

Homeless Link's submission to the Affordable Housing Commission

Introduction

1. Homeless Link is the national membership body for frontline homelessness agencies and the wider housing with health, care and support sector. We represent around 750 organisations providing supported housing and homelessness services across England. We work to improve services through research, information, training and guidance, and to promote policy change that will ensure everyone has a place to call home and the support to keep it.
2. A sustainable home and a job is the best route out of homelessness, and people who are homeless may need a range of support to help them achieve this - improving poor health, overcoming substance use, and moving on from offending. This is why each year a range of homelessness services play a critical role in recovery, helping thousands of people leave homelessness behind and preventing many more losing their homes in the first place.
3. We welcome the Affordable Housing Commission focussing on the affordability challenge, particularly for those reliant on state support. Homeless Link believes that everyone should have a place to call home and the support they need to keep it. Having a decent place to live should be a right for all and not be beyond the reach of the poorest and most vulnerable people in society.
4. We have developed this submission through two focus groups with people with lived experience of homelessness and frontline workers from across homelessness organisations in London, as part of our Trust for London funded work. We have drawn from our research *Support for single homeless people in England: Annual review 2017*¹, *Young and Homeless 2018*², *Preventing homelessness before it begins*³, and *Moving on from homelessness*⁴, and our on-going work with our member organisations, including regular engagement with frontline staff from across our membership, our National Advisory Council of members, local authorities and welfare advice agencies.
5. Homeless Link would be glad to elaborate further on any of the information provided.

Understanding the affordability challenge

Q: Why is housing unaffordable?

6. Successive governments have struggled to respond to the country's changing needs and demographics. Population growth, smaller household sizes and easier access to credit have all contributed to an increase

¹ Homeless Link (2018) Support for single homeless people in England: Annual review 2017, Available at: https://www.homeless.org.uk/sites/default/files/site-attachments/Annual%20Review%202017_0.pdf

² Homeless Link (2018) Young and Homeless 2018, Available at: <https://www.homeless.org.uk/sites/default/files/site-attachments/Young%20and%20Homeless%202018.pdf>

³ Homeless Link (2018) Preventing homelessness before it begins. Available at <https://www.homeless.org.uk/sites/default/files/site-attachments/Prevention%20research%202018.pdf>

⁴ Homeless Link (2018) Moving on from homelessness - How services support people to move on. Available at <https://www.homeless.org.uk/sites/default/files/site-attachments/Moving%20on%20from%20homelessness%202018.pdf>

in housing demand with which supply has not kept pace. The costs of housing - mortgages, deposits, social and private rents, and service charges - are all rising more rapidly than incomes. Having a real choice about where to live has disappeared for many, as more people are housed miles away from work and their social networks.⁵

The affordability of social housing

7. Social housing rents, which are linked to local earnings, are often far more affordable than private sector tenancies – particularly to those on low incomes.
8. However, the supply of new social housing has been in decline since the late 1980s, and has contracted sharply in the past decade. 6,463 new homes for social rent were made available in 2017-18 compared to 24,670 a decade earlier in 2006/7, making up fewer than 3% of all new dwellings. In contrast, 47,355 affordable homes were delivered in England in 2017-18, an increase of 12 per cent compared to 2016-17.⁶
9. The move towards replacing social rent with “affordable” rent levels means that in some areas social housing is out of reach for homeless and low-income households⁷. The Chartered Institute of Housing estimate that between 2012 and 2020, almost a quarter of a million social rented homes will be ‘lost’, either through right to buy, conversion to affordable rented properties or demolished as part of regeneration schemes.⁸

The affordability of the private rental sector

10. The level of support individuals receive for housing costs (housing benefit / ‘housing costs’ under Universal Credit) plays a key role in the affordability of private rental accommodation for those on no or low incomes.
11. In the private rental sector, housing benefit is based on the weekly rent payable or a local maximum rate known as the local housing allowance (LHA), whichever is the lower. This was set to cover the cheapest 30 per cent of homes, but since April 2013 were set to previous year’s rates uprated by CPI, then in 2014 and 2015 by 1%, then from April 2016, frozen for four years.
12. The freezing of the LHA since 2016 has contributed to an ever-increasing gap across most of England between people’s incomes and the rents in their areas. Recent research has highlighted that in 123 out of 152 areas in England, less than 20% of one-bedroom properties within the private rented sector is affordable within LHA rates. This rises to 136 out of 152 areas in England for families trying to access two-bedroom properties.⁹
13. In response to the high gap between LHA rates and local market rents in some areas, in April 2014 the Government introduced the ‘targeted affordability funding’ (TAF) for areas with the largest discrepancies.¹⁰ However, Crisis research has shown that for 74% of the areas (103 out of 138) where Targeted Affordability Funding was allocated, 5% or less of the private rented sector is affordable within the uplifted

⁵ Homeless Link (2015) Let’s make the difference: A manifesto to end homelessness, Available at <https://www.homeless.org.uk/sites/default/files/site-attachments/Make%20the%20Difference%20-%20a%20manifesto%20to%20end%20homelessness.pdf>

⁶ Affordable housing supply in England: 2017 to 2018 <https://www.gov.uk/government/statistics/affordable-housing-supply-in-england-2017-to-2018>

⁷ Crisis (2018) Everybody In: How to end homelessness in Great Britain

⁸ CIH (2018) ‘More than 150,000 homes for social rent lost in just five years, new analysis reveals’ http://www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/More_than_150000_homes_for_social_rent_lost_in_just_five_years_new_analysis_reveals

⁹ Crisis (2018) Everybody In: How to end homelessness in Great Britain

¹⁰ CIH (2018) Missing the Target, Access at <http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/Missing%20the%20target%20final.pdf>

Local Housing Allowance rate.¹¹ This is because allocating Targeted Affordability Funding where the private rented sector is least affordable means it tends to go to areas where rents have been growing fastest. This means it will not completely make up the gaps; it will only reduce the amount of the gap depending on how fast rents grow.

Shared Accommodation Rate

14. Further, in 2012 the Shared Accommodation Rate (SAR) was extended to all single people under the age of 35 years, meaning that those people would only be eligible for Housing Benefit at the rates for a single room in a shared property, even if they were not sharing a house.¹² Although there are exemptions in place for some groups so that they can receive the full LHA rate, these exemptions have limited coverage. For example, some care leavers have often endured challenging upbringings and trauma, and would feel unsafe in a shared home, however the current exemption only applies to care leavers up to the age of 22.
15. Crisis research has shown that there is very limited availability of accommodation below the SAR rate. In England, less than 20 per cent of the private rented sector is affordable within the SAR in 123 of 152 areas (81% of the private rented sector). In more than a quarter (27%) of areas, five per cent or less of the private rented sector is affordable, including 12 areas where there is no shared accommodation affordable within the SAR.¹³
16. Outside of London, two out of every three LHA rates for shared accommodation have a weekly gap of £4 or more.¹⁴ Tenants are expected to make up any gap out of their jobseeker's allowance (JSA) or other basic benefits, which have also been subject to the uprating freeze and are now only worth 93% of their 2012 value. Single people aged under 25 get a lower rate of JSA (£57.90) and on average are expected to contribute 10% of this to make up the gap.¹⁵¹⁶

Q: Costs and consequences of unaffordable housing

17. The shortage of social housing has led to over 1.15 million households on local authority waiting lists, with waiting times running into decades in areas of the highest demand.¹⁷
18. Social housing authorities have sought to control waiting lists and restrict eligibility in order to prioritise those in greatest need or those seen as making a 'positive contribution' through employment or volunteering. Further, there is evidence that many housing associations are using affordability assessments to assess whether applicants will be able to afford their rent.¹⁸ Homeless Link members have reported that many housing associations are requiring excessive amounts of rent in advance (varying from several weeks to months) and/or rent guarantors, thereby, excluding individuals moving on from homelessness accessing this social housing. In addition, most single homeless people are unlikely to be assessed as in 'priority need' and, as such, the local authority has no duty to provide settled

¹¹ Crisis (2018) Everybody In, Access at

https://www.crisis.org.uk/media/239633/everybody_in_how_to_end_homelessness_in_great_britain_2018.pdf

¹² Wilson, W. (2014) Housing Benefit: Shared Accommodation Rate, House of Commons Library

¹³ Crisis (2018) Everybody In, Access at

https://www.crisis.org.uk/media/239633/everybody_in_how_to_end_homelessness_in_great_britain_2018.pdf

¹⁴ There is a shortfall between LHA levels and lower quartile rents across South Nottinghamshire boroughs, with the only property types falling within LHA levels being shared properties in Broxtowe and Gedling.

¹⁵ For those on Universal Credit, the standard amount of support for non-housing costs in Universal Credit for someone aged under 25 is £251.77 a month, compared to £317.82 for someone over 25.

¹⁶ Crisis (2018) Everybody In, Access at

https://www.crisis.org.uk/media/239633/everybody_in_how_to_end_homelessness_in_great_britain_2018.pdf

¹⁷ Centrepoint (2018) Ready to move on, Available at <https://centrepoint.org.uk/media/3048/ready-to-move-on.pdf>

¹⁸ Clarke, A., Morris S. and Williams, P. (2015) How do landlords address poverty York: JRF; Hickman, P, Pattison, B and Preece, J (2018) The impact of welfare reforms on housing associations. Glasgow: University of Glasgow

accommodation for them.

19. Many Homeless Link members¹⁹ have reported that people who are homeless and/or sleeping rough face major obstacles and restrictions in accessing local authority social housing or even their waiting lists. One of the consequences of the Localism Act 2011 introducing restrictions to accessing waiting lists for groups of people deemed 'non-qualifying' has meant in practice that people with a history of rent arrears, a record of anti-social behaviour, with previous convictions or no local connection are excluded.
20. In Homeless Link's Annual Review 2017²⁰, 73% of respondents identified the lack of affordable housing as preventing people from moving on from their services. 40% said that this was the main barrier and 30% of people in accommodation projects were ready to move on, but had not yet moved and, of this group, 27% had been waiting at least 6 months.
21. Unaffordability of social housing and the private rental sector has in turn increased demand on homelessness accommodation projects. Rough sleeping has increased by 73% over the past three years, and the number of households in expensive, temporary accommodation has increased by 66% since December 2010. The numbers of families sharing and severe overcrowding has increased significantly, particularly in London. This puts additional pressure on those properties and places additional pressure on the emotional and social wellbeing of the households living in them.
22. However, between 2016 and 2017 there has been a reduction in the number of homelessness accommodation projects (-5%) available to single homeless people, with the number of bed spaces decreasing by 3% in the past year (now standing at 34,497 in total). 39% of homelessness accommodation providers have reported a decrease in funding over this period.²¹

Priority groups

23. A number of groups could be considered as priority concern as they are unable to access Universal Credit, which for many will be the mechanism for accessing support with housing costs. This is due to a number of assumptions and requirements within Universal Credit which are at odds with the lived experiences of many homeless people:
 - i. Universal Credit requires people to have a level of literacy and ability to identify errors where they arise and act upon them. However, 51% of people experiencing homelessness lack the basic literacy skills needed for everyday life; people with cognitive impairments, or who lead chaotic lifestyles, can also experience problems remembering basic information, including passwords. For those who are unable to rely on support from family, friends or outside help these issues take on increased significance, and if unaddressed potentially leave people unable to open and maintain a claim.
 - ii. Universal Credit operates a 'digital by default' model which presumes that most benefit claimants can use IT to manage their claims and undertake activities in standard claimant commitments, such as using a browser, creating an email, completing and reviewing an online form, monitoring account, communicating via a journal and uploading documents. Clients who are unable to have not being able to access support through JCP.
 - iii. Further, people experiencing homelessness will often have limited access to computers, increasing their reliance on access to IT facilities in libraries and other public spaces, which can

¹⁹ Homeless Link (2018) Response to Social Housing Green Paper, Available at: https://www.homeless.org.uk/sites/default/files/site-attachments/Homeless%20Link_SocialHousing%20GreenPaperSubmission.pdf

²⁰ Homeless Link (2018) Annual Review 2017: Support for single homeless people in England

²¹ Homeless Link (2018) Support for single homeless people in England: Annual Review 2017. Available at: https://www.homeless.org.uk/sites/default/files/site-attachments/Annual%20Review%202017_0.pdf

impose time limits too restrictive to make a claim. Although potential claimants can now use phone lines, people experiencing homelessness often do not have mobile phones, and access to public phones is limited.

- iv. Universal Credit presumes people have access to a bank account, however, many people experiencing homelessness find it extremely difficult to open a bank account, primarily because of problems in obtaining an adequate proof of address which a bank will accept. It can be equally hard for a person living in a hostel and/or supported housing to open an account, due to a lack of supporting documentation. Although it is possible to use a Post Office accounts, Work Coaches have insisted to many that a bank account is required, leaving people with no way of receiving their payment.
- v. Universal Credit also introduces new requirements around budgeting, with housing payments no longer (by default) going to landlords, and payments being made monthly and in arrears. Budgeting on Universal Credit from the beginning of a claim can be impossible for some; low levels of payment mean individuals will have to manage a deficit budget, and those who do not get paid monthly will see fluctuations in their payments. 78% of respondents in our Young and Homeless research reported direct payment of housing costs to the tenant as impacting on young people's access to housing and 75% highlighted the impact of arrears in monthly payments.²²

24. Further, it is very unlikely that people experiencing homelessness will have the financial resources required to bridge the gap between applying for Universal Credit and receiving their first payment, as few people who are homeless or at risk of homelessness will have savings or support from family. To support people as they wait for their first payment, an Advance payment system is in place which as is allows people to request up to 100% of their monthly benefit which must be paid back over 12 months with the option to defer starting paying back for 3 months. This means this group of claimants will be pushed further into debt for 12 months, increasing the gap between private rental costs and income from the welfare system.

Q: What's being done and is it working, and what are the implications and policy trade-offs?

25. Local authorities do have limited budgets for Discretionary Housing Payments (DHPs) to assist households affected by welfare reform.²³ Between 2013/14 and 2017/18 the proportion of total DHP expenditure spent on the Benefit Cap increased from 16% to 28%, the proportion of expenditure spent on the Bedroom Tax decreased from 50% to 27% and the proportion of expenditure spent on the Local Housing Allowance stayed broadly stable over the period.²⁴

26. However, in 2017/18, local authorities spent less than the (non ring-fenced) amount allocated for DHPs in respect of all three welfare reforms (69% for the Benefit Cap, 81% for the Bedroom Tax, and 76% for the LHA). 229 authorities spent less than their DHP allocation, with a total under-spend of around £8.6 million.²⁵

27. In terms of accessing Universal Credit, a number of JCP are working pro-actively with the homelessness sector to improve access to housing costs for potential claimants. For example, Connections at Saint Martins have a member of staff from DWP working on-site, and Oxford JCP have complex needs case

²² Homeless Link (2018) Young and Homeless, Available at: <https://www.homeless.org.uk/sites/default/files/site-attachments/Young%20and%20Homeless%202018.pdf>

²³ Wilson, W. (2018) Discretionary Housing Payments, House of Commons Library, Available at <http://researchbriefings.files.parliament.uk/documents/SN06899/SN06899.pdf>

²⁴ Wilson, W. (2018) Discretionary Housing Payments, House of Commons Library, Available at <http://researchbriefings.files.parliament.uk/documents/SN06899/SN06899.pdf>

²⁵ Wilson, W. (2018) Discretionary Housing Payments, House of Commons Library, Available at <http://researchbriefings.files.parliament.uk/documents/SN06899/SN06899.pdf>

officers joining homelessness staff on outreach shifts. Local organisations have reported a marked difference in the experience of clients accessing these services.

Towards a new affordable housing offer: managing demand

Q: How can the welfare system ensure that those on low incomes, with particular needs or those experiencing financial shocks have the right level of support in a timely way to reduce housing stress

28. To ensure that those on low incomes have the right level of support to reduce housing stress, a number of reforms to the welfare system are required:

- i. The freeze on the Local Housing Allowance should be lifted and levels reviewed so that they reflect the reality of the local rental market. This should include a policy framework that links rents to local income.²⁶
- ii. The five week wait for first payment of Universal Credit should be removed for both new claimants and those migrated onto Universal Credit. This could involve improving access to fortnightly payments, and removing the requirement for Advance payments to be paid back.
- iii. Universal Credit must be accessible and responsive to the differing requirements of individuals. Of urgency, reform is needed so that Universal Credit supports individuals *towards* the attainment of IT literacy and money management skills, rather than requiring these skills from the outset. This will require investment in effective support, and alternative methods of making and maintaining a claim for those without access to IT, such as home visits, improved availability of phone support, and reviews of explicit consent procedures. To further support money management, claimants moving on to Universal Credit should receive Alternative Payment Arrangements by default, with the opportunity to opt-out, rather than the current mechanism which requires individuals to both understand exemption processes and be able to disclose any vulnerabilities.

Contact

Chris Brill, Policy Manager

Chris.brill@homelesslink.org.uk

0207 840 4421

²⁶ Chartered Institute of Housing (2018) Rethinking Social Housing: Final report



What we do

Homeless Link is the national membership charity for organisations working directly with people who become homeless or who live with multiple and complex support needs. We work to improve services and campaign for policy change that will help end homelessness.

Let's end homelessness together

Homeless Link
Minorities House, 2-5 Minorities
London EC3N 1BJ

020 7840 4430

www.homeless.org.uk

Twitter: @Homelesslink

Let's end homelessness together

Homeless Link, Minorities House, 2-5 Minorities, London EC3N 1BJ | 020 7840 4430

www.homeless.org.uk | Twitter: @Homelesslink | Facebook: www.facebook.com/homelesslink

© Homeless Link 2017. All rights reserved. Homeless Link is a charity no. 1089173 and a company no. 04313826.