

Section 2 Commentary

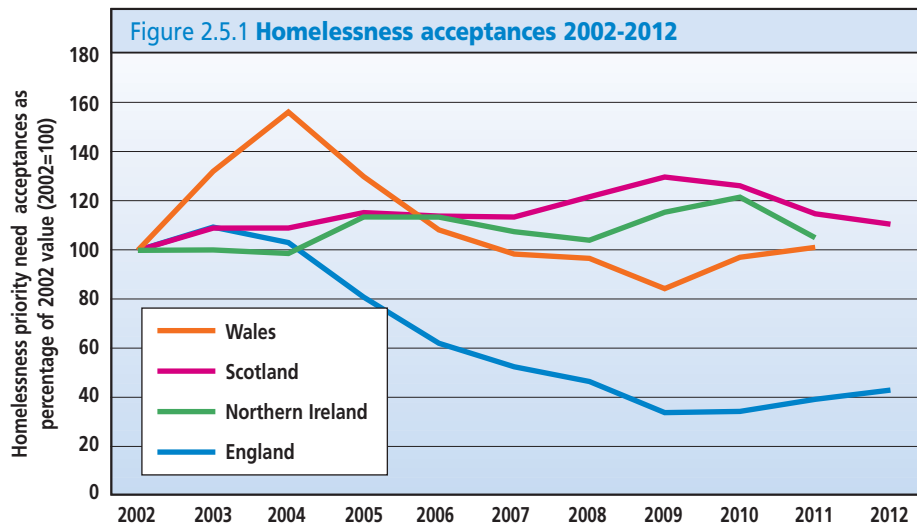
Chapter 5

Homelessness, housing needs and lettings

Homelessness and its prevention

Recent homelessness trends across the four different UK administrations have seen contrasting movements. In both England and Wales, 2009 marked a low point for ‘statutory’ homelessness, and since then levels have been increasing. In Scotland and Northern Ireland, however, patterns have been different. Figure 2.5.1 shows the contrasting trends. It focuses on ‘statutory homelessness’, or homeless households ‘owed the main (full rehousing) duty’ under the legislative frameworks in each administration¹ (see Compendium Tables 90 and 104 for full figures).

The recent decline in homeless ‘acceptances’ in Scotland is particularly notable because the widening of priority need criteria here has been proceeding through its final phase: the end of December 2012 is the target date for full implementation of the Homelessness etc. (Scotland) Act 2003. The downward trend in numbers of priority homelessness thus appears somewhat contrary to expectations. Evidence suggests that this has resulted from a ministerially-inspired push to adopt an ‘advice-led’ approach to homelessness, substantially stimulated by the Scottish Housing Options Hubs programme launched by the Scottish Government in 2010.²

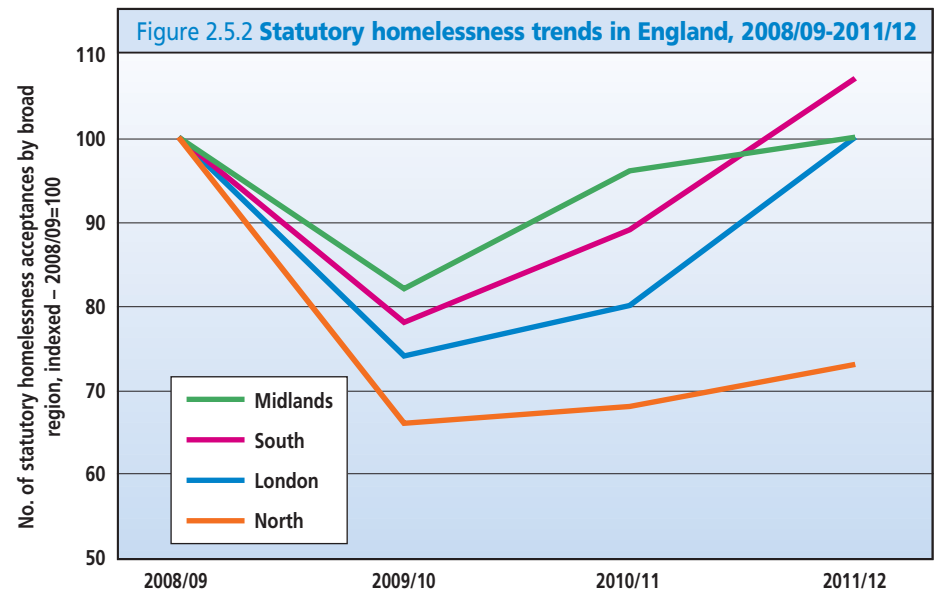


Sources: See Compendium tables 90 and 104.

- Notes: 1. Figures for Wales and Northern Ireland are for financial years.
- 2. 2012 figures for England and Scotland estimated on basis of returns for Q1-3 and Q1-2, respectively.

Across England, statutory homelessness has been on a steady upward trend since 2009/10. By the third quarter of 2012, the national total had risen by 38 per cent on the low point recorded in the first quarter of 2010. However, as illustrated by Figure 2.5.2, this overall statistic masks distinct contrasts between regions, with sharper pressures in London and the south than in the north. As we have documented elsewhere, this appears to be associated with more rapidly rising homelessness linked to the private rented sector in London and the south.³ Unfortunately, DCLG’s decision in 2012 to cease publication of regional housing statistics means that only through negotiated access to unpublished data will it be possible to monitor these strikingly divergent trends in future.

Table 2.5.1 shows that Scotland and Northern Ireland remained in a different class to England and Wales in terms of 2011 homelessness rates. It should, however, be recognised that the Scottish figure partly reflects progressive introduction of the new definition of statutory homelessness (see above). While the complete elimination of the priority need test only takes place from January 2013, many councils had already largely implemented this by 2011.⁴ Nevertheless, a number



Source: DCLG Live Table 772 – now no longer updated.

Table 2.5.1 Statutory homelessness rates in 2003 and 2011

	Household population (000s)	Priority homelessness acceptances		Priority homelessness rate per thousand households	
		2003	2011	2003	2011
England	21,731	135,590	48,510	6.2	2.2
Scotland	2,331	30,028	31,636	12.9	13.6
Wales	1,297	8,512	6,515	6.6	5.0
Northern Ireland	689	8,580	9,021	12.5	13.1

Sources: on homelessness numbers see Compendium Tables 90 and 104; on household projections, see endnotes to Commentary Chapter 2.

Notes: 1. Household population figures relate to 2008. 2. Homelessness acceptances for Wales and Northern Ireland are for financial years.

had still to complete the process even in late 2012. Assuming these councils (including Aberdeen and Edinburgh) move to full compliance from the beginning of 2013, this can be expected to further increase the proportion of small households 'owed the full duty', since non-vulnerable childless households will no longer be excluded by the priority need test. As this change will be followed by the introduction of the social tenant 'bedroom tax' from April 2013 onwards (see Contemporary Issues Chapter 4), pressures on social housing supply will be compounded in Scotland due to the sector's particularly mismatched profiles of household size and housing stock.

Other than the Scottish legal reforms mentioned above, the main factor underlying the strikingly divergent trends seen over most of the past decade between the four administrations (see Figure 2.5.1) is probably the impact of 'prevention-centred practice' strongly promoted by the Westminster government from 2002.⁵ This can involve actions to assist households keep their existing accommodation (e.g. debt advice, family mediation, landlord conciliation) or to help people otherwise faced with homelessness to find alternative accommodation (most often through assisted access to a private tenancy). DCLG has provided substantial central funding for such interventions by English councils – resources which (unlike other

aspects of homelessness funding) have been largely protected from post-2010 spending cuts.⁶

Local authority homelessness prevention interventions take place on an 'informal' basis – i.e. outside the statutory homelessness framework. Hence, the recorded cases of applicants helped to obtain private or social sector tenancies do not constitute formal 'discharges of duty' as when an authority arranges a tenancy for a homeless household legally owed the main rehousing duty. Nevertheless, since 2008/09, DCLG has been monitoring the rising number of prevention interventions.⁷ By 2011/12, these totalled almost 200,000 – see Table 2.5.2.

Table 2.5.2 sets homelessness prevention within the context of statistics on local authority homelessness actions recorded within the *statutory* framework. The total number of recorded 'homelessness and relief' cases in 2011/12 – some 199,000 – was almost double the gross number of statutory assessment decisions (accepted as priority homeless or otherwise) recorded in the same year (109,000). This could be read as illustrating that, in England, two-thirds of local authority homelessness work is now being undertaken via purely informal procedures.

Table 2.5.2 Homelessness prevention activity within a broader context

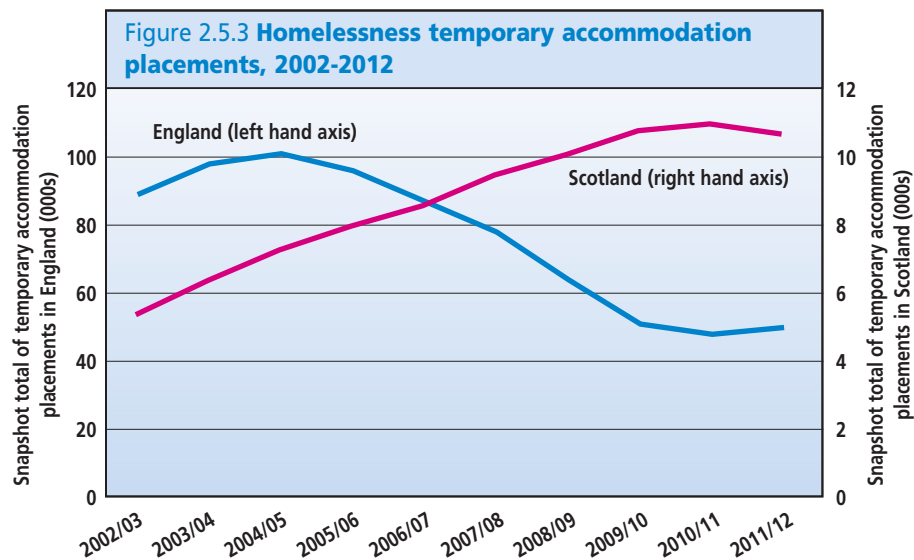
	2008/09 (000s)	2009/10 (000s)	2010/11 (000s)	2011/12 (000s)	% change 2010/11–2011/12
Instances of homelessness prevented	130	165	189	199	5
Formal homelessness assessment decisions	113	89	102	109	7
Statutory homelessness acceptances	53	40	44	50	14
Statutory homeless acceptances – rehoused in social housing	38	34	28	30	7
Statutory homeless acceptances – rehoused in a private tenancy	2	3	2	1	-50

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

Homelessness temporary accommodation placements

Key consequences of trends in homeless applicants ‘owed the main duty’ (see Figure 2.5.1 and Table 2.5.1) include changes in the scale of homelessness temporary accommodation (TA) placements. Figure 2.5.3 shows the declining trend in England from 2004/05 in TA numbers which saw them dip below the 50,000 mark during 2010 – thus achieving a key ministerial target set at the start of this period.

Subsequently, however, with the renewed increase in statutory homelessness (see above), temporary housing placements have once again begun to climb. Importantly, while overall TA numbers have only risen modestly at national level since their 2010/11 low point, B&B hotel placements have climbed much more sharply. These more than doubled in the three years to September 2012, from 1,880 to 4,350.⁸ Historically, the greatest use of B&B has been by London boroughs. Again, however, the ending of the full regional breakdown of published TA statistics means this can no longer be easily monitored.

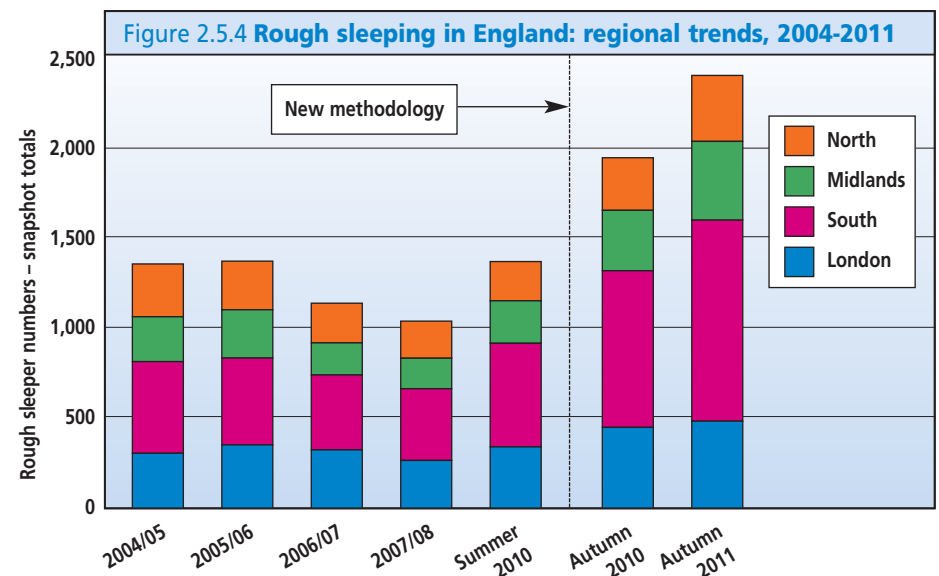


Source: DCLG, Scottish Government.

In Scotland, by contrast, rising statutory homeless numbers (see Table 2.5.1) contributed to a doubling in the number of temporary housing placements from 2003 to 2011, although this trend appeared to have ‘topped out’ in 2011/12 (see Figure 2.5.3).

Rough sleeping

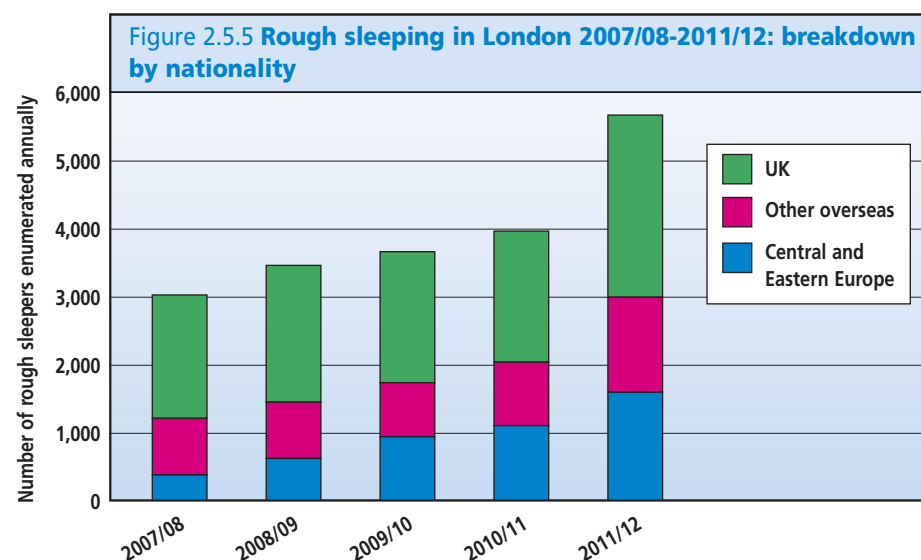
National systems for enumerating rough sleeping have been in place in England since the 1990s. Recognising flaws in existing methodology, Coalition government ministers initiated a modified approach to rough sleeper counts in 2010. The new guidance expanded the definition of ‘rough sleeper’ to include people ‘about to bed down’ as well as those actually lying down. Perhaps more importantly, local authorities opting for desk-based estimates rather than actual counts were now required to consult on this with agencies working with rough sleepers in their area. Detailed guidance was made available on this and other aspects of the recommended methodology.⁹ Nevertheless, some resulting estimates were still recently derided by one prominent expert as ‘utterly implausible’.¹⁰



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

Nevertheless, using the new methodology, national rough sleeper numbers rose from 1,768 in autumn 2010 to 2,181 in autumn 2011, a 23 per cent rise – see Figure 2.5.4. On the face of it, this suggests much more marked growth than anything seen since the 1990s.

Albeit using a different (but more sophisticated) methodology, London statistics collated by Broadway indicate a sustained increase in rough sleeping in the capital over a number of years – certainly long pre-dating the introduction of Coalition government welfare reforms. However, the rate of increase appeared to sharpen in 2011/12, with the total number of rough sleepers enumerated up by 43 per cent on the previous year and nearly double the figure for four years earlier – see Figure 2.5.5 and Table 2.5.3. The pattern also changed in 2011/12 in that increases were recorded for each of the broad nationality groupings set out in Figure 2.5.5. Over previous few years (see Table 2.5.3), rising overall numbers resulted solely or largely from the increasing numbers of Central and Eastern European (CEE) migrants – mainly Polish. Clearly, the latest figures represent a significantly changed dynamic.



Source: Broadway 'Street to Home' monitoring reports (see www.broadwaylondon.org/CHAIN/Reports/StreettoHomeReports.html); supplemented by unpublished data provided by Broadway.

The large and growing scale of non-UK rough sleeping indicates the extent to which destitute migrants have become part of London's homeless population. Those originating from CEE countries are probably mainly people who arrived in the UK as migrant workers and who will have been, until May 2011, subject to highly restricted welfare entitlements.¹¹ With the easing of these benefit restrictions, it might have been expected that CEE street homelessness would fall away.¹² As yet, however, the 2011/12 figures in Table 2.5.3 demonstrate that this has not been borne out. This may be because of the continued need to comply with the 'habitual residence' test, the fact that prevention services are not well-targeted at migrants, or for other reasons.¹³ Many among the rough sleepers of 'other' nationality may be refused asylum seekers or other irregular migrants, many of them ineligible for housing assistance or welfare benefits.¹⁴

Table 2.5.3 London rough sleepers: breakdown by nationality

	2007/08	2008/09	2009/10	2010/11	2011/12
Central and Eastern Europe	351	545	845	1,016	1,526
Other overseas	737	705	702	847	1,320
UK	1,606	1,710	1,700	1,744	2,531
Not known	344	512	426	368	301
Total	3,038	3,472	3,673	3,975	5,678

Source: As for Figure 2.5.5.

Another manifestation of homelessness akin to rough sleeping, especially in London but also in certain other cities in the South East of England, has been the apparently sudden growth of so-called 'beds in sheds' or structures being used as accommodation without planning permission. These vary from fully equipped accommodation to tumbledown sheds and garages with no facilities at all. The phenomenon was recognised by the Housing and Migration Network in February 2012¹⁵ and later by the government in advice to local authorities.¹⁶ Subsequently a pilot scheme has been established to tackle 'rogue landlords' of such accommodation in nine local authorities (mainly London boroughs, but also including Slough and Peterborough). There is little hard evidence of the numbers

sleeping in these ‘sheds’. However, on the basis of visits to over 1,200 local properties, the London Borough of Ealing estimates that occupants of illegal structures in its area may total 60,000. Slough believes that it has 2,500 such structures. While commonly thought to house only migrants, and sometimes to be related to people trafficking, pilot authorities have in fact found a mix of people using these structures, including families with children.

Unlike in England, the Scottish Government maintains no regular rough sleeper ‘headcount’. Instead, the scale of rough sleeping is monitored through the statutory homelessness recording system. According to these local authority returns, 1,931 people applying as homeless in 2011/12 reported sleeping rough the night before their application, a reduction of some 43 per cent on the figure for 2007/08. Rough sleeping appears to have declined not only in absolute terms but also proportionately – the percentage of applicants reporting rough sleeping the night prior to application dropped from 5.9 per cent in 2007/08 to 4.3 per cent in 2011/12. This positive trend may be associated with the expansion in statutory rehousing entitlements for single people, including those with more complex needs (see above).

Social housing lettings

Perhaps mainly reflecting the expanding output of new homes resulting from rising government investment pre-2010 (see Compendium Table 64), the previously declining trend of lettings to new tenants in England was reversed over the four years to 2011/12 (see Table 2.5.4). Elsewhere in the UK, trends have been steadier over this period.

Table 2.5.4 Lettings to new tenants, 2003/04-2011/12 (000s)

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
England	266	257	229	220	206	212	207	225	224
Wales	–	–	–	19	19	21	17	17	–
Scotland	–	50	48	48	46	45	48	44	45
N. Ireland	8	8	8	8	7	8	9	8	8

Sources: see Compendium Tables 97, 98, 102-104. Figures relate to ‘general needs’ lettings only.

Potentially important new components beginning to affect the social housing lettings picture since 2010 have been the new rent and security of tenure regimes introduced by the Coalition Government in England.

The financing of homes developed under the Affordable Rent (AR) funding regime involves tenant charges at up to 80 per cent of market rents – generally much higher than has been traditional in social housing (see Commentary Chapter 4 and Compendium Table 74d). The structure of the AR model is such that, for landlords building new homes under the regime, development costs must be underpinned by AR rents charged not only on the newly constructed dwellings themselves, but also on a proportion of existing homes being relet (in a ratio of 1:1.5 – see Commentary Chapter 4). HCA estimates suggest that (excluding London) existing homes being relet on AR terms will total around 72,000 in the four years from 2011/12. As noted in Chapter 4, bearing in mind current relet volumes, this will amount to around one in six homes relet during the period.

Analysis of 2011/12 CORE data provides the first empirical evidence on how this is unfolding in practice. This shows 4,612 homes let on an AR basis during the year, three per cent of all general needs lettings recorded. However, this figure is from a period when the new regime was being phased in. By March 2012, AR lets already accounted for 10 per cent of all HA lets. And by year end, 145 providers (just over a quarter of those participating in CORE during the year) had begun to let properties on an AR basis.

CORE data also shed light on HA managerial decision-making in selecting which lettings to designate on for AR rather than for social rent. At least in this first ‘phasing in’ year of the new regime, such lettings were somewhat skewed towards London and the South, as well as towards newly built homes, rather than existing homes being relet – see Table 2.5.5 (a) and (b). It should be noted that the newly built properties concerned here will be dwellings funded through the former National Affordable Homes Programme rather than under the AR regime. CORE analysis however, appears to confirm that while AR could be classed as an ‘intermediate rent’ product, this is not reflected in the socio-economic profile of selected tenants. As shown in Table 2.5.5(c) there was no sign of AR tenancies being disproportionately let to households above the benefits threshold.

Table 2.5.5 Profiles of housing association Affordable Rent and social rent general needs lettings in 2011/12

(a) Regional breakdown						
	Affordable Rent		Social rent		All	
	%		%		%	
London	13		12		12	
South	42		30		30	
Midlands	8		18		17	
North	37		41		41	
Total	100		100		100	
Total – no. of lettings	4,612		152,923		157,535	
(b) New lets versus existing homes being relet						
	Affordable Rent		Social rent		All	
	%		%		%	
Newly built homes	35		18		18	
Existing homes being relet	65		82		82	
Total	100		100		100	
Total – no. of lettings	4,612		152,923		157,535	
(c) New tenants – benefit status						
Household income...	Affordable Rent			Social rent		
	Newly built	Relet	All	Newly built	Relet	All
	%	%	%	%	%	%
Wholly derived from benefits	50	61	57	53	62	61
Partly derived from benefits	26	21	22	24	17	18
No benefits	24	19	20	23	21	21
Total	100	100	100	100	100	100
Total – no. of new tenants	1,408	2,759	4,167	24,094	111,780	135,874

Source: General Needs CORE, Affordable Rent CORE.

Note: Missing cases are excluded from Table (c).

Although not directly connected, the introduction of Affordable Rents has coincided with new powers for social landlords to opt for fixed-term tenancies (FTTs) in place of traditional open-ended contracts. Ministers have justified this change mainly in terms of the imperative for greater ‘fairness,’ such that poorer and more disadvantaged households should not be denied access to social rented housing simply because better off tenants choose to remain in homes originally allocated when they, themselves, were in need.¹⁷ Government directions under the Localism Act 2011 stipulate that the minimum fixed term should be five years, apart from in (unspecified) exceptional circumstances, when two years can be granted.¹⁸ Under the logic of localism, the policy framework a social landlord applies in its original designation of a tenancy term and in reviewing expiring FTTs is to be determined by the landlord itself, although housing associations must have regard to local authority tenancy strategies.

Depending on landlord take up, this aspect of the ‘localism’ regime could eventually result in some increase in social housing turnover. Relevant here is analysis of the first set of local authority tenancy strategies. It suggests that many local authorities see the value of FTTs more in terms of providing additional leverage to ‘enforce transfers’ for tenants who have come to underoccupy their homes, rather than primarily as a means of ejecting from the sector residents who have improved their economic position since taking on their tenancy.¹⁹ Given the impacts of the ‘bedroom tax’ on housing benefit-recipient underoccupiers, however, the scope provided by FTTs to enforce underoccupier transfers will be important only in respect of tenants who have homes with ‘extra bedrooms’ and have earnings that put them above the benefit threshold. More broadly, while it appears likely that most tenancy strategies will adopt a positive or at least neutral stance towards FTTs, this will not be true of the larger metropolitan councils and London boroughs, some of which have firmly rejected them.²⁰

As shown in Table 2.5.6, in 2011/12 three-quarters (76 per cent) of social housing lettings to new tenants were made as introductory or starter tenancies: that is, where a tenancy is initially on a 12-month ‘probationary’ basis. During that period the new tenant has only limited security of tenure.

Also of interest in Table 2.5.6 is that only a minority of 2011/12 AR tenancies were let on a fixed-term basis. However, this might reflect that the figures cover only the early stage in the setting up of FIT regimes (see above), with housing associations possibly waiting to gauge the extent of local authority tolerance towards the policy (as set out in local tenancy strategies published during 2012). On this basis, it could be that the proportion of AR lettings on fixed terms will rise in 2012/13 although it should be stressed that HCA guidance stipulates that ‘Tenancies for Affordable Rent properties must be for a minimum period of two years *but providers will have the flexibility to offer longer tenancies, including lifetime tenancies*’ (our emphasis).²¹ More generally, it will be instructive to monitor (via

CORE returns) the extent to which landlords begin to invoke powers to issue FITs in 2012/13, for both social and Affordable Rent lettings.

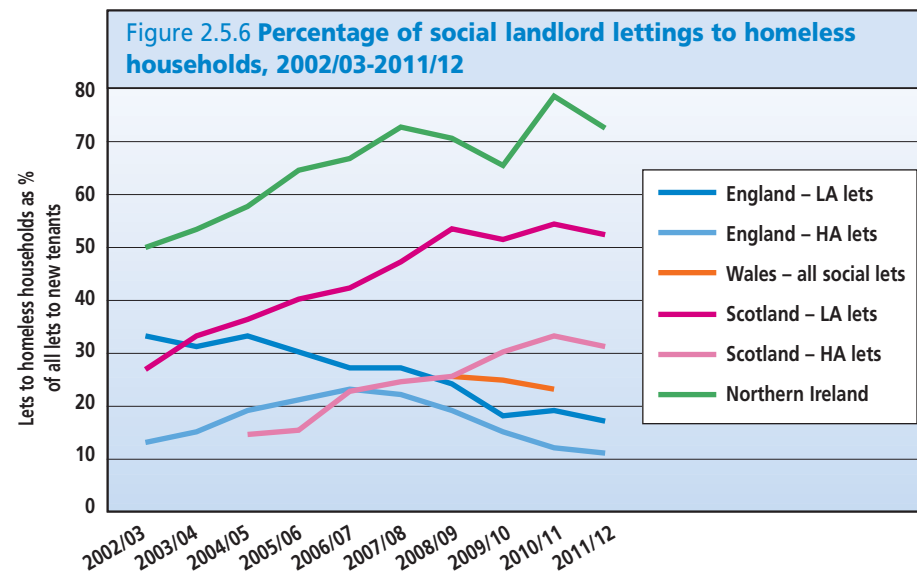
The patterns shown by Figure 2.5.6 can be seen as a compound effect of the recent trends in homelessness and lettings discussed above. ‘Lettings to homeless households as a proportion of all lettings to new tenants’ has traditionally been an indicator of social housing stress. On this basis, such stress was declining in England at least up until 2010/11, while it was much higher and generally rising in both Northern Ireland and Scotland. However, 2011/12 figures for both of these jurisdictions showed a slight relaxation in the latest period.

Table 2.5.6 Social housing lettings in England, 2011/12 – breakdown by tenancy type

	Lettings to new tenants of social housing			Total	Lettings to existing tenants	Total
	Secure/ Assured	Introductory/ Starter tenancy	Other			
Local authority	17,502	71,641	–	89,143	51,846	140,989
Housing association – social rent	26,196	74,035	1,223	101,454	51,469	152,923
Housing association – Affordable Rent	592	2,594	159	3,345	1,267	4,612
– of which, fixed term	–	–	–	–	–	1,302
All	44,290	148,270	1,382	193,942	104,582	298,524

Sources: Housing associations – CORE lettings log; local authorities – DCLG local authority housing statistics returns.

- Notes:
1. Table includes ‘general needs’ lettings only.
 2. Lettings to existing tenants (of social housing) include mutual exchanges and households transferring between social landlords. Therefore, the associated definition of ‘lettings to new tenants of social housing’ is narrower than that used in Compendium Table 98.
 3. Because housing association ‘lettings to existing tenants’ include inter-landlord movers, some of the associated tenancies are starter tenancies.
 4. For Affordable Rent lettings, introductory/starter tenancies include assured shorthold tenancies.



Sources: Compendium Tables 96, 98, 102, 103 and 104.

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