Until there’s a home for everyone

Open Forum: Addressing Homelessness: Reducing-Preventing-Ending

Improving Access to Settled Homes

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Shelter

Wednesday, 20 September 2017

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2. Barriers to accessing private rentals
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Homelessness isn’t inevitable

Homelessness is the lack of a suitable, affordable home

Debates around homelessness often focus on complex needs.

While personal problems, such as physical and mental ill health (including addictions) or social problems can exacerbate homelessness, they’re rarely the main cause.

They’re often a symptom.

Shelter has always argued that the real causes of homelessness are structural: poverty, scarcity of decent housing and inability to compete in the market.

Homelessness is caused by inequality

The Top 5 areas with the highest levels of statutory homelessness per head of household population are all London boroughs. Big cities like Birmingham and Manchester also make the top fifty.

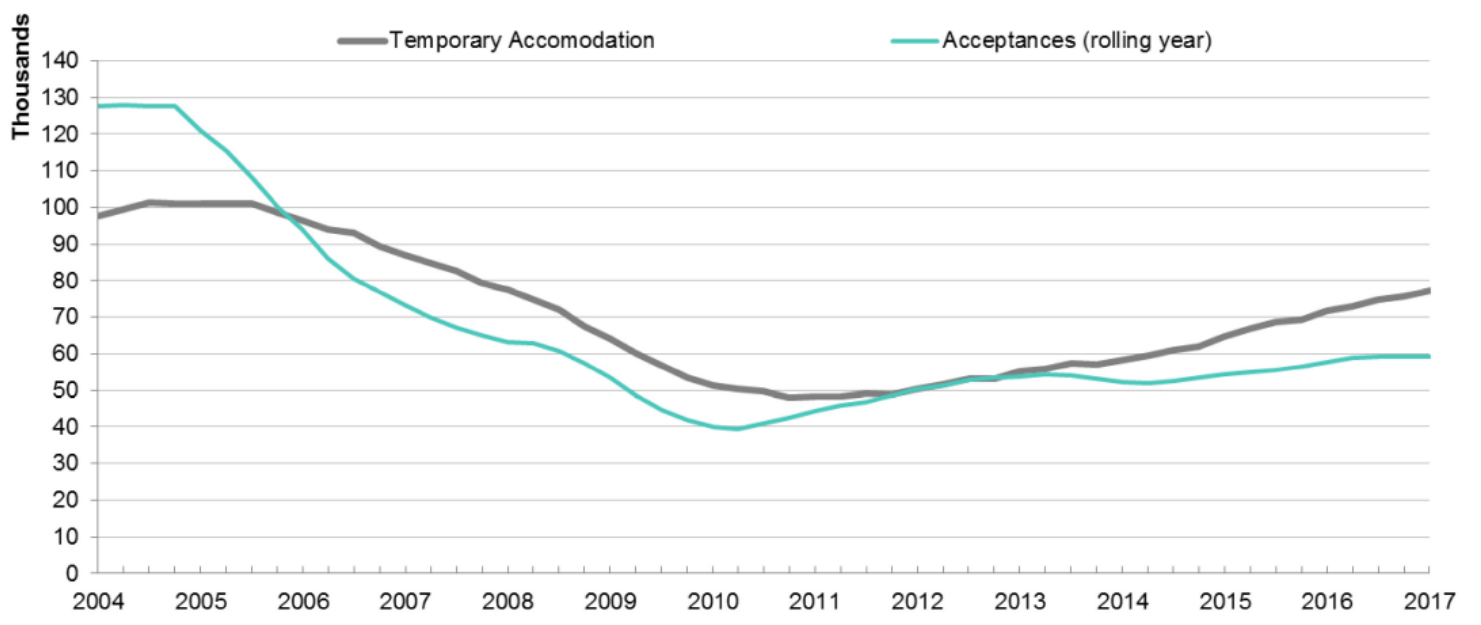
It appears that homelessness occurs where it is harder for families on low incomes to compete with more affluent households for homes.

This suggests that inequality rather than deprivation is more of an explanation of homelessness.

Statutory homelessness increasing…

…as are numbers in TA as suitable 'settled' homes are difficult to find:

Chart 6: Households accepted by local authorities as owed a main duty, and households in temporary accommodation, quarterly Q1 2004 to Q1 2017, England



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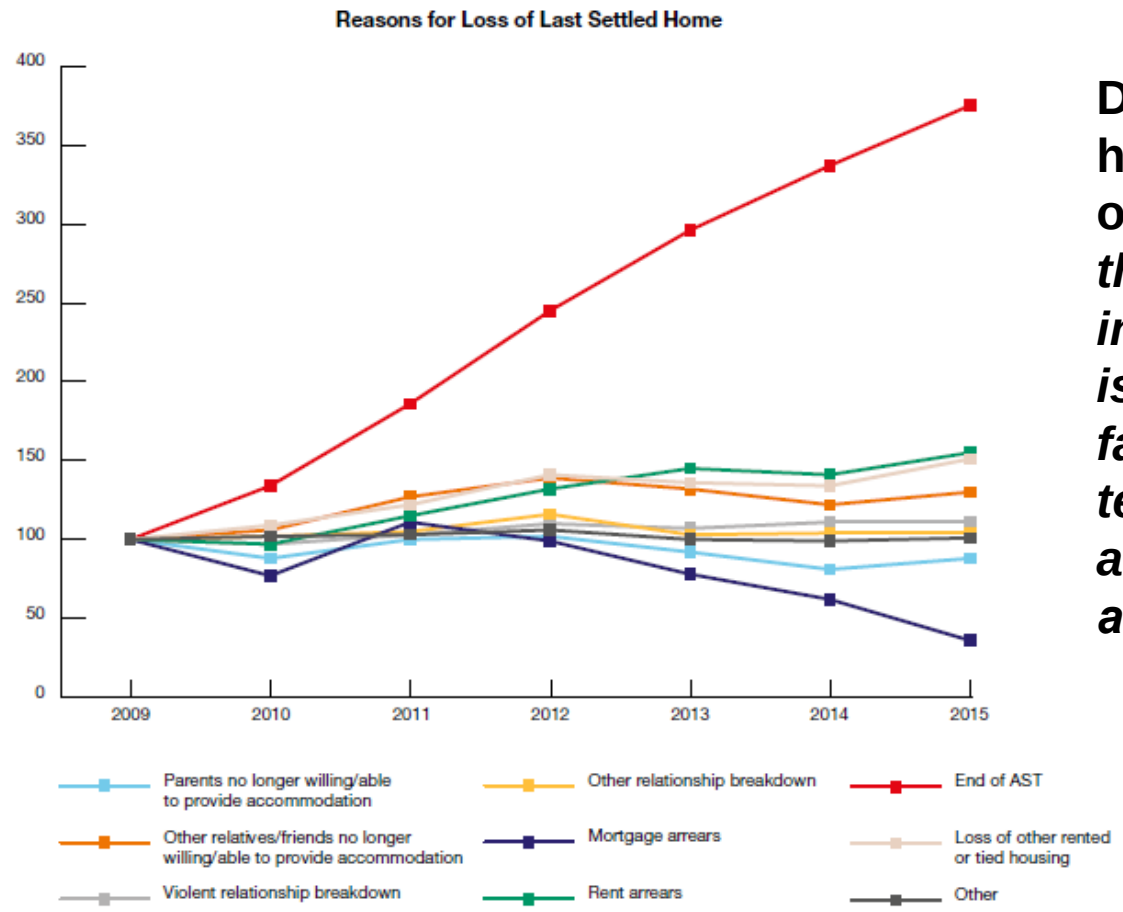
Trigger of homelessness: ending AST



DCLG: The rise in homelessness after ending of PRS tenancy *"indicates that affordability is an increasingly significant issue, as more households facing the end of a private tenancy are unable to find an alternative without assistance"*

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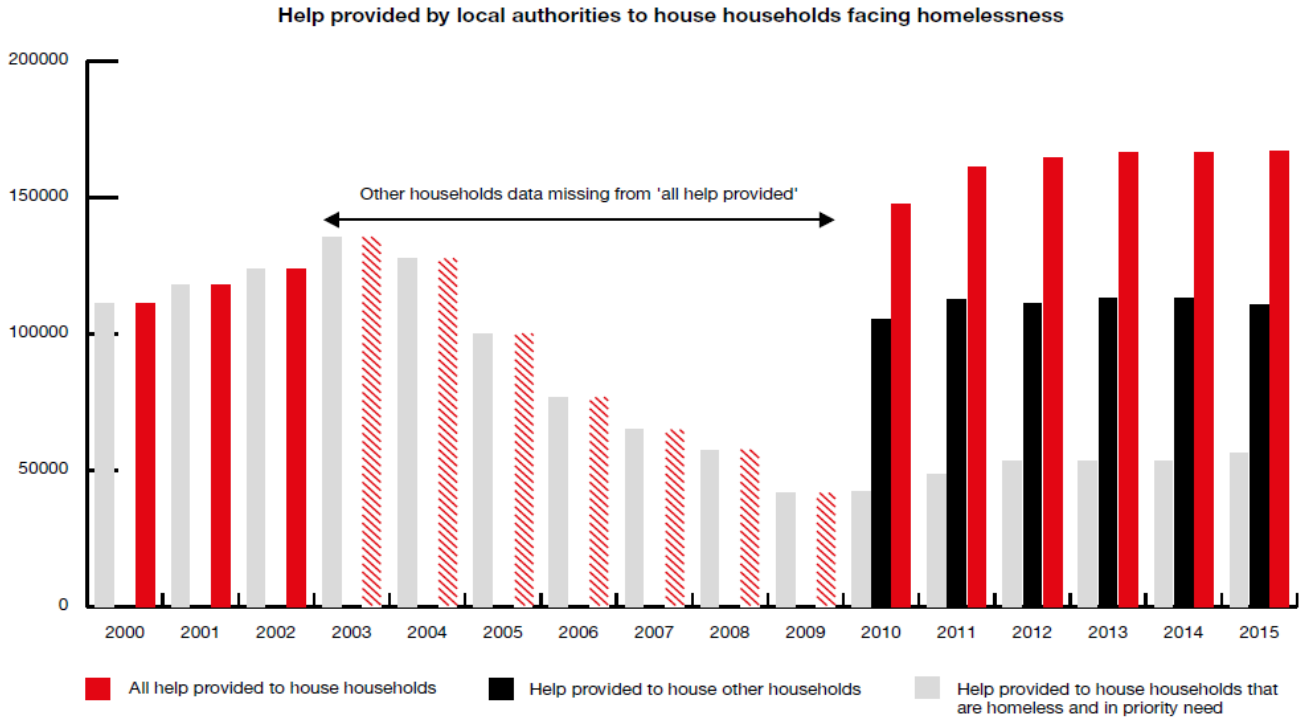
Homelessness prevention: less effective



Statutory homelessness acceptances increased after 2009, despite some households in need being helped via prevention policies which were firmly in place. <u>This suggests that it was something other than changes in policy and practice that explain this change</u>.

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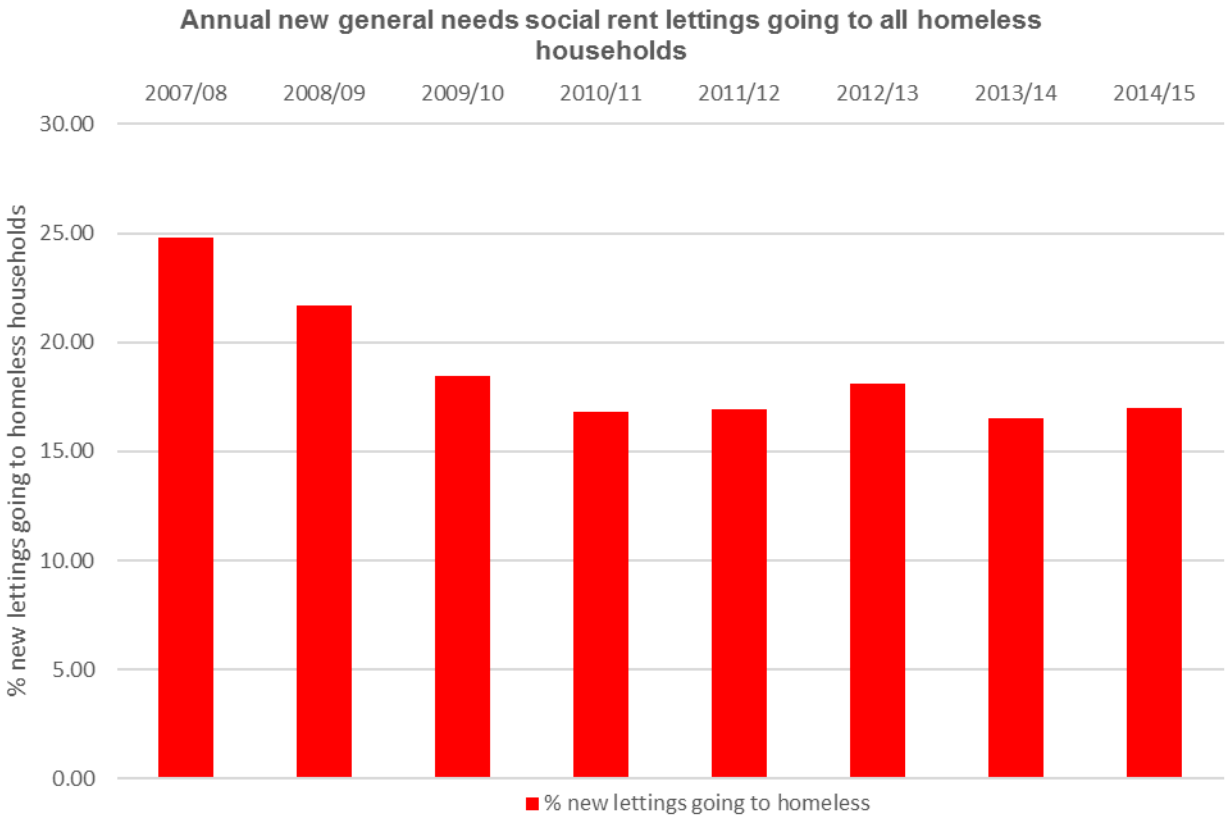
Fewer offers of social homes

Homeless households receive fewer social lettings:



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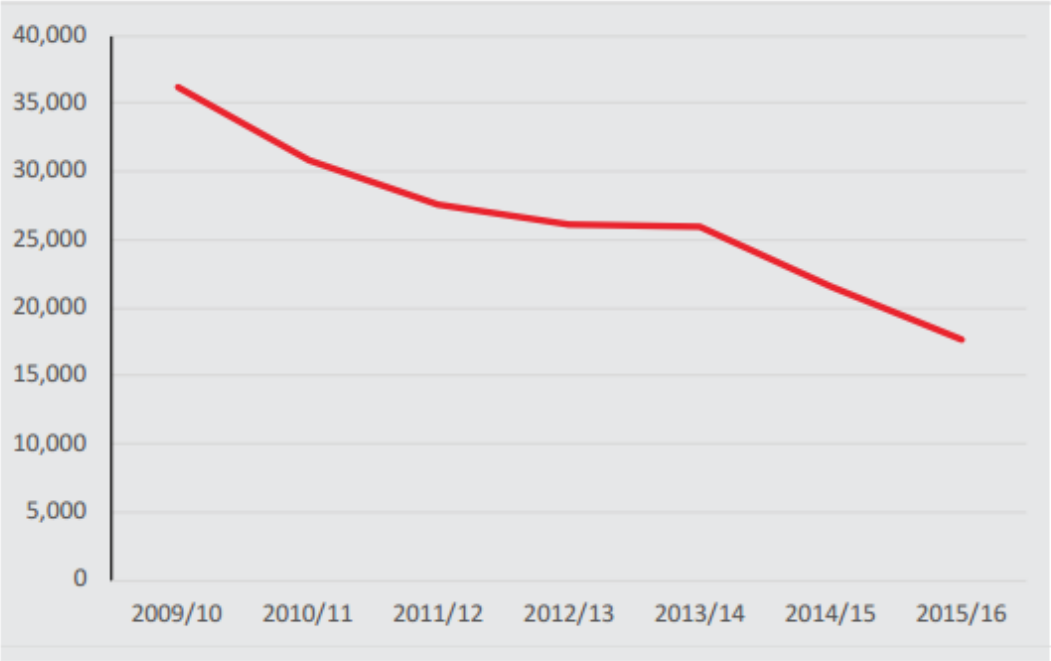
Landlord incentives: less useful

Number of times local authorities prevented/relieved homelessness with incentive to private landlord



Local authorities unable to use PRS for homeless households:

80% found it difficult to help homelessness applicants access PRS to prevent or resolve homelessness.

(Crisis/JRF: Homelessness Monitor, 2017)

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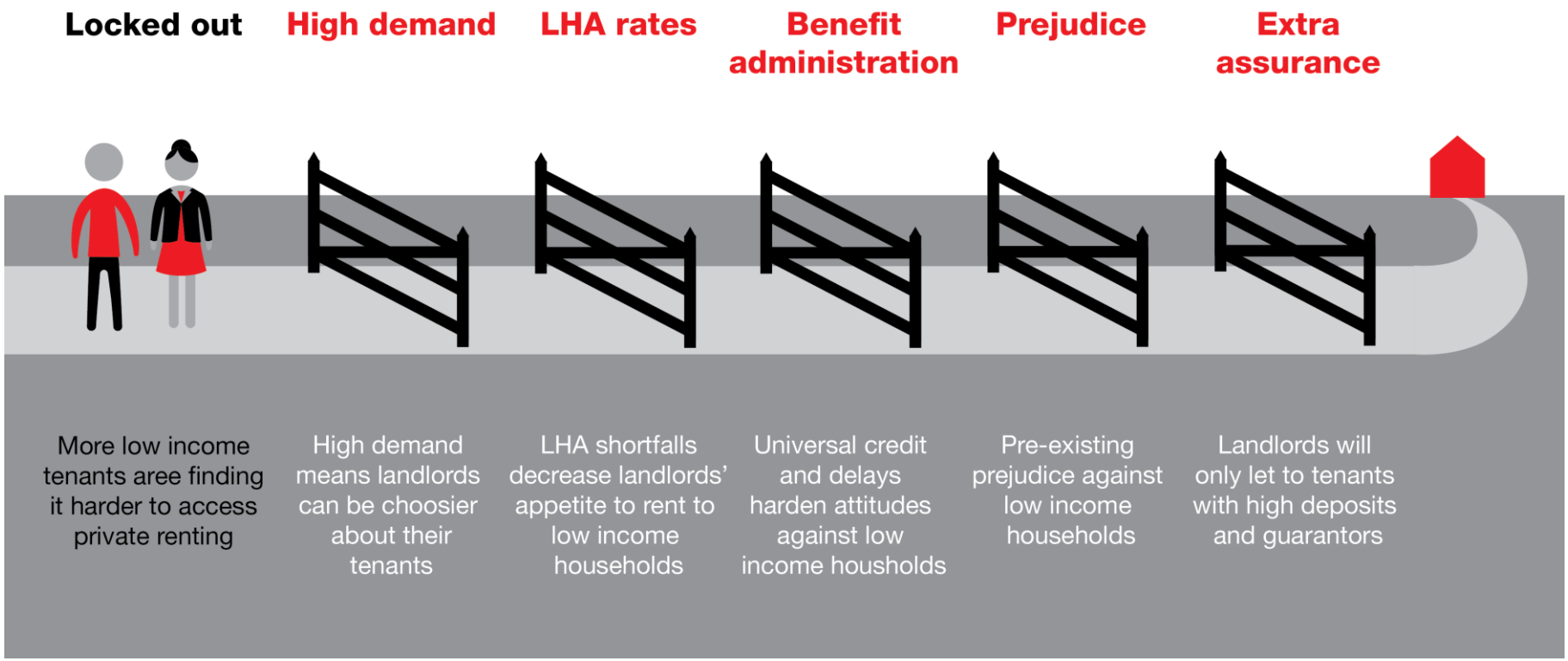
Main barriers to accessing private rentals



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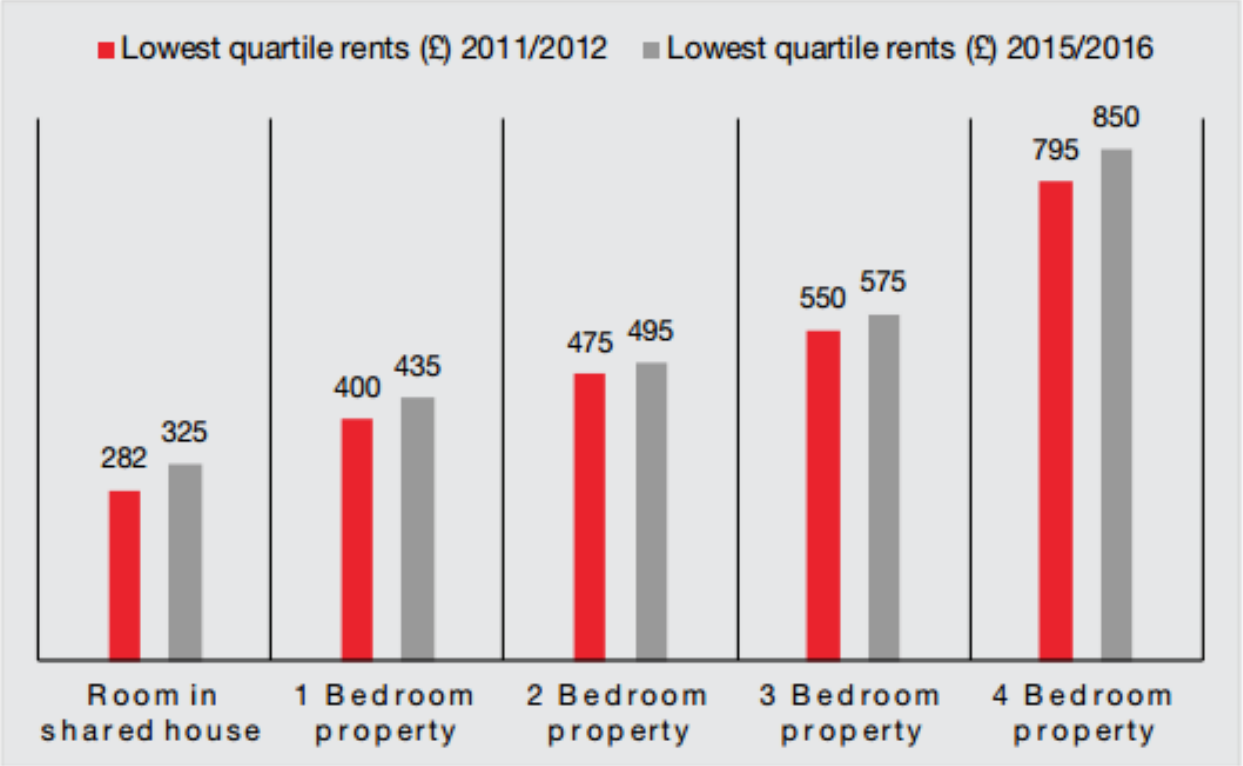
Barrier 1: Demand and increasing rents



Average monthly rents in the lowest quartile of the rental market (England)

High house prices and loss of social housing = increased demand for private rentals.

Increased demand

= higher rents and choosier landlords.

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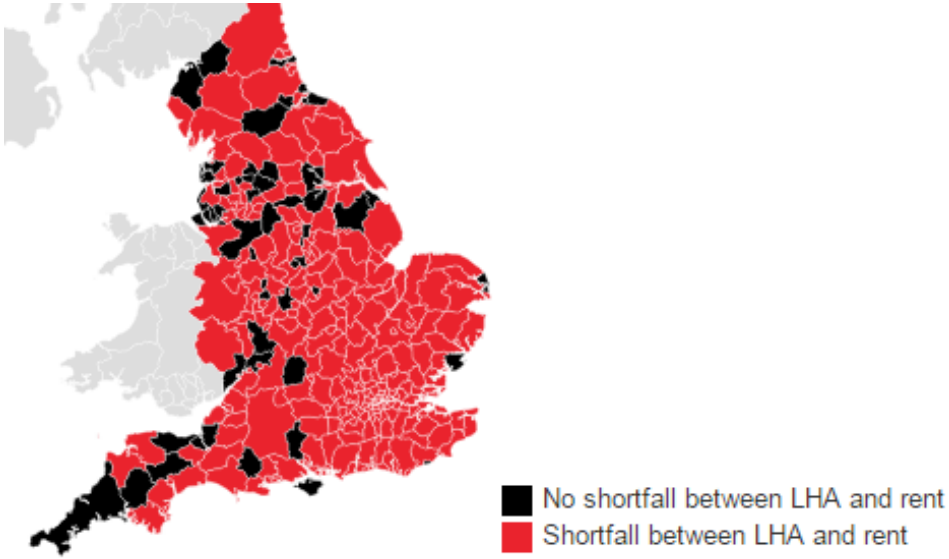
Barrier 2: Restrictions to LHA



By 2019/20, there will be a shortfall between two-bedroom LHA level and rents at the lowest quartile of the market in 83% of local areas in England

Local Housing Allowance: restricted to 30th percentile of market in 2011.

In 2016, was frozen for four years – until 2020.

At a time of increasing rents, claimants' entitlements have been deliberately limited: shortfalls have widened between benefit rates and cheapest rents

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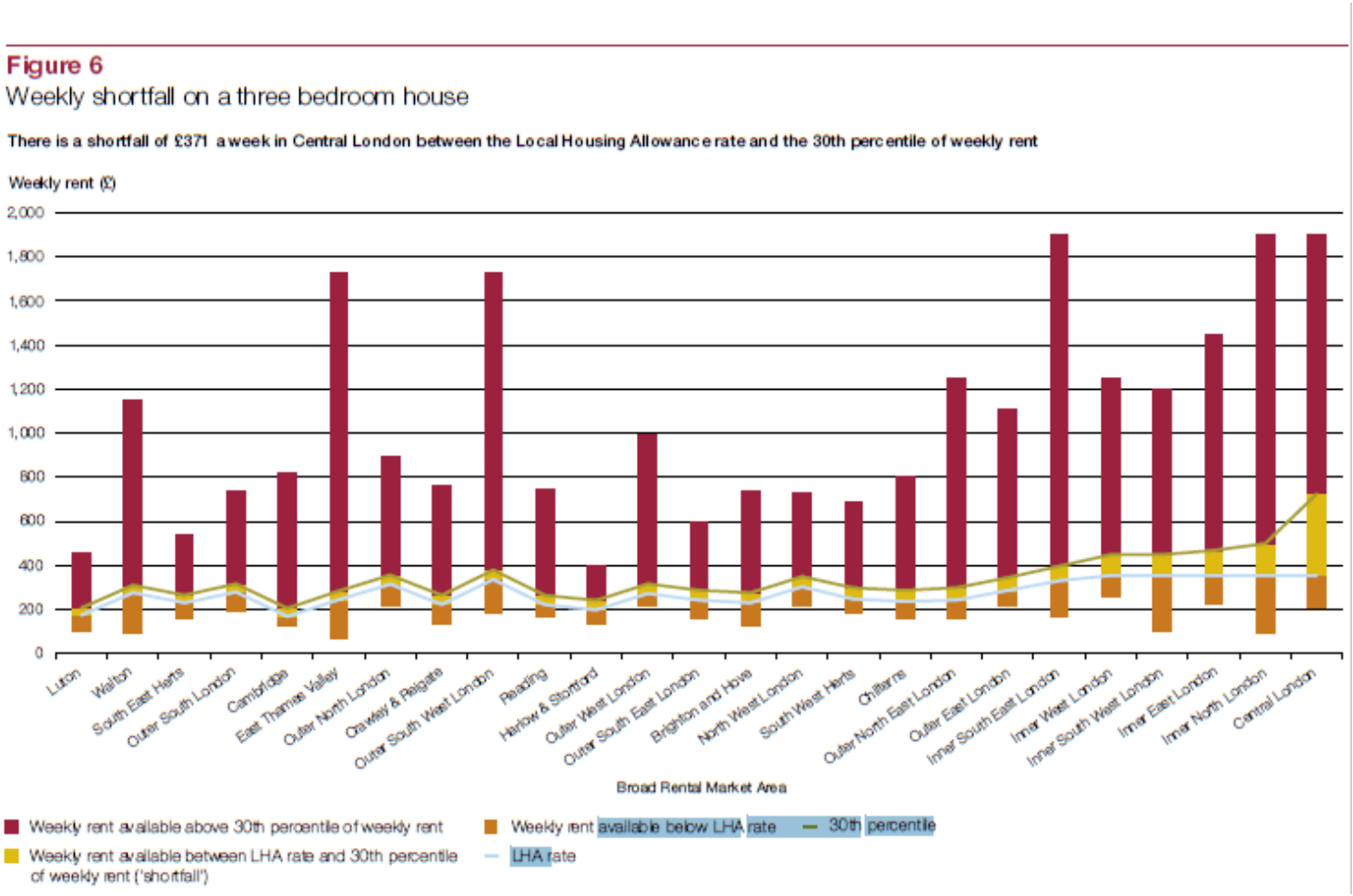
National Audit Office illustrate shortfalls



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Barrier 3: Delays and Universal Credit

Delays

- Maladministration and delays
- Introduction of Universal Credit: delays to payments, problems with 'managed payments, errors in processing, increasing arrears

Tension

- Lead to tension in tenant and landlord relationship, reduce tenants' bargaining power if they are in arrears, and make it more difficult for tenants to ask their landlord to lower their rent

Averse

- On introduction of LHA, some landlords barred LHA claimants requested guarantors or operated informal lists of blacklisted tenants

Bans

- Shelter advice services report blanket bans on UC claimants by private landlords

"There's are still a lot of private landlords that won't deal with housing benefit mostly because of the delays, and the top ups which they feel they won't get…

There used to be a level of security in getting someone on housing benefit.

But now with things like the household benefit cap, landlords know it's going to get worse and they are nervous about renting to people on benefits because things can change and what's affordable for them one day isn't affordable the next."

Shelter adviser,
Greater Manchester

Barrier 4: Up-front costs and guarantors

July 2015: YouGov survey of 3792 private renters in England, online, weighted
942 of whom were currently claiming HB/ LHA

Fees

- 55% charged rent in advance
- 42% paid deposit
- 42% paid agency fees

Moving difficult

Link between tenants who don't voluntarily move and having to borrow to fund the move: unsustainable debt

Refusal of offers

10% of private tenants refused by landlord/agent because of deposit or rent in advance

Increasing guarantors

24% of LHA landlords require a guarantors

(16% without LHA tenants)

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Barrier 5: Landlord attitudes

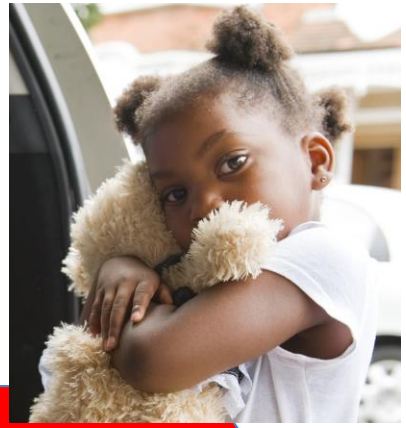
January 2017: Fergus Wilson reportedly banned single mothers, ‘battered wives’, people on zero hours contracts, families with children, pet owners, smokers and plumbers

YouGov survey of 1071 private landlords in the UK, online (July 2015)

- 63% prefer not to take tenants on LHA
- 42% operate an outright bar
- 29% said this was because of stories from the media and other landlords
- 41% landlords admit that it is ‘natural for prejudices and stereotypes to come into letting decisions’

People Shelter work with are shut out

"I was given a four page A4 booklet that had lists of estate agents and landlords in it and I called over hundred different people. My phone bill went up to £120 from calling them. And they ALL said, 'no DSS, no children"



"One place that was advertised, which was right by my son's school said 'we do not accept children'. I was like, 'really?' It was perfect – it was way over my budget but I would have made it work, I just wouldn't have eaten but…"

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And things will get much worse

Housing
The Observer

Housing crisis threatens a million families with eviction by 2020

Report shows combination of low wages, freezes to benefits and rising costs of renting could cause more than 1 million households to become homeless

Are you living in unsafe or barely habitable housing?

This article is 3 months old

8070 841

Toby Helm
Political Editor

Saturday 24 June 2017
21.45 BST

The report, by charity Shelter, also brings the shortage of social housing in to focus. Photograph: Christopher Furlong/Getty Images

More than a million households living in private rented accommodation are at risk of becoming homeless by 2020 because of rising rents, benefit freezes and a lack of social housing, according to a devastating new report into the UK's escalating housing crisis.

Borrowing & debt

One in three tenants borrow money to pay rent, says Shelter

Low earners have turned to credit cards, overdrafts or family and friends to keep the roof over their head in the past year

This article is 4 months old

1785

Rupert Jones

Friday 12 May 2017
08.01 BST

Private renters are taking on 'desperate or dangerous debts'. Photograph: Keith Leighton/Alamy

More than half a million low earners have had to resort to borrowing money via credit cards, overdrafts and other sources to pay their rent during the past year, according to new figures.

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Government solutions

Growing crisis triggers response:

- **25 Nov 2015: Spending Review pledges £139m *'to help tackle homelessness and ensure there is a strong safety net in place for the most vulnerable'.***

- **17 Dec: DCLG announces *'radical package of measures to tackle homelessness'* including commitment to *'consider options, including legislation, to prevent more people from becoming homeless'***

- **15 Mar 2016: Budget pledges £115m *'to further support rough sleepers and those who are recovering from a homelessness crisis'***

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Government solutions

Government backs Bill:

- **13 July: Theresa May enters Downing Street promising *'just managing'* families *'we will do everything we can to give you more control over your lives'.***
- **17 October: The Prime Minister and Communities Secretary Sajid Javid announce a £40m homelessness prevention programme.**
- **This includes £20m over 3 years (2016-19) for a Trailblazer's Fund to *'give local authorities the resources to ramp up prevention'.***
- **24 October: Javid confirms that the Government supports Homelessness Reduction Bill.**

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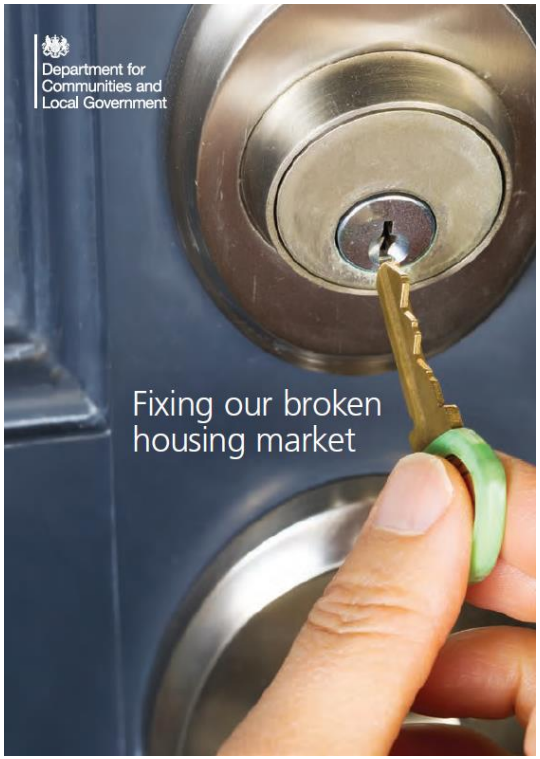
Government's strategy 2017

Housing White Paper :

- 106 page document: 5 paragraphs on 'preventing homelessness'
- Acknowledgment that 'high and increasing costs in the PRS' are a cause
- Focus on *preventing a crisis* via support for Homelessness Reduction Bill
- Network of DCLG expert advisors to work to improve council standards
- Will explore new models to support those hardest to help via Social Impact Bonds
- Consider social lettings agencies as a tool to secure more housing.



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Solutions: Current help available

Cash rental deposit schemes
Bond or guarantee schemes for rental deposits
Incentive payments to landlords to let to certain groups (e.g. homeless households)
Assistance with rent in advance
Social lettings agencies
Landlord and tenant matching schemes
Support with claiming housing benefit
Tenancy floating support schemes
Private sector leasing schemes

Solutions: Challenges for Access Schemes

- **Substantial minority of landlords adamant that nothing will change their mind**
- **Shortfall between LHA rates and rents**
- **DCLG funding cuts: rationing local service provision**
- **Varying success in developing a long-term sustainable model**
- **London borough social lettings agencies are falling far short of cost-neutrality and are not financially viable**
- **Potential to offer unsuitable accommodation with disrepair issues and far away from home area**

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Urgent call for action

Stand up for the million renters facing homelessness

A million households in Britain could be at risk of homelessness by 2020, unless a freeze on housing benefit is lifted.

The Local Housing Allowance freeze is pushing hundreds of thousands of private renters dangerously close to breaking point at a time when homelessness is rising.

The Government has shown a commitment to fighting homelessness, so must back up its words with actions.

It must reverse cuts to LHA as a matter of urgency, to make sure that private tenants who need help paying rent aren't forced into homelessness.

Sign our petition to call on Chancellor Philip Hammond to restore LHA and stop more renters becoming homeless:

https://england.shelter.org.uk/support_us

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Growing support across the spectrum

Policy in Practice for LGA (9 September)

"Looming affordability crisis because cuts to LHA mean it is no longer linked to real rents. By 2020, over 1.4 million private renters will need to contribute significantly more to their housing costs"
<u>Recommendation: Restore the link between private rents and LHA</u>

National Audit Office (13 September):

"Changes to LHA are likely to have contributed to the affordability of tenancies for those on benefits, and are an element of the increase in homelessness"

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Further recommendations on PRS access

1. Review of tenancy deposits: examples in New South Wales and New Zealand
2. Employers should take up Shelter's rental deposit loan model to grant employees interest-free loans to help them secure a new rented property
3. The Government must take action to ensure Universal Credit does not result in landlords refusing to let to benefit claimants
4. The Government should allow more tenants to access advance payments from their benefits
5. Mortgage lenders should stop barring landlords from renting to housing benefit claimants
6. The Government should collect data on local authorities' use of bond/ guarantee schemes

And to tackle homelessness

National and local focus on the underlying causes:

- A national cross-Government strategy on homelessness, including role of DWP in preventing homelessness
- An on-going strategic local approach to homelessness, especially in the light of sub-regional devolution in England
- An increase in available of social rented housing
- In the meantime, significant Government intervention in PRS needed improve private rentals as default tenure and prevent homelessness:
  - Extension of tenancy lengths to provide Stable Rental Contracts
  - Continued tackling of poor conditions and rogue landlords in the private rental market: (Karen Buck's Fitness Bill 2017)

Until there’s a home for everyone

Thank you

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