About CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals and their organisations with the advice, support and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries across five continents.

Further information is available at: www.cih.org

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Summary

CIH welcomes this opportunity to present evidence to the CLG Committee’s homelessness inquiry.

The government’s renewed focus on prevention and its commitment to tackling homelessness by ensuring there is a strong safety net in place for society’s most vulnerable people is positive. After years of declining trends, homelessness has risen. In England homelessness acceptances in the year to September 2015 were 43 per cent higher than in 2010.

People become homelessness for complex and usually overlapping reasons but we are concerned that a combination of the shortage of affordable housing for people on low incomes and welfare reforms, such as the cuts in housing benefit, are weakening the housing safety net for those in greatest need. We are deeply concerned about the impact of the proposed extension of local housing allowance (LHA) caps to social sector rents, especially on supported accommodation schemes for the most vulnerable.

Local authorities take a number of steps to help people avoid homelessness so it is encouraging that the homelessness prevention grant has been protected. However, preventative measures on an individual level cannot replace policy measures to ensure an adequate supply of affordable housing. CIH understands the government’s aspiration to increase access to home ownership but the focus on starter homes as the only form of new affordable supply is concerning.

The private rented sector (PRS) has grown considerably since the late 1990’s and is expected to continue expanding but we believe it cannot, in its current form, offer sustainable solutions to help tackle homelessness. Government should establish a £15 million challenge fund to help tackle homelessness by enabling access to the PRS, supporting vulnerable people to sustain their tenancies and building the confidence of private landlords to let to households which they see as posing a higher risk.

There is a significant cost to the public purse each time a household becomes homeless and a body of evidence shows that investing in homelessness prevention is much more cost effective, when compared to the cost of fulfilling statutory duties once someone has become homeless. Tackling the root causes of homelessness is crucial to addressing the problem so we welcome the recently announced new package of measures to help tackle homelessness and strengthen the legal safety net.

We believe there is scope to introduce a new prevention duty in England to strengthen our legal framework and that we can learn lessons from the ways in which Wales and Scotland have recognised the importance of properly funded homelessness prevention. Research shows that there is wide support across English local authorities for the introduction of a new prevention duty to compel local authorities to consider how they can prevent homelessness among everyone in their areas. However, new homelessness rights are only as good as the services available to meet them so this measure would need to be supported by sufficient and targeted financial backing.
Steps taken by local authorities to deal with homelessness

The scale of the problem
Homeless acceptances peaked in 2003 before falling sharply until the end of 2009. They have since been on a gradually rising trend. Officially estimated rough sleeper numbers reflect a worrying ongoing rise - in 2014 the national total had risen by 55 per cent compared with 2010. In their briefing on key homelessness facts and statistics (England), Crisis found that last year there was a 26 per cent rise in the number of people making a homelessness application in England since 2009/10 and the DCLG homelessness statistical release (December 2015) shows that the total number of acceptances in 2014/15 was 36 per cent higher than the 2009/10 low. The total number of cases of prevention and relief increased by 38 per cent between 2009/10 and 2013/14 but fell by 3 per cent in 2014/15. Placements of homeless households in temporary accommodation have risen sharply by 40 per cent between 2010/11 and 2014/15. The total number of households with children living in temporary bed and breakfast style accommodation has increased by 45 per cent since 2014/15 and the surge in the number of these placements exceeding the legal six week limit has more than doubled in a year.

Impact of welfare reform measures on levels of homelessness
We are concerned about the impact of a range of welfare reform measures on levels of homelessness. The latest JRF and Crisis homelessness monitor highlights that levels of homelessness have increased in two thirds of local authority areas in England since reform measures were implemented between 2010 and 2015.

Crisis’ report on homelessness and sanctions (2015) highlights the impact that being sanctioned has on people’s housing situations, with half of all survey respondents saying that it affected their ability to maintain their housing mainly because it left them struggling to pay their rent or service charges. The government should review the benefit sanctions system and put measures in place to ensure homeless claimants are not disproportionately affected and that others have every reasonable opportunity to avoid homelessness.

According to research by JRF and a comprehensive review of youth homelessness policy in the UK by Beth Watts, research fellow at Heriot Watt University, many young people/ adults are increasingly marginalised by the UK housing system, facing severe challenges accessing affordable rented accommodation, let alone home ownership. This group is particularly vulnerable to homelessness, so the Chancellor’s announcement in the summer budget to remove automatic entitlement to housing benefit for 18 to 21 year olds is extremely concerning. Remaining at home is not an option for many young people so we urge the government to exempt 18 to 21 year olds who are identified as being at increased risk of homelessness.

We are also concerned about the likely effects of the LHA cap to rents in the social sector on single people aged under 35. Shelter’s analysis of existing housing benefit award data shows that as of August 2015 82 per cent of housing benefit awards to under 35’s living in social rented housing in England are greater than the shared accommodation rate. If implemented, the cap will dramatically limit housing options for young people who rely on housing benefit to help pay their rent. We believe the government should carefully consider whether there are enough shared accommodation options to meet the needs of single under 35’s and to consider exempting certain groups, for which shared living may not always be suitable e.g. people with high/complex needs.

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LHA cap impact on availability of supported accommodation
We are very concerned about the impact of the LHA cap on the availability of supported housing, if schemes are not excluded from the measure. A recent snapshot survey conducted by Inside Housing showed that 95 per cent of supported housing providers expect to have to close some schemes as a result of the proposed change, and that 27 percent believe that it will render all of their schemes unviable. Providers cannot risk the cost of new building unless there are assurances that the rent will cover the cost. Exempting supported accommodation would help ensure the ongoing viability of many schemes that provide invaluable support to people who are at increased risk of homelessness. Since 2012/13 supported accommodation has helped prevent or relieve 46,100 incidences of homelessness (16,800 in 2014/15).

Sitra’s report (produced for the National Housing Federation) on the need for and supply of supported housing highlights that supported accommodation improves many vulnerable people’s health and independence. However there is currently a 14 per cent shortfall in existing supply and further closures resulting from the extension of LHA would seriously undermine any efforts to drive a preventative culture for tackling homelessness.

We are pleased about the government’s decision to exempt supported housing from the one per cent rent reduction for one year and to review the proposed extension of LHA. However the resulting report is not due until March 2016 and although the measure is not due to be fully implemented until April 2018, we are concerned that the government has failed to understand the impact of uncertainty around the details at this point in time. Supported housing providers have warned that the government’s offer £70 million additional discretionary housing payment (DHP) funding for two years from 2018 to cover the shortfall is insufficient to avoid scheme closures and cancellations due to the temporary and discretionary nature of DHP awards. We believe supported housing should be exempt from LHA caps.

Government has said that it expects the cut to deliver a saving of £515 million between 2018 and 2021. However this is a relatively small saving, given the extent of the impact on those affected and where schemes are forced to close this will push much higher additional costs onto other services, such as social care and the NHS. For example in 2010 the Department of Health estimated that people who were rough sleeping, living in a hostel or squat or ‘sofa-surfing’ used four times more acute hospital services than the general population, costing at least £85 million in total per year.

Access to the private rented sector
With the right support the PRS can provide sustainable housing for vulnerable and homeless people but we believe it cannot, in its current form, offer sustainable solutions to help tackle homelessness. Feedback from our members has highlighted concerns about limited access to the PRS (affordability and availability) so our findings following analysis of the impact of the four year LHA freeze are worrying. We found that based on local rent inflation of three per cent from April 2016 to 2020, accommodation in the lowest 30 per cent of the private renting market will become virtually unaffordable for those who rely on full housing benefit to pay their rent, limiting them to just 10 per cent (or less) of the market as a whole.

We urge the government to review the ability of the PRS to offer effective solutions to help prevent and tackle homelessness. This is why CIH has used its 2016 Budget submission to call on
Government to establish a £15 million challenge fund to help tackle homelessness by enabling access to the PRS and to support vulnerable people to sustain their tenancies. This will help to reduce repeat and long term homelessness among vulnerable people, reduce the costs to local authorities and other public services which result from households becoming homeless and build the confidence of private landlords to let to households which they see as posing a higher risk.

Move-on options are crucial to avoid the silting up of much needed homelessness accommodation. According to Homeless Link’s annual review of support for people without dependants and who are not eligible for support under the homelessness legislation, almost half of homeless accommodation projects report a lack of suitable move-on accommodation as the main barrier to creating necessary churn among their projects.

A £15 million challenge fund could help to improve move-on options for those affected by homelessness. Crisis, backed with government funding since 2010, have already proven the value of this approach, with tenancy sustainment rates (tenancies that have successfully reached the six month point) of over 10,000 people consistently exceeding 90 per cent. A cost benefit analysis created by the University of York was completed by 37 of these projects which showed that between October and December 2014 their housing and support interventions saved the public purse nearly £6 million.

Long term and repeat homelessness are associated with people with high support needs so we believe this funding could help develop England’s adoption of the Housing First model – a client-led approach where service users are provided with accommodation immediately, or very rapidly without the proviso of accepting support or refraining from using alcohol or drugs. The potential for the approach to reduce homeless in England was highlighted in research by the University of York’s Centre for Housing Policy which evidenced improvements in mental and physical health and reductions in drug and alcohol use among service users. This research also identified potential overall savings in public expenditure that could be in excess of £15,000 per person per annum (approximate figures).

The relationship between homelessness and the availability of social housing

Analysis of the official homelessness statistics shows that in England social housing tenancies helped with tackling homelessness in the following ways:

- last year 28 per cent of all prevention and relief cases where people were assisted to obtain alternative accommodation were assisted to secure a social sector tenancy
- since 2012/13 accepted offers of social housing tenancies account for 70 per cent of all cases where a full housing duty ended
- for the period 2012/13 to 2014/15, temporary accommodation was secured in social rented sector stock in 17 per cent of all cases; 10 per cent of all London cases and 33 per cent of cases in the rest of England.

Access to social housing is crucial when considering ways to tackle and prevent homelessness so we are deeply concerned about the loss of social rented homes at a time when more and more people are in need of affordable housing. The long-term impact of the right to buy and low levels of new
building in the social rented sector has resulted in a sharp decline in housing options available for lower income households.

For example, the number of starts/acquisitions would have to increase from 3,337 to 18,600 for the government to meet its commitment to replace, on a one for one basis, all additional homes sold as a result of the reinvigoration of the right to buy. Similarly according to our analysis, requiring councils to consider selling high value homes as they become vacant, to help fund the extension of the right to buy to housing association tenants, could result in almost 7,000 council homes a year could be lost if no extra funding is provided to ensure that they can be replaced.

We share the government’s aspiration to increase access to home ownership but the focus on starter homes as the only form of new affordable supply is worrying. Our modelling shows an estimated projected loss of 405,000 existing social rented homes from 2012 to 2020. In addition building replacement homes for shared ownership will mean that people seeking a social rented home will be pushed into the bottom end of the private rented sector, where homes are typically more expensive, leading to an increase in the housing benefit bill. A study conducted by the Joseph Rowntree Foundation found that only three per cent of new social tenants could afford shared ownership or starter homes instead.

More affordable housing to rent is critical if we are going to solve the housing crisis and provide realistic housing solutions to households who would otherwise become homeless. We therefore urge the government to recognise the need for more new affordable homes for rent and to explore the options available to achieve this.

**How might we do things differently in England?**

The recently announced new package of measures to help tackle homelessness and strengthen the legal safety net, including protecting the homelessness prevention grant, is extremely encouraging. However, we believe more should be done to underpin a cultural shift in the ways local authorities in England respond to and tackle homelessness in their areas. There is scope to introduce a new prevention duty to strengthen our legal framework. The current legislative system does provide a safety net to those not eligible for full housing assistance but what happens in practice is different. The latest Crisis and JRF report on the Homelessness Monitor research shows that a total of 280,000 approaching their local authority in the last year alone, a significantly larger figure than the one provided via official government data (112,330).

A new prevention duty, similar to the one introduced by the Housing (Wales) Act 2014, enshrined within English law would compel local authorities to consider how they can prevent homelessness among everyone in their areas. Research by Crisis and JRF (The Homelessness Monitor 2016) shows wide support for this measure across English local authorities that are struggling to cope with rising single household homelessness.

There is a significant cost to the public purse each time a household becomes homeless and a body of evidence shows that investing in prevention is much more cost effective when compared to the cost of fulfilling statutory duties once someone has become homeless. A recent study by researchers at the University of York and Crisis shows how intervening to help people when they first become
homeless makes good economic sense, saving between £3,000 and £18,000 for every person helped.

At a critical time for homelessness in England, with councils struggling to help single homeless people and fearing that further welfare reforms will make the problem worse, a prevention duty would strengthen existing prevention measures and would foster a culture change, encouraging authorities to be more pro-active in their approach to tackling homelessness in their areas.

**Wales**

The new Housing (Wales) Act 2014 reformed homelessness law, including placing a stronger duty on local authorities to prevent homelessness, introducing a duty on local authorities to provide housing advice and assistance to everyone within their areas, regardless of whether they are homeless or threatened with homelessness. The measure received financial backing of £4.9 million for 2015/16. Since part two of the act was implemented in April, [Shelter Cymru has been closely monitoring](#) how services have been responding and report an encouraging start but there early indications of households being assisted outside of the legislation.

**Scotland**

In Scotland, legislation was introduced in 2003 with a target to abolish priority need by 2012, allowing a long lead-in time for the measure to be implemented. The priority need test in Scottish homelessness legislation was abolished towards the end of 2012. The move was backed by an acknowledged need to increase the supply of social housing and a greater development of a housing options approach to enable authorities to focus on preventing homelessness where possible. Official figures show that applications and homeless assessments in Scotland have been falling steadily and this has been attributed to a focus on prevention and a move towards the housing options approach.

We believe the personal problems faced by many homeless people in England who are ineligible for a full statutory service would be best addressed by having a legal framework which puts prevention at the heart of our approach. However, a new prevention duty would place an additional burden on local authorities and as Wales’ approach shows, the introduction of such a measure will need to be supported by adequate resources. CIH would like to help government understand what these costs are likely to be.

New homelessness rights are only as good as the services available to meet them so this measure would need to be supported by sufficient and targeted financial backing.