**Crisis response to the Public Accounts Committee “Housing – State of the Nation” Inquiry**

*February 2017*

**Introduction**

1. Crisis, the national charity for single homeless people, is pleased to respond to this inquiry into the state of the housing market in England and Government’s strategy for housing.[[1]](#footnote-1)
2. Crisis is 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 people to transform their lives.
3. Crisis welcomes recent developments in the Government’s approach to housing, including the focus on improving security of tenure in the private rented sector, the change in emphasis in affordable housing investment which will allow the delivery of at least some rented housing, and the Government’s clear commitment to homelessness prevention. The Government’s proposals do not go far enough, however, to ensure the housing market works for those on the lowest incomes, and for the growing number of homeless people.  This submission sets out our recommendations on the specific steps Government should take, in addition to those announced in the Housing White Paper and the Autumn 2016 Spending Review.

**Housing Supply and Single Homelessness**

1. **Gaining access to housing of any type is becoming increasingly difficult for single homeless people.** The lack of availability of housing affordable to low income households is a key driver of homelessness, as outlined in independent research carried out on behalf of Crisis and the Joseph Rowntree Foundation (JRF), the Homelessness Monitor.[[2]](#footnote-2) Failing to prevent homelessness has a significant financial cost to national and local government; there is a strong fiscal case for providing a sufficient supply of housing that can be accessed by homeless people.[[3]](#footnote-3) The 2017 NAO report, *Housing in England,* notes the recent increases in statutory homelessness nationally, and the fact that the ending of a private tenancy is now the principal cause of statutory homelessness. It also notes the substantial cost of temporary accommodation at £840 million in 2015-16.
2. The NAO report does not, however, look beyond the statutory datasets in its analysis of homelessness. Wider evidence is provided by the Homelessness Monitor series published annually by Crisis and JRF, and mentioned above, and we urge the PAC to consider this in its state of the nation review. The Monitor addresses the wider evidence on concealed and single homelessness, and trends in areas such as rough sleeping. It is particularly important to note the **substantial recent rises in rough sleeping**, particularly in London:

* Government street counts and estimates give a snapshot of the national situation. In 2015 they estimated around 3,569 people sleep rough on any one night across England[[4]](#footnote-4), a rise of 30% on the previous year and double the amount since 2010**.** But this is only a snapshot, the actual figures are likely to be much higher.
* 8, 096 people were seen sleeping rough in London in 2015/16 which is a 7% increase compared to 2014.[[5]](#footnote-5)

**Access to housing for single homeless people**

1. Crisis believes that action is needed to ensure that homeless people have access to secure, decent rental housing whether this is provided in the private rented or social housing sector.
2. Our experience of helping clients to access housing demonstrates the significant difficulties faced by single people accessing housing of any tenure. Evidence gathered by Homeless Link for their annual survey of homelessness projects shows that the proportion of clients “ready to move on from accommodation projects but unable to” was 25% in 2014, but increased to 30% in 2015.[[6]](#footnote-6)

**Social rented housing**

1. The number of social housing lettings in both general needs and supported housing has decreased recently; from 396,000 in 2013/14, to 385,000 in 2014/15, and 374,000 in 2015/16. In practice this means 20,000 fewer lettings in England over the last two years.[[7]](#footnote-7) During this time the proportion of lettings to single adult households has remained constant at around 41%, but this represents a reduction in the number of lettings.
2. Crisis has analysed council and housing association lettings data to examine the trends in general needs lettings to households with a history of homelessness. This found that the number of lettings to single/dual adult households with a history of homelessness declined from 20,591 in 2010/11 to 19,146 in 2014/15.[[8]](#footnote-8) The proportion of people moving-on from homelessness projects to social housing declined between 2014 and 2015, from 24% to 22%.[[9]](#footnote-9)
3. In areas of highest housing pressure, social housing is an option for only a small minority of Crisis clients. For people supported by Crisis Housing Coaches, the largest source of accommodation is the private rented sector.

**Private rented housing**

1. Conditions in the private rented sector are the worst of all housing tenures. While both the NAO report and Housing White Paper note that conditions are improving, it is nevertheless the case that 29% of homes fail to meet the government’s decent homes standard, compared to only 14% of homes in the social rented sector.
2. Our evidence suggests that poor standards are a particular problem for homeless people housed in the private rented sector.[[10]](#footnote-10) In areas of highest housing pressure, our Housing Coaches have seen a decline in the standard and size of private rental property available to our clients, including declining standards of insulation and energy efficiency, impacting further on already stretched household incomes.
3. As the Housing White Paper has noted, tenancy insecurity is also a problem. Characterised by short-term contracts of only 6 or 12 months, the sector fails to provide people with the proper security to rebuild their lives. We welcome the Government’s commitment in the Housing White Paper to seek measures to improve tenure security for private renters, but are disappointed that the Paper does not provide specific proposals for tackling this issue in the existing PRS stock.
4. There is in our view good evidence to support the case for intervention in this area. Recent research by IPPR[[11]](#footnote-11) noted that German tenants enjoy very strong security of tenure by comparison with tenants in England, and are less “overburdened” by the cost of private sector rents relative to incomes. IPPR concludes that the greater security of tenure enjoyed by German renters brings with it many more benefits than problems (in a sector that comprises 40% of all households). It is disappointing then that Government action to improve tenure security is for the time being focussed only on the Build-to-Rent sector.
5. In this context, it becomes more important to identify mechanisms that will incentivise buy-to-let landlords to offer longer tenancies. One way of doing this is through Help-to-Rent schemes and Social Lettings Agencies, which can use the incentive of services for landlords and support for tenants to ensure longer term tenancies. Crisis has been at the forefront of activity to develop Private Rented Sector Access schemes and Social Lettings Agencies, both of which play a role in helping to improve access to and standards in the Private Rented Sector for low income and vulnerable households.
6. Between 2010 and 2014 the Government funded Private Rented Programme created over 8000 private rented tenancies for homeless people, 90% of which lasted for more than 6 months. Since the end of the Private Renting Programme in March 2016, some help-to-rent projects have been closing or reducing service provision across the country because of difficulties accessing funding. As a temporary measure, to ensure the skills base that had been developed during the Private Renting Programme would not be lost, Crisis launched its own £150,000 funding Help-to-Rent Programme last year. We were overwhelmed with demand, receiving over 120 applications from councils and the third sector but were only able to support five projects. This demonstrates the significant unmet need for funding for these schemes to plug a gap in provision for homeless people. It is encouraging that the Government has said it will consider whether social lettings agencies can be an effective tool to tackle homelessness. But we would like to see this consideration extend to Help to Rent schemes, and turned into action as a matter of urgency. We urge the PAC to recommend that Government provides dedicated funding for PRS access measures including help-to-rent schemes and a national tenancy deposit guarantee service (see our recommendations below). [[12]](#footnote-12)
7. A further area of concern regarding access to housing is the difficulties faced by low income single people aged under 35 whose access to Housing Benefit for privately rented housing is limited to the shared accommodation (unless they meet the grounds for exemptions from this rule). The proposed introduction of the shared accommodation rate to social housing will exacerbate difficulties for people in the under 35 age group. So while sharing a home is often the only viable way to obtain housing, there is a severe shortage in the supply of shared housing. Failure to address this issue risks exacerbating recent rises in rough sleeping and concealed homelessness. Our recommendations on this issue are set out below.
8. At the same time the cost of supporting low income households to pay private rents is substantial; between 2005/06 and 2014/15 Housing Benefit spending on 1.4 million private tenancies doubled to £9.3 billion.[[13]](#footnote-13) Over the same period the cost of the benefit for 3.2 million social housing tenancies rose by just over a fifth to £15.5 billion. The Housing White Paper acknowledged the cost to the tax payer of higher rents, but its proposals do not go far enough in boosting the supply of homes that are affordable to households on low incomes.
9. We urge the PAC to recommend the following measures to Government:
10. **To increase the supply of homes in the existing private rented stock that are fit for purpose in meeting the needs of homeless and low income households**:
11. **Provide a funding stream to support the delivery of “Help-to-Rent” schemes and a nationally funded tenancy deposit scheme**. As noted above, this recommendation draws on learning from the previous Government funded Private Rented Programme that created over 8000 private rented tenancies for homeless people between 2010-2014, 90% of which lasted for more than 6 months. Crisis asked WPI Economics to assess out the costs and benefits of providing accredited Help to Rent schemes England wide. The modelling shows that a Private Rental Sector Access Scheme would cost around £24.1m annually, with a further £6.7m to fund a national rent deposit guarantee scheme, enabling some 32,000 people to receive support annually. This has the potential to generate substantial savings in spending on homelessness. Accredited Help-to-Rent schemes would:
    * Match tenants with landlords and provide financial guarantees for deposits and rent, with ongoing support for both parties
    * Provide personalised and structured support for tenants to ensure the accommodation remains suitable and help to gain and sustain employment
    * Where possible support tenants to save using a credit union in order to increase their financial sustainability and financial literacy.
    * Train landlords and provide standards on how to manage tenancies and provide a named point of contact if something goes wrong.
12. **Legislate to create longer tenancies of 3-5 years for private renters**, with provisions to limit rent increases to inflation during the tenancy term
13. **Introduce a nationally operated register of landlords** with associated requirements on property safety and management
14. **Address deficiencies in the Local Housing Allowance regime** which mean that rent levels are increasingly out of step with the amount of Housing Benefit that can be paid.
15. **Ensure local authorities are resourced and incentivised to develop their market stewardship role,** providing effective oversight of the lower end of the private rental market and supporting their role in homelessness prevention.
16. **Increase the availability of new housing that low income households can afford:**
    1. We welcome the principle set out in the Housing White Paper that Build to Rent schemes should include an affordable housing component. We are concerned however that the definition of affordable private rented housing, as currently framed, will mean lower income households are unable to access this new supply of housing. **Rents set at 80% of market levels are not affordable to people working at the national living wage in many parts of the country**. We urge Government to ensure a proportion of housing on new schemes is **genuinely affordable to households at national living wage levels or at rents within Local Housing Allowance levels.** Recently published analysis by LSE and the Future of London policy network, *Making the most of Build to Rent[[14]](#footnote-14)* echo this recommendation, calling on providers to establish a “more socially minded version of Build to Rent” – providing homes at lower cost with simple designs and fewer add-ons. We note that recent analysis by the Centre for London suggests that some institutional investors have an appetite for investment in housing affordable to low income workers.[[15]](#footnote-15)
    2. While Build-to-Rent housing has potential to contribute to meeting the needs of some low income households, **it is essential also that housing providers are able to increase levels of new social housing provision**. As noted above, the availability of social housing lettings has been declining and the NAO reports notes the long term decline in the output of affordable housing for rent. The announcement in the 2016 Autumn Statement of £1.4bn in addition to the original £4.6 billion of public funding for affordable housing was welcome, as was the announcement of flexibility to provide at least some affordable housing for rent. This was somewhat tempered however by the statement that Government “continues to expect that the majority of expenditure allocated within the programme will support home ownership.”[[16]](#footnote-16) Whilst acknowledging the flexibilities announced in the 2016 Autumn Statement, **we want Government to ensure housing providers switch a greater proportion of public resources from homeownership to low rent housing**. Creating more low rent housing will also limit the rising cost of Housing Benefit to cover higher “affordable PRS” rent levels.
    3. **Strengthen the role of section 106 planning contributions in delivering affordable housing to ensure affordable housing policy requirements are given due weight in the assessment of development viability**. There is a growing body of evidence that flaws in the viability assessment process have been inappropriately undermining the delivery of affordable housing through the planning system in recent years. These problems were highlighted by the House of Lords Select Committee on National Policy for the Built Environment in its report *Building Better Places* in February 2016.[[17]](#footnote-17) Research recently published by the Royal Agricultural University, Reading University, Kingston University and Ramidus Consulting has provided further evidence to support these concerns;[[18]](#footnote-18) despite increases in London residential land values of 145% between 2009 and 2015, annual affordable housing delivery in the capital has fallen by 37% over the same period. At a time when there is huge pressure on the already constrained supply of affordable lettings, there is scope to ensure that a share in the up-lift in residential values supports the delivery of low cost housing for rent.
17. **Meet the specific housing and support requirements of single homeless people.** We welcome the Government’s commitment to homelessness prevention, including:

* Supporting the passage of the Homelessness Reduction Bill
* Funding a new network of experts to work with local authorities, which will help to inform best practice as and when the Homelessness Reduction Bill becomes law
* Exploring new models of provision to help those with multiple support needs.

Additionally we urge the Government to:

* 1. Take steps to increase the supply of shared housing affordable to people on low incomes. This should include the feasibility of providing shared housing in new developments, and incentivising landlords in the social and private sector to convert more housing for sharing to meet demand. The planned extension of the Local Housing Allowance regime to the social rented sector will further limit the housing options available to low income single households and risks exacerbating homelessness unless the supply of shared housing increases;
  2. Support the further evaluation and development of housing models that meet the support needs of homeless households. Crisis is currently conducting a feasibility study to examine how Housing First and housing led models of support for homeless people can be taken to a greater scale in the UK, with the objective of replicating the positive outcomes achieved in the international context. While Housing First has not been used on a large scale in England to date, evidence from North America and Europe demonstrates its widespread success.[[19]](#footnote-19) A recent evaluation of nine smaller Housing First services in England showed very promising results.[[20]](#footnote-20) Government should ensure that this learning also informs the review of Supported Housing funding currently underway, and that there is room for evidence based innovation under the revised funding regime.

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3. Pleace, N. At what cost? An estimation of the financial cost of single homelessness in the UK. 2015, London: Crisis; Pawson H, et al *Evidence Review of the Cost of Homelessness*, 2012 London: DCLG [↑](#footnote-ref-3)
4. DCLG *Rough sleeping statistics England Autumn 2015 Table 1* https://www.gov.uk/government/statistics/rough-sleeping-in-england-autumn-2015 [↑](#footnote-ref-4)
5. <http://data.london.gov.uk/dataset/chain-reports/resource/a3ebddd3-764e-42c0-a921-7f144702bd55> [↑](#footnote-ref-5)
6. Homeless Link *Support for single homeless people in 2016 – Annual Review* 2016 (and previous annual editions) [↑](#footnote-ref-6)
7. DCLG November 2016 Social Housing Lettings: April 2015 to March 2016, England [↑](#footnote-ref-7)
8. Analysis by Crisis using CLG CORE data set. Data for 2015/16 not yet available. [↑](#footnote-ref-8)
9. Homeless Link *Support for single homeless people in 2016 – Annual Review 2016* (and previous annual editions) [↑](#footnote-ref-9)
10. Smith, M, Albanese, A and Truder, J *A roof over my head: the final report of the Sustain project, a longitudinal study of housing outcomes and well being in PRS accommodation*. 2014, Shelter & Crisis [↑](#footnote-ref-10)
11. Davies, B, Snelling, C, Turner E and Marquandt, S *Lessons from Germany: Tenant Power in the Rental Market* (2017) London: IPPR [↑](#footnote-ref-11)
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13. DWP quoted in National Housing Federation (2016) briefing: The growing Housing Benefit spend in the PRS [↑](#footnote-ref-13)
14. https://www.trustforlondon.org.uk/wp-content/uploads/2017/01/Build-to-Rent-Report-FINAL-WEB-V4.pdf [↑](#footnote-ref-14)
15. Ratcliff, J. (2016) *In no uncertain terms – securing institutional funding for genuinely affordable homes*. London: Centre for London [↑](#footnote-ref-15)
16. https://www.gov.uk/government/uploads/system/uploads/attachment\_data/file/581465/SOAHP\_1621\_Prospectus\_addendum\_for\_CME.pdf [↑](#footnote-ref-16)
17. [http://www.publications.parliament.uk/pa/ld201516/ldselect/ldbuilt/100/100.pdf pp72-74](http://www.publications.parliament.uk/pa/ld201516/ldselect/ldbuilt/100/100.pdf%20pp72-74) [↑](#footnote-ref-17)
18. <https://www.rau.ac.uk/sites/files/rau/field/field_document/Viability%20and%20the%20Planning%20System%20Research%20January%202017.pdf> [↑](#footnote-ref-18)
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