

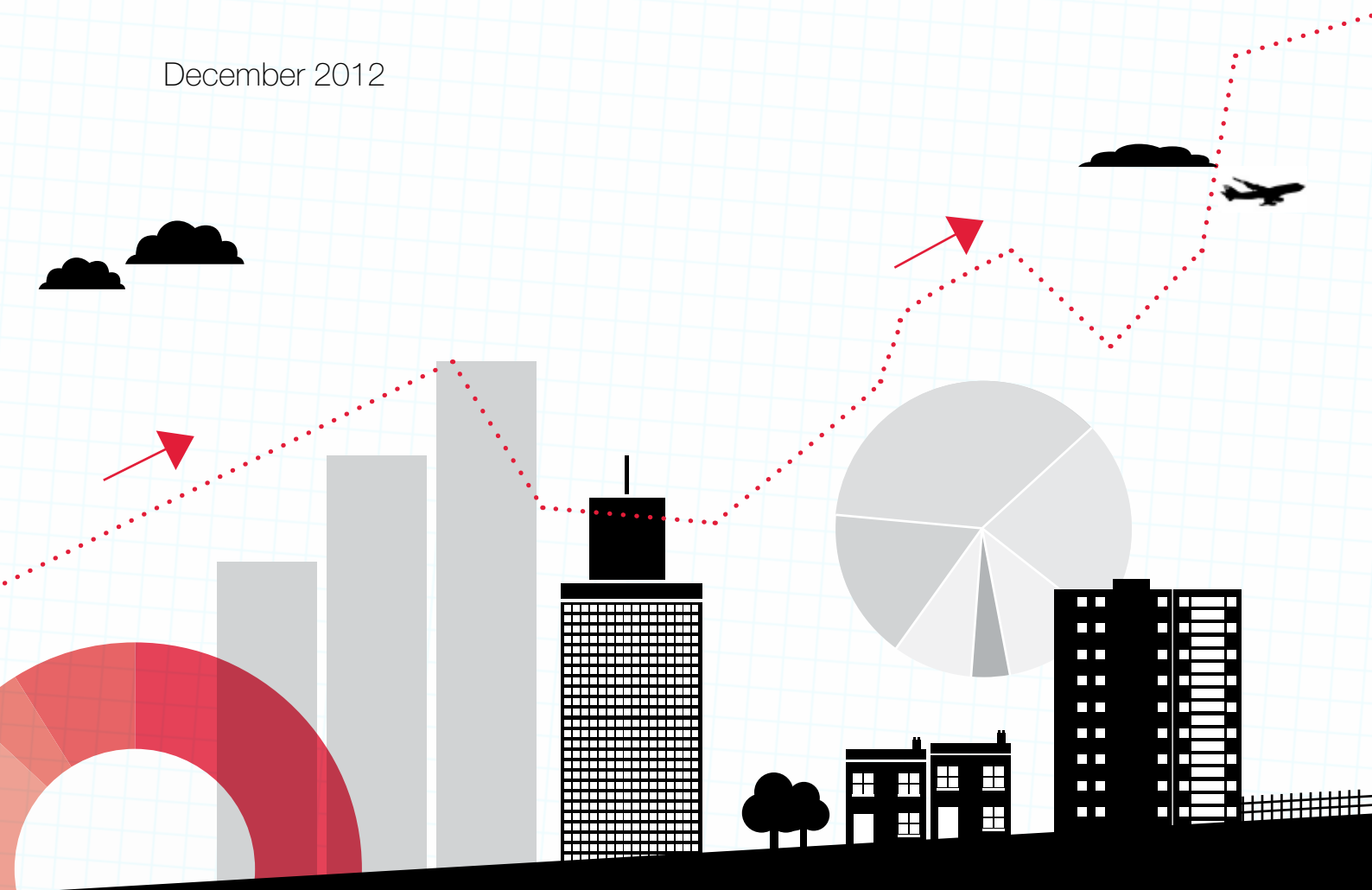
# The homelessness monitor: England 2012

Executive Summary

**Suzanne Fitzpatrick, Hal Pawson, Glen Bramley and Steve Wilcox,**

Institute for Housing, Urban and Real Estate Research, Heriot-Watt University  
and Centre for Housing Policy, University of York

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## **The homelessness monitor 2011-2015**

The homelessness monitor is a five year study that will provide an independent analysis of the impact on homelessness of recent economic and policy developments in England. The key areas of interest are the homelessness consequences of the post-2007 economic recession and the housing market downturn. The other main thrust of inquiry is the likely impacts of the welfare, housing and other social policy reforms, including cutbacks in public expenditure, being pursued by the Coalition Government elected in 2010.

This year 2 report tracks the baseline account of homelessness established in 2011, and analyses key trends following that period. It also highlights emerging trends and forecasts some of the likely changes, identifying the developments likely to have the most significant impacts on homelessness.

We will continue to monitor the impact on homelessness of the economic downturn and effects of welfare and housing reform over the next year in order to provide a substantive evidence base and will report on them in 2013-2015.

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

### **Crisis head office**

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

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

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## Executive Summary

### Key points

- This is a very concerning time for homelessness in England: the simultaneous weakening of welfare protection and the housing safety net, in a context of wider recessionary pressures, is already having a negative effect on those most vulnerable to homelessness, with the prospect of much worse to come.
- ‘Visible’ forms of homelessness – including rough sleeping and statutory homelessness – are on a sharp upward trajectory in England. The national rough sleeper ‘snapshot’ count rose by 23% between Autumn 2010 and Autumn 2011<sup>1</sup> – a more dramatic growth dynamic than anything seen since the 1990s. In London there has been a 43% rise in recorded rough sleeping over the past year (though a declining proportion of new rough sleepers appear to be falling into long-term street homelessness). By June 2012, quarterly statutory homelessness acceptances in England had increased 34% on their end 2009 minimum. Temporary accommodation placements have also risen, with Bed and Breakfast hotel placements almost doubling over the past two years. There has been a particularly alarming rise in the numbers of households with children in Bed and Breakfast hotels, from 630 in March 2010 to 1,660 in March 2012.
- ‘Hidden’ forms of homelessness – including concealed, overcrowded and sharing households – have been on a long-term broadly rising trend, starting before the current recession, and reflecting mainly housing access and demographic pressures. In 2012 there were an estimated 1.54 million concealed households in England involving single people, as well as 214,000 concealed couples and lone parents. Overcrowding has increased markedly since 2003, from 2.4% to 3.0% of all households. On the most recent figures 670,000 households were overcrowded in England.
- There is marked regional divergence in these patterns, with homelessness numbers in 2011/12 expanding most rapidly in London and the South. This regional disparity suggests that housing system factors are playing an important underlying role, with rising homelessness most acute in the more pressurised South of England and less apparent in the weaker housing market context of the Northern regions.
- Possibly linked to the previous point, there is also considerable regional diversity on the causes of homelessness. In particular, while homelessness resulting from termination of assured shorthold tenancies rose by 103% across England in the two years to 2011/12, this ranged from only 11% in the North East to 156% in London and 126% in the East of England (part of the ‘South’ broad region for statistical purposes).
- In combination with the prolonged economic downturn, and the erosion of the national ‘housing settlement’,<sup>2</sup> ongoing welfare reform seems certain to drive homelessness up yet further over the next few years. While transitional arrangements have thus far helped to mitigate the impacts of lowered Local Housing Allowance rates and national Local Housing Allowance caps, deepening benefit cuts are likely to

<sup>1</sup> At the time of writing, the Autumn 2012 figures were still to be published.

<sup>2</sup> One of the findings highlighted in last year’s report was that the UK housing system appears to moderate the impact of poverty for low-income households. Three key housing policy instruments explain the relatively good housing outcomes for poorer households: Housing Benefit, which pays up to 100% of eligible rent for low-income households; a relatively large social housing sector, allocated overwhelmingly according to need; and the statutory homelessness safety net. Notably, all three aspects of this UK ‘housing settlement’ are now subject to far-reaching change in England under the Coalition Government’s housing and welfare reform agendas.

have a much more dramatic impact on homelessness levels going forward. Linked with this, there are widespread concerns about benefit caps forcing London boroughs to 'export' statutorily homeless families to private rented accommodation in cheaper parts of the country.

- Young people are particularly disadvantaged by the combined impact of high unemployment, benefit cuts and the weakening of the housing safety net. Certainly, if the Government removes under-25s from the remit of Housing Benefit then a very serious rise in youth homelessness seems certain.

### Introduction and methods

This five-year study aims to provide an independent analysis of the homelessness impacts of economic and policy developments in England from 2011-2015. The key areas of interest include the effects on homelessness of the ongoing economic recession and associated housing market downturn. The other main thrust of inquiry is the likely impacts of the welfare reforms and public expenditure cutbacks being pursued by the Coalition Government elected in 2010, together with the implications of its housing, homelessness and other relevant policies.

The homeless groups taken into account in this study include:

- People sleeping rough.
- Single homeless people living in hostels, shelters and temporary supported accommodation.
- Statutorily homeless households – that is, households who seek housing assistance

from local authorities on grounds of being currently or imminently without accommodation.

- 'Hidden homeless' households – that is, people who are, arguably, homeless but whose situation is not 'visible' either on the streets or in official statistics. Classic examples would include households subject to severe overcrowding, squatters, people 'sofa-surfing' around friends' or relatives' houses, those involuntarily sharing with other households on a long-term basis, and people sleeping rough in hidden locations. By its very nature, it is difficult to assess the scale and trends in hidden homelessness, but some particular elements of the hidden homeless population are amenable to statistical analysis and it is these elements that are focused upon in this report. These include overcrowded households, as well as 'concealed' households and 'sharing' households.

Within our five-year longitudinal study, this second year report provides an 'update' account of how homelessness stands in England in 2012 (or as close to 2012 as data availability at the time of analysis will allow), and analyses key trends in the period running up to 2012. It also highlights emerging trends and forecasts some of the likely homelessness consequences of policy changes yet to be fully implemented.

While this is an update report, it is comprehensive, incorporating all of the key material from the 2011 Monitor<sup>3</sup> to obviate the need for readers to cross-reference between the two documents.<sup>4</sup> While the current report focuses on England, parallel Homelessness Monitors are being published for other parts of the UK.<sup>5</sup> With future editions published annually, this series will track developments until 2015.

<sup>3</sup> Fitzpatrick, S., Pawson, H., Bramley, G. & Wilcox, S. (2011) *The Homelessness Monitor: Tracking the Impacts of Policy and Economic Change in England 2011-2013*. London: Crisis. <http://www.crisis.org.uk/data/files/publications/TheHomelessnessMonitor.pdf>

<sup>4</sup> There are a small number of sections where we indicate that material has been somewhat condensed in this updated version, and readers wishing a fuller account can refer to the 2011 Monitor.

<sup>5</sup> The Scotland and Wales Homelessness Monitors will be published in Winter 2012/13 and available from <http://www.crisis.org.uk/policy-and-research.php>

Three main methods are being employed in each phase of this longitudinal study:

- First, relevant literature, legal and policy documents are being reviewed.
- Second, we are undertaking annual interviews with a sample of key informants from local authorities and single and youth homelessness service providers across England.
- Third, we are undertaking detailed statistical analysis on a) relevant economic and social trends in England; and b) the scale, nature and trends in homelessness amongst the four sub-groups noted above.

### Causation and homelessness

The project is underpinned by a conceptual framework on the causation of homelessness that has been used to inform our interpretation of the likely impacts of economic and policy change.

Theoretical, historical and international perspectives all indicate that the causation of homelessness is complex, with no single ‘trigger’ that is either ‘necessary’ or ‘sufficient’ for it to occur.<sup>6</sup> Individual, interpersonal and structural factors all play a role - and interact with each other – and the balance of causes differs over time, across countries, and between demographic groups.

With respect to the main structural factors, housing market trends and policies appear to have the most direct impact on levels of homelessness, with the influence of labour market change more likely to be lagged and diffuse, strongly mediated by welfare arrangements and other contextual factors.<sup>7</sup>

The individual vulnerabilities, support needs and ‘risk taking’ behaviours implicated in some people’s homelessness are themselves often rooted in the pressures associated with poverty and other forms of structural disadvantage.<sup>8</sup>

At the same time, the ‘anchor’ social relationships which can act as a primary ‘buffer’ to homelessness, can be put under considerable strain by stressful economic circumstances.<sup>9</sup> Thus, deteriorating structural conditions in England could also be expected to generate more ‘individual’ and ‘interpersonal’ vulnerabilities to homelessness over time.

This conceptual framework informed our consideration of how the changing economic and policy context in England may affect the complex structural factors that can drive homelessness, including via impacts at the more individual and interpersonal level. Our key conclusions lie in the following areas:

- The recent history of homelessness and related policies in England.
- The homelessness implications of the post-2007 economic and housing market recessions.
- The homelessness implications of Coalition Government policies, particularly with respect to its:
  - a) welfare reforms
  - b) housing reforms and the Localism agenda
- Emerging homelessness trends.

<sup>6</sup> Fitzpatrick, S. (2005) ‘Explaining homelessness: a critical realist perspective’, *Housing, Theory & Society*, 22(1):1-17.

<sup>7</sup> Stephens, M., et. al. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

<sup>8</sup> McNaughton, C. (2008) *Transitions through Homelessness: Lives on the Edge*. Basingstoke: Palgrave Macmillan.

<sup>9</sup> Lemos, G. & Durkacz, S. (2002) *Dreams Deferred: The Families and Friends of Homeless and Vulnerable People*. London: Lemos & Crane; Tabner, K. (2010) *Beyond Homelessness: Developing Positive Social Networks*. Edinburgh: Rock Trust.

## The recent history of homelessness in England

By the end of the Labour Government's period in office, in 2010, there had been some notable achievements on homelessness.<sup>10</sup> In particular, there had been a sustained large reduction in levels of recorded rough sleeping, and an unprecedented decline in statutory homelessness from 2003, associated with a step-change in Ministerial priority accorded to homelessness prevention.<sup>11</sup> Local homelessness strategies, and the Supporting People and Hostels Capital Improvement programmes, had led directly to the development of new, improved and more flexible services for single homeless people. Another area of significant success was youth homelessness, where a major UK review reported a 'sea change' of improvement in service responses over the decade until 2008.<sup>12</sup> It is notable that these 'gains' in homelessness responses in England under Labour were based largely on centrally-driven policies and national minimum standards.

However, a number of significant problems remained when Labour vacated office, including the lengthy periods spent in temporary accommodation by some statutorily homeless families, especially in London,<sup>13</sup> and rising numbers of destitute migrants amongst the rough sleeping population.<sup>14</sup> Most single homeless people remained without the statutory safety net in England, and had no legal rights to even

emergency accommodation when roofless unless in a 'priority need group' (in this sense the *legal* safety net for rough sleepers in England remained weaker than that in a number of other European countries).<sup>15</sup> Moreover, a number of forms of hidden homelessness appear to have commenced an upward trajectory during the Labour era, from the early 2000s, associated with housing affordability and demographic pressures (see further below).

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

Analyses of previous UK recessions have suggested that unemployment can affect homelessness both *directly* – via higher levels of mortgage or rent arrears – and *indirectly* – through pressures on family and household relationships.<sup>16</sup> These tend to be 'lagged' recessionary effects, and also rather diffuse ones, mediated by many intervening variables, most notably the strength of welfare protection. As social security systems, and especially housing allowances, are what usually 'breaks the link' between losing a job and homelessness,<sup>17</sup> significant reform of welfare provisions is likely to be highly relevant to homelessness trends (see below).

Housing market conditions tend to have a more direct impact on homelessness than labour market conditions,<sup>18</sup> and the last major

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- 10 Fitzpatrick, S., Quilgars D. & Pleace, N. (eds.) (2009) *Homelessness in the UK: Problems and Solutions*. Coventry: Chartered Institute for Housing (CiH).
- 11 Albeit that some commentators argued that this sharp decline in statutory homelessness acceptances may have been attributable, at least in part, to unlawful 'gatekeeping' by local authorities, see Pawson, H. (2007) 'Local authority homelessness prevention in England: Empowering consumers or denying rights?', *Housing Studies*, 22(6): 867-884.
- 12 Quilgars, D., Johnsen, S. and Pleace, N. (2008) *Youth Homelessness in the UK: A Decade of Progress?* York: Joseph Rowntree Foundation (JRF).
- 13 Pleace, N., et al. (2008) *Statutory Homelessness in England: The Experience of Families and 16-17 Year Olds*. London: CLG.
- 14 McNaughton Nicholls, C. & Quilgars, D. (2009) 'Homelessness amongst minority ethnic groups', in Fitzpatrick, S., Quilgars D. & Pleace, N. (eds.) (2009) *Homelessness in the UK: Problems and Solutions*, Coventry: CiH.
- 15 Fitzpatrick, S. & Stephens, M. (2007) *An International Review of Homelessness and Social Housing Policy*. London: CLG.
- 16 Vaitilingham, R. (2009) *Britain in Recession: Forty Findings from Social and Economic Research*. Swindon: ESRC; and Audit Commission (2009) *When it comes to the Crunch ..... How Councils are Responding to the Recession*. London: Audit Commission.
- 17 Stephens, M., et al. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.
- 18 *Ibid.*

housing market recession actually *reduced* statutory homelessness<sup>19</sup> because it eased access to home ownership, which in turn freed up additional social and private lets. However, no such benign impact of the housing market downturn is likely in this current recession, with levels of lettings available in the social rented sector now much lower<sup>20</sup> (due to the long term impact of the right to buy and continued low levels of new supply), and continuing constraints on mortgage availability also placing increasing pressures on the rented sectors.<sup>21</sup>

In this context, it is important to appreciate that frustrated 'entry' into independent housing by newly forming or fragmenting households is a much more important trigger of (statutory) homelessness than are forced 'exits' via rent or mortgage arrears.<sup>22</sup> Thus, while much of the anxiety surrounding recessionary impacts on homelessness has focused on arrears-related repossessions and evictions, these factors continue to account for only a very small proportion of all statutory homelessness cases (see below). In practice, the combined impact of low interest rates and lender forbearance has, thus, far held down the proportion of mortgage arrears cases resulting in repossession in the current recession (although they are now forecast to rise over the next three years), while rent arrears levels do not appear closely tied to general economic or housing market conditions. Moreover, qualitative evidence indicates that most repossessed households manage to find at least an interim solution via family or friends, or by securing a private tenancy.

Linked with this, it is clear that private renting is becoming increasingly important as both a solution to homelessness (by

absorbing some of those who might otherwise become homeless) and also as a cause of homelessness (with loss of fixed-term tenancies accounting for a rapidly growing proportion of statutory homelessness acceptances, particularly in London and the South).<sup>23</sup> Private renting has nearly doubled over the past decade,<sup>24</sup> and much depends on the capacity of the private rented sector to expand further and absorb demand displaced from the other main tenures (albeit that it may not represent the preferred tenure of frustrated first time buyers or social renters). The ability of the sector to house those who are homeless and/or on low incomes is also of course heavily dependent on Housing Benefit and will therefore be fundamentally shaped by the Government's welfare reforms.

### The homelessness implications of the Coalition Government's welfare reforms

As the welfare safety net is what generally 'breaks' the direct link between labour market change and homelessness in most European countries,<sup>25</sup> any radical weakening in welfare protection is likely to have damaging homelessness consequences.

It should be emphasised that almost all aspects of the Coalition Government's welfare reforms are considered to be problematic with respect to their implications for homelessness, to a greater or lesser degree. However, within that context, the reforms that have already had, or seem likely to have, the very most significant impacts are:

- The national benefit caps on Local Housing Allowance rates and on out-of-

<sup>19</sup> See Table 90 in: Pawson, H. & Wilcox, S. (2011) *UK Housing Review 2010/11*. Coventry: CiH: <http://www.york.ac.uk/res/ukhr/index.htm>

<sup>20</sup> Pawson, H. & Wilcox, S. (2011) *UK Housing Review 2010/11*. Coventry: CiH.

<sup>21</sup> Wilcox, S. (2011) 'The Deposit Barrier to Home Ownership', in Pawson, H. & Wilcox, S. (2011) *UK Housing Review 2010/11*. Coventry: CiH.

<sup>22</sup> Pleace, N., et al. (2008) *Statutory Homelessness in England: The Experience of Families and 16-17 Year Olds*. London: CLG.

<sup>23</sup> DCLG, Statutory homelessness in England statistics, October 2010 to December 2010: <http://www.communities.gov.uk/publications/corporate/statistics/homelessnessq42010>

<sup>24</sup> DCLG (2011) *English Housing Survey: Headline report 2009-10*. London: DCLG.

<sup>25</sup> Stephens, M., et al. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

work (working age) households, which will severely restrict access to housing for low-income households in central London, with the latter measure also impacting on larger families across the country.<sup>26</sup> Evidence of this impact is already apparent with, for example, the numbers of Local Housing Allowance claimants securing private rental accommodation in both Kensington and Chelsea and Westminster declining appreciably in the period since March 2011. Further contraction is to be anticipated as the transitional protection for existing claimants continues to unwind over the rest of this year;

- The extension of the Shared Accommodation Rate to 25-34 year olds - a step viewed as 'disastrous' by many of our key informants - which is increasing pressure on a limited supply of shared accommodation, and risks forcing vulnerable people into inappropriate shared settings (even with the concession for former hostel residents);<sup>27</sup>
- Increased conditionality and tougher sanctions within the Jobseeker's Allowance and Employment Support Allowance regimes, which are said to be impacting negatively on homeless people with chaotic lifestyles, who are struggling to meet the new stipulations;<sup>28</sup> and
- The new 'under-occupation penalty' within Housing Benefit for working age social housing tenants, due for implementation in April 2013, which will undoubtedly drive up rent arrears and/or evictions.<sup>29</sup>

Our 2012 case study evidence was particularly revealing with respect to the early impacts of the new Local Housing Allowance regime in London. In the London boroughs studied, the initial effects of the capping arrangements had in many cases been blunted through the creation of 'technical breaks' of tenancy such that transitional relief is extended to its maximum possible duration. This has had the effect of putting off until later in 2012/13 the point at which landlords' willingness to accept lower rents will be fully tested. It was also notable that, in a rising market, landlords in our case study areas seemed to have been willing to accept the extension of existing Local Housing Allowance-supported tenancies at 'frozen' rents (though limited early evidence from the formal evaluation of the new Local Housing Allowance regime suggests a more mixed landlord response elsewhere).<sup>30</sup> That said, falling numbers of Local Housing Allowance recipient households in central London over the past year indicate that, when Local Housing Allowance tenants move out, vacancies relet have been allocated to non-Local Housing Allowance tenants. The London-based single and youth homelessness service providers interviewed in 2012 reported that rehousing their clients into central London was now virtually impossible, and intense competition for the available lettings meant that it was very difficult to secure private tenancies even in outer London. Where private lettings were secured for their clients, they were increasingly having to top up their Local Housing Allowance out of their other benefits in order to meet their rent payments.

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26 London Councils (2010) *The Impact of Housing Benefit Changes in London – Analysis of Findings from a Survey of Landlords in London*. London: London Councils; Fenton, A. (2010). *How Will Changes to Local Housing Allowance Affect Low-income Tenants in Private Renting?* Cambridge: Cambridge Centre for Housing and Planning Research; and Wilcox, S. (2011) 'Constraining choices: the housing benefit reforms', in Pawson, H. & Wilcox, S. (2011) *UK Housing Review 2010/2011*. Coventry: CiH.

27 Centre for Housing Policy, University of York (2011) *Unfair Shares: A Report on the Impact of Extending the Shared Accommodation Rate of Housing Benefit*. London: Crisis.

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

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

30 Beatty, A., et al. (2012). *Monitoring the Impact of Changes to the Local Housing Allowance System of Housing Benefit: Summary of Early Findings*. Department for Work and Pensions Research Report No 798, DWP.



There was some support amongst our key informants for the principles of Universal Credit, particularly the flexibility it offers for people to work for a small number of hours and still be better off. However, there are many issues involved in the design of Universal Credit, not least the very significant logistical challenge in integrating the tax and benefit IT systems. There is also widespread anxiety regarding the Government's expectation that claimants will apply for Universal Credit online, and about the potential budgeting difficulties associated with paying very low income and vulnerable households monthly in arrears. The other main source of concern focuses on the intention to incorporate the rent element of Universal Credit within the overall payment - rather than (in general) making it a detachable component which could be paid direct to social landlords - with potential implications for rent arrears, evictions and ultimately homelessness.

There are even greater concerns about the potential impact of the national benefit cap for out of work (working age) households, which will impact not just in relatively high cost areas, but more generally on larger families. One specific effect of the benefit caps in central London will be to drive up the number of 'out-of-area' placements of statutorily homeless families to cheaper parts of the country (see further below).<sup>31</sup>

Also potentially important are the 'decentralisation' of welfare measures (see also 'Localism' below). This includes the enhanced Discretionary Housing Payment funds,<sup>32</sup> which is distributed locally, and the abolition of key elements of the Social Fund

and its replacement with new discretionary local welfare schemes devised and delivered by English local authorities, with no ring-fence applied to these funds. Such heavy reliance on discretionary arrangements to play a major role in supplementing the underlying national welfare system must be seen as inherently challenging, and problematic.

The decision to exclude Council Tax Benefit from the new Universal Credit regime detracts from the aim of creating a singled unified welfare benefit, with no overlapping tapers. Instead, from 2013/14, local authorities have been charged with devising their own schemes in the context of a 10% reduction in the financial support for their new local council tax benefit schemes. It is therefore inevitable that, in different ways, the new local schemes will be less generous than the national scheme they replace.<sup>33</sup> Moreover, the overlap between Universal Credit and the various new Council Tax Benefit schemes is likely to have the greatest impact for very low earner households.

Young people have been particularly badly affected by welfare reforms and benefit cuts (particularly the Shared Accommodation Rate extension and uprating of non-dependent deductions from Housing Benefit), as well as by rising unemployment. This is a critical issue with respect to the likely implications for homelessness as younger age cohorts - both young families with children and young single people - tend to be far more vulnerable to homelessness than older age groups. Certainly, if borne out, the indications that the Government will remove under-25s from the remit of Housing Benefit<sup>34</sup> would surely mean a very serious rise in youth homelessness.

31 Garvie, D. (2012) 'Location, location: how localism is shunting homeless families out', *The Guardian* 7<sup>th</sup> February: <http://www.guardian.co.uk/housing-network/2012/feb/07/location-localism-homeless-families-shelter>; Butler, P. (2012) 'Beyond cynical': ministers, housing benefit cuts, and homelessness. *The Guardian*, 13th November <http://www.guardian.co.uk/society/patrick-butler-cuts-blog/2012/nov/13/beyond-cynical-ministers-housing-benefit-cuts-homelessness>

32 DHPs are top-up housing benefit payments to close or eliminate the gap between a household's Local Housing Allowance (LHA) entitlement and the rent being demanded by their landlord. Local authorities have been provided with an increase in their budgets for DHPs in order to ameliorate the impact of the LHA in some cases.

33 Adam, S. & Browne, J. (2012) *Reforming Council Tax Benefit*. York: JRF.

34 Prime Minister (2012) 'Welfare Speech' 25th June <http://www.number10.gov.uk/news/welfare-speech/>

## The homelessness implications of the Coalition Government's housing reforms and the localism agenda

It has been argued that housing can be considered, to some extent, 'the saving grace' in the British welfare state, as the UK does better by low income households on a range of housing indicators than it does on most poverty league tables.<sup>35</sup> Housing appears to be a comparative asset, which helps to moderate the impact of poverty on low-income households. In other words, poorer households in the UK rely on housing interventions to protect them to a greater degree than is true in many other countries.

Three key housing policy instruments appear to contribute to these relatively good housing outcomes for low income households in the UK: Housing Benefit; a substantial social housing sector, which acts as a relatively broad, and stable, 'safety net' for a large proportion of low income households; and the statutory homelessness system, which protects some categories of those in the most acute need.<sup>36</sup>

The Localism Act (2011) together with the Coalition Government's broader welfare reform agenda seems likely to undermine this protective national 'housing settlement'. The significant reforms to Housing Benefit have been noted above. Moves towards fixed-term 'flexible' tenancies in social housing, and rents at up to 80% of market levels, will in time weaken the sector's safety net

function. The removal of security of tenure<sup>37</sup> from new social tenants may also impact negatively on community stability (given the resultant higher turnover) and work incentives (given indications that financial means is one criterion that may be taken into account in social tenancy (non-)renewals,<sup>38</sup> albeit that this sits uneasily with other policy signals that Government would like to see a higher priority given in allocations to working households).<sup>39</sup> And the local restriction of social housing eligibility risks damagingly excluding some marginalised groups from the sector.<sup>40</sup> Again, young people seem likely to be the group worst affected by this weakening in the housing safety net.

New local authority powers to discharge the statutory homelessness duty into 'suitable' fixed-term private tenancies<sup>41</sup> without the applicant's consent have raised concerns about the quality and appropriateness of the accommodation offered to vulnerable households, particularly families with children, given the pressure on local authorities to procure properties that are affordable under the new Local Housing Allowance restrictions. Recent reports have suggested that Government advisors may be encouraging local authorities to move to a position of 'full policy implementation' whereby they seek to end virtually all statutory homelessness duties via such 'compulsory' discharge of duty into the private rented sector, while at the same time giving statutorily homeless households the lowest possible (lawful) reasonable preference in social housing allocations.<sup>42</sup>

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

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

37 Fitzpatrick, S. & Pawson, H. (2011) *Security of Tenure in Social Housing: An International Review*. Edinburgh: Heriot-Watt: [http://www.sbe.hw.ac.uk/documents/Fitzpatrick\\_Pawson\\_2011\\_Security\\_of\\_Tenure.pdf](http://www.sbe.hw.ac.uk/documents/Fitzpatrick_Pawson_2011_Security_of_Tenure.pdf)

38 Garvie, D. (2012) *Local Decisions on Tenure Reform. Local Tenancy Strategies and the New Role of Local Housing Authorities in Leading Tenure Policy*. London: Shelter. [http://england.shelter.org.uk/\\_data/assets/pdf\\_file/0003/578109/Local\\_decisions\\_on\\_tenure\\_reform\\_full.pdf](http://england.shelter.org.uk/_data/assets/pdf_file/0003/578109/Local_decisions_on_tenure_reform_full.pdf). See also the recently closed 'Pay to Stay' consultation by Government on charging higher rents to high income social tenants, albeit that the Government's stated intention is to set the income threshold high enough to avoid 'perverse incentives' which penalise work aspirations. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/8355/2160581.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/8355/2160581.pdf)

39 DCLG (2012) *Allocation of Accommodation: Guidance for Local Authorities in England*. London: DCLG: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/5918/2171391.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5918/2171391.pdf)

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

41 Homelessness (Suitability of Accommodation) (England) Order 2012 (SI 2012/2601)

42 Butler, P. (2012) 'Beyond cynical': ministers, housing benefit cuts, and homelessness', *The Guardian*, 13th November <http://www.guardian.co.uk/society/patrick-butler-cuts-blog/2012/nov/13/beyond-cynical-ministers-housing-benefit-cuts-homelessness>

Such a 'breaking of the link' between statutory homelessness and social lettings appears designed to render 'minimal' the number of new homelessness applications, and in particular to discourage parent/family exclusions of young people, which are assumed to be largely a device to enable these young people to 'jump the queue' for social housing.<sup>43</sup>

In combination with the impact of the benefit caps, such a move would see almost all homeless families in central London facing the choice of either accepting a fixed-term private tenancy in another part of the country, or making their own arrangements to stay in London (possibly in overcrowded or otherwise inappropriate accommodation). In 2012, it did not seem that any of our case study authorities were planning such a radical erosion of the statutory homelessness safety net in their area, though it will be important to follow up developments on this in 2013. In part, our case study authorities' caution related to concerns about possible legal challenge on the 'suitability' of properties procured from the private rented sector, particularly where such properties were far removed from applicants' home areas. This issue of the suitability of private tenancies used to discharge the main homelessness duty has been acknowledged by a range of commentators as a potential 'new legal battleground'.<sup>44</sup>

The introduction of the Supporting People funding stream in 2003 was central to the expansion of homelessness resettlement services across the UK.<sup>45</sup> However, with

the 2009 abolition of Supporting People ring-fencing, local authorities were freed to divert these funds to other local priorities. Though implemented under the previous administration, this reform is highly consistent with the current Government's Localism agenda and, in combination with national Supporting People budget cuts (amounting to a national 12% reduction over four years), has already impacted on the front-line services available to homeless people, with the prospect of more significant cuts to come in many areas.<sup>46</sup>

More broadly, it was noted by key informants that marginalised groups such as single homeless people are likely to lose out from a shift away from national minimum standards and policy frameworks in favour of the local determination of priorities. Perhaps in recognition of this, something of a national framework is being retained through the work of the Ministerial Working Group on Homelessness as established by the post-2010 Government. However, while the Ministerial Working Group on Homelessness has initiated a range of measures on addressing rough sleeping<sup>47</sup> - most notably the national roll out of the No Second Night Out approach - and on homelessness prevention,<sup>48</sup> it seems likely that these efforts will be overwhelmed by the damaging effects of the larger economic and policy forces discussed above. Also likely to be relevant here are reductions in housing and social welfare advice services, which in many areas are under threat because of both council and legal aid cuts. Vulnerable people's ability to secure a range of their

<sup>43</sup> It should be noted that there is in fact scant evidence for this assumption that large numbers of homelessness applications are 'manufactured' for this purpose. Fitzpatrick, S. & Pleace, N. (2011) 'The Statutory Homelessness System in England: A Fair and Effective Rights-Based Model?' *Housing Studies*, 27(2): 232-251.

<sup>44</sup> Butler, P. (2012) 'Beyond cynical': ministers, housing benefit cuts, and homelessness' *The Guardian*, 13th November: <http://www.guardian.co.uk/society/patrick-butler-cuts-blog/2012/nov/13/beyond-cynical-ministers-housing-benefit-cuts-homelessness>

<sup>45</sup> Fitzpatrick, S., Quilgars D. & Pleace, N. (eds.) (2009) *Homelessness in the UK: Problems and Solutions*, Coventry: CiH.

<sup>46</sup> Homeless Link (2012) *Homeless Watch. Survey of Needs and Provision 2012. Homelessness Services for Single People and Couples Without Dependent Children in England*. London: Homeless Link: <http://homeless.org.uk/sites/default/files/SNAP2012%20fullreport.pdf>

<sup>47</sup> DCLG (2011) *Vision to End Rough Sleeping: No Second Night Out Nationwide*. London: DCLG.

<sup>48</sup> DCLG (2012) *Making Every Contact Count: A Joint Approach to Preventing Homelessness*. London: DCLG: <http://www.communities.gov.uk/publications/housing/makingeverycontactcount>

statutory rights – including those provided for under the homelessness legislation – may be undermined as a result.<sup>49</sup>

### Emerging statistical trends

Data from a variety of sources indicates some very sharp increases in ‘visible’ forms of homelessness, including both rough sleeping and statutory homelessness, over the past year, with an apparent acceleration of the nascent upward trajectory identified in the 2011 *Homelessness Monitor*. Last year’s Monitor also identified that, starting in the early 2000s and continuing through the post-2007 downturn, ‘hidden’ forms of homelessness – concealed, sharing and overcrowded households – were on an upward trajectory. That remains broadly the case, though in the very most recent period statistical trends appear slightly more mixed. As regards both visible and hidden forms of homelessness, there are marked variations across the country, with more rapidly growing homelessness numbers in London and the South apparently reflecting more intense housing market affordability and demographic pressures in these regions.

### Trends in visible homelessness

A gradual decline in rough sleeping until 2007/08 was reversed in the most recent period, with this turnaround particularly marked in the South.<sup>50</sup> The national rough sleeper ‘snapshot’ count rose by 23% between Autumn 2010 and Autumn 2011 (from 1,768 to 2,181)<sup>51</sup> – a more dramatic growth dynamic than anything seen since the 1990s. There has been a 43% rise in recorded rough sleeping in London over the past year, affecting UK nationals as well as Central and Eastern Europeans and other migrants.<sup>52</sup> However,

most likely associated with the impact of No Second Night Out, a declining proportion of new rough sleepers appear to be falling into long-term street homelessness in the capital.

After falling for six years, statutory homelessness numbers bottomed out in late 2009. In the following two and a half years the quarterly total has risen by 34%.<sup>53</sup> This means that the number of households accepted as statutorily homeless in England rose from 40,020 in 2009/10 to 50,290 in 2011/12. This recent increase in statutory homelessness has disproportionately affected families with children. Temporary accommodation placements have also started to rise, with overall Bed and Breakfast hotel placements almost doubling in the two years to March 2012 (from a snapshot total of 2,050 at end 2010/11 to 3,960 at end 2011/12). Rising numbers of households with children in Bed and Breakfast hotels have been even more alarming, from 630 at end March 2010 to 1,660 at end March 2012. Moreover, a substantial proportion of families with children living in Bed and Breakfasts hotels now staying there for longer than the six weeks maximum prescribed by law.<sup>54</sup>

Especially in London and the South, the clearest single cause of the recent upsurge in statutory homelessness has been the rising incidence of terminated private tenancies. Thus, while homelessness resulting from termination of Assured Shorthold Tenancies rose by 103% across England in the two years to 2011/12, this ranged from 11% in the North East to 156% in London and 126% in the East of England (part of the ‘South’ broad region for statistical purposes). This may be a symptom of private rental markets in these southern regions being

49 Citizens Advice (2012) Legal Aid Reform Parliamentary Briefing: [http://www.citizensadvice.org.uk/index/parliament/parliamentary\\_briefings/legal\\_aid\\_reform](http://www.citizensadvice.org.uk/index/parliament/parliamentary_briefings/legal_aid_reform).

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

51 At the time of writing, the Autumn 2012 figures were still to be published

52 Source: Broadway ‘Street to Home’ monitoring reports (<http://www.broadwaylondon.org/CHAIN/Reports/StreettoHomeReports.html>) supplemented by unpublished data provided by Broadway.

53 DCLG statistics: <http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/homelessnessstatistics/livables/>

54 National Housing Federation (2012) *Homeless Bound? Homelessness in London, the South East and East of England* 12th November: [http://www.housing.org.uk/media/news/homeless\\_bound.aspx](http://www.housing.org.uk/media/news/homeless_bound.aspx)

increasingly pressurised by the coincidence of ongoing demographic growth, reduced social housing supply and formidable barriers to home ownership access.<sup>55</sup> However, as noted above, there has, thus far, been no proportionate or absolute increase in rent or mortgage arrears as a cause of statutory homelessness.

Recorded local authority prevention activity continued to expand in 2011/12, with the number of prevention instances logged almost four times the number of statutory homelessness acceptances.<sup>56</sup> While the largest single form of prevention continues to be helping potentially homeless households to secure a private tenancy, the past two years have seen more of a focus on assisted access to mainstream social tenancies, which might reflect increased difficulties being encountered by local authorities homelessness staff in securing access to private renting.

### Trends in hidden homelessness

The number of *concealed households*,<sup>57</sup> which was static or in decline during the 1990s and into the early 2000s, has shown signs of recent increases.<sup>58</sup> In 2012 there were an estimated 1.54 million concealed single households in England, as well as 214,000 concealed couples and lone parents.<sup>59</sup> Indirect evidence of this increase in concealed households can also be found in a clear slowdown in new household formation, mainly because of the drastic decline in the

number of newly-established households entering homeownership but also because of the fall in numbers of social lettings.<sup>60</sup> The resurgent private rented sector has to some extent offset the fall in supply from the other tenures, particularly in 2010.

After a long-term decline, there was an increase in the number of *sharing households*<sup>61</sup> in the period 2007/2010,<sup>62</sup> which appears consistent with constrained access to housing in the recession following the 2007 credit crunch. The Shared Accommodation Rate extension to 25-34 year olds may expand further the number of households sharing accommodation, though some of those affected are likely to become concealed households instead.

*Overcrowding*<sup>63</sup> has increased markedly since 2003, from 2.4% to 3.0% of all households, reversing previous declining trends. On the most recent figures 670,000 households were overcrowded in England. Overcrowding is much more common in social renting and private renting than in owner occupation, and the upward trend in overcrowding is also associated with the two rental tenures. The factors underlying overcrowding in social housing probably include the concentration of social lettings on families with children, the small size profile of new social housebuilding, and possibly a greater prevalence of larger families among some ethnic minority and immigrant groups gaining access to social housing.

55 Wilcox, S. (2010) 'The Deposit Barrier', in Pawson, H. & Wilcox, S. (eds.) *UK Housing Review 2010/11*. Coventry: CiH.

56 Sources: DCLG Homelessness Prevention and Relief statistics; and DCLG Statutory Homelessness statistics.

57 '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.

58 Source: Labour Force Survey.

59 Sources: Labour Force Survey and English Housing Survey.

60 Sources: Labour Force Survey and Survey of English Housing/English Housing Survey.

61 '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. This means that many people who are 'flatsharers' in the common usage of the term, or who are 'sharing' in the sense of being subject to the SAR, as well as many students, are not 'sharing households' in this sense, mainly because they have a common living room (including larger kitchens) and/or they share some meals. In the current analysis, such groups are considered 'concealed households'. In practice, the distinction between 'concealed' and 'sharing' households is a very fluid one.

62 Source: Labour Force Survey.

63 '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.

### Overview of statistical trends

It is important to recognise that the upward trends in both visible and hidden forms of homelessness as described above appear to have taken hold prior to implementation of most of the planned restrictions on welfare entitlements and other policy reforms likely to have a strongly negative impact on homelessness.

However, while there has been much media speculation about ‘middle class homelessness’, there is nothing in the qualitative or quantitative data collected for this study to suggest that the nature of homelessness or the social profile of those affected has substantially altered in the current economic climate.

On the contrary, all of the indications are that the expanding risk of homelessness is heavily concentrated, as always, on the poorest and most disadvantaged sections of the community, who lack the financial and/or social ‘equity’ that enables most people to deal with work or relationship crises without becoming homeless. The sort of direct relationship between loss of income and homelessness implied in these press accounts is to be found much more readily in those countries (such as the United States) and amongst those groups (such as recent migrants) where very weak welfare protection applies.<sup>64</sup> Such a scenario may, however, be brought closer for the UK by the current significant cuts in welfare benefits being implemented by the Coalition Government.

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

Looking forward, the period till the end of the current Coalition Government’s term in office in 2015 is a crucial time period

over which the homelessness impacts of the recession are likely to intensify, and be severely exacerbated by the Government’s radical welfare reforms. At the same time, housing market pressures seem unlikely to ease, given worsening access to home ownership for first-time buyers, which in turn is increasing demand for both of the rental sectors (though the response of the private rented sector is an important unknown).

As well as tracking the headline trends in both visible and hidden forms of homelessness until 2015, we will also monitor the profile of those affected, and whether there is any evidence of a change in this as the impacts of recession and welfare reform are played out over the next couple of years. Likewise, regional patterns will be closely monitored.

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

<sup>64</sup> Stephens, M., et. al. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.



## About Crisis

Crisis is the national charity for single homeless people. We are dedicated to ending homelessness by delivering life-changing services and campaigning for change.

Our innovative education, employment, housing and well-being services address individual needs and help homeless people to transform their lives. We measure our success and can demonstrate tangible results and value for money.

We are determined campaigners, working to prevent people from becoming homeless and advocating solutions informed by research and our direct experience.

We have ambitious plans for the future and are committed to help more people in more places across the UK. We know we won't end homelessness overnight or on our own. But we take a lead, collaborate with others and together make change happen.

## Get in touch

**Crisis head office**  
66 Commercial Street  
London E1 6LT  
Tel: 0300 636 1967  
Fax: 0300 636 2012

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

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# Homelessness ends here