



Together
we will end
homelessness

The homelessness monitor: England 2018

Suzanne Fitzpatrick, Hal Pawson, Glen Bramley, Steve Wilcox, Beth Watts & Jenny Wood, Institute for Social Policy, Environment and Real Estate (I-SPHERE), Heriot-Watt University; City Futures Research Centre, University of New South Wales.

April 2018
Executive Summary



The homelessness monitor

The homelessness monitor is a longitudinal study providing an independent analysis of the homelessness impacts of recent economic and policy developments in England. It considers both the consequences of the post-2007 economic and housing market recession, and the subsequent recovery, and also the impact of policy changes.

This seventh annual report updates our account of how homelessness stands in England in 2018, or as close to 2018 as data availability allows. It also highlights emerging trends and forecasts some of the likely future changes, identifying the developments likely to have the most significant impacts on homelessness.

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

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About Crisis UK

Crisis is the national charity for homeless people. We help people directly out of homelessness, and campaign for the social changes needed to solve it altogether. We know that together we can end homelessness.

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Disclaimer: All views and any errors contained in this report are the responsibility of the authors. The views expressed should not be assumed to be those of Crisis, the Joseph Rowntree Foundation or of any of the key informants who assisted with this work.

Foreword

The homelessness monitor England 2018 is the seventh instalment of an annual state-of-the-nation report looking at the impact of economic and policy developments on homelessness.

Drawing on statistical analysis, insights from a large scale survey with local authorities and in-depth interviews with key informants, this year's monitor reveals how desperate the situation has become for homeless households trying to find somewhere to live. Councils across the country are struggling to house people because of a decline in social housing, spiralling private rents, and welfare cuts. Councils also reported a growing reluctance among landlords to rent to people on welfare, with many worried that formerly homeless tenants would struggle to pay rent and bills.

Consequently, the number of homeless families and individuals placed in temporary accommodation jumped to 78,000 last year, an 8% rise on the year and a massive 60% rise since 2012. The number of homeless households placed in B&Bs – which are often cramped, unsuitable, and sometimes even dangerous – rose particularly quickly, with a 10% rise on the year. If trends continue as they are the research reveals that 100,000 households will be living in B&Bs, hostels and other temporary accommodation.

The monitor shows that homelessness is rising across the country and in particular outside the capital. This time last year the Homelessness Reduction Bill was passing through parliament. It has now become law and places a statutory duty on councils to help people who are homeless or at risk of homelessness. This could make a significant difference.

The government's recent actions on homelessness including the pledge to end rough sleeping by 2027, and the establishment of the Homelessness and Rough Sleeping Implementation Taskforce is welcome. Yet while the Homelessness Reduction Act is a positive step forward, there remains pressing structural issues driving homelessness. More social housing needs to be built and homeless people need to be able to access it.

This year's monitor explores all these issues in detail and gives the most up to date and authoritative overview of the state of homelessness in England today. It is invaluable tool for those interested in understanding homelessness and seeking to end it.



Jon Sparkes
Chief Executive, Crisis



Campbell Robb
Chief Executive, Joseph Rowntree Foundation

Executive summary

Key points

The Homelessness Monitor series is a longitudinal study providing an independent analysis of the homelessness impacts of recent economic and policy developments in England and elsewhere in the UK.¹ This seventh annual report for England updates our account of how homelessness stands in 2018, or as close to 2018 as data availability allows.

Key points to emerge from our latest analysis are as follows:

- Homelessness has shot up the media and political agenda over the past year. All of the major party manifestos made mention of homelessness in the snap June 2017 election, and the Conservatives under Theresa May pledged to halve rough sleeping by 2022 and eliminate it altogether by 2027. The Prime Minister has also established a high-level Rough Sleeping and Homelessness Reduction Taskforce supported by an expert Rough Sleeping Advisory Panel.
- This political attention is in large part a response to the ongoing rise in officially estimated rough sleeper numbers, with the national total now up by 169 per cent since 2010. The more robust statistics routinely collected by the CHAIN² system similarly show London rough sleeping having more than doubled since 2010. Latest figures show London rough sleeping involving UK nationals continuing to increase very slightly. However, thanks to a sharp contraction in street homelessness involving those of Central and Eastern European and other non-UK origin, overall London rough sleeping has marginally reduced since 2015.
- At just over 59,000, annual homelessness acceptances were some 19,000 higher across England in 2016/17 than in 2009/10. With a rise of 2 per cent over the past year, acceptances now stand 48 per cent above their 2009/10 low point. However, administrative changes mean that these official statistics understate the true increase in 'homelessness expressed demand' over recent years.

1 Parallel Homelessness Monitors are being published for Scotland, Wales and Northern Ireland. All of the UK Homelessness Monitor reports are available from <http://www.crisis.org.uk/pages/homelessnessmonitor.html>

2 Multi-agency database recording information about rough sleepers and the wider street population in London

- The vast bulk of the recently recorded increase in statutory homelessness is attributable to the sharply rising numbers made homeless from the private rented sector, with relevant cases having quadrupled over the period – from less than 5,000 per year to over 18,000.³ As a proportion of all statutory homelessness acceptances, such cases had consequentially risen from 11 per cent in 2009/10 to 31 per cent by 2015/16, remaining at this unprecedented level in 2016/17. With homelessness acceptances prompted by mortgage repossessions or by social sector rent arrears remaining at historically low levels, it is beyond doubt that statutory homelessness is now far more closely associated with ejection from the private rented sector than from either of the other two major tenures.
- All available evidence points to Local Housing Allowance reforms as a major driver of this association between loss of private tenancies and homelessness. These reforms have also demonstrably restricted lower-income households' access to the private rented sector. The number of Housing Benefit/Universal Credit claimants who are private tenants is now some 5 per cent lower than when the Local Housing Allowance reforms began in 2011, despite the continuing strong growth of the private rented sector overall. This policy has also, as intended, had a particularly marked impact in inner London.
- Regional trends in homelessness have remained highly contrasting, with acceptances in the North of England in 2016/17 still below the 2009/10 national nadir, while in London the latest figure was almost double (91% higher than) than that at the low point of the cycle. However, the 2016/17 saw the first annual drop in London acceptances for seven years and both these statutory homelessness statistics and our 2017 local authority survey indicate that rising homelessness pressures are now bearing down most heavily on the South of England and, to a lesser extent, the Midlands.
- Since bottoming out in 2010/11, homeless placements in temporary accommodation have risen sharply, at twice the rate of homelessness acceptances. Thus, the overall national total rose by 8 per cent in the year to 31 March 2017, up 61 per cent on the low point six years earlier. A continuation of this trend would see placements topping 100,000 by 2020. Though accounting for only 9 per cent of the national total, bed and breakfast placements have been rising particularly quickly, and now stand 250 per cent higher than in 2009. The National Audit Office has drawn attention to a 39 per cent real terms increase in local authority spending on temporary accommodation in the five years to 2015/16, a period when expenditure on homelessness prevention declined.
- The ability of younger adults to form separate households continues to fall in all regions of England and has dropped by nearly 40 per cent in London since the early 1990s. The annual rate of new household formation, particularly into private rental housing, has dropped sharply since 2011, and new household formation in 2014 and 2015 was lower than in any year since the mid-2000s. This is indicative of continuing constraints on available

³ This reflects the rising number of statutory homeless cases where the immediate cause of homelessness is recorded as 'end of Assured Shorthold Tenancy'. It is acknowledged that Assured Shorthold Tenancies may be utilised by social landlords as well as by private landlords. However, while Assured Shorthold Tenancies are the norm for private renters, they remain unusual in the social rented sector. On this basis we believe it appropriate to reference this trend as a proxy for homelessness arising from private tenancies.

supply through lower turnover, and inadequate new build supply, as well as affordability problems.

- The previous decline in shared housing has been decisively reversed, with pronounced increases since 2014 including in 2017. This increase likely reflects changes in welfare support for housing costs, particularly the very low Shared Accommodation Rate of Housing Benefit, as well as general pressure on the housing market. There are signs of change in the types of shared accommodation, with an increase in cases of sharing with larger numbers of other households.
- Virtually all respondents to this year's local authority survey anticipated that a range of prospective and ongoing welfare benefit freezes and restrictions would exacerbate homelessness in their area – either slightly or substantially. Two changes – removal of 'automatic' Housing Benefit entitlement for young adults and full roll out of Universal Credit – stood out as being generally expected to trigger significant increases.
- There are acute and growing concerns about the many difficulties that the administrative arrangements for Universal Credits pose for vulnerable households, despite the concessions made in the Autumn 2017 Budget. The cuts to Universal Credit announced in the 2015 Summer Budget (and only partly mitigated by the reduction to the Universal Credit taper rate announced in the 2016 Autumn Statement) have reduced the gains from working for very low paid households. One very positive development, however, has been the reversal of the previously announced plan for the application of Local Housing Allowance caps to social tenants.
- As predicted, the lower overall benefit caps imposed in November 2016
- have had a far greater impact than the initial regime, tripling (to c.61,000) the numbers of households impacted in England. Over 9,000 households have been subject to a deduction of over £100 per week, including over 8,000 families with three or more children.
- The Homelessness Reduction Act 2017, due to come into force in April 2018, seems to have garnered significant and growing cross-sectoral support. While there remain concerns regarding the adequacy of the 'new burdens' funding granted to local authorities to support the Act's implementation, the more fundamental issues relate to the growing structural difficulties that many local authorities face in securing affordable housing for their homeless applicants.
- Alongside the narrowing opportunities to access the private rented sector (see above), there is a growing evidence of a squeeze on homeless households' access to social tenancies. This arises not only from the pressure on the highly diminished pool of available social rented properties, with an 11 per cent drop in new lettings in the past year alone, but also a reported increase in social landlord anxieties about letting to benefit-reliant households and those with complex needs.
- A number of specific commitments on homelessness were announced by the Chancellor in the 2017 Budget, including investment in a national Private Rental Access Scheme and substantial funding for three Housing First pilots. These commitments have been generally welcomed, albeit that many have questioned the need for further piloting of Housing First given the now very well-established evidence base supporting this model.
- Both the National Audit Office and Public Accounts Committee have

published reports highly critical of aspects of the Government's handling of homelessness, including the former Department for Communities and Local Government's "light touch" approach to working with local authorities on this issue, the Department for Work and Pensions failure to evaluate the homelessness impacts of its welfare reforms, and the lack of an overarching cross-governmental strategy on homelessness.

- There have been high profile mayoral commitments to address homelessness in Greater Manchester, the West Midlands, and Liverpool. These mayors lack formal powers with regard to homelessness but appear to be galvanising significant enthusiasm and momentum behind cross-border and inter-sectoral approaches, albeit that it remains too early to discern any concrete outcomes.
- There are highly divergent views on the merits of the Government's proposals on the funding of short-term supported accommodation, which would involve taking these housing costs out of the mainstream benefit system and instead providing funding via a ring-fenced pot administered by local authorities.
- While the UK economy has now clearly recovered from the credit crunch, future prospects have been dampened by uncertainty following the referendum vote for the UK to leave the EU. Once the lower interest rates and modest levels of earnings growth over the period are taken into account, mortgage affordability pressures for all regions outside London were well below the 2007 peak levels in 2016. However in London, which has seen exceptional house price growth since 2007, affordability pressures are now greater than they were a decade ago.

Trends in homelessness

The table below provides a statistical overview of the key homelessness trends, as captured in official and administrative statistics. Each indicator is discussed in detail below, but the overall picture is immediately apparent: there has been a substantial expansion in all forms of recorded homelessness since 2009/10, although for all indicators except the national rough sleeping estimates, the rate of increase has significantly slowed in the most recent financial year.

Rough sleeping

An ongoing upward trend in officially estimated rough sleeper numbers remained strongly evident in 2017, with the national total up by 169 per cent since 2010 and by 15 per cent since last year. Proportionately, 2017 numbers grew fastest in the North of England, up by 32 per cent - albeit on a small base. Over the longer term, however, increases have been particularly rapid in the South of England outside London - 194 per cent higher in 2017 than in 2010. Since 2016, Government has required local authorities to provide some more detailed information about rough sleepers, over and above simple counts. Thus, in 2017, it is estimated that some 86 per cent of rough sleepers were men while just over a fifth (22%) were non-UK nationals. Of these, most (17% of all rough sleepers) were thought to be EU nationals.

The more robust and comprehensive rough sleeper monitoring data collected by Greater London Authority's CHAIN system managed by St Mungo's in London is consistent with the broader national picture as regards medium-term trends, with rough sleeping having more than doubled in the capital since 2010 (up 104%). However, latest figures (Q4 2017) strongly suggest that the overall scale of London rough sleeping peaked around 2015. Importantly, however, the subsequent 8 per cent reduction entirely reflects falling

Table 1.0 – Summary of Homelessness Statistics

| | 2009/10 | 2015/16 | 2016/17 | % change - 2015/16 - 2016/17 | % change - 2009/10 - 2016/17 |
|---|---------|---------|---------|------------------------------------|------------------------------------|
| Rough sleeping in England – snapshot (1) | 1,768 | 4,134 | 4,751 | 15 | 169 |
| Rough sleeping in London – annual (2) | 3,673 | 8,096 | 8,108 | 0 | 121 |
| Local authority statutory homelessness cases – annual (3) | 89,120 | 114,760 | 115,550 | 1 | 30 |
| Local authority statutory homelessness acceptances – annual (4) | 40,020 | 57,730 | 59,100 | 2 | 48 |
| Local authority homelessness prevention and relief cases (5) | 165,200 | 213,300 | 215,210 | 1 | 30 |
| Total local authority homelessness case actions (6) | 205,220 | 271,050 | 274,310 | 1 | 34 |

Sources: (1), (3-6) Ministry of Housing, Communities and Local Government; (2) Greater London Authority.

Notes: (1) Numbers estimated by local authorities on given date (based on counts in a minority of local authorities); '2009/10' figure is for Autumn 2010; (2) Numbers recorded as sleeping rough at least once during financial year; (3) Homelessness applications processed under statutory procedures; (4) Households formally assessed as 'unintentionally homeless and in priority need'; (5) Instances involving non-statutory assistance provided to homelessness applicants in retaining existing accommodation or securing a new tenancy; (6) Rows (4) + (5).

numbers involving non-UK nationals. Rough sleepers of Central and Eastern European origin logged in Q4 2017 were no less than 37 per cent fewer in number than those recorded in Q4 2015. Over the same two-year period rough sleepers of other non-UK origin diminished in number by 11 per cent. Rough sleeping involving UK nationals, on the other hand, has continued to rise – albeit by only 1 per cent in the latest year, as compared with a 16 per cent increase in the year to Q4 2016.

In the 2017 local authority survey, we asked respondents whether rough sleeping had increased in their area over the past year. Well over half (61%) reported that it had. Many respondents made mention of welfare reform in accounting for this rise, but issues more specific to rough sleeping were also frequently mentioned, particularly reduced access to support and social care services. Unsurprisingly, given the widespread nature of this reported rise

in rough sleeping, nearly two thirds (64%) of responding authorities felt that there was a need for additional resources and/or provision of accommodation/services in order to properly address rough sleeping in their locality. The kinds of expanded provision that respondents had in mind often involved additional emergency or night shelter accommodation. Others called for more supported housing suitable for people with complex needs or referenced the need for 'Housing First' provision. For a number of participants, the establishment of outreach services was considered a priority.

With the establishment of the Rough Sleeping and Homelessness Reduction Taskforce, and its supporting Rough Sleeping Advisory Panel the Government has recognised that concern over rough sleeping has reached levels that are unprecedented in recent years. However, there was

much concern from stakeholders interviewed this year about whether this Taskforce would have the political will required to bring about the structural policy changes required to make a real difference, especially with regard to welfare reform.

Statutory homelessness

Nationally, the three years to 2012/13 saw a marked expansion in the recorded statutory homelessness caseload, as reflected by the total number of formal local authority assessment decisions and, within that, those classed as 'unintentionally homeless and in priority need' ('homelessness acceptances'). Subsequently, however, the national statutory homelessness caseload largely stabilised. In 2016/17 the total number of formal decisions rose by just 1 per cent to stand at 116,000 – or 29 per cent higher than the 2009/10 low point. Similarly, homelessness acceptances rose 2 per cent in 2016/17 to 59,100 – 48 per cent above their 2009/10 low point.

The vast bulk of the increase in statutory homelessness over the past few years has resulted from the sharply rising numbers made homeless from the private rented sector, with annual losses of assured shorthold tenancies having quadrupled over the period – from less than 5,000 to over 18,000 (18,270).⁴ As a proportion of all statutory homelessness acceptances, such cases have consequentially risen from 11 per cent to 31 per cent since 2009/10, albeit that this proportion has stayed stable since last year.⁵ Most local authority survey participants attributed this trend to the growing displacement of low income tenants in pressured markets, reflecting their declining ability to compete with higher income groups due to progressively tightening Local Housing

Allowance restrictions (see below).⁶ In sharp contrast, homelessness attributed to mortgage arrears and repossessions has continued to fall in recent years, and remains at historically low levels (under 1% of 2016/17 homelessness acceptances). Social sector arrears-eviction-triggered acceptances also remain extremely low, at around 3 per cent of the total. There can be little doubt, therefore, that homelessness is now far more closely associated with ejection from the private rented sector than either of the other two major tenures.

There remains a pronounced regional trend in the statutory official statistics. In 2016/17 homelessness acceptances across the North of England remained below the 2009/10 nadir, whereas in London the latest figure was almost double (91% higher than) that at the low point of the cycle. Nevertheless, 2016/17 saw the first annual drop in London acceptances for seven years. This year's local authority survey results also suggest that – as in 2015/16 – rising homelessness pressures have recently been bearing down most particularly on the South of England and the Midlands. This shows a continuing trend away from a previous pattern in which London stood out as the region in which authorities subject to rising demand were most dominant.

Since bottoming out in 2010/11, homeless placements in temporary accommodation have risen sharply, with the overall national total rising by 8 per cent in the year to 31 March 2017 to reach 78,000 – up by 61 per cent from its low point six years earlier. A continuation in this trend would see placements topping 100,000 by 2020. Such placements have been rising at around twice the rate of homelessness acceptances – in the period that has

⁴ See footnote 3

⁵ Department for Communities and Local Government (2017) *Statutory Homelessness and Prevention and Relief live tables: Table 774 – Reason for Loss of last Settled Home*, Online: DCLG. <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>

⁶ See also NAO (2017) *Homelessness: A Report by the Comptroller and Auditor General*. London: National Audit Office

seen temporary accommodation use expand by 61 per cent, the latter has grown by only 34 per cent. Although accounting for only 9 per cent of the national temporary accommodation total as at 31 March 2017, bed and breakfast placements have risen much faster than other forms of temporary accommodation. Totalling 6,580, the number of placements was 10 per cent higher than a year previously and 250 per cent higher than in 2009. This growing pressure on temporary accommodation probably reflects shrinkage in suitable local authority rehousing resources.

In 2016/17 informal 'prevention' and 'relief' cases handled by local authorities continued to outnumber statutory homelessness acceptances by almost four to one, albeit that the total volume of prevention activity has remained fairly steady over the past year, after a slight decline over the previous two years. While preferable to an exclusive focus on statutory homelessness decisions, these informal intervention statistics remain an imperfect index of total expressed homelessness demand given that they are, in essence, a (service) supply measure. National Audit Office analysis reveals that local authority spending on homelessness prevention, support and administration fell by 9 per cent in real terms between 2010/11 and 2015/16 (from £334million to £303million), while at the same time expenditure on temporary accommodation has increased by 39 per cent in real terms.⁷ This may help to explain the apparent discrepancy between the results of our local authority survey, wherein two thirds of respondents (67%) reported that homelessness demand ('people seeking assistance') had increased in their area over the past year, while overall caseloads remained fairly static.

Data on 'successful' prevention activities indicates that assisting people in accessing private tenancies is no longer the largest single form of prevention activity. Since 2009/10 the annual volume of such cases has dropped by almost 50 per cent. In explaining this trend many local authority respondents – especially in London and the South – referred to the increasing detachment of Local Housing Allowance rates from market rents. Thus, a diminishing proportion of local lettings remain affordable for benefit-reliant households; for councils seeking to assist such applicants a growing part of the local housing market is off-limits. Conversely, the most striking homelessness prevention 'growth activity' has involved debt advice and financial assistance which, in 2016/17, accounted for almost 50,000 prevention instances – up from only 16,000 in 2009/10.

At present, the statutory homelessness system excludes many single homeless people, for whom there is no comparable integrated dataset, albeit that some of the informal prevention and, especially, relief cases just discussed will refer to this group. But with the implementation of the Homelessness Reduction Act 2017 in April of this year (see below), and the accompanying overhaul of the official homelessness statistics (with a switch from the summary P1E⁸ statistical returns to H-CLIC⁹ case records), we would hope to be able to provide a better picture of single homelessness in England in the next Homelessness Monitor, or at least that portion of it encountered by local authorities.

Hidden homelessness

A number of large-scale data sets allow us to explore certain aspects of potential 'hidden homelessness' – that is, people who may be considered

7 National Audit Office (2017) *Homelessness: A Report by the Comptroller and Auditor General*. London: National Audit Office.

8 Government statistical return on homelessness

9 Case-level statutory homelessness data collection tool

homeless but whose situation is not 'visible' either on the streets or in official statistics. This includes concealed households,¹⁰ sharing households¹¹ and overcrowded households.¹²

The numbers of concealed households remain high in England despite ostensibly favourable employment conditions and a recovering housing market. There were 2.32 million households containing concealed single adults in England in early 2017, in addition to 282,000 concealed couples and lone parents. The number of adults in these concealed household units is estimated at 3.38 million.

The ability of younger adults to form separate households continues to fall in all regions and has dropped by nearly 40 per cent in London since the early 1990s. The annual rate of new household formation, particularly into private rental housing, has dropped sharply since 2011, and new household formation in 2014 and 2015 was lower than in any year since the mid-2000s. This is indicative of continuing constraints on available supply through lower turnover, and inadequate new build supply, as well as affordability problems (see below).

A previous long-term decline in shared housing has now been decisively reversed, with sharing now at its highest rate for 20 years. According to the Labour Force Survey, 1.83 per cent of households in England shared in 2017 (Q2), a significant increase on the 1.46 per cent recorded one year earlier. Sharing was most common for single person households (4.2%), but was also found amongst couples (2.1%),

and lone parent households (1.6%). Increases in sharing were most marked for families and (single) pensioners. Sharing is particularly concentrated in private renting (4.8%) but has grown sharply in the social rented sector (from 1.7% to 3.4% in one year). It is much more prevalent (and growing) in London (6.1%), as one would expect, and the next highest regions are the South West (2.6%) and North West (1.6%).

On the most recent figures, 678,000 households (3.0%) were overcrowded in England. Overcrowding has remained at a high level since 2009. Overcrowding is less common and declining in owner occupation (1.3%) but much more common in social renting (6.8%) and private renting (5.3%). As with the other housing pressure indicators considered here, there is a much higher incidence in London (across all tenures), with a rate of 7.2 per cent in 2014/15. The next worst region for overcrowding is the West Midlands (2.9%), followed by the South East (2.6%).

Economic and policy impacts on homelessness

While the UK economy has now clearly recovered from the credit crunch, future prospects have been dampened by uncertainty following the referendum vote for the UK to leave the EU. Although unemployment has been falling so have average real earnings - and they are not now forecast to return to 2007 levels until well into the next decade. There has been some housing market recovery, especially in London, but in two northern regions house prices in 2016 remained below 2007 levels. Once the lower interest rates and modest levels

10 '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.

11 '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. In practice, the distinction between 'sharing' households and 'concealed' households is a very fluid one.

12 '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.

of earnings growth over the period are taken into account, mortgage affordability pressures for all regions outside London were well below the 2007 peak levels in 2016. However, in London, which has seen an exceptional level house price growth since 2007, affordability pressures are now greater than they were a decade ago.

Despite a substantial increase in net housing supply in England in 2016/17, concerns remain about the shortfall relative to levels of household formation. The latest 2014 based household projections for England suggest that household numbers will grow at an average rate of 227,000 a year over the decade to 2024.¹³ While there was a further welcome rise in the level of new house building in 2016/17, and continued growth in the contribution from dwellings created through conversions and changes of use, the overall rate of new housing provision was still some 10,000 short of the level required to just keep pace with projected new household formation.¹⁴ New build figures for the first half of 2017/18 are some 7,000 up on the first half of 2016/17, and the new affordable housing funding and other measures announced in the 2017 Autumn Budget will also be helpful. However, even though there does therefore now seem to be some prospect that net additions to the housing stock will rise to match projected household growth this year, the Government's new target of achieving 300,000 annual additions to the housing stock by the end of the current Parliamentary term still looks optimistic.

Social landlords' investment capacity will continue to be constrained by the rent reduction policy that currently remains in place, but that constraint has been eased by the government announcements that social sector

rents will resume annual increases the of Consumer Price Index + 1 per cent from April 2020, and that – reversing previous plans – Local Housing Allowance limits will not be applied to Housing Benefit claims in the social rented sector. The announcement of an additional £2 billion to be added to the English affordable housing budget should lead to a marked increase in the numbers of new social sector dwellings being added to the stock, albeit only to levels well below independent assessments of requirements. The rise will also continue to be partially offset by the impact of right to buy sales (over 13,000 in 2016/17), and the total levels of lettings available to new tenants are set to remain at historically low levels following the sharp fall in 2016/17.

The most notable homelessness-specific policy development over the past year was undoubtedly the passage of the Homelessness Reduction Act 2017. The new legislation, due to come into force in April 2018, seemed to have garnered strong cross-sectoral support, and an apparently growing consensus behind it. The emphasis on earlier preventative interventions, on meaningful support for single people, and on a balance of responsibilities between local authorities and households at risk of homelessness, appears to have won the assent of most key stakeholder groups. The government have published the new Homelessness Code of Guidance which updates existing guidance and covers the duties brought in by the Homelessness Reduction Act. The new Code focuses tightly on the legislation and less on providing general good practice guidance. Many aspects of the draft Code were welcomed by our key informants, but much will depend on the complementary role expected to be played by code(s) of practice yet to be issued by Ministers.

¹³ Department for Communities and Local Government (2016) *2014-based Household Projections: England, 2014 – 2039*, London: DCLG.

¹⁴ Department for Communities and Local Government (2017) *Net supply of Housing: 2016-17 England*, London: DCLG.

While the adequacy of the 'new burdens' funding to support local authority implementation of the 2017 Act, and its distribution and non-ring-fenced status, has, unsurprisingly, prompted considerable debate, the more fundamental issues relate to the extraordinarily difficult and in many ways deteriorating structural context within which this progressive legislation is being implemented.

The options are narrowing for local authorities charged with preventing and resolving homelessness, as benefit-reliant households are entirely priced out of the private rented sector in some parts of the country. At the same time, there is growing evidence of a squeeze on homeless households' access to social tenancies, arising not only from the pressure on the highly diminished pool of properties available (lettings have fallen by 11 per cent in just the past year), but also increased landlord anxieties about letting to benefit-reliant households and those with complex needs. In all, 70 per cent of local authorities across England surveyed this year reported difficulties in accessing social tenancies to help prevent or resolve homelessness in their area (64% did so last year). This also continues to be a highly regionalised picture, with 80 per cent of London Boroughs reported that access to social housing for their homeless clients was 'very' difficult, as compared with 2 per cent of Northern local authorities.

Virtually all respondents to this year's local authority survey anticipated that a range of prospective and ongoing welfare benefit freezes and restrictions would exacerbate homelessness in their area – either slightly or substantially. Two changes – removal of 'automatic' Housing Benefit entitlement for young adults (but see below) and full roll out of Universal Credit – stood out as being generally expected to trigger significant increases.

In September 2017, the National Audit Office published a carefully worded but nonetheless damning report on the Government's homelessness record. Via their own bespoke analysis, the National Audit Office highlighted the link between Local Housing Allowance shortfalls and homelessness trends, particularly the sharp upswing in homelessness precipitated by the ending of assured shorthold tenancies. The report also highlighted the inadequacy of the former Department for Communities and Local Government's 'light touch' approach to working with local authorities on homelessness, and the Department for Work and Pensions failure to fully assess the impact of its welfare reforms on homelessness. This report was followed by an evidence session with the Public Accounts Committee for officials from both the former Department of Communities and Local Government and the Department for Work and Pensions, and a Committee report which described homelessness as a "national crisis" and denounced the Government's "attitude" to homelessness as "unacceptably complacent". At the time of writing the Government's formal response to the Public Account Committee report is still awaited.

However, by comparison with the position of the 2010-2015 Coalition and also the 2015-2016 Conservative administration, there has been a discernible softening of stance by the current Government on a number of relevant welfare and housing issues. In particular, the present Government has appeared somewhat more amenable to intervening in the 'broken' housing market. Possibly another indication of a shift in ideological positioning is recent news that virtually all Universal Credit applicants aged under 22 seeking support with housing costs have been found 'exempt' from regulations designed to exclude

them.¹⁵ Of broader significance has been the reversal of the previously announced plan for the application of Local Housing Allowance caps to social tenants.¹⁶

A number of specific commitments on homelessness were announced in the 2017 Budget, including £20 million of funding for Private Rental Access Schemes to support people at risk of homelessness to access and sustain tenancies in the private rented sector and £28 million funding for three Housing First pilots. While this official endorsement of, and substantial resources for, Housing First for rough sleepers and other homeless people with complex needs was welcomed, some key informants expressed disappointment that this investment in Housing First is to be in the form of pilots rather than a national roll out, given the strong evidence base that already exists for this intervention.

Notwithstanding the positive nature of the measures just noted, they are likely to be heavily outweighed by the negative homelessness impacts of the ongoing divergence between Local Housing Allowance maxima and market rents in many areas, and the working through of other welfare cuts still in train, most notably the general freeze on working-age benefits.

The funding of temporary and supported housing continues to exercise virtually all stakeholders interviewed for this year's Monitor. There are decidedly mixed views on the Government's current proposals on short-term supported accommodation, which would involve taking these housing costs out of the mainstream benefit system altogether and instead providing funding via a ring-fenced pot allocated by local authorities. On the one hand, many

commentators are firmly opposed to taking these rental costs out of the entitlement-based, demand-led housing benefit system. They point to severe cuts in 'Supporting People' funding since 2010 as evidence that initial ring-fencing of this new local authority budget is far from a long-term guarantee of adequate resourcing. While acknowledging these fears, particularly with regard to the potential flimsiness of the ring-fence, other commentators see the proposed new model as a positive and appropriate measure, which recognises the very different status and cost structure of this form of accommodation from self-contained, general needs units. This latter group stress that the proposed new funding arrangements will ease barriers to work for residents who will no longer be subject to high rents and earnings taper rates while they live in short-term supported accommodation. Those on this side of the debate also emphasise the significant reduction in 'transactional costs' for service providers, who will no longer be required to devote significant portions of staff time to sorting out Housing Benefit claims.

Another key unfolding story relates to the devolved city regions, and high profile mayoral commitments to address homelessness, particularly in Greater Manchester, Liverpool and the West Midlands, as well as the more longstanding initiatives in London. While the cities' devolution 'deals' differ in their details, in all cases the mayors lack formal powers on homelessness – the relevant duties and responsibilities continuing to rest with local authorities. Nonetheless, these mayoral activities appear to be galvanising significant enthusiasm and momentum behind cross-border and inter-sectoral approaches. It is too

15 See https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/672800/removal-of-automatic-entitlement-to-housing-costs-for-18-to-21-year-olds-in-universal-credit-ad-hoc-statistics.pdf

16 See <https://www.theguardian.com/society/2017/oct/25/theresa-may-performs-major-u-turn-plans-cap-housing-benefi>

early to review the concrete outcomes of these initiatives, but the Monitor will closely track their progress over the next three years. At the same time, it should be highlighted that, whatever the homelessness hopes invested in city regions and directly elected mayors, the overwhelming message from across the key informants this year was to emphasise the need for national leadership and a national strategic focus on homelessness, particularly with respect to the impacts of welfare reform.

Conclusion

The year sees the coming into force of the Homelessness Reduction Act 2017 but also, much less positively, the progressive implementation of welfare cuts and freezes that have already done so much to exacerbate the country's homelessness problems. In particular, far from easing off, it is clear that concerns about the homelessness impacts of the Local Housing Allowance limits and the roll-out of Universal Credit are continuing to intensify. Those impacts are accentuated by the historically low levels of social sector lettings. However, viewed with respect to the period since the Monitor series commenced in 2011, the profile and energy now being given to homelessness as an acknowledged 'national crisis' in England is certainly unprecedented. We look forward to tracking the full range of economic and policy developments affecting homeless people and those at risk of homelessness over the coming year and beyond, until the end of the current Monitor series in 2020.

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