to Housing Benefit have been noted above. The move towards fixed-term ‘flexible’ tenancies in the social rented sector, and rents pushed up to 80% of market levels, will weaken the safety net function of the social rented sector over time. Removing security of tenure from new social tenants could also have negative impacts on community stability and work incentives<sup>300</sup>. The decentralisation of housing allocation eligibility decisions risks excluding some marginalised groups from mainstream social housing<sup>301</sup>.

Discharge of the statutory homelessness duty into fixed-term private tenancies without the applicant’s consent also raises important concerns regarding the tenure security available to vulnerable households, especially families with children. However, the impact of this particular change may be blunted somewhat by affordability constraints in the light of the Local Housing Allowance reforms (which will severely restrict access to the private rented sector for low-income households in some areas of England), although at the same time it may also lead to more ‘out-of-area’ placements to cheaper localities.

The introduction of the Supporting People funding stream in 2003 was central to the expansion of homelessness resettlement services across the UK<sup>302</sup>. 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. Though implemented by the last Labour Government, this move

298. Bradshaw, J., Chzhen, Y. and Stephens, M. (2008) ‘Housing: the saving grace in the British welfare state’, in S. Fitzpatrick and M. Stephens (Eds.) *The Future of Social Housing*, London: Shelter.

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

300. Fitzpatrick, S. and Pawson, H. (2011) *Security of Tenure in Social Housing: An International Review*. London: Shelter. [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)

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

302. Fitzpatrick, S., Quilgars D. and Pleave, N. (eds.) (2009) *Homelessness in the UK: Problems and Solutions*, Coventry: CIH.

strongly prefigured the current Government's decentralisation agenda which, in combination with national Supporting People budget cuts (amounting to a national 12% cut 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>303</sup>

More broadly, it was noted by our key informant interviewees 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 recognising this reality, a quasi-national framework is being retained through the Government's Ministerial Working Group on homelessness, albeit focused on a narrow definition of homelessness which relates primarily to rough sleeping.<sup>304</sup> Ministerial Working Group initiatives may help to drive down rough sleeping in England, particularly if the planned national roll-out of the 'No Second Night Out' project<sup>305</sup> is conducted in a flexible and locally-sensitive manner. The MWG's emphasis on addressing health inequalities affecting homeless people is also welcome, though its practical impact remains to be seen.

## 6.5 Emerging statistical trends

Data from a variety of sources demonstrates some very recent growth in 'visible' forms of homelessness, including both rough sleeping and statutory homelessness, thus contrasting with the last major recession

when the net impact of economic and housing market weakness was beneficial in terms of (statutory) homelessness numbers. There are also indications that, continuing through the post-2007 downturn, 'hidden' forms of homelessness – concealed, sharing and overcrowded households – are on an upward trajectory. These trends on hidden homelessness appear to reflect housing market affordability and demographic pressures, particularly in London and the South.

### 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>306</sup>. There has been an 8% rise in rough sleeping in London to 3,975 over the past year, only some of which is attributable to increased numbers of CEE migrants amongst the rough sleeping population<sup>307</sup>.

After a very sharp decline from 2003-2009, as a consequence of the homelessness prevention agenda, the number of local authority homelessness assessment decisions (a proxy for 'applications') started to rise again in 2010. Financial year figures for 2010/11 show an annual increase of 15% to 102,200<sup>308</sup>. The most recent quarterly statistics (for January-March 2011) show signs of a continuing upward trend in homelessness acceptances – often considered *the* key headline indicator<sup>309</sup>. Taking the 2010/11 financial year as a whole, there were 44,160 acceptances (from a total of 102,200 decisions). This is an increase from 40,020 in 2009/10 (a 10% rise) – the first financial year increase since 2003/04. The

303. Homeless Link (2011) Press Release 30 June 2011: *Cuts Making it Harder for Homeless People to Get Help* <http://www.homeless.org.uk/news/cuts-making-it-harder-homeless-people-get-help>.

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

305. <http://www.nosecondnightout.org.uk/about-us.html>

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

307. Broadway (2011) <http://www.broadwaylondon.org-CHAIN-NewsletterandReports.htm>

308. DCLG (2011) *Statutory Homelessness – 1st Quarter 2011, England*; London: DCLG <http://www.communities.gov.uk/publications/corporate/statistics/homelessnessq12011>

309. *Ibid.*

decline in the number of homeless households in temporary accommodation has also slowed down, adding to the sense that 2010 may be a year in which the trend on statutory homelessness 'turned' upwards<sup>310</sup>. Moreover, although overall temporary accommodation numbers continued to fall in 2010, B&B hotel placements rose significantly. In addition, homelessness prevention activity has continued to expand with 189,000 instances of prevention logged by local authorities in 2010/11, an increase of 14% on the previous year<sup>311</sup>.

Also notable is that the profile of household types accepted as homeless, and the immediate reasons for applying as homeless, have remained remarkably consistent over the past decade, despite the very substantial reduction in the overall size of the cohort (until recently). Moreover, there has been no significant shift in these patterns during the current economic downturn. While there has been a recent resurgence in loss of fixed-term tenancies as a presenting cause of statutory homelessness (which may well represent simply a return to the longer-term 'norm'), no proportionate or absolute increase in rent or mortgage arrears as a cause of statutory homelessness is apparent<sup>312</sup>. This is in keeping with the point made above that frustrated 'entry' into independent housing by newly forming or fragmenting households is a far more important 'trigger' of (statutory) homelessness than are forced 'exits' via repossession or evictions.

### Trends in hidden homelessness

The number of *concealed households*<sup>313</sup> - static or in decline during the 1990s and into the early 2000s - has recently increased<sup>314</sup>. In 2008 there were an estimated 1.39 million concealed single person households in England, as well as 315,000 concealed couples and lone parents<sup>315</sup>. Related to this development, there has been a clear slow 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<sup>316</sup>. The resurgent private rented sector has not increased enough to offset reduced supply in other tenures.

Reversing a long-term decline, *sharing households*<sup>317</sup> have increased in the last two years<sup>318</sup>, apparently a consequence of constrained access to housing following the 2007 credit crunch and the subsequent recession. Extending the (Housing Benefit) Shared Accommodation Rate to 25-34 year olds may expand further the number of households sharing accommodation, but it seems likely that many of those affected will become concealed households instead. *Overcrowding*<sup>319</sup> has increased markedly since 2003, from 2.4% to 2.9% of all households, reversing previous declining trends<sup>320</sup>. On the most recent figures 630,000 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

---

310. Ibid.

311. Ibid.

312. Ibid.

313. '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.

314. LFS

315. EHS

316. LFS and EHS

317. '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.

318. LFS

319. '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.

320. English Housing Survey

overcrowding is also associated with the two rental tenures, and particularly with social renting in the most recent period. The factors underlying this latter point probably include the concentration of social sector lets on families with children, the small size profile of new social house-building, and possibly a greater prevalence of larger families among some ethnic minority and immigrant groups gaining access to social housing.

### Overview of statistical trends

It should be emphasised that these upward trends in both visible and hidden forms of homelessness appear to have taken hold prior to implementation of most of the Coalition Government's planned restrictions on welfare entitlements and other policy reforms which may be anticipated as exacerbating homelessness.

However, while there has been much 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.

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. 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) with weak welfare protection<sup>321</sup>. Any significant reduction of the welfare safety net in the UK as a result of Coalition reforms may, of course, bring the scenario of middle class homelessness that much closer.

## 6.6 The Homelessness Monitor: Tracking the impacts on homelessness going forward

This is a concerning time for homelessness in England: the simultaneous weakening of the welfare safety net and the national 'housing settlement', in a context of wider recessionary pressures and growing unemployment, seems likely to have a negative impact on many of those vulnerable to homelessness.

In particular, the general effects of welfare reform – in combination with the economic downturn – seems certain to drive up homelessness in England over the next few years, as it will weaken the safety net that provides a 'buffer' between a loss of income, or a persistently low income, and homelessness, and will restrict access to the private rented sector for low income households.

As our statistical analysis shows, some aspects of 'visible' homelessness – including rough sleeping and statutory homelessness – appear to have commenced an upward trajectory ahead of these anticipated policy and economic developments. With respect to hidden homelessness – concealed, sharing and overcrowded households – there are longer-term rising trends, starting before the current recession, and reflecting mainly housing affordability and demographic pressures.

Looking forward, the next two years is widely thought to be a crucial time period over which any 'lagged' impacts of the recession may start to materialise, together with at least some of the effects of welfare and housing reform. At the same time, housing market pressures seem unlikely to ease, extending highly constrained access to home ownership for first-time buyers which is, in turn, increasing demand for both of the rental

321. Stephens, M., Fitzpatrick, S., Elsinga, M., Steen, G.V. and Chzhen, Y. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

sectors (though the response of the private rented sector is an important unknown).

With respect to visible homelessness, this monitoring exercise over the next two years will provide an opportunity to analyse the extent to which the recent upward shifts in visible homelessness – both rough sleeping and statutory homelessness – represent sustained trends or temporary ‘blips’ in the data.

On hidden homelessness, we will track whether the rising trends in concealed, sharing and overcrowded households persist through the current economic downturn and any short-term fluctuations in housing affordability.

We will also attempt to ascertain the profile of those affected by both visible and hidden forms of homelessness, 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, any shifts in regional patterns will be closely monitored.

The evidence provided by this Homelessness Monitor over the next two 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 1 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 (30<sup>th</sup> 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 1 local authorities

#### 1. Introduction

- Explain nature and purpose of research
- Their job title/role; how long they have been in that position/organisation
- Extent of knowledge on specific homeless groups (rough sleepers, single homeless, statutory homeless, etc.)

#### 2. Impacts of post-2007 economic/housing market context

- Has there been an impact of the post-2007 recession and housing market downturn on housing need/homelessness in your local authority?
- Any specific effects on:
  - statutory homeless
  - rough sleepers
  - single homeless

*probe on changes in size, nature of client group, factors triggering homelessness*
- Are you aware of whether any of the following factors have impacted significantly on housing need/homelessness in your area:
  - 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
- Overall, have these economic developments/contexts had a positive or negative impact on each of the specified homelessness groups?
- How did introduction of the Local Housing Allowance affect the accessibility of the private rented sector for low income households in your area?

- What statistical measures do you have for changing rates of housing need/homelessness demand in your borough over the past few years? – e.g. new housing applications, housing advice caseload statistics. Would you be willing to share these with us?
- Prompt: ideally we are interested in time series data showing trends in the overall scale of demand and its constituent components (e.g. breakdown by household type, immediate cause of (potential) homelessness)
- How do you see the impact of economic conditions affecting homelessness over the next year?

### 3. Impacts of Coalition housing/housing benefit reform policies

- Are there any particular Coalition housing/housing benefit reform policies/proposals you believe are likely to impact significantly on housing need/homelessness over the next 1-2 years?
- Probe:
  - welfare reform – LHA restrictions (30<sup>th</sup> 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
- What impact will they have – positive or negative?
- Can anything be said about the likely impacts on distinct homelessness groups – i.e. statutory homeless, rough sleepers, single homeless
- Which policies/impacts are you most concerned about and why?
- 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?
- Do you think that a continuing expansion of the private rented sector will help offset rising homelessness by providing more supply at affordable rents?
- What is your experience of whether landlords will accept lower rents to conform to reduced HB ceilings?

### 4. Impacts of other Coalition policies over next 12 months

- Are there any other Coalition 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

- How will these factors impact here?
- probe: increase risks of homelessness, make homelessness prevention more difficult, make resolving homelessness more difficult, etc.
- Can anything be said about how these changes may affect distinct homelessness groups – i.e. statutory homeless, rough sleepers, single homeless
- 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 affect some groups more than others?

## **5. Follow up**

- Any data/evidence they can give us?
- OK to return to speak to them again this time next year?

## Bibliography

- Ashton, T. and 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>
- Audit Commission (2009) *When it comes to the Crunch ..... How Councils are Responding to the Recession*. London: Audit Commission.
- Ball, M. (2010) 'The UK Private Rented Market as a Source of Affordable Accommodation', *JRF Programme Paper: Housing Market Taskforce*. York: JRF.
- 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.
- Bramley, G., Pawson, H., White, M., Watkins, D. and Pleace, N. (2010) *Estimating Housing Need*. London: DCLG.
- Brien, S. (2009) *Dynamic Benefits: Toward welfare that works*. London: Centre for Social Justice.
- Broadway (2010) *Street to Home Quarterly Bulletin October-December 2010*. London: Broadway: <http://www.broadwaylondon.org/CHAIN/NewsletterandReports>
- Buchanan, J. (2004) 'Tackling problem drug use: a new conceptual framework', *Social Work in Mental Health*, 2(3): 117-138.
- Busch-Geertsema, V. and Fitzpatrick, S. (2008) 'Effective homelessness prevention? Explaining reductions in homelessness in Germany and England', *European Journal of Homelessness*, 2: 69-95.
- Byrne, D. S. (1998) *Complexity Theory and the Social Sciences*. London: Routledge.
- 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.
- CLG (2008) *No-one Left Out – Communities Ending Rough Sleeping*, London: CLG.
- CLG (2006) *Places of Change: Tackling Homelessness through the Hostels Capital Improvement Programme*. London: CLG.
- Crane, M., Byrne, K., Fu, R., Bryan Lipmann, B., Mirabelli, F., Rota-Bartelink, A. Ryan, M., Shea, R., Watt, H. and Warnes, A.M. (2005) 'The causes of homelessness in later life: findings from a 3-Nation study', *Journal of Gerontology*, 60B(3): 152-159.
- Crook, T., Whitehead, C., Jones, M., Monk, S. Tang, C., Tunstall, B., Bibby, P., Brindley, P. and Ferrari, E. (2011) *New Affordable Homes*. London: Homes and Communities Agency and Tenants Services Authority.

Crunch Consulting Ltd (forthcoming) *Homeless Link Scoping Project on the Prevention of Rough Sleeping among Central and Eastern European Migrants in England*.

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

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>

DCLG (2011) *English Housing Survey: Headline report 2009-10*. London: DCLG.

DCLG (2011) *English Housing Survey: Household Report 2009-10*. London: DCLG.

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

DCLG (2011) *A Plain English Guide to the Localism Bill: Update*. London: DCLG.

DCLG (2011) *Statutory Homelessness – 1<sup>st</sup> Quarter 2011, England*. London: DCLG: <http://www.communities.gov.uk/publications/corporate/statistics/homelessnessq12011>

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

DCLG (2010) *New Homes Bonus – Consultation* London: DCLG.

DCLG (2010) *Local Decisions: A Fairer Future for Social Housing. Consultation*. London: DCLG.

DCLG (2010) *Rough Sleeping Statistics England – Autumn 2010 Experimental Statistics*. London: DCLG: <http://www.communities.gov.uk/publications/corporate/statistics/roughsleepingautumn2010>

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

DTLR (2002) *More Than a Roof: A Report into Tackling Homelessness*. London: DTLR.

Dwelly, T. and Cowans, J. (2006) *Rethinking Social Housing*. London: The Smith Institute.

DWP (2011) *Two Year Review of the Local Housing Allowance*. London: DWP.

DWP (2011) *DWP Housing Benefit and Council Tax Benefit Statistical Summary*. London: DWP.

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>

DWP (2010) *Impacts of Housing Benefit proposals. Changes to the Local Housing Allowances to be introduced in 2011/12*. London: DWP.

Edgar, W. and Meert, H. (2005) *The Fourth Review of Statistics on Homelessness in Europe*. FEANTSA: Brussels.

Equality and Human Rights Commission (2009) *Monitoring the Impact of the Recession Various Demographic Groups*. London: EHRG.

ESDS Government (2011) *Labour Force Survey*. Manchester: ESDS Government.

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.

Fitzpatrick, S. (forthcoming 2011) 'Homelessness', in D. Clapham and K. Gibb (eds.), *Handbook of Housing Studies*. London: Sage.

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

Fitzpatrick, S. (2000) *Young Homeless People*. Basingstoke: Macmillan.

Fitzpatrick, S. (1998) 'Homelessness in the European Union', in M. Kleinman, W. Mattznetter, and M. Stephens (eds.) *European Integration and Housing Policy*. London and New York: Routledge (pp. 197-214).

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

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

Fitzpatrick, S. and Pawson, H. (2011) *Security of Tenure in Social Housing: An International Review*. [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)

Fitzpatrick, S. and Pawson, H. (2007) 'Welfare safety net or tenure of choice? The dilemma facing social housing policy in England', *Housing Studies*, 22(2): 163-182.

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

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

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

Fitzpatrick, S. and Watts, B. (2011) 'The 'Right to Housing' for homeless people', in E. O'Sullivan (ed.), *Homelessness Research in Europe*. Brussels: FEANTSA.

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>

H.M. Treasury (2011) *Forecasts for the UK Economy: a comparison of independent forecasts*. July and May editions. <http://www.hm-treasury.gov.uk/d/201107forecomp.pdf>

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.

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>

Homeless Link (2011) Press Release 30 June 2011: *Cuts Making it Harder for Homeless People to Get Help*. London: Homeless Link: <http://www.homeless.org.uk/news/cuts-making-it-harder-homeless-people-get-help>.

Homeless Link (2011) *Survey of Needs and Provision 2011*. London: Homeless Link: <http://www.homeless.org.uk/snap-2011>

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

Homeless Link et. al. (2010) *Homelessness Trends and Projections*. London: Homeless Link: <http://www.homeless.org.uk/sites/default/files/Homelessness%20briefing%20-%20December%202010.pdf>

Hometrack (2011) *Affordable Rent Policy Impact Analysis*. <http://www.hometrack.co.uk>

Hough, B., and Rice, B (2010) *Providing Personalised Support to Rough Sleepers*. York: JRF.

Hulse, K., Milligan, V. and Easthope, H. (forthcoming 2011) *Secure Occupancy in Rental Housing: Conceptual Foundations and Comparative Perspectives*. Australian Housing and Urban Research Institute.

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

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.

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

Lemos, G. (2000) *Homelessness and Loneliness. The Want of Conviviality*. London: Crisis.

Lemos, G. and Durkacz, S. (2002) *Dreams Deferred: The Families and Friends of Homeless and Vulnerable People*. London: Lemos & Crane.

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: 75-100.

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

Mayor of London (2009) *Ending Rough Sleeping – the London Delivery Board*. London: GLA: <http://www.london.gov.uk/archive/mayor/publications/2009/docs/ending-rough-sleeping.pdf>

Muellbauer, J. and Aron, J. (2010) *Modelling and Forecasting UK Mortgage Arrears and Possessions*. London: DCLG: [www.communities.gov.uk/publications/housing/modellingarrearssummary](http://www.communities.gov.uk/publications/housing/modellingarrearssummary)

Neale, J. (1997) 'Theorising homelessness: contemporary sociological and feminist perspectives', in R. Burrows, N. Pleace and D. Quilgars (eds.) *Homelessness and Social Policy*. London: Routledge.

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)

O'Sullivan, E. (2008) 'Sustainable solutions to homelessness: The Irish case', *European Journal of Homelessness*, 2: 205-234.

ONS (2011) *Labour market statistical bulletin: August 2011*. London: ONS.

Pawson, H. (2011) *Welfare Reform and Social Housing*. York: HQN Network.

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

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

Pawson, H. and Davidson, E. (2006) 'Fit for purpose? Official measures of homelessness in the era of the activist state', *Radical Statistics*, 93: 7-29.

Pawson, H., Netto, G. Jones, C., Wager, F., Fancy, C. and Lomax, D (2007) *Evaluating Homelessness Prevention*. London: CLG: <http://www.communities.gov.uk/publications/housing/preventhomelessness>

Pawson, H., Netto, G. and Jones, C. (2006) *Homelessness Prevention: A Guide to Good Practice*. London: DCLG: <http://www.communities.gov.uk/publications/housing/homelessnessprevention>

Pawson, H. and Wilcox, S. (2011) *UK Housing Review 2010/11*. Coventry: CiH: <http://www.york.ac.uk/res/ukhr/index.htm>

Pawson, H. and Wilcox, S. (2011) *UK Housing Review Briefing Paper*. Coventry: CiH.

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

- Pleace, N., Fitzpatrick, S., Johnsen, S., Quilgars, D. and Sanderson, D. (2008) *Statutory Homelessness in England: The Experience of Families and 16-17 Year Olds*. London: CLG.
- Pleace, N. and Quilgars, D. (2003) 'Led rather than leading? Research on homelessness in Britain', *Journal of Community and Applied Social Psychology*, 13: 187-196.
- Quilgars, D., Johnsen, S. and Pleace, N. (2008) *Youth Homelessness in the UK: A Decade of Progress?*, York: JRF.
- Randall, G. and Brown, S. (1999) *Prevention is Better Than Cure*. London: Crisis.
- Randall, G. and Brown, S. (1993) *The Rough Sleepers Initiative: An Evaluation*. London: HMSO.
- Reeve, K. and Batty, E. (2010) *The Hidden Truth about Homelessness: Experiences of Single Homelessness in England*. London: Crisis.
- RICS (2011) *RICS Residential Lettings Survey GB April 2011*. London: RICS.
- Rhodes, D and Rugg, R. (2006). *Landlords and Agents in the private rented sector: the baseline experience in the LHA Pathfinder*, London: DWP.
- SCSH and Crisis (2011) *SCSH and Crisis Survey: Section 32A Findings*. Edinburgh: SCSH.
- Scottish Government (2011) *Housing List Statistics from an Omnibus Survey*. Edinburgh: Scottish Government.
- Shelter Scotland (2011) *A Shelter Scotland Report: Housing Options in Scotland*. Edinburgh: Shelter Scotland.
- Shinn, M. (2007) 'International homelessness: policy, socio-cultural, and individual perspectives', *Journal of Social Issues*, 63(3): 657-677.
- Social Exclusion Unit (1998) *Rough Sleeping - Report by the Social Exclusion Unit*. London: HMSO.
- Stafford, B. and Duffy, D. (2009) *Review of Evidence on the Impact of the Economic Downturn on Disadvantaged Groups*. London: DWP.
- Stephens, M., Burns, N. and MacKay, L. (2002) *Social Market or Safety Net? British Social Rented Housing in a European Context*. Bristol: Policy Press.
- Stephens, M., Fitzpatrick, S., Elsinga, M., Steen, G.V. and Chzhen, Y. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.
- Tabner, K. (2010) *Beyond Homelessness: Developing Positive Social Networks*. Edinburgh: Rock Trust.
- Vaitilingham, R. (2009) *Britain in Recession: Forty Findings from Social and Economic Research*. Swindon: ESRC: [http://www.esrc.ac.uk/\\_images/Recession\\_Britain\\_tcm8-4598.pdf](http://www.esrc.ac.uk/_images/Recession_Britain_tcm8-4598.pdf)

Walker, B. and Niner, P. (2010) *Low income working households in the private rented sector*. London: DWP.

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

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

Wilcox, S. and Fitzpatrick, S. with Stephens, M., Pleace, N., Wallace, A. and Rhodes, D. (2010) *The Impact of Devolution: Housing and Homelessness*. York: JRF.

Wilcox, S, Wallace, A., Bramley, G., Morgan, J., Sosenko, F. and Ford, J. (2010) *Evaluation of the Mortgage Rescue Scheme and Homeowners Mortgage Support*. London: DCLG.

Wilcox, S., Whyley, C. and Kempson, E. (1996) *Paying for Rented Housing: Non-dependent Deductions from Housing Benefit*. London: Department of Social Security.

Williams, M. (2001) 'Complexity, probability and causation: implications for homelessness research', *Journal of Social Issues*, <http://www.whb.co.uk/socialissues/mv.htm>

Witherspoon, C., Whyley, C. and Kempson, E. (1996) *Paying for Rented Housing: Non-dependent Deductions from Housing Benefit*. London: Department of Social Security.



## 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.

## Get in touch

### **Crisis**

66 Commercial Street  
London E1 6LT  
Tel: 0300 636 1967  
Fax: 0300 636 2012

**[www.crisis.org.uk](http://www.crisis.org.uk)**

© Crisis 2011  
ISBN 978-1-899257-69-0

Crisis UK (trading as Crisis). Registered Charity Numbers:  
E&W1082947, SC040094. Company Number: 4024938

# Homelessness ends here