# The homelessness monitor: England 2017

**Suzanne Fitzpatrick, Hal Pawson, Glen Bramley, Steve Wilcox and Beth Watts** Institute for Social Policy, Environment and Real Estate (I-SPHERE), Heriot-Watt University; City Futures Research Centre, University of New South Wales

March 2017
Executive Summary

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## The homelessness monitor

The homelessness monitor is a longitudinal study providing an independent analysis of the homelessness impacts of recent economic and policy developments in England. It considers both the consequences of the post-2007 economic and housing market recession, and the subsequent recovery, and also the impact of policy changes.

This sixth annual report updates our account of how homelessness stands in England in 2017, or as close to 2017 as data availability allows. It also highlights emerging trends and forecasts some of the likely future changes, identifying the developments likely to have the most significant impacts on homelessness.

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

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## About Crisis

Crisis is the national charity for homeless people. We help people directly out of homelessness, and campaign for the social changes needed to solve it altogether. We know that together we can end homelessness.

## About the authors

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# Foreword

The homelessness monitor England 2017 is the sixth instalment of an annual state-of-the-nation report looking at the impact of economic and policy developments on homelessness.

Drawing on statistical analysis, insights from a large scale survey with local authorities and in-depth interviews with key informants, this year's monitor gives new evidence on the growing shortfall in housing supply and the difficulties many homeless people face in trying to access a home. The survey of local authorities reveals that just over six out of 10 councils find it hard to access social tenancies for homeless people. Furthermore, just under half described it as 'very difficult' to assist applicants into privately rented accommodation.

The research underlines the particular difficulties many councils will face finding accommodation for young people and families over the next two to three years. There are serious concerns for single young people because of rising unemployment, benefit cuts and spiralling rents. Two-thirds of local authorities told us they expect it to be 'much more difficult' to help 18-21 year olds access housing in the next few years. These concerns will be amplified by planned removal of entitlement to support with housing costs for many people in this age group.

Once again this year's Monitor warns about on-going welfare reforms with the discrepancy between Local Housing Allowance and rents highlighted as a significant barrier to council attempts to house homeless applicants.

The past year has, however, marked an important step towards tackling homelessness. The Homelessness Reduction Bill, which, at the time of writing, is nearing the end of its parliamentary passage signals a very important change in enabling everyone facing homelessness to access the help they need at earliest possible point. Yet as the research highlights, until the number of homes available across all tenures increases significantly, councils will continue to struggle to help the most vulnerable in society. The lack of affordable, secure rented housing is driving up homelessness in England and the report shows that housing provision would have to increase by a fifth on last year's level just to keep pace with demand, let alone ease market pressure.

So although the government has set out plans to build new homes and have a greater focus on renting, these will not be within the reach of many people at risk of homelessness. The change in the law is an important step but needs to be followed by stability in the housing market and greater access to suitable housing. This report examines all these issues in depth and provides an authoritative insight into the current state of homelessness in England. It is an invaluable tool for those interested in understanding homelessness and seeking to end it.

**Jon Sparkes**
Chief Executive, Crisis

**Campbell Robb**
Chief Executive, Joseph Rowntree Foundation

# Executive summary

The homelessness monitor series is a longitudinal study providing an independent analysis of the homelessness impacts of recent economic and policy developments in England and elsewhere in the UK.[1] This sixth annual report updates our account of how homelessness stands in England in 2017, or as close to 2017 as data availability allows.

Key points to emerge from our latest analysis are as follows:

- An ongoing upward trend in officially estimated rough sleeper numbers remained evident in 2016, with the national total up by 132 per cent since 2010. Statistics routinely collected by the 'CHAIN' system similarly show London rough sleeping having more than doubled since 2010. A recent sharp contraction in Central and Eastern European nationals sleeping rough has masked an ongoing increase in rough sleeping involving UK nationals (up by 6% in Q2 2016/17 compared with the same quarter a year earlier).

- At nearly 58,000, annual homelessness acceptances were some 18,000 higher across England in 2015/16 than in 2009/10. With a rise of 6 per cent over the past year, acceptances now stand 44 per cent above their 2009/10 low point. However, administrative changes mean that these official statistics understate the increase in 'homelessness expressed demand' over recent years.

- Including informal 'homelessness prevention' and 'homelessness relief' activity, as well as statutory homelessness acceptances, there were some 271,000 'local authority homelessness case actions' in 2015/16, a rise of 32 per cent since 2009/10. While for the second year running this represents a slight decrease in this indicator of the gross volume of homelessness demand (by 2%), two-thirds of all local authorities in England reported that overall service demand 'footfall' rose in their area in 2015/16. The most likely explanation for this apparent discrepancy is that funding constraints have started to limit local authorities' homelessness service capacity, particularly with respect to these 'non-statutory' relief and prevention duties.

- The vast bulk of the recorded increase in statutory homelessness in recent years is attributable to the sharply rising numbers made homeless from the private rented sector, with relevant cases having almost quadrupled over the period – from less than 5,000 to almost 18,000. As a proportion of all statutory homelessness acceptances, such cases had consequentially risen from 11 per cent to 31 per cent since 2009/10.

- Regional trends in homelessness have remained highly contrasting, with acceptances in the North of England in 2015/16 some 6 per cent lower than in 2009/10 (the national low point), while in London the latest figure was more than double (103% higher than) that at this previous low point. However, there were also indications from our 2016 survey results that rising homelessness pressures have recently been bearing down most heavily on the South of England and, to a lesser extent, the Midlands. This might suggest that some of the extreme pressure

1 Parallel Homelessness Monitors are being published for Scotland, Wales and Northern Ireland. All of the UK Homelessness Monitor reports are available from http://www.crisis.org.uk/policy-and-research.php

that has accumulated in London over recent years has begun to transfer beyond the capital's borders.

- Since bottoming out in 2010/11, homeless placements in temporary accommodation have risen sharply, with the overall national total rising by 9 per cent in the year to 30 June 2016; up by 52 per cent since its low point five years earlier. While accounting for only 9 per cent of the national total, B&B placements have been rising even faster, and now stand almost 250 per cent higher than in 2009. Signs of stress are also evident in the growing proportion of temporary accommodation placements beyond local authority boundaries: now representing 28 per cent of the national total, up from only 11 per cent in 2010/11. Such placements mainly involve London boroughs.

- There were 2.27 million households containing concealed single persons in England in early 2016, in addition to 288,000 concealed couples and lone parents. The number of adults in these concealed household units is estimated at 3.34 million. These numbers represent a rise of one third since 2008. On the most recent (2013) figures 672,000 households (3.0%) were overcrowded in England. Thus, overcrowding has remained at a high level since 2009. Both concealed and overcrowded households can be stuck in that position for considerable periods of time, with this persistence worsening after the recent economic crisis.

- The welfare cuts introduced in this decade, and those planned for introduction in the coming years, will cumulatively reduce the incomes of poor households in and out of work by some £25 billion a year by 2020/21. This is in a context where existing welfare cuts, economic trends, and higher housing costs associated with the growth of private renting have already increased poverty amongst members of working families to record levels.

- The Shared Accommodation Rate limits for single people aged under 35 have already had a marked impact in reducing (by some 40%) their access to the private rented sector. In inner London, the impact of the national Local Housing Allowance caps has led to a similar reduction in the capacity of other low-income households to secure, or maintain, private rented sector tenancies.

- So far the overall benefit cap has had a limited impact, but this is set to increase fourfold with the advent of the lower caps announced in the Summer 2015 Budget, and will make it highly problematic for larger families, not just in London but across the country, to find affordable housing.

- There are continuing concerns about the many difficulties that the administrative arrangements for Universal Credits pose for vulnerable households. The reductions in work allowances announced in the 2015 Summer Budget will also significantly erode the potential 'work incentive' benefits of the scheme, and are only marginally mitigated by the reduction to the Universal Credit taper rate announced in the 2016 Autumn Statement.

- The new welfare reforms announced in the summer 2015 Budget and Autumn Statement will have particularly marked consequences both for families with more than two children, and for young single people. These groups will either potentially be entirely excluded from support with their housing costs (if 18-21 and not subject to an exemption), or subject to Shared Accommodation Rate limits on eligible rents in the social as well as the private rented sector. Consequently, these are the groups that local authorities report greatest difficulty in rehousing.

- The capacity of the social rented sector to meet housing needs will continue to be tested in the years ahead, despite the new Government's injection of funds to modestly increase the supply of affordable housing from 2017/18, and the allowance of a degree of tenure flexibility over the use of grant. Almost two-thirds of respondents to our 2016 local authority online survey reported difficulties in accessing social tenancies for their homeless applicants, with three-quarters of respondents in London commenting that this was "very difficult". As well as emphasising the absolute shortage of social lettings in their area, many local authority respondents also reported that housing associations were becoming increasingly selective regarding applicant incomes and independent living skills.

- Despite a continued growth in the overall size of the private rental sector, which is now larger than the social rental sector in England, half of all local authorities, and virtually all in London, described it as "very difficult" to assist their applicants into private rental tenancies. These difficulties were attributed to the combined effects of rising rents and welfare benefit restrictions, particularly frozen Local Housing Allowance rates.

- One of the most significant policy developments over the past year has been the bringing forward of a Homelessness Reduction Bill to place local authority prevention duties and obligations to single homeless people on a firmer statutory footing. At the time of writing, this proposed legislation was still undergoing Parliamentary scrutiny, with both statutory and voluntary sector key informants judging that the current draft represented a 'reasonable' balance between competing interests in a very challenging structural climate.

- Important context here is the austerity programme that continues to be applied to local government in England, and which is impacting disproportionately on deprived northern urban local authorities. Thus, while local authority spending on homelessness has increased somewhat (by 13%) since 2010, reflecting the priority attached to this area by central government, overall council spending on housing has dropped by 46 per cent in real terms, with an even larger cutback in their Supporting People programmes (67%).

- As a result, there has been a sharp contraction in the number of supported accommodation units available for homeless people, and such accommodation was reported to be under acute pressure across the country. Homelessness organisations cautiously welcomed the recent decision to delay and mitigate the extension of the Local Housing Allowance limits to tenants of supported housing. However, significant concerns remain about the effects on the supported accommodation sector of the social housing rent reduction from April 2017.

- While the UK economy has now clearly recovered from the credit crunch, future economic and housing market prospects have been impacted by the referendum vote for the UK to leave the EU, and the uncertainty about what this will mean in practice. Looking ahead housing market pressures are set to grow as new house building rates remain some way below projected levels of household formation. At the same time, there is now much greater uncertainty about future levels of household formation following the Brexit vote.

## Trends in homelessness

The table below provides a statistical overview of the key homelessness trends, as captured in official and administrative

**Table 1: Summary of homelessness statistics.**

| Summary of Homelessness Statistics | 2009/10 | 2014/15 | 2015/16 | % change 2014/15-2015/16 | % change 2009/10-2015/16 |
|---|---|---|---|---|---|
| Rough sleeping in England – snapshot (1) | 1,768 | 3,569 | 4,134 | 16 | 134 |
| Rough sleeping in London – annual (2) | 3,673 | 7,581 | 8,096 | 7 | 120 |
| Local authority statutory homelessness cases – annual (3) | 89,120 | 112,350 | 114,780 | 2 | 29 |
| Local authority statutory homelessness acceptances – annual (4) | 40,020 | 54,430 | 57,740 | 6 | 44 |
| Local authority homelessness prevention and relief cases (5) | 165,200 | 220,800 | 213,300 | -3 | 29 |
| Total local authority homelessness case actions (6) | 205,220 | 275,230 | 271,050 | -2 | 32 |

Sources: (1)-(6) Department for Communities and Local Government; (2) Greater London Authority.
Notes: (1) Numbers estimated by local authorities on given date (based on counts in a minority of local authorities); '2009/10' figure is for Autumn 2010; (2) Numbers recorded as sleeping rough at least once during financial year; (3) Homelessness applications processed under statutory procedures; (4) Households formally assessed as 'unintentionally homeless and in priority need'; (5) Instances involving non-statutory assistance provided to homelessness applicants in retaining existing accommodation or securing a new tenancy; (6) Rows (4) + (5).

statistics. Each indicator is discussed in detail below, but the overall picture is immediately apparent: there has been a substantial expansion in all forms of recorded homelessness since 2009/10, but the rate of increase has significantly slowed, or even marginally reversed, in the most recent financial year.

## Rough sleeping

An ongoing upward trend in officially estimated rough sleeper numbers remained evident in 2016, with the national total up by 132 per cent since 2010. In the past two years alone, rough sleeping is up 51 per cent. Albeit that the England-wide total rose by 16 per cent in the last 12 months, the rate of increase was much higher outside London (21%) than in the capital (3%).

The more robust and comprehensive rough sleeper monitoring data collected by the St Mungo's CHAIN system in London confirms the upward trend since 2010, with London rough sleeping having more than doubled (up 104%) over this period. However, the latest statistics suggest the possibility of a recent reversal in these patterns. Data for Q2 2016/17 show a slight decrease in overall London rough sleeping numbers – down from 2,689 to 2,638.[2] Most notably, after years of rapid growth, the number of Central and Eastern European rough sleepers in London fell markedly during 2016 – from 1,000 (35% of the total) in Q2 2015/16 to 721 (28%) in

2 Mayor of London (2016) CHAIN Quarterly Report Greater London July-Sept 2016 https://data.london.gov.uk/dataset/chain-reports/resource/6cdbfcdf-bc2f-4c5a-a379-7c8cf7ec9cda

Q2 2016/17. This sharp contraction in CEE nationals sleeping rough has masked an ongoing increase in rough sleeping involving UK nationals (up by 6% in Q2 2016/17 compared with Q2 2015/16).

## Single homelessness

Data on single homelessness trends, other than with respect to rough sleeping, are hard to source. The statutory homelessness system (see below) excludes most single homeless people, with only certain priority categories deemed 'priority need' and therefore accepted as owed the main homelessness duty. The recent trend in such priority single homelessness cases has been relatively flat, rising by only 15 per cent in the six years to 2015/16, as compared with the 56 per cent increase seen for families and multi-adult households.

There are two other possible explanations for the relatively stable incidence of single homelessness as measured via statutory homelessness records. The first is that the underlying growth in single homelessness has in fact been much lower than among families. The other, more plausible, explanation is that the recorded trend in single homelessness acceptances reflects an increasingly rigorous interpretation of vulnerability guidelines on the part of local authorities prior to a Supreme Court ruling in May 2015 (on the joined cases of Johnson, Kanu and Hotak) that eased the "vulnerability" test for those aged over 18. While in last year's online survey few local authorities expected the decision in these cases to have a major impact on the proportion of single homeless people they accepted as being in priority need, subsequent case law has reinforced this lowering of the vulnerability threshold.[3] However, of much greater potential significance with regard to local authority duties towards single homeless people is the Homelessness Reduction Bill discussed in detail below.

## Statutory homelessness

Nationally, the three years to 2012/13 saw a marked expansion in the recorded statutory homelessness caseload, as reflected by the total number of formal local authority assessment decisions. These grew from 89,000 in 2009/10 to 113,000 in 2012/13. Similarly, households 'accepted as homeless' (formally assessed as unintentionally homeless and in priority need) rose by 34 per cent over this period.

Subsequently the national statutory homelessness caseload largely stabilised. Thus in 2015/16 the total number of formal decisions rose by just 2 per cent to stand at 115,000 – or 29 per cent higher than the 2009/10 low point. However, statutory homelessness acceptances (that sub-group of decisions involving households deemed unintentionally homeless and in priority need) rose 6 per cent in 2015/16 to 57,700 – 44 per cent above their 2009/10 low point.

In interpreting such trends, however, it is crucial to factor in changes in administrative practice. Results from the research team's local authority surveys in 2014 and 2015 have confirmed that changes in council procedures around homelessness – adoption of an increasingly pro-active 'prevention stance' – have been ongoing. This matters because those assisted 'informally' go uncounted as far as the statutory homelessness statistics are concerned (albeit that such cases should be captured in the homelessness prevention and relief data reviewed below). Thanks to such developments, we have argued in previous Homelessness Monitors that the statutory homelessness statistics have had a declining value as a reliable indicator of

3 Peaker, G. (2016) 'A Compendium of Vulnerability Cases', *Nearly Legal blog*, 12th September: https://nearlylegal.co.uk/2016/09/compendium-vulnerability-cases/

the changing scale of homelessness and the more acute forms of housing need.[4]

Our hypothesis is further strengthened by benchmarking official statutory homelessness statistics against the results of our 2016 local authority survey. The DCLG figures for individual local authorities show that[5] the proportion of local authorities recording an increase in statutory homelessness decisions in 2015/16 compared with 2014/15 was 46 per cent. Conversely, 38per cent of authorities recorded a decrease. However, two thirds of responding authorities (67%) reported that homelessness demand ('people seeking assistance') had increased in 2015/16, with 'significant increases' experienced by a quarter (25%). The 3per cent (5 authorities) reporting 'slightly decreased' numbers is in sharp contrast with the 38per cent recording reduced numbers of decisions in DCLG's official statistics. On the basis of these data, it therefore appears highly likely that the 2 per cent expansion of 'homelessness expressed demand' in the past year suggested by the official statutory homelessness acceptance figures substantially understates the true increase.

Data collected via the statutory homelessness monitoring system may nonetheless provide a useful indication of regional trends, and it is clear that such patterns continue to be highly contrasting. The 2015/16 figure for the North of England remained 6 per cent lower than the 2009/10 national low point, while for London the latest figure was more than double (103% higher than) that at the low point of the cycle. The regional pattern of our 2016 online survey results is also revealing, as it suggests that rising homelessness pressures have recently been bearing down most heavily on the South of England and, albeit to a lesser extent, the Midlands. This contrasts with the comparable analysis in our 2015 survey in which London stood out from all other regions in this way. This might suggest that some of the extreme pressure that has accumulated in London over recent years has begun to transfer beyond the capital's borders.

The vast bulk of the recorded increase in statutory homelessness over the past six years has been attributable to the sharply rising numbers made homeless by the termination of a private tenancy – these have almost quadrupled from less than 5,000 acceptances per annum to almost 18,000. As a proportion of all statutory homelessness acceptances, such cases have consequentially risen from 11 per cent in 2009/10 to 31 per cent by 2015/16.[6] The 2016 local authority survey is instructive in terms of the explanations for this trend. Most commonly, respondents referred to growing pressure on private rental markets, especially in London and the South, linked with welfare reforms which have exacerbated the vulnerability of low income renters or which have made landlords less inclined to let to benefit recipient households (see further below).

Since bottoming out in 2010/11, homeless placements in temporary accommodation have risen sharply, with the overall national total rising by 9 per cent in the year to 30 June 2016 to reach 73,000 – up by 52 per cent from its low point five years earlier. London accounts for around three-quarters of the total number of temporary accommodation placements at any one point in time (53,000 at 30th June 2016). The bulk of temporary accommodation placements are in self-contained housing (both publicly and privately owned).

4 Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2015) *The Homelessness Monitor: England 2015*. London: Crisis/JRF. See also: UKSA (2015) *Assessment of Compliance with the Code of Practice for Official Statistics: Statistics on Homelessness and Rough Sleeping in England.* London: UKSA.

5 Discounting cases where this year's figures were within 5% of last year's

6 DCLG Live Table 774. See https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness

However, although accounting for only 9 per cent of the national temporary accommodation total at 30 June 2016, B&B placements rose sharply in the most recent year. Totalling 6,520, the number of placements was 16 per cent higher than a year previously and almost 250 per cent higher than in 2009.

Signs of stress are also evident in the growing proportion of temporary accommodation placements beyond local authority boundaries. At 30 June 2016, these accounted for 20,660 placements – 28 per cent of the national total, up from only 11 per cent in 2010/11.[7] Such arrangements mainly involve London boroughs. Recent case law has increased the requirements on London boroughs to fully justify out of borough placements and to evidence thorough investigations on the implications of the move for the tenant.[8] A more specific worry is the rapid growth in the number of B&B hotel placements including children. At the end of Q2 2016 these numbered 3,390 – up 27 per cent on the figure a year earlier. Although the number remains relatively small, there is particular concern about the rapidly growing component of this cohort which involves longer term B&B stays. Households with children and placed in B&B for more than six weeks as at 30 September 2016 totalled 1,140 – up 30 per cent year on year.

As noted above, local authority testimony confirms that recent years have seen an ongoing trend towards a primarily non-statutory approach to homelessness whereby a growing proportion of cases are handled through informal 'prevention' and 'relief' processes. In 2015/16 these informal cases outnumbered statutory homelessness acceptances by almost four to one, even though the volume of prevention activity declined slightly in 2015/16, as it did in 2014/15. While preferable to an exclusive focus on statutory homelessness decisions, these informal intervention statistics remain an imperfect index of total expressed homelessness demand given that they are, in essence, a (service) supply measure. Our local authority survey results indicate that while most authorities have seen homelessness services funding held steady in the current year, a fifth have experienced cut backs. It therefore seems likely that funding constraints have started to limit local authorities' homelessness service capacity with respect to the 'non-statutory' relief and prevention duties. This may help to explain the fact that homelessness 'footfall' is reported to have continued to grow, while service caseloads have slightly fallen back.

Limited as they are, the data on 'successful' prevention actions does provide an indication of the balance of activities, which has tended to shift towards helping service users to retain existing accommodation rather than to obtain new housing. Notably, assisting people to access private tenancies is no longer the largest single form of prevention activity. Since 2009/10 the annual volume of such cases has dropped by 30 per cent. This trend probably reflects both the state of the housing market and the Housing Benefit reforms which – by restricting entitlements – will have made it more difficult to secure private tenancies for many categories of applicant (see below).

## Youth homelessness

While statutory homeless has increased substantially since 2009/10, acceptances of 16-24 year olds have been more stable, increasing to 17,000 in 2011/12 before falling back to around 13,500 for the past two years.[9] However, as with single homelessness more generally,

7 DCLG (2015) *Statutory Homelessness: April to June Quarter 2015 England*. London: DCLG.
8 Nzolameso v Westminster City Council [2015] UKSC 22
9 DCLG Live Table 781 See https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness

statutory acceptances likely represent only a small proportion of overall youth homelessness as many young people will not qualify as being in priority need.[10] It was estimated in 2013/14 that 64,000 young people were in touch with homelessness services in England, more than four times the number accepted as statutorily homeless.[11]

A crucial element of the context for youth homelessness in England, and the wider UK, is that younger single people, especially if they are living outside of the family home, now face highly disproportionate risks of poverty.[12] Indeed, the *'dramatic deterioration in young people's fortunes'*[13] associated with unemployment, declining benefit protection and rising private sector rents is arguably the most prominent poverty 'story' to emerge in the UK in recent years. Young men under 25 are the group most likely to be destitute in the UK today.[14]

England has seen investment in specific funds[15] and policy initiatives[16] that aim to develop positive accommodation options for young people, which may explain why there does not appear to have been a substantial increase in youth homelessness as a result of the last recession and existing benefit restrictions.[17] But young people are still at a far higher risk of homelessness than older adults,[18] and the increasingly stringent Housing Benefit restrictions on single people aged under 35 have already had a marked impact in reducing (by some 40% since 2011) their access to the private rented sector. There are now acute concerns regarding the likely homelessness impacts of impending (further) reductions in young people's welfare entitlements, as discussed below.

## Hidden homelessness

The importance of regional patterns and housing market pressures is reinforced by our potential hidden homelessness analysis, which demonstrates that concealed households,[19] sharing households[20] and overcrowding[21] remain heavily concentrated in London.

We estimate that there were 2.27 million households containing concealed single persons in England in early 2016, in addition to 288,000 concealed couples and lone parents. The number of adults in these concealed household units is estimated at 3.34 million. These numbers represent a rise of one-third since 2008. This rise in concealed single individuals living with others, when they would really prefer to live independently, has been associated with a fall in new household formation. The ability of younger adults to

**10** Centrepoint (2015) *Beyond Statutory Homelessness*. London: Centrepoint;
**11** Clarke, A., Burgess, G., Morris, S., & Udagawa, C. (2015) *Estimating the Scale of Youth Homelessness in the UK*. Cambridge: Cambridge Centre for Housing and Planning Research; DCLG Live Table 781. See https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness; See also McCoy, S. and Hug, B. (2016) *Danger Zones and Stepping Stones: Young people's experiences of hidden homelessness*. London: Depaul.
**12** p.3 in Padley, M. and Hirsch, D. (2014) *Households Below a Minimum Income Standard: 2008/9 to 2011/12.* York: JRF.
**13** Ibid.
**14** Fitzpatrick, S. Bramley, G. Sosenko, F., Blenkinsopp, J., Johnsen, S. Littlewood, M. Netto, G. and Watts, B. (2016) *Destitution in the UK: Final Report.* York: JRF.
**15** DCLG (2014) '£23 million to help homeless turn around their lives', *DCLG Press Release*, 9th December: https://www.gov.uk/government/news/23-million-to-help-homeless-turn-around-their-lives
**16** St Basils (2015) *Developing Positive Pathways to Adulthood: Supporting young people on their journey to economic independence and success through housing advice, options and homelessness prevention*. http://www.stbasils.org.uk/how-we-help/positive-pathway/
**17** Watts, B., Johnsen, S., & Sosenko, F. (2015) *Youth homelessness in the UK: A review for The OVO Foundation*. Edinburgh: Heriot-Watt University.
**18** Ibid.
**19** '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.
**20** 'Sharing households' are those households who live together in the same dwelling but who do not share either a living room or regular meals together. This is the standard Government and ONS definition of sharing households which is applied in the Census and in household surveys. In practice, the distinction between 'sharing' households and 'concealed' households is a very fluid one.
**21** '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.

form separate households continues to fall in southern regions and has dropped by a third in London since the early 1990s. As noted in last year's Monitor, being a concealed household can be quite a persistent state for both families and single people, with this persistence becoming more pronounced after the recent economic crisis.[22]

According to the Labour Force Survey, 1.45 per cent of households in England shared in 2016. Sharing is particularly concentrated in private renting (4.5%), but is not unknown in the social rented sector (1.5%) and even in the owner occupier sector (0.5%). It is much more prevalent (and growing) in London (5.1%), as one would expect, and the next highest regions are the North West (1.4%) and South East (1.1%). Sharing is particularly rare in the North East and East of England (less than 0.1%).

Sharing has seen a long-term decline, but this trend now appears to have bottomed out. One reason to expect some increase in sharing is the benefit restrictions affecting under 35 year olds discussed below. But given the acute demand pressures on a limited supply of shared accommodation in many areas, many of the additional people affected may become 'concealed households' rather than sharing households. Indeed, some of the increase in concealed households noted above may be a mirror image of the decline in sharing due to changes in the way groups of people are classified into households in surveys.

On the most recent figures, 672,000 households (3.0%) were overcrowded in England. This means that overcrowding has plateaued at a high level since 2009. Overcrowding is less common in owner occupation (1.4%) and much more common in social renting (6.2%) and private renting (5.4%). The upward trend in overcrowding was primarily associated with the two rental tenures, although there was some improvement in social renting in 2010-12 and in private renting in 2011-13, but this appears to have worsened again in 2014. There is a much higher incidence in London (across all tenures), with a rate of 7.2 per cent in 2013/14. The next worst region for overcrowding is the West Midlands (2.9%), followed by the South East (2.6%).

Overcrowding, like being a concealed household, can be quite a persistent experience for the people affected. As reported in the last edition of the Monitor,[23] analysis of the longitudinal surveys shows that a majority of overcrowded households in a particular year had been overcrowded the previous year, with many crowded for at least two years. Econometric modeling of overcrowding showed that this was clearly related to housing market conditions, employment, and poverty, as well as demographic factors.[24]

## Economic and policy impacts on homelessness

While the UK's gradual economic recovery continued through 2015 and into 2016, after the longest economic downturn for over a century, there is now considerable uncertainty about the prospects in the coming years following the referendum vote in favour of leaving the European Union. The latest Office for Budget Responsibility forecasts[25] are for slower growth than was anticipated ahead of the 'Brexit' vote. Earned incomes remain, in real terms, some

22 Sources: Authors' analysis of British Household Panel Survey 1992-2008 and Understanding Society Survey 2009-13.
23 Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2016) *The Homelessness Monitor: England 2016*. London: Crisis/JRF.
24 Bramley, G. & Watkins, D. (2016) Housing need outcomes in England through changing times: demographic, market and policy drivers of change, *Housing Studies*, 31(3), 243-268. DOI: 10.1080/02673037.2a015.1080817
25 OBR (2016) *Economic and fiscal outlook, November 2016.* London: The Stationery Office.

5.3 per cent below 2008 levels, despite a modest return to positive wage growth in 2015 and 2016.[26] On the latest Office for Budget Responsibility forecast it will now be 2022 before real earnings return to their 2008 levels.[27]

Deep concerns remain about the shortfall in the levels of new house building in England relative to levels of household formation, in a context where there are already substantial numbers of 'concealed' and 'sharing' households, and severe levels of overcrowding in London in particular (see above). While there was a welcome upturn in the level of new house building in 2015/16, and a marked growth in new dwellings created through conversions and changes of use, the overall rate of new housing provision would still need to increase by another one fifth from the last financial year's level (of 189,650) just to keep pace with new household formation, let alone to reduce housing market pressures.[28] New build figures for the first half of 2016/17 are slightly up, but not sufficient to suggest any significant reduction in the continuing shortfall in supply. While the 2016 Autumn announcement of grant support for 40,000 affordable housing dwellings over the next four years is welcome, as is the tenure flexibility permitted over the use of this grant, social landlords' investment capacity will continue to be constrained by the 1 per cent annual rent reduction policy, and it remains very much in doubt that the resulting homes will in fact be accessible to the bulk of those at risk of homelessness. Further details on the planning and other measures intended to improve the supply of housing are expected in a White Paper early in the new year.

We have a particular focus in this year's Monitor on 'access to housing'. This focus was prompted by the concerns expressed last year about "who will house the poorest?", in light of the combined impacts of rising housing market pressures and the ongoing roll out of welfare reform in narrowing the availability of housing which is genuinely affordable to those on the lowest incomes. Hover, the picture emerging from this year's analysis is far from encouraging: social sector new build and lettings[29] are at historically low levels, there is an ongoing shift towards so-called 'affordable' rental products which are in fact beyond the reach of those on the lowest incomes, and Local Housing Allowance maxima are increasingly adrift of private sector rents.

There is little doubt that the absolute shortage of genuinely affordable housing for low income households in large parts of the country continues to be intensified by welfare policy. The benefit cuts introduced in this decade, and those planned for coming years will cumulatively reduce the incomes of poor households in and out of work by some £25 billion a year by 2020/21.[30] This is in a context where existing welfare cuts, economic trends and higher housing costs associated with the growth of private renting have already increased poverty to record levels among members of working families.[31]

The homeless groups local authorities experience most difficulty rehousing according to our 2016 survey results – single people under 35 and large families – render transparent these welfare reform impacts. While the overall benefit cap has had a limited impact thus far, this will increase fourfold

26 ONS (2016) *Annual Survey of Hours and Earnings: 2016 Provisional Results*. https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2016provisionalresults#distribution-of-earnings. This is based on median full time earnings figures, and the CPI measure of inflation.
27 OBR (2016) *Economic and Fiscal Outlook, November 2016.* London: The Stationery Office.
28 DCLG (2016) *Net Supply of Housing: 2015-16 England.* London: DCLG.
29 DCLG (2016) *Social Housing Lettings: April 2015 to March 2016, England*. London: DCLG.
30 Beatty, C. & Fothergill, S. (2016) *The Uneven Impact of Welfare Reform: The financial losses to places and people*. Sheffield: Centre for Regional Economic and Social Research, Sheffield Hallam University.
31 Tinson, A, Ayrton, C, Barker, K, Born, B, Aldridge, H & Kenway, P (2016) *Monitoring Poverty and Social Exclusion 2016.* York: JRF.

with the advent of the lower caps announced in the Summer 2015 Budget, and will make it highly problematic for larger families not just in London, but across the country. Meanwhile, the reforms announced in the summer 2015 Budget and Autumn Statement mean that younger single people who will either potentially be entirely excluded from support with their housing costs (if 18-21 and not subject to an exemption), or subject to the very low Shared Accommodation Rate limits on eligible rents in the social as well as the private rented sector.

Moreover, the overwhelming majority (89%) of local authorities are concerned that the roll out of Universal Credit will exacerbate homelessness further, mainly because of the move away from direct payment of rent to landlords and the pressures placed on vulnerable people by online application processes. The cuts to work allowances under Universal Credit announced in the 2015 Summer Budget will also significantly erode the potential 'work incentive' benefits of the scheme, and are only marginally mitigated by the reduction to the Universal Credit taper rate announced in the 2016 Autumn Statement.

From our research evidence it is clear that welfare reform has been making both private landlords[32] and housing associations more risk averse with regard to letting to households in receipt of benefit. It is also evident that certain local authorities are using 2011 Localism Act powers to severely restrict access to their housing registers, excluding some statutory homeless households from eligibility, notwithstanding the highly questionable legality of this practice.[33] The mainstream housing options available to many local authority officers for discharge of the main homelessness duty are therefore narrowing rapidly. So, despite the continued growth in the overall size of the private rental sector, which is now larger than the social rental sector in England, most local authority respondents in 2016 reported that assisting applicants to access self-contained private rental housing was a difficult task. For half of all responding local authorities nationally (49%), and virtually all in London (94%), this was described as "very difficult". The scenario for access to social tenancies was not much better, with almost two-thirds (64%) of respondents reported difficulties in accessing these for their homeless applicants, and three-quarters of respondents in London commenting that this was "very difficult".

The position on supported accommodation is, if anything, more concerning, with Supporting People services – and housing more generally – at the sharpest end of cuts in local government finance, executed in such a way as to hit poorer councils much harder than their wealthier counterparts.[34] While spending specifically on homelessness has increased (by 13%) since 2010, reflecting the priority given to this area by government, overall spending on housing dropped by 46 per cent in real terms, with an even larger cutback (67%) in the Supporting People programme. Consequently, the availability of suitable options for homeless people with complex needs, such as substance misuse or mental health problems, is diminished in many areas. While homelessness organisations have cautiously welcomed the recent decision to delay and mitigate the extension of the Local Housing Allowance caps to supported housing tenants, significant concerns remain about the effects on this sector of the 1 per cent social housing rent reduction still planned to

**32** See also: Reeve, K., Cole, I., Batty, B., Foden, M., Green, S. & Pattison, B. (2016) *Home: No less will do: Homeless people's access to the private rented sector*. London: Crisis.
**33** Peaker, G. (2014) 'Impossible Preference: Excluding the homeless from housing lists' *Nearly Legal blog*, 28th January: https://nearlylegal.co.uk/2014/01/impossible-preference-excluding-the-homeless-from-housing-lists/
**34** Hastings, A., Bailey, N., Bramley, G., Gannon, M. & Watkins, D. (2015) *The Cost of the Cuts: The impact on local government and poorer communities*. York: JRF.

come into force from April 2017. Our evidence also suggests that this shrinkage in floating support services has undermined (both private and social) landlord confidence about letting to these groups, further compounding the narrowing of access associated with welfare reform as just discussed.

One of the few encouraging developments over this past year has been the introduction of a Private Members Bill on homelessness. The origins of the Bill lie in the recommendations of an independent panel of experts, convened by Crisis in summer 2015 to assess the strengths and weaknesses of the existing statutory framework.[35] The Panel focused on two key problems with the current arrangements. First, the poor quality of support often received by 'non-priority' single people.[36] Second, that the growing post-2003 emphasis on preventative 'Housing Options' interventions (see above) sits uncomfortably alongside the formal statutory framework.[37]

The Bill's central provision is the introduction of a universal homelessness 'prevention' duty for all eligible households threatened with homelessness, as well as a 'relief' duty to take reasonable steps to help to secure accommodation for eligible homeless applicants regardless of priority need or intentionality status. The Bill also extends the definition of those considered 'threatened' with homelessness to encompass people likely to lose their home within 56 days, rather than 28 days as at present. Other key provisions pertain to enhanced advisory services, personalised housing plans, referral duties on the part of other public authorities, and the potential for codes of practice to be issued to local authorities in respect of their homelessness duties. The Bill received its report stage and Third Reading on 27th January and will be passing through the House of Lords during February and March.

If enacted, the Homelessness Reduction Bill will not 'fix' the major structural challenges facing local authorities and their partners in preventing and tackling homelessness. Nonetheless, our evidence indicates that placing prevention work on a firmer statutory footing is widely felt to be an important 'protective' step as local budgets are squeezed ever tighter, especially in the poorest parts of the country, and there is significant support for extending meaningful support to single people. At the time of writing, the legislation was not yet 'over the line', with Parliamentary scrutiny ongoing. But for such a significant piece of homelessness legislation – progressive in intent – to be close to enactment is something that few would have predicted even a year ago.

## Conclusion

Looking ahead there are multiple causes for concern, with the ongoing impacts of austerity-driven welfare reforms not only depleting the incomes of households vulnerable to homelessness, but also undermining the 'pro-poor' local authority services on which so many rely. Set against this, there appears to have been some softening of the official stance on social and affordable housing detectable in the new Government's decision, for example, to make the 'Pay to Stay' policy voluntary for local authorities and to allow housing associations tenure flexibility in the deployment of the new investment grant. By the time of next year's Homelessness Monitor we shall know whether the Homelessness Reduction Bill

**35** Crisis (2016) *The Homelessness Legislation: An independent review of the legal duties owed to homeless people.* London: Crisis. It should be acknowledged that one of the current authors chaired this Panel.

**36** Dobie, S., Sanders, B., & Teixeira, L. (2014) *Turned Away: The treatment of single homeless people by local authority homelessness services in England*. London: Crisis; Mackie, P. with Thomas, I. (2014) *Nations Apart? Experiences of single homeless people across Great Britain*. London: Crisis.

**37** Fitzpatrick, S. & Pawson, H. (2016) Fifty years since *Cathy Come Home*: critical reflections on the UK homelessness safety net, *International Journal of Housing Policy*, 16(4), 543-555.

has passed into law, and we should have more certainty about the future funding arrangements for both supported and temporary accommodation. We will also be somewhat further down the line in terms of the roll out of Universal Credit and, at a bigger scale, the Brexit negotiations with the remaining EU member states should be well underway and at least some of the implications beginning to emerge. It has never been more important to follow closely the impact of these major social, political and policy developments – both positive and negative – on some of society's most vulnerable people. The Homelessness Monitor will continue to track developments over the course of the current Conservative Government until 2020.

## About Crisis

Crisis is the national charity for homeless people. We are committed to ending homelessness.

Every day we see the devastating impact homelessness has on people's lives. Every year we work side by side with thousands of homeless people, to help them rebuild their lives and leave homelessness behind for good.

Through our pioneering research into the causes and consequences of homelessness and the solutions to it, we know what it will take to end it.

Together with others who share our resolve, we bring our knowledge, experience and determination to campaign for the changes that will solve the homelessness crisis once and for all.

We bring together a unique volunteer effort each Christmas, to bring warmth, companionship and vital services to people at one of the hardest times of the year, and offer a starting point out of homelessness.

We know that homelessness is not inevitable. We know that together we can end it.

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# Homelessness ends here