

## Shelter Briefing: Estimates Day Debate on Homelessness

### Summary:

- Homelessness has risen dramatically across a range of measures since 2010, with over 120,000 children now living in temporary accommodation (TA).
- This is costing local authorities enormous amounts of money - £1.15bn on homelessness services during 2015-16 and over three-quarters of this – £845m – was spent on TA.
- Living in TA is very challenging for families, with over-crowding, poor conditions and distance from schools and jobs is commonplace.
- A lack of stability in the private rented sector is leading to evictions and families being unable to find a secure, affordable home.
- The lack of social housing means the demands for lower-cost housing isn't currently being met.

### Recommendations:

- **LHA rates should be restored to the bottom 30th percentile of the market:** By raising LHA rates, low-income tenants will have a better chance of keeping their homes and preventing eviction. For those currently in TA, higher rates of LHA will help them to move on and find a suitable, settled home in the private rented sector.
- **Tenancies in England should be extended to five years:** Five year tenancies will give families better security and stability if they're renting in the private rented sector. This would help children to remain in their schools and prevent stress and costs associated with moving.
- **We need to dramatically increase supply of social housing:** The ultimate solution to housing low-income households is through social housing. At present, we don't have adequate supply to meet current and future demands.

### Freeze to Local Housing Allowance (LHA)

In April 2016, the government instigated a four-year freeze on the rates of LHA (housing benefit paid to low-income families). Subsequently, as rents continue to increase, LHA rates have failed to keep pace with even the cheapest local rents. Families have seen the gap between what they receive in LHA and what they need to pay in rent grow year-on-year, **putting them at risk of falling into arrears or homelessness.**

Shelter's analysis suggests that **over a million households in Britain (1,069,517) could be put at risk of homelessness by 2020**, unless the freeze ends. This is because they are in areas where there will be a shortfall between LHA and the cost of renting one of the cheapest local homes. Families living in London - including in the outskirts - face the greatest shortfalls in the country, but this problem is not limited to the capital. Cambridge, Basingstoke, Canterbury and Bristol all face significant shortfalls.

The number of households accepted as homeless because of the ending of an assured shorthold tenancy has **trebled from 11% during 2009-10 to 32% during 2016-17**. The National Audit Office (NAO) states: **"The ending of private sector tenancies has overtaken all other causes to become the biggest single driver of statutory homelessness in England."**

The NAO's evidence shows a **clear link between welfare cuts and homelessness**. Frontline local authority staff they interviewed identified the end of tenancies in the private rented sector as the key driver of increased homelessness. This was attributed to increased rents, and crucially, a decline in people's ability to pay them, due to welfare reforms (including the freeze). **In the longer-term, LHA**

rates should be restored to the bottom 30th percentile of the market. This is vital in ensuring that LHA tenants can access a portion of their local rented market.

### Soaring numbers of people in temporary accommodation (TA)

In lieu of low-income families being able to secure stable homes, many are increasingly forced to rely on temporary housing provision. The number of households **trapped in TA rose by nearly 60% to 76,000 households in December 2016**. Those households contain 120,540 children, an increase of 73%. The National Audit Office suggests LHA has likely contributed to this.

Many households are living in TA for prolonged periods of time, which is not suitable for the health and well-being of children in particular. Government data finds that 25% of people leaving TA in the last quarter had been living there for a year or more. Through our services work, we know that many more are stuck for much longer.

The NAO's recent Homelessness Report finds local authorities spent £1.15bn on homelessness services during 2015-16. Over three-quarters of this – £845m – was spent on TA. Three-quarters of this spending – £638 million – was funded by housing benefit, of which £585 million was recovered from the Department for Work & Pensions. Spending on TA has increased by 39% in real terms since 2010-11. Due to housing benefit cuts, options to procure TA have been restricted, which is one of the reasons why suitability has been compromised.

### The challenges of living in TA

There is considerable variation in the standards and conditions in TA across the country. Extreme overcrowding, disrepair, infestations and poor safety standards are commonplace, as our Green Book report finds.

Some TA has strict rules around what families can do within each unit and if guests are able to visit. The lack of space, freedom and security also has knock-on effects on the health and well-being of families occupying TA. Access to cooking facilities is also an issue. What is available to residents varies substantially and families without them have to spend a lot on eating out and can struggle to eat healthily. Educational attainment and mental health are some of the wider health and social aspects that can be affected by poor quality TA.

### Insecurity in the private rented sector

One in four families now rent privately, but many struggle to afford their rent and remain in one home for a decent period of time. England has some of the shortest tenancies in Europe, with 6 months being the legal minimum. This causes huge amounts of instability for private renters and significant worry for families in particular, who might have to move children out of schools if a move is required.

In the Shelter Green Book on homelessness, we investigated this growing problem. We spoke to people who had lost their last home due to the ending of an AST. Most had been settled in their current homes for three or more years and were not at risk of homelessness until the moment they lost their AST. However, at this point they couldn't find an affordable home. This was either because housing costs had gone up or because they had tightened financial circumstances (such as being on maternity leave or going part time to cope with an ill child). The combination of a rising housing market and their lower income meant they couldn't find anywhere else to live.

**We recommend contracts of a minimum of five years for people who rent. If necessary, they could leave such contracts early, but at least they'd have the option of staying in their home for a secure time period.**

## Lack of supply of social housing

With depleted social housing stock, there are far fewer places to house those on low-incomes, which is why the private rented sector has become more heavily relied upon. There are currently 1.2 million on council housing waiting lists and 1.2 million claiming LHA to rent in the private rented sector, but current levels of newly built social housing won't meet demand.

The ultimate solution to housing low-income households is through increasing the supply of social housing, with rents set at levels that are genuinely affordable. We recommend that rents should be no more than one-third of the average worker's take home pay in any given area. For those on low-incomes, rent should be set at social rent or Living Rent levels. This will give security and stability for those earning the least.

**We recommend 300,000 new homes are needed annually across England to meet housing demand, of which at least 50% should be at genuinely affordable rent levels.**

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