



Home. No less will do.

Crisis campaign briefing

Background:

Crisis is the national charity for homeless people and we know that sustainable and affordable accommodation is essential to ending homelessness. The building of new homes across England is necessary to achieve this but people who are homeless today do not have time to wait for that to begin. A Private Rented Sector that works for everyone is key to bridging that gap.

Our 2017 Budget asks:

We are calling for funding for both **Help to Rent projects** and a **national rent deposit scheme**.

Help to Rent projects de-risk the Private Rented Sector and makes it a viable option for both landlords and vulnerable tenants. They support vulnerable and homeless people into the private rented sector. They are often small local charities but can also be run by a local authority. They work with local landlords to set up a tenancy and ensure its sustainable for the tenant by providing ongoing support.

Inexperienced landlords will receive training on how to manage complex tenancies and a named point of contact if something goes wrong. The tenant will receive structured support throughout the tenancy, to ensure the accommodation remains suitable and help gaining and maintaining employment.

A rent deposit guarantee is a written commitment in place of a cash deposit, from a Help to Rent project to a landlord. It covers certain types of costs that the landlord may incur at the end of a tenancy including damages and in some cases rent arrears.

A local Help to Rent project would need to be quality marked to access the national deposit scheme to support their client. The deposit scheme would be administered centrally.

The Cost:

Funding these projects is relatively cheap and as our evidence shows, incredibly cost effective. Westminster Policy Institute Economics (WPI) identified **£31 million** would be required per annum over the three-year period, made up of:

- Annual cost of rent deposit guarantee project - **£6.7m**
- Annual cost of Help to Rent projects - **£24.1m**

In the first year, costs are assumed to be higher as 60% of households already in temporary accommodation would take up the service, meaning the costs for both these initiatives for the first year would be £47 million.

If access were available to all households, **32,000 people** could receive support annually. This would relieve local authority budgets and forecast savings from one year of the project amounts to between **£175-595 million**.¹

The Rationale:

- 1) From 2010-2014, with funding from DCLG, Crisis ran the Private Rented Sector Access Programme. Projects created over 8,000 tenancies with 90% lasting over six months. Evaluation showed that in three months, 92 projects saved more than **£13 million** in non-housing costs, to the public purse.
- 2) Projects help tenants gain and sustain employment. This, along with the financial support they receive helps make Universal Credit more sustainable. They also support tenants to save using a credit union. This makes tenants less dependent on the welfare state and more independent in the future.
- 3) Projects open up the private rented sector market to low income households and help manage demand by easing the pressure on the social housing market as well. They also widen the market for Housing First by supporting people with lower needs than those that typically require such an intensive approach.
- 4) Quality marking projects improves sustainability and landlord confidence, this is crucial for projects that support some of the most at risk groups including prison leavers and care leavers.
- 5) A recent Residential Landlords Association report showed that four out of five (80%) landlords would be more willing to let to under-35s working with a rent deposit project².
- 6) Accessing the Private Rented Sector is difficult for anyone. It can cost as much as **£2,290** just to gain access to a one bedroom flat³ and the average cost of a deposit is **£1,197.63**. A national deposit scheme would lighten that burden, mirroring initiatives such as the Governments' Help to Buy scheme.
- 7) Transferring the risk of rent deposits to national government will provide Help to Rent projects with greater financial security so they can support more people.
- 8) The Conservative and Labour parties committed to ending rough sleeping in their manifestos and projects help achieve that goal by creating more opportunities for people to move on from rough sleeping and into the private rented sector. The support offered by projects ensures it's a sustainable transition.
- 9) Help to Rent projects will enable local authorities to deliver on their new duties in the Homelessness Reduction Act.

For further information please contact:

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¹ WPI Model, available on request

² Sheffield Hallam University (2017) *Access to homes for under 35's*

³ For a 1 bedroom flat in London, see Gousy, H. (2016) *Home. No less will do: Improving access to private renting for single homeless people*. London: Crisis.