STUDY ON HOUSING EXCLUSION:
WELFARE POLICIES, HOUSING PROVISION AND LABOUR MARKETS

Country report for the United Kingdom

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Summary

This report has located the UK housing system within the wider welfare regime. The welfare regime produces quite high levels of employment, though with significant numbers of workless households. The social security system rests heavily on means-tested social assistance, but over the past 12 years this has been enhanced with much more generous means-tested benefits for pensioners, enhancement of child elements across the social security system and increased means-tested support for people in low or moderately paid employment. Nonetheless, these changes have failed to reduce inequalities arising from the labour market, which can be characterised as being quite ‘flexible’, so the rises in inequality and poverty that occurred in the 1980s and 1990s have not been reversed.

This report collected and analysed new quantitative and qualitative evidence in four areas, and the following conclusions can be drawn.

The income poor are more likely to be the housing poor, but there is evidence that housing policies and system features reduce the links between income poverty and housing poverty:

- Outright ownership the most effective system feature in safeguarding housing affordability on the basis of gross housing costs. It is the only (sub) tenure where poverty rates fall after housing costs. Housing allowances are the most effective policy in improving housing affordability between gross and net housing costs. They reduce the levels of housing-induced poverty (compared to gross housing costs) and the proportions of households paying more than 40 per cent of their net income in housing costs. They are especially effective in the social rented sector, but far less effective in the market rental sector, where housing costs lead to a significant deterioration in affordability.

- Poor households are more likely to be overcrowded than are non-poor households, but overcrowding affects only a minority (between 10 and 20%) of poor households (on any measure). There is no evidence that social rented housing produces consistently better results than market rental housing.

- Poor households are more likely to report individual deficiencies in the physical quality of their housing. Identical proportions of poor and non-poor households report a single problem, but poor households are more likely to report multiple problems, suggesting a concentration of poor quality housing among a minority of the poor. Again EU-SILC suggests no advantage of social rented housing over market rental housing, but this is not supported by domestic surveys.

- Overall there is little indication of area effects, in terms of neighbourhood quality, although the poor do experience more problems with accessing neighbourhood services (although almost two-thirds of poor households report no such access problems). There is some evidence of area effects in that on both neighbourhood...
quality and services indicators social tenants report more problems than other tenure categories.

- Overall housing and neighbourhood satisfaction is high – around 90 per cent of poor and 95 per cent of non poor are satisfied, although the rate of dissatisfaction is almost twice as high among poor households. Dissatisfaction is also higher among social tenants than among other tenures.

There is an overlap between worklessness and poverty – almost all workless households are in poverty, but 60 per cent of the poor (with a potential worker in their household) live in households with at least one person in work.

- Housing Benefit is the principal protector of housing affordability for workless households, particularly long-term workless households. The rate of receipt rises from less than 5 per cent among working households to a over one-quarter among short-term unemployed and to almost 60 per cent among the long-term unemployed. Its contribution to housing costs rises from 1.5 per cent among those in work, to 12 per cent among the short-term unemployed to almost one-third for long-term unemployed.

- Short-term workless households appear to experience worse housing outcomes than working households while long-term workless households experience worse housing outcomes than short-term workless households. Moreover, the position of long-term workless households appears to worsen cumulatively, i.e. they are more likely to experience several problems.

- Apart from affordability it is difficult to attribute outcomes to housing policies. It seems most likely that the long-term workless households live in tenures that have attributes of relatively poor housing outcomes. Social rented housing has the lowest rate of work rich households and the greatest concentration of work poor households and by far the greatest concentration of long-term workless households.

The welfare regime creates circumstances (high levels of poverty and inequality) that can be expected to lead to ‘structural’ homelessness. However, aspects of the housing system limit the level of homelessness and also contribute to resolving it:

- The evidence suggests that ‘statutory’ homelessness is a ‘structural problem’: the welfare regime creates significant groups of economically marginalised households (most of whom do not have vulnerabilities arising from health problems or drug or alcohol abuse) who find it difficult to compete in the housing market when confronted with certain events (especially relationship breakdown) that can lead to homelessness.

- The evidence suggests that housing-specific events or triggers (such as rent or mortgage arrears) are not major causes of statutory homelessness, and Housing Benefit seems to be a major factor of preventing arrears in the rental sectors.
However, the end of fixed-term tenancies in the market rental sector is a notable trigger for statutory homelessness.

- However, the most common ‘triggers’ of statutory homelessness relate to various forms of relationship breakdown – parents or relatives/friends being unwilling or able to (continue) accommodate, or breakdowns (often violent) with a partner.
- That statutory homelessness tends to follow the housing market cycle suggests that housing affordability is an underlying cause of homelessness, particularly as this is also linked to regional differences in access to social rented housing.
- Loss of employment seldom directly triggers statutory homelessness, but long-term marginality from the labour market does seem to be an underlying cause.

Non-statutory homelessness is different in nature from statutory homelessness:

- There is a greater tendency for non-statutory homelessness, which includes most rough sleeping, to be linked to ‘individual’ causes, such as substance misuse and mental health problems.
- The demographic profile is also different (to a large extent this reflects statutory priorities). Whereas statutory homelessness tends to affect families with children or pregnant women, non-statutory homelessness is mainly associated with single people, especially men.
- These groups are less well protected by the welfare system. This is especially true of refused asylum seekers, and some central and eastern European (CEE) migrants, who have difficulty in accessing benefits in practice.

The evidence generated by the vignettes concerning responses to a variety of groups threatened with homelessness suggested that:

- The statutory homelessness system plays a valuable role in responding to homelessness, and in the last decade it has strengthened to take most 16/17 year olds into the key priority needs categories that are entitled to material assistance.
- It has been increasingly recognised that for some groups (such as young people) a social tenancy is not necessarily the most suitable solution and that it is important to provide additional support in terms of education and training.
- The effectiveness of the statutory homelessness framework also varies across the country: where there is a shortage of social rented housing people may spend long periods in expensive temporary accommodation, which in turn may create disincentives to work.
- For non-statutory groups a range of sophisticated interventions has been developed, often on an inter-agency basis, recognising the complex needs of many of these homeless people. How well these schemes work depends on the quality of inter-agency co-operation, but other factors, such as the interface with the benefits system can create problems.
• Groups that are disadvantaged in the benefits system, especially CEE migrants and refused asylum seekers, face a much higher likelihood of street homelessness.

• There is relatively little protection for home-owners who face repossession due to mortgage arrears. The evidence suggests that few become statutory homeless, suggesting that they find other ways of resolving their housing situations, but relatively little is known about this group as they rarely come into contact with support agencies.

The relationships between the housing system and employment are complex and often ambiguous. While it is clear that social rented housing contains much higher levels of worklessness than other tenures – and that this cannot be simply be explained by the profile of the people housed in the tenure – it is not clear why this is the case. Evidence, including that collected using vignettes, suggests that:

• The interface between housing costs and the social security system can create powerful work disincentives. Thus the higher the housing costs, the greater the disincentive to work. So the problem is most acute in hostels and other expensive supported or temporary accommodation, and then in the market rental sector.

• While various mechanisms (such as Housing Benefit run-on periods) have been devised to try to ease the transition from benefit to work, the rules are sometimes complex and additional disincentives arise if work is unstable.

• Mobility manifests itself as a barrier to work in several respects, including: the difficulty in moving between social rented housing in different areas, and the disincentive facing home owners who might move from a low cost area to a high cost area for a better job. However, it is also clear that barriers to mobility are not merely financial: factors such as the quality of services such as schools also matter.

• Transport costs (to work) can act as a financial disincentive to employment.

• There is some evidence of ‘area effects’ on employment and these may be distinguished from ‘tenure’ effects.

• There has been a tendency for employment interventions in poor neighbourhoods to be led by housing associations. Whilst these have had some success, there are concerns that they can lead to people in the private rented sector being neglected.

• Attempts at mixing neighbourhoods have had limited success, both in terms of creating mix and of generating problems (such as tensions) where some mix has been achieved.

Overall the new evidence suggests:

• The housing system can do much to ‘correct’ for the high levels of poverty created by the welfare regime
But there are also limits, manifested most clearly in underlying problems of affordability, which contribute to homelessness, and in evidence of area effects related to the concentration of poor and long-term workless households in social rented housing.

The analysis will be enhanced by making comparisons with the position of the poor and workless in other countries.
PART I: THE CONTEXT

Chapter 1. Introduction

1.1 Background to project

This report is one of six country reports that form part of the Study on Housing and Exclusion that has been commissioned by DG Employment.

In its Lisbon Strategy the European Union recognises the possibilities of combining social protection with greater labour market flexibility in an approach that is called ‘flexicurity’ to achieve employment and social objectives. The Commission recognises that ‘raising employment levels is the strongest means of generating growth and promoting socially inclusive economies’ and encourages Member States to attract more people into employment through tax and benefit reforms to remove unemployment traps, active labour market policies and active ageing strategies.¹ Moreover, the Social Agenda seeks to support the Commission’s strategic objectives that include both the promotion of employment and equal opportunities and inclusion.² More recently the Commission has supported Member States’ efforts ‘to mobilise those who can work and provide support for those who cannot… [and] has proposed a holistic strategy that can be termed “active inclusion”’.³

However, we have limited knowledge of role of housing in social and employment policies and outcomes, and the purpose of this project is to analyse the interaction between housing, social and employment outcomes in the context of different and changing models of welfare provision and labour market institutions.

1.2 Aims and structure of the Project

The objective of the Study on Housing and Exclusion is to provide evidence on the interaction between housing, welfare and employment in the light of recent reforms in the European Union.

It will highlight the role of public policies (i.e. housing, social and employment policies); individual circumstances; and area effects. The Study will also analyse the link between housing and employment, including the extent to which housing policies and conditions impact on labour market outcomes and how employment status and changes to it affect access to housing in the context of different welfare regimes.

³ COM (2007) 620 final. Modernising social protection for greater social justices and economic cohesion
The project is divided into two stages. In the first stage a critical review of existing evidence was conducted and was presented in the Interim Report (Stephens, et al., 2009). The second stage consists of the analysis of new evidence, which, combined with the existing evidence, is presented in this and five other country reports, as well as in the Final Report, where cross-country comparisons are made.

1.3 Theoretical Framework

A theoretical framework for the study was established in the Interim Report and is illustrated graphically in Figure 1.1.

We hypothesise that labour market institutions and social security systems (collectively referred to as ‘welfare regimes’ in Box A) determine ‘primary’ levels and distribution of incomes. Welfare regimes produce different patterns of employment, poverty and inequality (Boxes B and C) and the evidence suggests that such relationships are complex, though it does support the idea that the relationship between in-work incomes and out-of-work incomes exert labour market (dis)incentives.

Levels and patterns of income distribution arising from the operation of welfare regimes will be a strong determinant of housing outcomes (Box D). Indeed in a housing system that was based purely on market rental housing we would expect differences in housing outcomes to mirror income differentials very closely.

Yet there are sound theoretical reasons to suggest that income poverty and inequality need not necessarily result in housing poverty. Housing policy and other features of the housing system (Box E) may serve to disrupt the link between current income and housing outcomes. The key public policy interventions that we identify as facilitating access to levels of housing consumption that could not be obtained in a system that allocated resources purely by market mechanisms are as follows:

- social rented and other rent-controlled housing;
- housing allowances; and
- low-debt owner-occupied housing.

The Interim Report demonstrated that the housing systems in the different welfare regimes place differing emphases on these policies or system features; but on the basis of existing evidence and the way it has been analysed and benchmarked it is not possible to establish their effectiveness in terms of housing outcomes, nor their distributional consequences.

Both the Welfare Regime (Box A) and the Housing System (Box E) have a strong influence on Relative Housing Deprivation (Box F), which we identify as related to:

- the quality of housing consumed;
• the quantity of housing consumed;
• the quality of the neighbourhood in which housing is consumed; and
• the cost of housing consumption.

In the Interim report we established that the measurement of these ‘housing outcomes’ needs to be conceptualised clearly, so that we can distinguish between *absolute* housing standards that we might expect all households to attain in the European Union, regardless of country; and *relative* housing standards that relate to the norms that apply in individual countries, and which we would expect to rise with economic growth. It is important that these concepts are properly *benchmarked*, that is judged against meaningful comparators. Moreover, we have also established that it is also important that the findings are interpreted by being embedded in an understanding of the institutional framework of housing policy.

On the basis of the (incomplete) evidence it is also hypothesised that the Welfare Regime and Housing System will causally impact on both the *level* and *nature* of homelessness (Box G), which we identify separately from the other housing outcomes (not least because homelessness can be as much a ‘social’ as a ‘housing’ outcome). Thus, we suggested that strong welfare states that deliver relatively low levels of poverty, especially when combined with strong housing policies, will lead to lower levels of homelessness than in countries where welfare regimes deliver high levels of poverty, especially where housing policies are also limited.

Unfortunately, data limitations mean that we cannot at present compare the scale of homelessness across countries in a systematic way, therefore that part of our hypothesis which relates to the overall level of homelessness is currently untestable (though we can in some countries look at trends in its scale over time). However, qualitative data collected for this and the other national reports is intended to allow us to test the second aspect of our hypothesis, pertaining to the ‘nature’ of homelessness, which postulates that structural causes of homelessness will be more important in weak welfare regimes, and individual causes will be proportionately more important in strong welfare regimes. Likewise, we expect a broader set of social groups to be affected by homelessness in contexts where welfare and housing conditions are more difficult. Further, our qualitative investigations should enable us to test our expectation that targeted homelessness interventions can have positive effects even in malign structural contexts.

Finally, we suggest that the housing system can feed back into having impacts on employment through two routes:

• the financial work incentives implied by the housing system (Box E);
• any independent impacts on employment that arise from poverty neighbourhoods (Box F).
Figure 1.1 Theoretical framework

(A) WELFARE REGIME
(tax, social security, labour market)

(E) HOUSING SYSTEM
a) Housing market
b) Key housing policy interventions and system features:
   1. social rented and other below market rental housing market
   2. 
   3. housing allowances

(B) SCALE & DISTRIBUTION OF POVERTY & INEQUALITY

(C) LABOUR MARKET OUTCOMES

(D) HOUSING OUTCOMES

(F) HOUSING DEPRIVATION
1. Cost of housing
2. Quantity of housing
3. Physical quality of housing
4. Quality of neighbourhood

(G) HOUSING EXCLUSION / HOMELESSNESS
1. Level of homelessness
2. Nature/causes of homelessness

(H) INDIVIDUAL CAUSES/FACTORS

(I) TARGETED INTERVENTIONS ON HOMELESSNESS

Causal relationship
Necessary relationship
Contingent relationship
1.4 Methods

The need to embed the analysis of housing outcomes in knowledge of housing systems provides a key justification for selecting a number of countries from across the different welfare regime types. A range of regime types was the principal criteria for their selection; though we also wished to include countries that exhibit different features in their housing systems so that we might be better able to identify their relationship with the welfare regime. The countries selected were Germany, Hungary, the Netherlands, Portugal, Sweden and the UK (Table 1.1).

Table 1.1 Selection of countries

<table>
<thead>
<tr>
<th>Welfare Regime</th>
<th>Countries</th>
<th>Selected</th>
<th>Features of Housing System selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Democratic</td>
<td>Sweden, Denmark, Finland</td>
<td>Sweden</td>
<td>Historic tenure neutrality; ‘unitary’ rental system</td>
</tr>
<tr>
<td>Corporatist</td>
<td>Netherlands*, Germany, Austria, France, Belgium, Luxembourg</td>
<td>Netherlands</td>
<td>Largest social rented sector; unitary state; ‘unitary’ rental system</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Germany</td>
<td>Small and shrinking social rented sector, but within ‘unitary’ rental structure.</td>
</tr>
<tr>
<td>Liberal</td>
<td>UK, Ireland</td>
<td>UK</td>
<td>Significant social rented sector, but long history of privatisation; legally enforceable homelessness rights; ‘dualist’ rental system</td>
</tr>
<tr>
<td>Mediterranean/’Rudimentary’</td>
<td>Portugal, Spain, Italy, Greece, Cyprus, Malta</td>
<td>Portugal</td>
<td>High level of home-ownership, ‘familialism’; history of self-build</td>
</tr>
<tr>
<td>Transition</td>
<td>Czech Rep., Hungary, Poland, Slovenia, Slovakia, Estonia, Latvia, Lithuania, Bulgaria, Romania</td>
<td>Hungary</td>
<td>‘Super’ home-ownership state</td>
</tr>
<tr>
<td>Total Countries</td>
<td>27</td>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>

Note: (a) The Netherlands is often treated as hybrid social democratic/corporatist regime

This UK report includes new quantitative and qualitative evidence. The analysis of ‘housing outcomes’ is derived primarily from EU-EU-SILC (the EU Statistics on Income and Living Conditions). ‘Outcomes’ include affordability, space and physical standards of the property as well as indicators of neighbourhood quality (relating to access to services). These indicators are used to identify absolute and relative outcomes for each country. The dynamics of housing and employment were explored in two focus groups. A further two focus groups were devoted to exploring homelessness and housing exclusion. The focus groups were supplemented by five individual in-depth interviews with key stakeholders. Vignettes (standardised ‘typical cases’) were employed in both the focus groups and in-depth interviews to identify the likely experiences of people in particular circumstances. In all, there were 29 participants in the UK qualitative
fieldwork, including both high-level policy makers and practitioners who worked directly with service users. Participants were drawn from housing, homelessness, employment, welfare, and social services. Both Government representatives (local and national) and NGOs were involved. The locally-focused practitioners and stakeholders in the UK were all based in London. The UK team also provided two good practice case studies, included as appendices to this report.

1.5 Structure of report

The report is structured into five parts and nine chapters.

Part I deals with the context in which the analysis takes place. Chapter 2 provides an overview of the welfare regime, which identifies the interaction between the labour market and tax and social security policies. Chapter 3 highlights the key policies or system features of the housing system that might be expected to break the simple link between income poverty and housing outcomes. It provides an overview of the housing system, including its governance and recent reforms, with an emphasis on the relative importance of features that might help to break the link between income poverty and housing poverty.

Part II analyses the new evidence relating to housing outcomes. Chapter 4 explores the link between income poverty and housing outcomes and aims to identify whether the income poor are also the housing poor. It also examines whether particular outcomes can be attributed to housing policies identified in Chapter 3. The chapter also aims to identify any trade-offs between housing outcomes and employment incentives. Chapter 5 explores the link between the loss or absence of employment and housing outcomes and aims to identify whether workless households also suffer from poor housing outcomes. It aims to identify policies or mechanisms that do protect workless households from poor housing conditions, and whether there is evidence of deterioration in housing conditions as unemployment lengthens.

Part III is devoted to homelessness. Chapter 6 examines how housing, welfare and employment policies combine in practice to affect the nature and causes of homelessness. Chapter 7 seeks to identify how homelessness policy works in preventing and tackling homelessness and aims to identify areas where public policies might increase the risk of homelessness as well as areas of good practice.

Part IV focuses on the relationships between housing and employment. Chapter 8 seeks to identify features of the housing system that help or deter employment, and aims to identify policies that represent good practice in promoting employment.

Conclusions are drawn in Part V. In Chapter 9, where the evidence is assessed against the hypotheses outlined in Figure 1.1.
Chapter 2. The Welfare Regime

2.1 Introduction

The UK ‘welfare regime’ is generally placed in the ‘liberal’ category, reflecting a flexible labour market and a rather parsimonious social security system, with a high reliance on means-tested social assistance benefits. In the mid-1990s this picture was broadly correct (although the safety net provided was very clearly more complete compared to the archetypal ‘liberal’ regimes, United States). Since 1997, the government has been committed to raising employment levels (overall to 80%) particularly among groups, such as young people, older workers, lone parents and people in receipt of disability benefits, and has placed a greater emphasis on active labour market policies. Increasing employment is part of an anti-poverty strategy that has also driven the development of a tax credit system that has directed more generous benefits in particular to pensioners and children, for whom the government has targets to reduce poverty. However, the UK still records high levels of inequality and poverty.

2.2 Policy framework

For the whole of Great Britain and after direct rule was introduced in Northern Ireland in 1972 the modern British ‘welfare regime’ has been governed as part of a centralised unitary state. After 1997 forms of devolution have been introduced to Scotland, Wales, Northern Ireland and London. Notwithstanding EU competences, powers concerning the traditional ‘welfare regime’ have remained ‘reserved’ at the Westminster Parliament: all social security, social insurance taxation and employment law are the responsibility of the UK government (although economic development has been devolved to Scotland, Wales and London).

Currently, two government departments are responsible for the ‘welfare regime’. The Department of Work and Pensions (DWP) is responsible for the bulk of social security and welfare issues. These are administered through a number of executive agencies: the Pension, Disability and Carers Service (PDCS) and Jobcentre Plus. Jobcentre Plus has responsibility for both unemployment related social insurance and assistance benefits that are now sub-categories of Job Seekers Allowance. DWP also assumed powers over employment policy, especially active labour market policies, reflecting the government’s desire to shift from ‘passive’ to ‘active’ welfare.

The Treasury (the UK finance and economics ministry) has always exercised considerable power throughout government, but its role in ‘welfare regime’ policy has been enhanced since 1997 with the growth of tax credits, the bulk of which fall within its remit. The tax credits related to employment (as opposed to pensions) are now its responsibility and are implemented through Her Majesty’s Revenue and Customs (HMRC - the tax authority) (although the Pension Credit remains the responsibility of the DWP).
Local authorities administer housing allowances for tenants (Housing Benefit) and rebates on local taxes (Council Tax Benefit), but they can exercise virtually no discretion.

2.3 The British ‘welfare regime’

The welfare state that emerged from the 1940s bore certain resemblances to a classic ‘liberal’ regime. Although the social insurance system was intended to become the central element in the welfare state to protect workers against the risks of unemployment, sickness and old age, overwhelmingly it delivered non-means-tested, but flat rate benefits. Earnings-related elements were never strong, and the most significant of which (the State-earnings Related Pension) was wound down from the 1980s. Moreover, the rate at which social insurance benefits were paid was typically set below the minimum basic income implied by the mainstream social assistance benefits. The lack of generosity in the social insurance system in turn led to the gradual expansion of income-related benefits to cope with low-paid households with children and housing costs. (Housing costs and housing allowances are dealt with in Chapter 3.) This tendency was confirmed when the duration of entitlement for unemployment-related social insurance benefit was cut from twelve to six months with the introduction of Job Seekers Allowance (JSA) in 1996.

The traditional distinction between social insurance and assistance benefits made in Esping-Andersen has become increasingly inaccurate as a series of in-work benefits have been introduced to assist households in low (or modest) paid work – and indeed to encourage households to undertake such work in preference to economic inactivity. These date back to the early 1970s when Family Income Supplement was introduced to supplement the incomes of low-paid households with children. This was replaced by Family Credit in 1988, which in turn gave way to ‘tax credit’ regime of the Labour Governments (since 1997).

The tax credit system is intended to supplement the incomes of households in low and moderately paid work. It is different in scope and generosity compared to its predecessors. It is also qualitatively different in that it is not formally part of the social security system. The lead department is the Treasury and the system is implemented through Revenue and Customs (the body responsible for the administration of taxation). Although calculated like a means-tested benefit the work-related tax credits are paid into the workers’ pay packet. Both administration and mode of payment are intended to signal that ‘work pays’.

The original Working Families Tax Credit, introduced in 1999, was replaced by the Working Tax Credit in 2003. The latter extended eligibility from households with dependent children (with a minimum weekly work threshold of 16 hours) to include childless households (aged over 25 with a work threshold of 30 hours). The Working Tax Credit also contains an element that can meet up to 80 per cent of childcare costs, provided all partners in a household work for at least 16 hours per week. This is paid in addition to another tax credit, the Child Tax Credit, introduced in its current
form in 2003. Although it is means-tested it extends a long way up the income spectrum. The tax credits have greatly extended the scope of in-work benefits in the UK – from around 800,000 households under the old Family Credit scheme to six million (House of Commons Treasury Committee, 2006); or from five per cent of the working-age population in 1999 to more than 15 per cent in 2009 (DWP/ HMRC, cited on Poverty Site). However, their implementation proved problematic: for example, substantial hardship was caused by HMRC’s attempts to recover overpayments, and in general HMRC took some time to adapt to a client base whose incomes were a good deal more volatile than had traditionally been the case (House of Commons Treasury Committee, 2006). Using a threshold of 60 per cent of median income, about one-quarter of households in receipt of tax credits are lifted out of poverty through their receipt, while around 30 per cent remain in poverty. About half would not be in poverty even if they did not receive tax credits.

A further development in the ‘welfare regime’ has been the system of enhanced income-related payments made to pensioners since 1999. The modern-day baseline social assistance benefit was introduced in the mid-1960s (as Supplementary Benefit) and, until the surge in unemployment in the early 1980s, pensioners were the principal beneficiaries. With a growing concern about pensioner poverty, pensioners were ‘decoupled’ from the mainstream social assistance benefit and in 1999 were given access to a new, and substantially more generous, income-related benefit known as Minimum Income Guarantee. This, in turn, became the Pension Credit (in 2003). The maximum level of Pension Credit is now paid at twice the rate of the level of JSA paid to working age single people and childless couples.

The enhancement of social security payments for people in low and moderately paid work; the increase in support for households with children (through increases in the child elements in JSA as well as the introduction of the Child Tax Credit); and the increases in means-tested assistance for pensioners have contributed to a very substantial change in the nature of British social security. It is primarily workless people without children, and young people (aged under 25) in particular whose situation has not been prioritised.

In much of the post-war period employment aspects to the welfare regime contained some distinctive characteristics. Wage setting through ‘free collective bargaining’ through trade unions were periodically interrupted by anti-inflationary incomes policies until the last of these collapsed in 1979. Deregulation in the labour market and a weakening of trade union power, both through legislation and the decline in

4 The Poverty Site: http://www.poverty.org.uk/policies/tax%20credits.shtml

5 The Poverty Site: www.poverty.org.uk/15/index.shtml

6 Ibid.
industries where unions were traditionally strong and the rise of those where they are weaker, moved the labour market in a more ‘liberal’ direction, characterised by decentralised wage bargaining and contract flexibility. This has been tempered by the impact of European law under health and safety and equalities competences, and also by measures introduced since 1997, notably the statutory minimum wage (in 1999).

The creation of the DWP out of the old social security and employment departments was intended to signal a shift from passive to active welfare policies, with an emphasis on active labour market policies. These have largely taken the form of procedures devised for individuals in receipt of unemployment-related and other ‘inactive’ benefits who belong to particular groups that have below average rates of employment. The original ‘New Deal’ (introduced in 1998) was aimed at young long-term unemployed people, and provides an assessment from a personal adviser followed by a variety of training and work experience options. Since then the New Deal has been extended, to other groups including, long-term unemployed people aged over 25, lone parents, older workers, partners of people claiming certain benefits (for example carers), people with disabilities (DWP, 2008). The New Deals relating to young people and long-term unemployed aged over 25 contain ‘mandatory’ elements, i.e. receipt of benefits is conditional on the participation in certain activities. The New Deals are currently being merged into a single Flexible New Deal framework (autumn, 2010). Despite the emphasis placed on the New Deal strategy by the government, it should be noted that total public spending on labour market policies amounts to 0.48 per cent of GDP (in 2007-08) compared to an OECD average of 1.32 per cent; the ‘active’ component of which is a mere 0.32 per cent of GDP compared to the OECD average of 0.56 per cent (OECD, 2009, Table J).

Recent reforms to benefits for people with disabilities and lone parents are also intended to increase employment among these groups. A new Employment and Support Allowance has replaced Incapacity Benefit for new claimants under which the degree of disability is assessed, with a higher rate of benefit being paid to those with the greatest disabilities, while others will receive support that is intended to prepare them for employment. Meanwhile the age of children at which lone parents are expected to seek work is being reduced. It has already been reduced from 12 to 10 (in October 2009) and will fall to seven in October 2010.

2.4 Trends in employment and unemployment

The UK economy enjoyed a long period of economic growth from the early 1990s until the current recession. This facilitated the drop in the numbers claiming unemployment-related benefits which by the early 2000s had fallen to levels not seen since the mid-1970s. This is notable because of the large rise in unemployment that occurred in the 1980s due to recession and economic restructuring, and a second peak that occurred in the early 1990s downturn. In one interpretation the rapid decline in unemployment after the early 1990s represented the long-term
benefits of labour market flexibility that had been developed in the 1980s, although
the price appeared to be permanently higher levels of inequality and poverty
compared to the 1970s (see below). On the standardised International Labour
Organisation (ILO) measure of unemployment, UK unemployment fell from 7.9 per
cent in 1996 to a low of 5.6 per cent in 2008, but by August 2009 it had risen to 7.8
per cent. The rises in unemployment in the current recession have been sharp, but
not as great as expected given the severity of the recession. It is not yet clear why
this is the case or indeed whether redundancies have merely been postponed.

Employment levels have also recovered since the collapse in the early 1980s and
1990s, and reach levels similar to those enjoyed in the 1980s boom and at the
previous structural peak in the mid-1970s. OECD figures for employment (based on
the population aged 15-64) suggest that employment rates rose from 68.7 per cent in
1994 to 72.7 per cent in 2008, although male employment in 2008 (at 78.5%) remained
above female employment (at 66.9%) (OECD, 2009, Table B). Part-time
working still accounts for a substantial proportion of female employment – 37.7 per
cent in 2008, compared with 41.2 per cent in 1994 (OECD, 2009, Table E). Although
still substantial the gender gap shrunk as not only did the part-time share of female
employment fall, it rose amongst men from seven to 10.2 per cent over the same
period (ibid.)

The analysis in this report is based on EU-SILC data relating to 2007, which has
been presented in such a way as to reflect the concerns of labour market
polarisation between ‘work rich’ and ‘work poor’ households. Table 2.1 indicates that
almost three-quarters of households had all potential workers in employment in
2007, but this drops to one-fifth when we consider the population as a whole (thus
including the pensioners). Around one in ten households with potential workers had
no one in work, rising to a quarter when we consider all households.

Table 2.1 Employment levels (% , 2007)

<table>
<thead>
<tr>
<th></th>
<th>Households with potential workers</th>
<th>All households</th>
</tr>
</thead>
<tbody>
<tr>
<td>All adults in work</td>
<td>74.1</td>
<td>19.9</td>
</tr>
<tr>
<td>Some adults in work</td>
<td>16.5</td>
<td>55.1</td>
</tr>
<tr>
<td>No one in work</td>
<td>9.4</td>
<td>25.1</td>
</tr>
</tbody>
</table>

Base: all households

Note: (a) excludes students, people in training, retired, permanently disabled.
Source: EU-SILC

2.5 Trends in inequality and poverty

Income inequality rose substantially in the 1980s. The Gini coefficient rose from 0.25
in 1979 to a peak of 0.34 in the early 1990s. This has been described as
‘unparalleled both historically and compared with the changes taking place at the
same time in most other developed countries’ (Brewer, et al., 2008, p. 27). Inequality
by this measure then fell slightly in the early to mid-1990s before rising once again to a new high of 0.35 in 2000-01. It then fell before returning to this same high point in 2005-06. Measured by the Gini coefficient income inequality was higher at the turn of the millennium and mid-2000s than at any time since reliable statistics became available in 1961 (ibid.).

The reasons for the rise in inequality in the 1980s are linked to economic restructuring and changes in the tax and benefits system. The more recent rises in inequality are more difficult to explain, especially given the changes to the benefits system and the creation of tax credits described above. Rises in 'underlying' income distribution (i.e. arising earned income) do not appear to be an especially good explanation as the Gini coefficient based on these was stable (Brewer, et al., 2008). Some of the recent rise has been attributed to the phenomenon of the 'racing away' of incomes at the very top of the income scale (although this is not especially convincing given that poverty is measured against the median). Since the mid-1990s income inequality between the 20th and 90th percentiles has reduced, but has widened at the top and bottom (ibid.).

Poverty, as measured by the numbers of individuals living in households with incomes below 60 per cent of the median, is more directly influenced by the tax and social security system since households in the second and third income deciles receive the bulk of their incomes from social security and tax credits and lie either side of the poverty line (ibid.).

Like income inequality, poverty rose in the 1980s, before stabilising in the early 1990s. A long period of falling poverty (indeed the longest in history, according to Brewer, et al., 2008) ensued, but has been reversed in the last few years, in part because of the way incomes are reported, the impact of benefit increases being linked to RPI at a particular time, and the withdrawal of some one-off payments to pensioners.

Poverty on a before housing cost basis, as recorded by the Family Resources Survey, is given in Table 2.2, and reflects the priorities given to various household types in the social security and tax credit system described above.

**Table 2.2 Poverty (% Before Housing Costs), 1996-97 and 2006-07**

<table>
<thead>
<tr>
<th></th>
<th>All households</th>
<th>Children</th>
<th>Pensioners</th>
<th>Working parents</th>
<th>Working non-parents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996-97</td>
<td>19.4</td>
<td>26.7</td>
<td>24.6</td>
<td>20.2</td>
<td>12.0</td>
</tr>
<tr>
<td>2006-07</td>
<td>18.0</td>
<td>22.3</td>
<td>23.2</td>
<td>17.9</td>
<td>13.2</td>
</tr>
</tbody>
</table>

Source: FRS in Brewer et al. (2008), Table 4.2

The analysis in this report is based on EU-SILC, which records the following levels of poverty.
Table 2.3 Poverty (%), Before Housing Costs, 2007

<table>
<thead>
<tr>
<th></th>
<th>Single (working age)</th>
<th>Working age couple (no kids)</th>
<th>Working age couple with kids</th>
<th>Lone parent</th>
<th>Pensioner</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>23.1</td>
<td>10.4</td>
<td>15.4</td>
<td>49.2</td>
<td>32.7</td>
<td>13.3</td>
<td>19.7</td>
</tr>
</tbody>
</table>

Base: all individuals
Source: EU-SILC

The two sources give similar overall levels of poverty. Most of the categories are not directly comparable, but it is clear that EU-SILC does indicate a very substantially higher level of income poverty among pensioner households. Some of the difference may arise from different treatment of housing allowances. However, a similar differential between the two data sets arises on the after housing cost measure, so does not seem to provide an explanation.

2.6 Conclusion

The UK ‘welfare regime’ historically contains a social insurance system with weak or absent earnings-related elements and benefit levels that are often set below social assistance rates. This has meant that a strong emphasis has been placed on baseline social assistance elements that provide a basic level of income maintenance. However, this system has evolved in recent years with the development of a system of in-work benefits and a more generous means-tested system for pensioners (the tax credit system). These efforts reduced poverty especially among target groups, although these trends have been reversed in recent years. There is a strong feeling that the social security and tax credit systems are battling against a tide of growing labour market inequality. Flexibility and an increasingly employment related social security system delivered high levels of employment and in the recession unemployment has not risen as much as is expected. Nonetheless the ‘outcome’ of the welfare regime remains the classic combination of high employment, but high income poverty.
Chapter 3. The Housing System

3.1 Introduction

Traditionally, housing policy has been determined by the UK government, although much of it was mediated through different legislation in Scotland, even before devolution. Since 1999 the Scottish Parliament has had legislative power over housing and homelessness policy, as has Northern Ireland Assembly (though these were suspended between 2002 and 2007). The Welsh Assembly has fewer powers, exercised through secondary legislation (that determines the details of policy within a framework set by Westminster). Important powers relating to housing remain with the UK government, notably Housing Benefit which is part of the social security system, and most tax powers. The historic ‘path dependence’ arising from decades of UK policy mean that diverse policies introduced by devolved administrations impact at the margin and will be become more pronounced over time.

The broad directions in housing policy can be summarised as follows:

- Historically, and across the UK, there has been a policy to promote homeownership. This was primarily driven through local authority tenants’ ‘right to buy’ their houses from 1980. However, in recent years various restrictions introduced by the administrations across the UK have greatly reduced sales. Tax relief on mortgage interest was phased out and abolished in 2000, but capital gains remain untaxed. Across the UK intermediate tenures (shared ownership and shared equity) have been promoted in recent years, but they are too small to make any difference other than at the margin. Rising house prices (and more recently the credit crunch) have limited access to homeownership, the average age of entry has risen and overall ownership rates have fallen slightly in recent years.

- Social rented housing remains an important element of the housing system across the UK. It is provided by local authorities and non-profit housing associations. Priorities for new build were slashed in the 1980s and have not recovered since. Across the UK the priority in the last decade has been to improve the physical quality of social rented housing. Transferring local authority housing to housing associations and leveraging in private finance has been a common strategy in England and to an extent in Scotland.

- Allocations to social housing are quite heavily needs related across the UK. In England, local authorities are obliged to give ‘reasonable preference’ to certain groups. Moreover, across the UK certain categories of unintentionally homeless households in priority need are owned a statutory duty by local authorities to find them permanent housing. This has been interpreted as meaning social rented housing, but recently the emphasis in England in particular has been towards prevention strategies that mean that private rental housing is often used instead. Recent discussion in England has centred on widening the groups eligible for ‘reasonable preference’ partly because the
current categories are believed to discriminate against economically active households (e.g. who wish to move for employment-related reasons).

- New tenancies in the private rental sector were decontrolled in 1989 and now almost all private rented housing is let at market rents. The predominant form of tenancy lasts for six months and few private tenants have security of tenure. The tenure has revived somewhat in the past 15 years and before the credit crunch it attracted many new small-scale ‘buy-to-let’ investors.

- The Housing Benefit system was introduced in 1972 and is available only to tenants. Recent reforms in the private rented sector turned the benefit into a Local Housing Allowance, with payments based on notional rents relating to the local market rather than to the actual rents paid by the tenant (subject to reasonableness). Additional restrictions were placed on eligible rents for young single people in the 1990s (the single room rent), and young people are additionally disadvantaged in the system by their lower needs allowances throughout the social assistance system.

The UK tenure structure is illustrated in Figure 3.1.

**Figure 3.1 Tenure by Households and Individuals (% 2007)**

![Graph showing tenure structure by households and individuals](image)

Base: all households/ all individuals
Source: EU-SILC

The remainder of this chapter discusses three areas of housing policy/ the housing system that might be expected to weaken the link between poverty and housing outcomes: social rented housing, housing allowances and low-debt home-ownership.

### 3.2 Social and other rent controlled housing

Almost all housing let below market rents falls into the category of social rented housing in the UK. The sector once housed one-third of households, but now it houses around one-in-five households, and according to EU-SILC about 18 per cent of individuals live in the sector.
Figure 3.2 illustrates the proportion of individuals in particular household types who live in BMR housing compared to the general population. Couples with children are the largest single household type in the BMR sector, accounting for 27.2 per cent of the total, followed by lone parents (18.9%). However, couples with children are under-represented in the sector, since individuals in such households account for one-third of the total population. In contrast, lone parents are over-represented in the tenure, being almost three times as common in BMR housing as in the general population. Single person households and pensioners are also over-represented in the tenure. Couples without children are the most clearly under-represented in BMR housing, forming twice as much of the general population as the population living in BMR housing.

Figure 3.2 Representation of individuals in BMR housing (% , 2007)

Base: all individuals
Source: EU-SILC

The ‘residualisation’ of social rented housing is reflected in the high poverty rates in the BMR sector (Figure 2.3). Almost half (47.6%) of tenants living in the BMR sector are living below the poverty line compared to one-fifth (19.7%) of the population as a whole. So the poverty rate among BMR tenants is 2.4 times that of the general population.

The poverty rate is higher among tenants in every household category than in the population as a whole. Almost 64 per cent (63.9%) of lone parents and 50 per cent of pensioners (50.8%) and singles (50.6%) living in the BMR sector have incomes below the poverty line. More than 30 per cent of all individuals belonging to other household types living in the BMR sector are in poverty.

Figure 3.3 also shows that the high poverty rate among BMR tenants (compared to the population as a whole) is not solely attributable to the over-representation of at-risk of poverty groups. The biggest differences between the BMR poverty rate and the general population poverty rate occurs among individuals living in those
household types with the lowest levels of poverty in the general population. Individuals who are part of households made up of couples without children have the lowest poverty rate among the general population. But the poverty rate among this group in BMR housing is 3.5 times higher than the average for this group. Couples with children have the second lowest poverty rate among the population as a whole, but the poverty rate among such individuals living in BMR housing is three times this level. In contrast the difference in poverty rates of lone parents living in BMR housing compared to the lone parent population as a whole is the smallest of any group (1.3). Individuals living in lone parents have the highest poverty rate of any household type. Pensioners have the second highest poverty rate in the general population and the second smallest differential when BMR pensioners are compared to the whole pensioner population (1.6). Whether it is due to selection or some other process, it is poverty rather than membership of a household type that is at above average risk of poverty that distinguishes BMR tenants.

**Figure 3.3 Representation of Individuals in Poverty in BMR housing (%) 2007**

![Bar graph showing poverty rates by household type in BMR and general populations](image)

*Note: before housing costs
Base: all households/all individuals
Source: EU-SILC*

Overall the poverty gap is 1.8 percentage points higher among individuals living in BMR households who are in poverty compared to the general population of individuals living in poverty. It is higher among BMR individuals in every household type apart from pensioners. The differences in poverty gaps between BMR tenants and the general population are generally small, but a rather large gap of 6.5 percentage points is identified for childless couples.
BMR housing is also associated with below average levels of employment (Figure 3.4). Whereas almost three-quarters (74.1%) of individuals in the general population live in households where all adults work, only half (51.1%) of BMR tenants do so. The proportion of individuals living in households where some (but not all) adults work is similar between the BMR sector and the general population. This leaves us with a very high level individuals living in workless households in the BMR sector: almost one-third (31.7%) compared to one-tenth (9.4%) in the population as a whole. So the rate of individuals living in workless households runs one-third higher in the BMR sector compared to the general population.

Employment also appears to be more precarious among BMR tenants. The proportion of individuals living in households where no one has been in work during the past year is similar to the proportions living in workless households (Figure 3.5). However, the proportion of individuals living in households where someone has been in work continuously for the past year is only 60 per cent (61.1%) among BMR tenants compared to more than 85 per cent in the population as a whole (86.3%).

Note: (a) before housing costs; (b) BMR other column based on fewer than 50 cases
Source: EU-SILC
3.3 Housing allowances

Only tenants (in the private as well as in the social rental sector) can claim Housing Benefit (HB). HB is structured in such a way as to prevent incomes after housing costs falling below social assistance levels, although for a variety of reasons the eligible rent can be restricted and this objective undermined (Stephens, 2005). Mainstream social security benefits contain no allowance for housing costs, hence HB may pay the whole of the (eligible) rent. HB is withdrawn at a rate of 65 per cent of net income.

Figure 3.6 shows that more than one in ten (11.8%) people live in households in receipt of housing allowance. More than half (56.3%) of BMR tenants receive housing allowance, compared to just over one-fifth of (21.9%) of market renters. The rates of receiving housing allowance are greatest among lone parent households (overall almost half (47.0%) of all lone parents receive HB, and around 70 per cent of lone parents in market (71.6%) and BMR (69.3%) housing do so). Overall only 14 per cent of pensioners receive HB, but almost 70 per cent (68.5%) in the BMR sector and 45 per cent (45.2%) in the market rental sector do. DWP statistics suggest that take up by case-load is in the range 84-91 per cent and by monetary entitlement 87-93 per cent (DWP Statistics, Table 117). At the end of 2008 one quarter of recipients were pensioner households (DWP Statistics) so HB plays an important role in pensioner incomes.
Figure 3.6 Housing Allowance receipt, household types and tenure(%, 2007)

Figure 3.7 shows that HB is targeted on households living in poverty – more than 40 per cent (41%) of individuals living in such households receive HB, compared to five per cent (4.6%) of those living in non-poor households. Fewer than five per cent (4.2%) of households in work receive HB. More than one-quarter (26.5%) of individuals live in households where no one has been in work for less than a year; this rises to almost 60 per cent (59.0%) in households where no one has been in work for more than a year. In summary, HB can be characterised as being targeted on renters living in poverty, those who live in workless households, especially long-term workless households, and among pensioners who are tenants.

Figure 3.7 Housing Allowance receipt, poverty and employment (% 2007)
Mortgagors are entitled to means-tested assistance with mortgage interest payments through the social assistance system. This is not identified by EU-SILC. Since restrictions were placed on this assistance in the mid-1990s and the labour market improved, the numbers of claimant households fell from a peak of 1.2 million in 1993 to 0.2 million in 2006 (UK Housing Review, Table 110). This represents about two per cent of mortgagors. The majority of beneficiaries are pensioners (57% of the total), about 30 per cent (29%) are disabled and 10 per cent are lone parents. Only 4 per cent are on unemployment-related benefits (DWP Statistics, February 2008). The rules have been temporarily relaxed due to the recession and the numbers can be expected to rise.

3.4 Outright home-ownership

Outright home-ownership could play a powerful role in breaking the link between income poverty and housing outcomes. As Figure 3.8 indicates, this is an important (sub) tenure in which more than one-in-four people live – more than in BMR or market rental housing. Outright home-ownership is evidently linked to retirement. More than 40 per cent (43.4%) of individuals in pensioner households are outright home-owners, and pensioners are the only group to be over-represented in the tenure. That they are hugely over-represented emphasises the point – the proportion of pensioners in outright home-ownership is 2.7 times the proportion of pensioners in the population as a whole.

While it is obvious why pensioners are over-represented in the tenure, it is less clear why among working age households, couples with children should be so under-represented – indeed they are almost a perfect mirror of pensioners – while couples with children almost proportionately represented. Lone parents are almost absent from this tenure.

Figure 3.8 Representation of Individuals in outright home-ownership (%, 2007)

Note: before housing costs
Source: EU-SILC
Overall, the (before housing costs) poverty rate is slightly higher among outright owners than in the population as a whole (Figure 3.9). It is somewhat (4.6 percentage points) lower among outright owning pensioners compared to the pensioner population as a whole, but it is interesting that the poverty rate is higher among pensioners than among any other group of outright owners, perhaps reflecting the falls in income associated with retirement. Poverty is slightly higher among couples with children who are outright owners than among those who are not.

**Figure 3.9 Representation of Individuals in Poverty in outright home-ownership housing (%) 2007**

![Bar chart showing poverty rates for different groups including single, couple no kids, couple + kids, lone parent, pensioner, other, and total, with a bar for outright ownership and one for general poverty rate.]

Note: (a) before housing costs; (b) lone parent poverty rate based on fewer than 50 cases
Source: EU-SILC

The poverty gap is notably lower (by 6.8 percentage points) among poor outright owners than the population as a whole (Figure 3.10). However, it was slightly (0.5 percentage points) higher among pensioners who were outright owners compared those who were not.
Figure 3.10 Poverty Gap among outright home-owners and General Population (2007)

Notes: (a) Poverty gap for outright owners in Couple + kids and Other groups based on fewer than 50 cases; (b) there were fewer than 50 cases for Lone parents so these were not reported

Source: EU-SILC

Employment among outright owners (Figure 3.11) may be of less concern as more than 40 per cent of the total are pensioners. Yet that still means that almost 60 per cent contain potential workers. The proportion of individuals in outright-owner households where all adults are in work is lower than in the population as a whole (by 4.9 percentage points), but much lower than among outright owners (by 13.4 percentage points). The figures for individuals living in workless households is also striking: again the outright owner rate of worklessness is greater than the population as a whole, but is almost eight (7.9) times higher than among mortgaged owners. Outright owners are less likely to live in households where no one has worked in the past year than the population as a whole, but again are much (2.4 times) more likely to do so than mortgaged owners.
3.5 Conclusions

The three elements in the housing system that are hypothesised as potentially breaking the link between income poverty and housing outcomes are well represented in the British housing system. More than 15 per cent of individuals live in social rented housing, and this is very heavily targeted on the poor and workless. More than 10 per cent of people (and more than 40 per cent of tenants) live in households in receipt of housing allowances; again these are targeted on the poor, workless and pensioners. More than a quarter of people are outright home-owners, although this tenure is less well targeted on the poor; however, pensioners are heavily represented in this tenure and there is an above average level of worklessness.
PART II: HOUSING OUTCOMES

Chapter 4. Poverty and Housing Outcomes

4.1 Introduction

The purpose of this chapter is to identify whether the income poor are also the housing poor and to see if outcomes can be attributed to any particular housing policies as identified in Chapter 3. The chapter also aims to identify any trade-offs e.g. between housing outcomes and employment incentives (social housing may improve housing for poor people but at the cost of creating poverty neighbourhoods).

The notion of ‘housing outcomes’ is based on an assessment of the cost, quantity and quality of housing consumption. We employ a number of indicators to reflect these individual aspects of housing outcomes. These are based on proportions of individuals who experience a particular outcome, such as overcrowding.

These housing outcomes are presented in two ways. First in an absolute sense: the proportion of individuals living in households that fail a particular indicator. This indicator will become more powerful when it is benchmarked against other countries in the final report. Second, it can be benchmarked relatively, by comparing the housing outcomes of the poor with the non-poor. Again this indicator will become more powerful when it is benchmarked against other countries.

In examining these housing outcomes we pay particular attention to the key housing policies or system features that might be expected to weaken the link between income poverty and housing poverty, namely social rented housing (or other housing rented at below market rents); outright owner-occupation and housing allowances. However, we also present ‘system level’ outcomes.

The data used in this Chapter is derived from EU-SILC.

4.2 Housing Affordability

Housing affordability can be measured in two ways: by assessing income after housing costs (‘residual’ income) and by examining the proportion of net income that is absorbed in expenditure on housing. This can be used to establish the impact of housing costs on income poverty itself. Housing costs are defined quite widely and contain the costs of utilities, structural insurance, mandatory charges (e.g. sewerage and refuse collection), regular repairs and maintenance as well as rents and mortgage interest payments.
**Housing-induced poverty**

The poverty rate before housing costs is almost 20 per cent, but it is lower than this among mortgaged owners and higher in all of the other tenures, being highest at close to half (47.6%) among social renters (Table 4.1).

The impact of gross housing costs (that is housing costs before any housing allowances are taken into account) is to raise the overall poverty rate to 25 per cent. The rise in percentage points is more than ten percentage points among social renters (BMR) and market renters (12.9 and 11.2 pp respectively); the rise among mortgage owners is half this (5.3 pp) while it falls slightly (1%) among outright owners. We might expect that BMR housing and outright ownership would exhibit smaller or even negative changes in the poverty rate after gross housing costs, but the only fall is among outright owners.

**Table 4.1 Poverty Rates by tenure**

<table>
<thead>
<tr>
<th></th>
<th>MR</th>
<th>BMR</th>
<th>Owner</th>
<th>All households</th>
<th>Outright owner</th>
<th>Mortgaged owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>BHC</td>
<td>30.1</td>
<td>47.6</td>
<td>11.7</td>
<td>19.7</td>
<td>20.7</td>
<td>6.7</td>
</tr>
<tr>
<td>AGHC</td>
<td>43</td>
<td>58.8</td>
<td>14.8</td>
<td>25</td>
<td>19.8</td>
<td>12</td>
</tr>
<tr>
<td>ANHC</td>
<td>41</td>
<td>51.1</td>
<td>15.3</td>
<td>23.9</td>
<td>20.3</td>
<td>12.5</td>
</tr>
</tbody>
</table>

Notes: BHC = before housing costs; AGHC = after gross housing costs; ANHC = after net housing costs
Source: EU-SILC

There is also a marked deterioration in the poverty gap, when gross housing costs are taken into account, and this applies across all tenures and sub-tenures (Table 4.2). It is greatest among renters, rising to more than 75 in both MR (77.7) and BMR (77.3) from very similar starting points, compared to around 40 (41.3) among outright owners and 45 (47) among mortgaged owners.

**Table 4.2 Poverty Gaps by tenure**

<table>
<thead>
<tr>
<th></th>
<th>MR</th>
<th>BMR</th>
<th>Owner</th>
<th>All households</th>
<th>Outright owner</th>
<th>Mortgaged owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>BHC</td>
<td>33.5</td>
<td>34</td>
<td>27.87</td>
<td>31.3</td>
<td>26.3</td>
<td>30.3</td>
</tr>
<tr>
<td>AGHC</td>
<td>77.7</td>
<td>77.3</td>
<td>44.3</td>
<td>62.7</td>
<td>41.3</td>
<td>47</td>
</tr>
<tr>
<td>ANHC</td>
<td>60.1</td>
<td>58.6</td>
<td>43.5</td>
<td>51.7</td>
<td>41</td>
<td>45.9</td>
</tr>
</tbody>
</table>

Notes: see Table 4.1
Source: EU-SILC

Gross housing costs increase poverty rates across all household types. The largest increases are among lone parents and singles (both 12.3 pp), more than twice the rate of other groups (Table 4.3). The deterioration in poverty gaps is most marked among singles (+47.7 pp) and pensioners (+38.1) and smallest among couples with children (+17.9) (calculated from Table 4.4).
Table 4.3 Poverty Rates by household type

<table>
<thead>
<tr>
<th></th>
<th>Single</th>
<th>Couple no kids</th>
<th>Couple + kids</th>
<th>Lone parent</th>
<th>Pensioner</th>
<th>Other</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>BHC</td>
<td>23.1</td>
<td>10.4</td>
<td>15.4</td>
<td>49.2</td>
<td>32.7</td>
<td>13.3</td>
<td>19.7</td>
</tr>
<tr>
<td>AGHC</td>
<td>35.4</td>
<td>14.2</td>
<td>21.1</td>
<td>61.5</td>
<td>37.6</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>ANHC</td>
<td>32.9</td>
<td>13.7</td>
<td>20.7</td>
<td>57.7</td>
<td>35.6</td>
<td>14.1</td>
<td>23.9</td>
</tr>
</tbody>
</table>

Notes: see Table 4.1
Source: EU-SILC

Table 4.4 Poverty Gaps by household type

<table>
<thead>
<tr>
<th></th>
<th>Single</th>
<th>Couple no kids</th>
<th>Couple + kids</th>
<th>Lone parent</th>
<th>Pensioner</th>
<th>Other</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>BHC</td>
<td>44.8</td>
<td>33.5</td>
<td>34.1</td>
<td>36.2</td>
<td>22.6</td>
<td>27.6</td>
<td>31.3</td>
</tr>
<tr>
<td>AGHC</td>
<td>87.5</td>
<td>64.9</td>
<td>52</td>
<td>72.7</td>
<td>60.7</td>
<td>56.4</td>
<td>62.7</td>
</tr>
<tr>
<td>ANHC</td>
<td>71</td>
<td>59.4</td>
<td>43.8</td>
<td>50.9</td>
<td>53.1</td>
<td>47</td>
<td>51.7</td>
</tr>
</tbody>
</table>

Source: EU-SILC

Housing allowances prompt some improvement in housing-induced poverty. They reduce the poverty rate by just over one (1.1) percentage point overall (Table 4.1), with the impact concentrated among BMR (-7.7 pp) and MR (-2 pp). Poverty gaps also fall (Table 4.2) by around 18 percentage points in both rental tenures (17.6 for MR and 18.7 in BMR) and by 11 percentage points overall. This suggests that Housing Benefit is improving the position of some recipients without actually taking them out of poverty.

Nonetheless, the overall impact of housing costs, even after for allowing for housing allowances, is to raise poverty rates – by some four (4.2) percentage points (Table 4.1). The smallest increase is among outright owners (0.4 pp) and among social tenants (3.5 pp). There is a larger rise among mortgaged owners (5.8 pp), but by far the largest rise is amongst market renters. The rise among household types is greatest among singles (9.8 pp) and lone parents (8.5); other than among ‘others’ it is smallest among pensioners (2.9 pp).

**Housing Cost Burden**

Figure 4.1 shows the percentages of individuals whose gross housing costs take more than 30 and 40 per cent of net income (excluding housing allowance). Overall one fifth (21.2%) of individuals face gross housing costs of more than 40 per cent of income and more than one third (36%) of more than 30 per cent. These burdens are greatest among renters (both BMR and MR) and lowest among owners, especially outright owners.
The impact of Housing Benefit (HB) on housing costs burdens is limited to renters. The impact is very much greater on the reducing the proportions of people living with housing cost burdens in excess of 40 per cent than 30 per cent. The impact on the 40 per cent threshold is more than twice as large among social renters as market renters – the proportions of the former being reduced by almost 20 percentage point (19.3 pp) compared to eight (7.7) percentage points among market renters. The impact of HB on the numbers over the 30 per cent threshold is much smaller – just three percentage points among social renters and hardly any change among market rents. The indicators therefore identify the range where HB impacts. However, even after HB the proportion over the affordability thresholds remains lower among owners.
Table 4.5 shows that people living in poor households are almost six (5.7) more likely to have housing expenditures that exceed 40 per cent of their net income; this is reduced to five times (4.7) after HB has been taken into account. HB reduces the proportion of poor individuals over the 40 per cent threshold by more than 15 (16.7) percentage points, makes very little difference to the proportions among the non-poor. It is clearly highly targeted on the poor, though far from sufficient to equalise the housing cost burden between poor and non poor.

### Table 4.5 Relative Affordability Indicator

<table>
<thead>
<tr>
<th></th>
<th>Poor</th>
<th>Not Poor</th>
<th>All</th>
<th>Poor: Not Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;40 gross</td>
<td>62.5</td>
<td>11</td>
<td>21.2</td>
<td>5.7</td>
</tr>
<tr>
<td>&gt;40 net</td>
<td>45.8</td>
<td>9.8</td>
<td>16.9</td>
<td>4.7</td>
</tr>
</tbody>
</table>

Source: EU-SILC

### 4.3 Quantity of Housing (overcrowding)

Overall the proportion of people living in overcrowded housing (on the EU criteria) is less than 5 per cent (4.3%) (Table 4.6). However, it is notably higher in both rental sectors (where it exceeds 10%) than the owner-occupied sector (where it is only 2.1%). It is even lower among outright owners (1.5%), although this is probably linked to demographics. There are some differences between tenures that are difficult to explain, for example why lone parents record a 10 (10.1) per cent overcrowding rate in BMR housing, but a rate of 2.6 per cent in MR housing (background tables). Couples with children also have much higher overcrowding rates in the BMR sector (14.6%) compared to MR (5.1%). On the other hand singles have a lower overcrowding rate in BMR housing (4.7%) compared to MR housing.
(9.6%). On subjective criteria (whether the household think there is a shortage of space), overcrowding rates rise across all tenures (Table 4.6).

**Table 4.6 Overcrowding by tenure**

<table>
<thead>
<tr>
<th></th>
<th>MR</th>
<th>BMR</th>
<th>Owner</th>
<th>All</th>
<th>Outright owner</th>
<th>Mortgaged owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute (all)</td>
<td>10.8</td>
<td>10.2</td>
<td>2.1</td>
<td>4.3</td>
<td>1.5</td>
<td>2.4</td>
</tr>
<tr>
<td>Absolute (ex singles)</td>
<td>11.2</td>
<td>12</td>
<td>2.3</td>
<td>4.6</td>
<td>1.8</td>
<td>2.6</td>
</tr>
<tr>
<td>Subjective</td>
<td>16.9</td>
<td>32</td>
<td>11.8</td>
<td>15.8</td>
<td>6.6</td>
<td>14.7</td>
</tr>
</tbody>
</table>

Source: EU-SILC

On the EU measure, close to one in ten (8.7%) of poor households are overcrowded, which is more than two-and-a-half times higher than among non-poor households. The proportion doubles among poor households on the subjective criteria, but the differential falls between poor and non-poor falls to 1.3.

**Table 4.7 Overcrowding by poor: not poor**

<table>
<thead>
<tr>
<th></th>
<th>Poor</th>
<th>Not Poor</th>
<th>All</th>
<th>Poor:Not Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute (all)</td>
<td>8.7</td>
<td>3.2</td>
<td>4.3</td>
<td>2.7</td>
</tr>
<tr>
<td>Absolute (ex singles)</td>
<td>10.7</td>
<td>3.3</td>
<td>4.6</td>
<td>3.2</td>
</tr>
<tr>
<td>Subjective</td>
<td>19.9</td>
<td>14.8</td>
<td>15.8</td>
<td>1.3</td>
</tr>
</tbody>
</table>

Source: EU-SILC

### 4.4 Physical Quality

Table 4.8 indicates that most (61%) of people live in households with no reported deficiencies in physical quality, but more than one-quarter do experience at least one problem. Around 15 per cent of individuals live in households reporting inadequacies with electricity/ plumbing, water-related problems, and problems with temperature. Rather fewer complained of inadequate light, but virtually none seemed to experience basic sanitary facilities (bath/shower/ wc). These deficiencies are about 50 per cent more likely to be reported among poor households.
Table 4.8 Reporting of physical quality deficiencies (% individuals)

<table>
<thead>
<tr>
<th></th>
<th>Poor</th>
<th>Not Poor</th>
<th>All</th>
<th>Poor:Not Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leak, damp or rot</td>
<td>21.2</td>
<td>13.1</td>
<td>14.7</td>
<td>1.6</td>
</tr>
<tr>
<td>Inadequate light</td>
<td>14.7</td>
<td>10.3</td>
<td>11.2</td>
<td>1.4</td>
</tr>
<tr>
<td>No bath/shower/toilet</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>n.a.</td>
</tr>
<tr>
<td>Too hot/cold</td>
<td>21.8</td>
<td>14.1</td>
<td>15.6</td>
<td>1.5</td>
</tr>
<tr>
<td>Inadequate electricity/plumbing</td>
<td>20.3</td>
<td>15.6</td>
<td>16.5</td>
<td>1.3</td>
</tr>
</tbody>
</table>

Source: EU-SILC

The background table on tenure shows a consistently higher proportion reporting one or more physical deficiencies across household types in BMR housing than in the other tenures: 46 per cent against 37 per cent in MR and 25 per cent in owner occupation.. EU-SILC records that the position of outright owners is a bit better (22.2%) than among mortgaged owners (26.6%). This might contradict the hypothesis that low income home-ownership can result in high rates of disrepair.

Table 4.9 reports the cumulative totals of physical disrepair. The position of poor people deteriorates relative to non-poor people the more aspects of physical disrepair are reported. So there is no difference in the proportions of poor and non-poor people reporting physical quality problems, but three times as many poor households report four problems. However, it should be noted that this affects very few 1.5%) poor individuals.

Table 4.9 Reporting of physical quality deficiencies (cumulative)

<table>
<thead>
<tr>
<th></th>
<th>Poor</th>
<th>Not Poor</th>
<th>All</th>
<th>Poor: Not poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>51.3</td>
<td>61</td>
<td>59.1</td>
<td>0.8</td>
</tr>
<tr>
<td>1</td>
<td>27.6</td>
<td>27.5</td>
<td>27.5</td>
<td>1.0</td>
</tr>
<tr>
<td>2</td>
<td>13.8</td>
<td>8.4</td>
<td>9.5</td>
<td>1.6</td>
</tr>
<tr>
<td>3</td>
<td>5.8</td>
<td>2.6</td>
<td>3.2</td>
<td>2.2</td>
</tr>
<tr>
<td>4</td>
<td>1.5</td>
<td>0.5</td>
<td>0.7</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Source: EU-SILC

The EU-SILC results on the physical quality of housing need to be treated with some care. The English House Condition Survey (CLG 2009, Table A1) records the lowest failure rate of the ‘decent homes’ standard in the social rented sector and the highest in the private rented sector. The narrower repair indicator shows similar outcomes in owner occupied and social rented sectors, and the highest rate of disrepair in the private rented sector.

4.5 Neighbourhood Quality

Of the three aspects of neighbourhood quality assessed, complaints of crime and vandalism is the most common, being reported by more than one-quarter (27.1%) of households. Complaints of noise from neighbours or the neighbourhood affect about one-fifth (19.1%) of households, and pollution 13.3 per cent (Table 4.10). Individuals
living in poor households are slightly more likely to complain of crime and noise, but slightly less likely to complain of pollution. There is hardly any pattern of cumulative neighbourhood quality problems being more commonly experienced by people living in poor households (Table 4.11).

Table 4.10 Reporting of neighbourhood quality deficiencies (% individuals)

<table>
<thead>
<tr>
<th></th>
<th>Poor</th>
<th>Not Poor</th>
<th>All</th>
<th>Poor: Not poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noise</td>
<td>21.8</td>
<td>19.4</td>
<td>19.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Pollution</td>
<td>12.1</td>
<td>13.3</td>
<td>13.1</td>
<td>0.9</td>
</tr>
<tr>
<td>Crime etc</td>
<td>29.2</td>
<td>26.6</td>
<td>27.1</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Source: EU-SILC

Table 4.11 Reporting of neighbourhood quality deficiencies (cumulative)

<table>
<thead>
<tr>
<th></th>
<th>Poor</th>
<th>Not Poor</th>
<th>All</th>
<th>Poor:Not poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>57</td>
<td>58.3</td>
<td>58</td>
<td>1</td>
</tr>
<tr>
<td>1</td>
<td>26.8</td>
<td>27.8</td>
<td>27.6</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>12.4</td>
<td>10.5</td>
<td>10.9</td>
<td>1.2</td>
</tr>
<tr>
<td>3</td>
<td>3.8</td>
<td>3.5</td>
<td>3.6</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Source: EU-SILC

The background tables showing breakdowns by tenure and household types, suggest that BMR tenants are more likely to experience at least one neighbourhood problem across almost all household types compared to all other tenures. The only exception is among lone parents who report a higher rate of problems with neighbourhood quality in the market rental sector. At more than half (52.8%), the overall the rate of experiencing at least one neighbourhood quality problem is ten (10.8) percentage points higher among BMR tenants than the average. The rate among MR tenants is the same as the average (42%), and it is a little lower (39.4%) among owners.

4.6 Neighbourhood Services

The diverse set of access to neighbourhood services indicators show that a clear majority (71.9%) of people experience no difficulty in accessing them. The most problematic are banking (11.7%) and public transport (11.6%); the least problematic is (compulsory) schools (Table 4.12). The biggest ratio difference between the poor and non-poor occurs in groceries, but the proportions with problems are small in both poor and non-poor groups. Poor households have the greatest difficulty in accessing banking services and they are 1.5 times more likely to experience problems than non-poor households. They are also twice as likely to have problems accessing primary health services. There is not a great deal of evidence to suggest that cumulative service problems affect poor individuals as the proportions experiencing more than two neighbourhood service problems is quite low (Table 4.13).
Table 4.12 Reporting of neighbourhood services deficiencies (% individuals)

<table>
<thead>
<tr>
<th></th>
<th>Poor</th>
<th>Not poor</th>
<th>All</th>
<th>Poor: not poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Groceries</td>
<td>3.8</td>
<td>2.6</td>
<td>3.8</td>
<td>3.4</td>
</tr>
<tr>
<td>Banking</td>
<td>16.1</td>
<td>10.6</td>
<td>11.7</td>
<td>1.5</td>
</tr>
<tr>
<td>Postal</td>
<td>8.4</td>
<td>5.6</td>
<td>6.1</td>
<td>1.5</td>
</tr>
<tr>
<td>Public Transport</td>
<td>12.7</td>
<td>11.3</td>
<td>11.6</td>
<td>1.1</td>
</tr>
<tr>
<td>Health</td>
<td>10.3</td>
<td>5.5</td>
<td>6.1</td>
<td>1.9</td>
</tr>
<tr>
<td>School</td>
<td>5.5</td>
<td>3.1</td>
<td>3.6</td>
<td>1.8</td>
</tr>
</tbody>
</table>

Source: EU-SILC

Table 4.13 Reporting of neighbourhood services deficiencies (cumulative)

<table>
<thead>
<tr>
<th></th>
<th>Poor</th>
<th>Not Poor</th>
<th>All</th>
<th>Poor: Not poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>64.8</td>
<td>74.1</td>
<td>71.9</td>
<td>0.9</td>
</tr>
<tr>
<td>1</td>
<td>21.8</td>
<td>18</td>
<td>18.9</td>
<td>1.2</td>
</tr>
<tr>
<td>2</td>
<td>6.3</td>
<td>4.9</td>
<td>5.3</td>
<td>1.3</td>
</tr>
<tr>
<td>3</td>
<td>2.3</td>
<td>1.3</td>
<td>1.5</td>
<td>1.8</td>
</tr>
<tr>
<td>4</td>
<td>2.9</td>
<td>0.9</td>
<td>1.4</td>
<td>3.2</td>
</tr>
<tr>
<td>5</td>
<td>1.9</td>
<td>0.8</td>
<td>1</td>
<td>2.4</td>
</tr>
<tr>
<td>6</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: EU-SILC

The background table giving a breakdown by tenure and household type suggests that overall BMR tenants are most likely to experience problems accessing at least one neighbourhood service. More than one-third (34.3%) of BMR tenants report such difficulties compared to just over a quarter of MR tenants and owners (26.2 and 26.1% respectively). This holds across household types apart from singles and lone parents who are slightly more likely to report problems if they are market renters.

4.7 Dissatisfaction

Around six per cent (6.3%) of people are dissatisfied with their housing. (Figure 4.3), but the rate of dissatisfaction among poor households is almost twice the rate of non-poor households (1.9).
Dissatisfaction rates are much higher among tenants than owners: 16.8 per cent among BMR tenants and 13.4 per cent among MR tenants compared to three per cent among owners. The figure among outright owners is even lower (2.1%). Not every household type records a higher dissatisfaction rate if they are BMR tenants compared to MR tenants, but where dissatisfaction rates are lower among BMR tenants they are not much lower. In contrast where they are higher they are sometimes very much higher – 23 per cent against 12 per cent among working age couples with children and 16.1 per cent against 9.4 among childless couples.

4.8 Conclusions

Table 4.14 summarises the indicators examined in detail in this chapter.
Table 4.14 Summary of Indicators

<table>
<thead>
<tr>
<th></th>
<th>Poor</th>
<th>Not Poor</th>
<th>All</th>
<th>Poor: Not poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing-induced poverty</td>
<td>n.a.</td>
<td>n.a.</td>
<td>4.2</td>
<td>n.a.</td>
</tr>
<tr>
<td>Affordability (40% gross)</td>
<td>62.5</td>
<td>11.0</td>
<td>21.2</td>
<td>5.7</td>
</tr>
<tr>
<td>Affordability (40% net)</td>
<td>45.8</td>
<td>9.8</td>
<td>16.9</td>
<td>4.7</td>
</tr>
<tr>
<td>Overcrowding (objective)</td>
<td>8.7</td>
<td>3.2</td>
<td>4.3</td>
<td>2.7</td>
</tr>
<tr>
<td>Overcrowding (subjective)</td>
<td>19.9</td>
<td>14.8</td>
<td>15.8</td>
<td>1.3</td>
</tr>
<tr>
<td>Physical quality (fail 1+ indicators)</td>
<td>48.7</td>
<td>39.0</td>
<td>40.9</td>
<td>1.2</td>
</tr>
<tr>
<td>N’hood quality (fail 1+ indicators)</td>
<td>43.0</td>
<td>41.7</td>
<td>42.0</td>
<td>1.0</td>
</tr>
<tr>
<td>N’hood services (fail 1+ indicators)</td>
<td>35.2</td>
<td>25.9</td>
<td>28.1</td>
<td>1.4</td>
</tr>
<tr>
<td>Dissatisfaction</td>
<td>10.2</td>
<td>5.4</td>
<td>6.3</td>
<td>1.9</td>
</tr>
</tbody>
</table>

Source: EU-SILC

Without international comparison it is difficult to benchmark these outcomes fully. However, it is clear that there are fairly widespread problems of physical neighbourhood quality – each affecting more than 40 per cent of the population. Affordability problems affect more than a quarter of the population on the gross measure and more than 15 per cent on the net measure. On the other hand objective overcrowding affects fewer than 10 per cent of the population and the vast majority of people express satisfaction with their housing. The differentials between the housing outcomes of the poor and non poor are narrowest where the general ‘failure’ rate is high. But it is notable that it is on measure of affordability that the differentials are widest.

Both residual and cost burden indicators of housing affordability suggest that the system features that have the greatest beneficial impact on housing affordability are outright ownership and housing allowances when they are combined with social renting. The latter finding may be surprising, but BMR by itself does not seem to bring about the beneficial impacts that one might expect. However, the impact of Housing Benefit is considerably more powerful in the BMR sector than in the MR sector. This is likely to arise from differential rates of receipt, and possibly also sub-market rents being closer to the threshold. Outright ownership, as might be expected, also performs favourably on affordability measures.

The BMR sector tends to perform worse than other tenures on other indicators, too. The data needs to be treated with some caution as, for example, the evidence from larger domestic surveys on the physical quality of housing suggests that the sector performs better than private renting and on some (recent) measures better than
owner occupation. However, there does seem to be some evidence of BMR housing coinciding with problems of neighbourhood quality.

In interpreting these indicators we also need to be aware that compositional effects are not fully taken into account, i.e. the impact of households with particular characteristics living in a particular tenure, for example.

It seems, however, that the most powerful features of the housing system that weaken the link between income poverty and housing poverty are housing allowances especially when combined with social rented housing, and outright ownership.
Chapter 5. Employment and Housing Outcomes

5.1 Introduction

The purpose of this chapter is to identify the relationship between loss or absence of employment and housing outcomes. We wish to identify policies or mechanisms that are intended to protect workless households from poor housing conditions. We also wish to establish whether workless households are also housing poor, and whether housing conditions deteriorate as unemployment lengthens.

We have identified ‘housing outcomes’ as being the cost, quantity and quality of housing consumption, with quality including both physical quality of housing and of the neighbourhood. These may be assessed absolutely and relatively. This approach is outlined in more detail at the start of Chapter 4. The relative benchmark for employment and housing outcomes is the position of workless households compared to those in work. We distinguish between short (less than one year) and long-term (more than one year) worklessness. The data source for this analysis is EU-SILC.

In this chapter we also employ qualitative data drawn from the Employment Focus Groups with local and national stakeholders; and on secondary sources.

5.2 Employment, poverty, tenure and housing outcomes

There are clear relationships between poverty and (lack of) employment (Figure 5.1). Absence of employment is clearly increases the chances of living in poverty: only four (3.8) per cent of individuals in non-poor households (with a potential worker) have no adults in work, while more than 80 (81.4%) have all adults in work. Conversely, 40 (41.6%) per cent of poor individuals live in households with no one in work. However, this does not mean that employment is a guarantee of freedom from poverty: indeed almost 60 (59.4) per cent of poor individuals (among those households with at least one potential worker) live in households where at least one person works. Indeed one-third of working-age poverty is accounted for by people living in households where all adults are in work.
There are also strong relationships between employment and tenure (Figure 5.2):

- Individuals in ‘work rich’ households (i.e. households where all adults are in work) are concentrated in the owner occupied sector, particularly the mortgaged owner occupied sector.
- Worklessness is considerably higher among individuals who live in BMR households. There is virtually no worklessness recorded among mortgaged owner occupied households.
- Individuals living in market rental housing and in outright owner occupied housing have similar employment profiles: they have lower percentages of work rich individuals compared to mortgaged owner occupation and higher proportions of workless individuals.
There is a strong tendency for the rate of long-term worklessness to be much higher in the BMR sector than in any other tenure. Almost 30 (28.8) per cent of individuals in BMR households reported having no one in work during the past year – only marginally lower than the proportions with no adults in work at the point of the survey. This pattern generally holds in the other tenures, probably reflecting the point in the economic cycle.
5.3 Housing Affordability

The impact of job loss on housing affordability differs between tenures. Loss of income in the owner occupied sector does not normally trigger immediate assistance. Means-tested Support for Mortgage Interest (SMI) that is passported through the general social assistance system has been subject to a six month waiting period to encourage households to take out private insurance. In fact fewer than one in five mortgagors have taken out mortgage-specific insurance against income loss although more are protected through general income loss policies. As a result of the recession the government has reduced the waiting period for SMI to 13 weeks. It has also introduced a scheme to allow households who suffer income loss to defer part of their loan. This is aimed at households dual income households where one person loses their job, but who do not qualify for social assistance, and hence do not qualify for SMI. The numbers claiming SMI at the time of the EU-SILC survey are too small to show up in the statistics.

Tenants in both market and social rented sectors are eligible for means-tested Housing Benefit, which in principle is both an in-work and out-of-work benefit, and so can protect against income reduction as well as complete worklessness in a household. However, it has become more of an out-of-work benefit (Figure 2.7). Housing Benefit is designed to protect residual income, but some restrictions on eligible rent, especially in the market rental sector and among young single people, mean that it does not always achieve this (Chapter 4).

Table 5.1 Employment and affordability

<table>
<thead>
<tr>
<th></th>
<th>A All households</th>
<th>B In work</th>
<th>C Not in work &lt; 1 year</th>
<th>D Not in work &gt; 1 year</th>
<th>E C:B</th>
<th>F D:B</th>
</tr>
</thead>
<tbody>
<tr>
<td>GHC/Y</td>
<td>25.1</td>
<td>27.8</td>
<td>37.4</td>
<td>57.8</td>
<td>1.3</td>
<td>2.1</td>
</tr>
<tr>
<td>NHG C/Y</td>
<td>29.5</td>
<td>27.0</td>
<td>32.0</td>
<td>39.7</td>
<td>1.2</td>
<td>1.5</td>
</tr>
<tr>
<td>GH C&gt;40%</td>
<td>21.2</td>
<td>15.4</td>
<td>33.5</td>
<td>52.5</td>
<td>2.2</td>
<td>3.4</td>
</tr>
<tr>
<td>NHC&gt;40%</td>
<td>16.9</td>
<td>14.3</td>
<td>24.6</td>
<td>29.1</td>
<td>1.7</td>
<td>2.0</td>
</tr>
<tr>
<td>In receipt of HB</td>
<td>11.8</td>
<td>4.2</td>
<td>26.5</td>
<td>59.0</td>
<td>6.3</td>
<td>14.1</td>
</tr>
<tr>
<td>HB/GHC</td>
<td>6.7</td>
<td>1.5</td>
<td>12.1</td>
<td>32.3</td>
<td>8.0</td>
<td>21.3</td>
</tr>
</tbody>
</table>

Base: individuals in households with at least one potential worker
Source: EU-SILC

Housing Benefit is the principal protector of affordability that households can turn to if they lose employment or are unable to enter the labour market. Table 5.1 confirms HB’s role primarily as an out-of-work benefit, as less than five per cent of individuals in households who are in work receive it and its contribution to housing costs for those in work who receive it is small. More than one-quarter (26.5%) of individuals living in households with short-term worklessness receive HB, but this proportion rises to almost 60 (59.0) per cent among those living in households with long-term
worklessness. The proportion of housing costs met by HB is also much higher among long-term workless households.

Without HB, workless households would face significantly higher housing costs burdens than working households. Gross housing costs as a share of incomes rises by ten percentage points between those in work and those with short-term worklessness and by a further 20 percentage points with long-term worklessnesss. This takes more than one-third of individuals in short-term workless households over the 40 per cent affordability threshold and more than half of those in long-term workless households, compared to an in-work average of 28 (27.8) per cent.

Housing Benefit reduces these differences. It reduces the share of housing costs in income to less than one third for individuals in short-term workless households and to about 40 per cent among the long-term workless, compared to 27 per cent among those in in-work households. The relative reduction in difference between in and out work households is among the long-term workless. The ratio of burden compared with those in work falls from 1.3 to 1.2 among the short-term workless, but from 2.1 to 1.5 among the long-term workless. Nonetheless the cost burdens remain the highest among the long-term workless households, so HB improves affordability but by no means removes the disadvantage of worklessness.

This is true also of the proportions of individuals living in households living over the affordability threshold. HB reduces the proportion from one-third to a quarter (24.6%) among short-term workless households and from more than half (52.5%) to less than 30 (29.1) per cent of long-term workless. The relative position of individuals in workless households with unaffordable housing falls from 2.2 to 1.7 among short-term workless households and from 3.4 to 2.0 among the long-term workless.

5.4 Overcrowding

On the basis of the EU indicators of overcrowding one percentage point fewer individuals living in households with short-term worklessness are overcrowded compared to those in work (Table 5.2). There is also very little difference between the two groups on the subjective indicator, which shows a slightly higher rate of space shortage among the short-term workless. It is clear, however, that on whatever measure is used individuals in long-term workless households experience higher rates of overcrowding than those either in work or out of work for less than a year. As the data reports a point-in-time picture it is not clear how this occurs. Pressures to downsize with worklessness would be greatest in the mortgaged owner-occupied sector, but we know that worklessness was almost absent from this sector at the time of the survey. Market renters face greater pressures to downsize because of limits on eligible rents for Housing Benefit. As was revealed in a Focus Group with national stakeholders, households are protected from reductions in eligible rent for the first 13 weeks of a claim if they can show that they could affor the rent when they were in work, but it was also pointed out in the recession more people than before would be exposed to subsequent rent restrictions than before
due to the expansion in the market rental sector since the last recession. However, this would not be reflected in EU-SILC which reports pre-recession. It seems that the explanation for the worse position of individuals living in long-term workless households may be attributable to household size. But it is also important to note that (on the EU measures) the proportions are still under 10 per cent.

Table 5.2 Overcrowding and Employment

<table>
<thead>
<tr>
<th></th>
<th>A All households</th>
<th>B In work</th>
<th>C Not in work &lt; 1 year</th>
<th>D Not in work &gt; 1 year</th>
<th>E C:B</th>
<th>F D:B</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU – all households</td>
<td>4.3</td>
<td>4.8</td>
<td>3.8</td>
<td>7.4</td>
<td>0.8</td>
<td>1.5</td>
</tr>
<tr>
<td>EU – ex. singles</td>
<td>4.6</td>
<td>4.9</td>
<td>3.9</td>
<td>7.5</td>
<td>0.8</td>
<td>1.5</td>
</tr>
<tr>
<td>Subjective</td>
<td>15.8</td>
<td>16.8</td>
<td>17.9</td>
<td>28.8</td>
<td>1.1</td>
<td>1.7</td>
</tr>
</tbody>
</table>

Base: individuals in households with at least one potential worker
Source: EU-SILC

5.5 Physical Quality of housing

There is a general pattern concerning the indicators of the physical quality of housing (Table 5.3).

Table 5.3 Individuals in Households where indicator or Physical Quality is not met

<table>
<thead>
<tr>
<th></th>
<th>A All households</th>
<th>B In work</th>
<th>C Not in work &lt; 1 year</th>
<th>D Not in work &gt; 1 year</th>
<th>E C:B</th>
<th>F D:B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leak/ damp</td>
<td>14.7</td>
<td>13.9</td>
<td>20.2</td>
<td>29.5</td>
<td>1.5</td>
<td>2.1</td>
</tr>
<tr>
<td>Light</td>
<td>11.2</td>
<td>10.6</td>
<td>9.7</td>
<td>18.3</td>
<td>0.9</td>
<td>1.7</td>
</tr>
<tr>
<td>Bath/ shower toilet</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Electricity/ plumbing</td>
<td>16.5</td>
<td>16.7</td>
<td>19.5</td>
<td>26.0</td>
<td>1.2</td>
<td>1.6</td>
</tr>
<tr>
<td>Temperature</td>
<td>15.6</td>
<td>15.0</td>
<td>22.7</td>
<td>27.3</td>
<td>1.5</td>
<td>1.8</td>
</tr>
</tbody>
</table>

Base: all individuals in households with a potential worker
Source: EU-SILC

Apart from the bath/ shower and internal toilet indicator which is met universally, the pattern is as follows:

- Between around 10 and around 15 per cent of for individuals in households in work fail each criteria; 60 per cent fail none; 25 per cent one and 10 per cent two.
• Between around 20 and around 25 per cent of individuals in households with short-term worklessness fail each of the indicators with around half failing one one third two and 10 per cent three.
• Between 20 and 30 per cent of individuals in households with long-term worklessness fail each of the indicators with around 40 per cent failing none one-third one, and one fifth two.

The relative pattern is one whereby the physical quality differentials between short-term worklessness and in work is between 1 (i.e. no difference) and 1.5 (i.e. 50 per cent more likely to fail an indicator); while the differential between long-term worklessness and in work is between 1.5 and 2.

The cumulative pattern, i.e. the number of indicators failed, is one whereby the relative position of individuals in households that are long-term workless in relation to both those who are in work and those who are short-term workless deteriorates (Figure 5.4).

Figure 5.4 Number of items of Physical Quality failed

Base: all individuals in households with a potential worker
Source: EU-SILC

5.6 Neighbourhood Quality

The pattern of neighbourhood quality is shown in Table 5.4
Table 5.4 Individuals in Households where indicator of Neighbourhood Quality is not met

<table>
<thead>
<tr>
<th></th>
<th>A All households</th>
<th>B In work</th>
<th>C Not in work &lt; 1 year</th>
<th>D Not in work &gt; 1 year</th>
<th>E C:B</th>
<th>F D:B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Noise</td>
<td>19.9</td>
<td>19.7</td>
<td>20.9</td>
<td>28.6</td>
<td>1.1</td>
<td>1.5</td>
</tr>
<tr>
<td>Pollution</td>
<td>13.1</td>
<td>13.2</td>
<td>12.7</td>
<td>16.3</td>
<td>1.0</td>
<td>1.2</td>
</tr>
<tr>
<td>Crime, vandalism, etc</td>
<td>27.1</td>
<td>27.1</td>
<td>30.3</td>
<td>36.6</td>
<td>1.1</td>
<td>1.4</td>
</tr>
</tbody>
</table>

Base: all individuals in households with a potential worker
Source: EU-SILC

The pattern is as follows:

- Similar proportions (between around 10 and 30 per cent) of individuals living in ‘in work’ households and those living in short-term workless households fail each of the indicators of neighbourhood quality.
- Between around 15 and 35 per cent of individuals living in long-term workless households fail to meet each of the indicators of neighbourhood quality.
- There is very little relative difference between those in work and those who are short-term workless; but failure rates are between 20 and 50 per cent higher among the long-term workless.

The cumulative pattern is one whereby the differential between the long-term workless and both short-term workless and those in work widens.
5.7 Neighbourhood Services

The pattern of access to neighbourhood services is shown in Table 5.5

Table 5.5 Individuals in Households where indicator of Neighbourhood Services is not met

<table>
<thead>
<tr>
<th>Service</th>
<th>A All households</th>
<th>B In work</th>
<th>C Not in work &lt; 1 year</th>
<th>D Not in work &gt; 1 year</th>
<th>E C:B</th>
<th>F D:B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Groceries</td>
<td>3.8</td>
<td>1.7</td>
<td>4.7</td>
<td>10.1</td>
<td>2.8</td>
<td>6.0</td>
</tr>
<tr>
<td>Banking</td>
<td>11.7</td>
<td>9.6</td>
<td>14.2</td>
<td>16.7</td>
<td>1.5</td>
<td>1.7</td>
</tr>
<tr>
<td>Postal Services</td>
<td>6.1</td>
<td>4.5</td>
<td>8.2</td>
<td>6.4</td>
<td>1.8</td>
<td>1.4</td>
</tr>
<tr>
<td>Public Transport</td>
<td>11.6</td>
<td>11.0</td>
<td>15.7</td>
<td>13.7</td>
<td>1.4</td>
<td>1.2</td>
</tr>
<tr>
<td>Health</td>
<td>6.5</td>
<td>4.6</td>
<td>5.9</td>
<td>8.1</td>
<td>1.3</td>
<td>1.8</td>
</tr>
<tr>
<td>Schools</td>
<td>3.6</td>
<td>3.9</td>
<td>0</td>
<td>10.5</td>
<td>0</td>
<td>2.7</td>
</tr>
</tbody>
</table>

The pattern can be summarised:

- Between around two and ten per cent of individuals living in in-work households fail each of the indicators of access to neighbourhood services.
- Between zero and 15 per cent of individuals living in short-term workless households fail each of the indicators of access to neighbourhood services.
• Between around five and around 15 per cent of individuals in long-term workless households fail each of the indicators of access to neighbourhood services.
• On two of the individual indicators the proportions of long-term workless facing access difficulties with a neighbourhood service are slightly smaller than for short-term workless.
• The relative pattern is that, with the exception of schools, the short-term workless have between 30 per cent and 80 per cent greater chance of facing access to service difficulties; the differential for long-term workless is between 20 per cent and six times.

The cumulative pattern is that of a deterioration of the relative position of long-term workless households, though it should be noted that the proportions of individuals in long-term workless households having difficulty accessing three services is only 2.5 per cent.

**Figure 5.6 Number of items of Neighbourhood Services failed**

Base: all individuals in households with a potential worker
Source: EU-SILC

**5.8 Evidence from Focus Groups**

We now consider evidence from two sets of focus groups: one concerning access to housing where a household depends on a fluctuating income; the other concerning the housing consequences of income loss.

*Vignette: A young couple with a small child live with the woman’s parents. They would like their own home. The man has a sales job. His total income is usually quite good but it varies. He has a basic salary, but most of his salary is based on commission.*
The couple’s ability to access owner occupation would depend on their chances of getting a mortgage. While self-certified mortgages, developed partly in response to people whose income fluctuate, were available before the credit crunch their availability is now much reduced. The chances of attaining a mortgage would be enhanced if the couple lived in a low cost area, on which case the basic income might be sufficient, and if his partner has or takes a job. Various forms of intermediate tenure (shared ownership/ equity) might be an option.

The couple might have difficulty in accessing social rented housing, although this may have eased slightly through the introduction of choice based lettings and the provision of some social housing for people in work in some local authorities as part of mixed communities strategies. However, it is generally felt that their chances of gaining access to social housing would be greatest if they were either overcrowded or asked to leave by the woman’s parents since they are in a priority need category under the homelessness legislation.

In principle the couple should be able to access private rented housing, although they might face difficulties with Housing Benefit due their income fluctuating. This might also be a problem with tax credits and it was noted that some low paid people do not claim tax credits for fear of an over-payment being made and a large repayment being demanded at a later date.

**Vignette: A single male migrant worker who lives in a private flat loses his job.**

If the migrant worker is a national central or eastern Europe (CEE) then in principle they would be entitled to benefits, including Housing Benefit. However, to qualify they would have to have been registered for 12 months, so if they had not been working for long enough or had not registered then they would not be entitled to assistance. There is a significant problem of non-registration even among migrants who have been working in the UK for several years; registration is also sometime discouraged by gangmasters; and the £60 registration fee can act as a deterrent. It may be possible to prove a work history through national insurance records, but this would take some time. It was noted that many migrants have returned to their country of origin since the recession.

Even if entitled to assistance, there would be a number of potential problems. HB is limited to a local ceiling in the private rented sector (under the local housing allowance). If the accommodation were judged to be too large for the person’s needs they would have their eligible rent protected for 13 weeks, but then they would need to move to cheaper/ smaller accommodation.

**5.9 Conclusions**

This chapter has examined the relationships between employment and housing outcomes.
On the range of criteria, a consistent pattern emerges whereby the ‘housing outcomes’ of the short-term workless households are worse than those of the in work households, and that those of the long-term workless households are in turn worse than those of the short-term workless households. Moreover, there is a tendency for the position of long-term workless households to deteriorate cumulatively, in other words to face a greater chance of failing to meet several of the criteria.

It is possible to attribute affordability outcome in part to housing policy, notably the role of housing allowances. These play a much more significant role for out-of-work households than for in-work households. They also play a much more important role for long-term workless households than for short-term workless households, both in terms of the proportions receiving help and the proportion of housing costs covered by them. Housing Benefit plays a clear role in improving housing affordability of people who are in workless households relative to those who are in work, but they remain with higher housing expenditure burdens, and these are worse for those who are long-term workless than those who are short-term workless.

Other outcomes are difficult to attribute to policy. As a snap-shot survey, it is not possible to trace how housing outcomes evolve as the duration of worklessness lengthens. It seems likely that the attributes of the tenures in which long-term workless households are most likely to live are reflected in the outcomes. In other words the attributes of BMR housing which contains such high proportions of workless households are likely to be reflected in the outcomes of workless households. Their position may be worse than among the in-work population, but possibly better than if there were no intervention.
PART III: HOMELESSNESS AND THE WELFARE REGIME

Chapter 6. Homelessness: Scale, Nature and Causes

6.1 Introduction

This chapter reviews the nature of homelessness in the UK, and in particular how housing, welfare and employment policies generate or prevent homelessness. It draws on both existing evidence and on new data from focus groups and interviews conducted with national homelessness policy makers, and with local homelessness practitioners in London. We begin by detailing the UK definition of homelessness, before reviewing trends in its scale and in the composition of the homeless population. We then shift focus to the causes of homelessness in the UK, examining in particular the impact of the housing market, the labour market, and welfare policies. Specific consideration is given to the position of immigrants and ethnic minorities in the homeless population. We conclude by reflecting on the likely impacts of the recession on homelessness in the UK.

6.2 Definition

The main definition of homelessness used in the UK is derived from the legislative framework first established in the Housing (Homeless Persons) Act 1977. The original 1977 Act covered all of Great Britain, but was subsequently incorporated into separate legislation for England/Wales and Scotland, and extended to Northern Ireland in 1989.

This framework provides that local authorities must ensure that accommodation is made available to ‘homeless’ households which are also ‘eligible’ for assistance (certain ‘persons from abroad, including asylum seekers and some central and east European (CEE) migrants, are ineligible), ‘unintentionally homeless’ (i.e. have not brought about their homelessness through their own actions or inaction), and are in ‘priority need’. The principal priority need groups are households which contain dependent children, a pregnant woman or a ‘vulnerable’ adult. This ‘main homelessness duty’ can be transferred between local authorities if an applicant has no ‘local connection’ with the area of the local authority to which they have applied and does have a local connection with another UK authority in which they do not run the risk of violence. Duty is normally discharged via allocation of a social tenancy, and the proportion of social lettings absorbed by statutorily homeless households varies from around one quarter in England to over 70% in Northern Ireland (Wilcox & Fitzpatrick, 2010).

By international standards, the definition of ‘homelessness’ used in this legislation is exceptionally wide, as it includes all those who do not have ‘reasonable’ accommodation in which to live with their families. Table 6.1 compares this statutory
definition to the ‘ETHOS’ typology of homelessness developed under the auspices of the European Federation of National Organisations Working with the Homelessness (FEANTSA's) European Observatory on Homelessness (EOH). This typology has been utilised in previous research funded by the EC on the Measurement of Homelessness (Edgar et al, 2007; see also Edgar, 2009).

Table 6.1: The ETHOS typology and UK statutory definition of homelessness

<table>
<thead>
<tr>
<th>ETHOS conceptual category</th>
<th>ETHOS operational category</th>
<th>Covered by UK statutory definition of ‘homelessness’?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roofless</td>
<td>People living rough</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>People staying in a night shelter</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>People in hostels</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>People in women's shelters</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>People in accommodation for immigrants</td>
<td>Probably not, as in many cases would be 'ineligible' for assistance</td>
</tr>
<tr>
<td>Houseless</td>
<td>People due to be released from institutions</td>
<td>Would not be considered homeless but may be considered ‘threatened with homelessness’ if no reasonable accommodation to move into on release</td>
</tr>
<tr>
<td></td>
<td>People receiving support due to homelessness</td>
<td>Not necessarily; depends on whether they have accommodation which is reasonable for them to occupy. If the accommodation is reasonable but short-term, they may be considered threatened with homelessness</td>
</tr>
<tr>
<td>Insecure</td>
<td>People living in insecure accommodation</td>
<td>Yes, if they have no legal right or permission to stay in the accommodation. If they have only a short-term right or permission, they may be considered threatened with homelessness</td>
</tr>
<tr>
<td></td>
<td>People living under threat of eviction</td>
<td>Yes, they would either be homeless or threatened with homelessness depending on precise circumstances</td>
</tr>
<tr>
<td></td>
<td>People living under threat of violence</td>
<td>Yes</td>
</tr>
<tr>
<td>Inadequate</td>
<td>People living in temporary/non standard structures</td>
<td>Yes, if either: not reasonable to occupy; or if have moveable structure and nowhere to place it</td>
</tr>
<tr>
<td></td>
<td>People living in unfit housing</td>
<td>Yes, if not reasonable to occupy</td>
</tr>
<tr>
<td></td>
<td>People living in overcrowded housing</td>
<td>Yes, if not reasonable to occupy</td>
</tr>
</tbody>
</table>

Source: Edgar et al, 2007

The other main definition used in the UK, to denote the most extreme forms of homelessness, is ‘rough sleeper’:

*People sleeping, or bedded down, in the open air (such as on the streets, or in doorways, parks or bus shelters); people in buildings or other places not designed for habitation (such as barns, sheds, car parks, cars, derelict boats, stations, or “bashes”).*
There is also recognition of a broader ‘non-statutory’ homeless group beyond rough sleepers in the UK, including those living in shelters, hostels, B&B hotels, squats etc., and, while this is more disputed territory, many in the UK would consider ‘sofa surfers’ who are moving around friends’ and relatives’ houses as ‘hidden homeless’.

It was notable that the generally broad definition of homelessness used in the UK was ‘taken as read’ by our interviewees, and unremarked upon except with regard to very detailed points (i.e. whether ex-rough sleepers in ‘second stage’ move-on supported accommodation should still be considered homeless).

6.3 Trends in the Scale of Homelessness

The number of statutorily homeless households in England rose steeply in the late 1990s and early 2000s. Since 2003, however, there has been an unprecedented reduction in statutory homeless acceptances in England - the total halved over the five years to 2008. In Wales, there was a sharp upward trend in statutory homelessness acceptances from 2001 to 2004, but this started to ease from 2005 onwards. In both Wales and England these declines followed a strong policy push to prioritise ‘homelessness prevention’ (Pawson, 2009; Clapham et al, 2009). In Scotland, statutory homelessness grew rapidly in the decade up to 2005/6, but has since dropped back slightly; a very similar pattern is evident in Northern Ireland. Bear in mind that these figures only include those accepted as owed the main homelessness duty: in 2007/08, this was around half of all applicant households.

Figure 6.1: Households accepted as owed the main homelessness duty in the UK (1998/99 to 2007/08)


The number of statutorily homeless households in temporary accommodation awaiting settled housing rose sharply in England and Wales in the early 2000s before beginning to fall (albeit not as quickly as homelessness acceptances),
whereas temporary accommodation placements have continued to climb in Scotland. Temporary accommodation use in England is heavily concentrated in London: at any one point in time, around three-quarters of all households in temporary accommodation are in the capital.

**Figure 6.2 Households in temporary accommodation in Great Britain (1998-2008)**

Periodic street counts indicate that there was a two thirds reduction in rough sleeping in England between 1998 and 2001 (Randall & Brown, 2002). This reduction has apparently been sustained, so that on a typical night in 2008 there were said to be around 500 rough sleepers in England (compared with 1,850 in 1998) (CLG), 2008). The street count methodology used in England has been subject to sustained criticism, and as with all street counts the actual estimates cannot be assumed to be comprehensive. However, as these counts have been conducted on a reasonably consistent basis, it seems likely that the national downward trend is broadly reliable (trend data is less reliable for the rest of UK, but indicates broadly stable or declining numbers of rough sleepers). However, rough sleeping in England is heavily concentrated in London, and there are indications that the numbers on the streets may be rising again in the capital (Broadway, 2009). Our interviewees commented that while there had been recent slight increases in street homelessness, there were fewer ‘entrenched’ rough sleepers as a result of more effective interventions (see Chapter 7). This upward trend in rough sleeping seems largely accounted for by homeless CEE nationals (see below).

There is no trend data available at national level on the ‘hidden homeless’, such as those living in hostels, night shelters, supported accommodation, squats, B&B hotels, and ‘sofa-surfing’ around friends and relatives’ houses.

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7 Comparable data on the ‘stock’ of households in temporary accommodation is not available for Northern Ireland, but the annual number of placements in temporary accommodation has recently declined.
### 6.4 Composition of the Homeless Population

Families with dependent children or containing a pregnant woman comprise the majority of statutory homeless households in the UK, though in Scotland the proportion of single people is larger as a result of its more generous priority need policies. A major survey of statutorily homeless families in England revealed that most were headed by female lone parents (65 per cent), and that the majority were workless (i.e. contained no adult in paid work) (64 per cent), with almost all living on a low income and in receipt of means-tested benefits and tax credits (Pleace et al, 2008). However, while they were often a relatively disadvantaged group with respect to their social, economic and health circumstances, these statutorily homeless families were not in the main very vulnerable or chaotic. In particular, experiences indicative of ‘deep social exclusion’ – such substance misuse problems, contact with specialist mental health services, experience of prison, and engagement in crime or anti-social behaviour - were reported by only very small proportions.

In contrast, single men predominate amongst rough sleepers and other non-statutory homeless groups throughout the UK (the numbers of single homeless women was reported as ‘stagnant’). These single men are generally unemployed or long-term sick/disabled, and most tend to be in their middle years (i.e. between 30 and 60 years old). They tend to have relatively high levels of personal support needs associated with substance misuse, mental health problems and experience of institutional living, with this particularly true of those who sleep rough (Anderson et al, 1993; Fitzpatrick et al, 2000). The key trend identified by our interviewees in relation to rough sleeping concerned the changing ‘waves’ of immigrant on the streets, with CEE nationals now the most important group in London at least.

Aside from rough sleepers, the other group of single homeless people who have had significant research and policy attention in recent years has been young homeless people. There is a much more even gender split amongst young homeless people than in the older single homeless population, and they often have a high level of personal support needs as a result of disrupted and traumatic childhoods (Quiglairs et al, 2008). A national survey of lone 16 and 17 year olds accepted as statutorily homeless found that various indicators of deep social exclusion were far more likely to be self-reported amongst these young people than amongst homeless families with children (Pleace et al, 2008). For example, four out of five (39 per cent) statutorily homeless 16 and 17 year olds admitted to having been involved in crime or anti-social behaviour and a similar proportion (37 per cent) had experienced a substance misuse problem. These young people also exhibited low levels of engagement with education, training and employment.
6.5 Causes of Homelessness

There is a longstanding and complex academic debate on the causation of homelessness, with explanations traditionally divided into two broad categories: ‘social’ (i.e. rooted in ‘individual’ problems) and ‘housing’ (i.e. structural’) problems. Another useful distinction to draw is between the ‘immediate’ or direct causes of homelessness, and those which are more indirect or ‘underlying’.

Relationship breakdown, usually with a partner or parents, is by far the most important ‘immediate trigger’ to statutory homelessness (see Table 6.2). The ending of a fixed-term tenancy (almost always in the private rented sector) is the only other category of a substantial size in England (it is not possible in the rest of the UK to separately identify ending of fixed-term tenancies from other loss of tenancies). Loss of social or private sector tenancies because of rent arrears is a much less important cause of statutory homelessness across Great Britain (no breakdown in reasons for loss of tenancy is available for Northern Ireland). Likewise, few statutory homelessness acceptances are due to mortgage arrears: repossession rates amongst home owners have risen sharply since the beginning of the credit crunch, but still account for less than 4% of homeless acceptances. All other reasons for loss of last settled home are reported by relatively small numbers, including those relating to ‘individual’ problems such as drug, alcohol or mental health problems (2% in total).

Table 6.2: Reasons for Homelessness (2007/08)

<table>
<thead>
<tr>
<th>Reason</th>
<th>England</th>
<th>Scotland</th>
<th>Wales</th>
<th>Northern Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parents no longer willing or able to accommodate</td>
<td>23%</td>
<td>25%</td>
<td>21%</td>
<td>24%</td>
</tr>
<tr>
<td>Other relatives or friends no longer willing or able to accommodate</td>
<td>13%</td>
<td></td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Violent relationship breakdown with partner</td>
<td>12%</td>
<td>10%</td>
<td>14%</td>
<td>4%</td>
</tr>
<tr>
<td>Other relationship breakdown with partner</td>
<td>6%</td>
<td>16%</td>
<td>7%</td>
<td>13%</td>
</tr>
<tr>
<td>Mortgage arrears</td>
<td>4%</td>
<td>1%</td>
<td>4%</td>
<td>1%</td>
</tr>
<tr>
<td>Rent arrears</td>
<td>2%</td>
<td>5%</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>End of (fixed-term) tenancy</td>
<td>15%</td>
<td>9%</td>
<td>24%</td>
<td></td>
</tr>
<tr>
<td>Loss of other rented or tied housing</td>
<td>5%</td>
<td></td>
<td></td>
<td>17%</td>
</tr>
<tr>
<td>Other reasons</td>
<td>19%</td>
<td>31%</td>
<td>21%</td>
<td>41%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Base</td>
<td>63,180</td>
<td>56,609</td>
<td>6,367</td>
<td>19,030</td>
</tr>
</tbody>
</table>


Our interviewees took the view that the problems faced by rough sleepers and other single homeless people were overwhelmingly individual (i.e. social) rather than housing-related:

*I personally get frustrated with the term 'homeless' as its doesn't mean anything. It also doesn't solve anything, people's problems aren't because they've not got a roof over their heads, most people, it goes beyond that...*
worklessness, its support needs around alcohol and drugs. If you constantly put things under 'homelessness' you think the solution is to provide a home and its not. (Outreach manager)

The most common triggers for homelessness amongst street homeless people were reported to be a mixture of relationship breakdown and drinking (although not always sure which comes first). Some conceded that there was a possible ‘trickle down’ structural effect, in that those precariously housed or precariously employed were more likely to ‘fall out’ into homelessness when relationship breakdown or substance misuse occurred. But the key point was that most of the people they work with come from difficult backgrounds anyway, often based in complex childhood traumas, and might not have any history of employment or of having a home.

**Impact of Housing Market Conditions/Policies**

As noted above, aside from the ending of fixed-term tenancies, statutory homelessness is seldom directly attributable to housing ‘triggers’, such as mortgage and rent arrears. With respect to rent arrears specifically, this may be in part because this group are likely to be found ‘intentionally homeless’. But most probably the Housing Benefit system is the key factor that prevents rent arrears from being the major trigger for homelessness that this is in many other countries (Busch-Geertsema & Fitzpatrick, 2008). Statutory homelessness is also not strongly linked to physical housing conditions in the UK: in 2005, a survey of family homelessness in England found that only 4% of families reported that ‘housing in poor condition’ was the reason for their applying as homeless (Pleave et al, 2008). Overcrowding, by contrast, appeared a much more common trigger to homelessness, with 24% of homeless families reporting that this was a cause of their seeking help from a local authority. However, closer investigation revealed that such ‘overcrowding’ often reflected the breakdown or expiry of interim arrangements that families had made with friends or relatives after they lost their last settled home, rather than the ‘originating’ cause of their homelessness.

On the other hand, there is no doubt that housing affordability problems are central to the underlying causation of statutory homelessness, especially in England, with trends in homelessness acceptances generally following the housing market cycle (at least until the recent emphasis on prevention) (Pawson, 2007). But it is important to be clear on what is meant by this. The existence of the Housing Benefit system means that poorer households seldom lose their existing accommodation – at least if it is social rented or at the bottom end of the private rented sector - because of an inability to pay their rent (though ‘technical arrears’ due to slow processing of Housing Benefit claims can create difficulties). Likewise, lower cost rented housing (where it is available) is usually accessible to homeless and potentially homeless households because the benefit system will cover all or most of the rental costs.

But the overall supply of affordable housing is inadequate in the UK, especially in London and the South of England. Very few low income households are able to
move into home ownership in the UK (Wilcox & Fitzpatrick, 2010), and there has been only a small increase in the number of low income households able to secure accommodation in the private rented sector in recent years (Rugg & Rhodes, 2008). This means that the critical issue for poorer households is access to the social rented sector, but as Figure 6.3 shows there has been a decline in the availability of social sector lettings in all four UK jurisdictions over the past decade. These difficult housing market conditions mean that, when households living in tight housing market areas lose their existing accommodation (typically, through relationship breakdown), they can struggle to secure alternative affordable housing without resorting to the statutory homelessness system.

Figure 6.3: Lettings to new tenants

![Graph showing lettings to new tenants over time.](image)

Figures are thousands. English LA figures exclude non-secure lettings to homeless from 2003/04. ‘New’ tenants include existing tenants moving between the LA and HA sectors.


In addition, there is a specific and ongoing problem of a lack of ‘affordable housing pathways’ for single young people who are ready to leave the family home, as their access to Housing Benefit is restricted (see Chapter 2).

For rough sleepers, housing affordability is rarely a key cause of homelessness, as their problems tend to be overwhelmingly ‘social’ in nature, but tight housing markets do of course make it more difficult to move them on from the streets into stable accommodation.

**Impact of Labour Market Policy/Conditions**

Homelessness is rarely directly caused by loss of employment in the UK. Loss of a job is rarely mentioned as even a contributory factor in statutory homelessness applications (Pleace et al, 2008), and those interviewees working with rough sleepers and single homeless people generally emphasised how far their clients were from the labour market. Relationship breakdown and substance misuse were the key issues for this group, and while it is possible that they had also lost job at some point, there was seldom a clear link between their homelessness and cessation of employment.
There was, however, thought to be a longer-term and indirect connection between labour market conditions and homelessness, in that persistent poverty and labour market marginality can put pressure on family units that can lead to relationship breakdown, and then in turn to homelessness. Thus some interviewees were predicting an increase in youth homelessness in the coming years as result of the economic pressures on poorer families associated with the recession. Consistent with this, research on the structural causes of statutory homelessness in Scotland has indicated that unemployment levels are positively associated with rates of statutory homelessness (Kemp et al, 2001).

**Impact of Welfare Reform/Policy**

The welfare benefits system, and in particular Housing Benefit, is what breaks the direct link between losing work/sudden drops in income and homelessness in the UK (excepting some categories of immigrants, see below). On the other hand, the low level of income maintenance benefits is central to the relatively high levels of poverty in the UK, and this seems likely to lead indirectly to homelessness (both through pressure on family relationships and through difficulties in competing in the housing market). But this is a rather abstract relationship and was difficult for interviewees to comment on.

There was, however, an interesting discussion in one of the focus groups about the more specific issue of increased conditionality in the benefits system. This has seen some homeless people move from long- to short-term sickness benefits, as part of the labour market ‘activation’ policies discussed in Chapter 2. Some service providers voiced concerns about the impact of these changes on their clients, who tend to enter at the margins of the labour market:

*There are general issues around the lack of permanent or stable work where people are being taken off, forced to take anything, they are encouraged to come off benefits to take work that is not terribly well paid or stable and once you have a group of people like that they are automatically more vulnerable to any tossing and turning in the fluctuations in the economy...they are going to be more vulnerable.* (Director of homeless project for vulnerable groups).

On the other hand, some homelessness service providers felt that unconditional, long-term sickness benefits did their clients a disservice:

*I’m not saying benefits should be taken away but there should be a way of concentrating people’s minds to try and work towards doing something different with their lives in stead of festering in a hostel and living a hand to mouth existence until they die as it’s no life for anyone... we all know there are large repositories of rough sleepers warehoused in hostels where, with the best will in the world, nothing much is going to change for those people. The benefit system allows that to happen.* (Outreach worker)
…we have… continuing drug users and the idea of staying on those kind of benefits [long-term sickness benefits] has been disabling. There are people who won’t engage in doing other things as they feel they will lose those benefits. There has been more change now that people are being pushed on to [short-term sickness benefits], and that includes long term drug users. (Hostel manager)

The converse argument is that increased conditionality may push some people completely out of the welfare system:

One of things that people do is disengage from system altogether. They end up on the streets; they’re not interested in benefits. (Outreach worker)

6.6 Immigrants and ethnic minorities in the homeless population

In the UK welfare and housing context it is important to distinguish between three groups:

1.) the settled (i.e. indigenous) minority ethnic population;
2.) refugees and asylum seekers; and
3.) (other) vulnerable migrants, particularly illegal migrants (or ‘undocumented migrants’), refused asylum seekers, and CEE migrants.

The first group have access to welfare and housing services as citizens of the UK; asylum seekers are the focus of specialist provision, whilst refugees should have similar opportunities to British citizens; and new migrants who are illegal immigrants or refused asylum seekers have no access, and CEE migrants have only conditional access, to welfare and social housing provision (McNaughton Nicholls & Quilgars, 2009).

Official statistics have long indicated an over-representation of minority ethnic groups, especially Black/Black British people, amongst statutory homelessness households in England, though this seems mainly to be a London phenomenon (Pleace et al, 2008). There is also longstanding evidence of disproportionate indigenous Black experience of ’non-statutory’ homeless situations such as living in hostels and B&B hotels (Anderson et al, 1993). However, Black people and other indigenous minority ethnic groups tend to be under-represented amongst rough sleepers – a pattern thought to be accounted for by the additional risks that such groups (as with women) would face if they slept rough.

Former asylum seekers (i.e. refugees and those granted exceptional leave to remain) are a substantial group within statutory homelessness. Across England, 11 per cent of heads of statutory homeless households are former asylum seekers, and this rises to 29 per cent in London (Pleace et al, 2008). These former asylum seekers have a profoundly different profile to that of other heads of homeless households: they are less likely to be lone parents, are on average five years older,
and are far less likely to report having experienced a range of personal difficulties. Their heightened risk of homelessness appears to be one element of the sustained socio-economic disadvantage they face, rather than being a direct result of discharge from the specialist accommodation provided to asylum seekers.

What is causing most concern at the moment is the situation of the various immigrant groups in the UK which have ‘no recourse’ to public funds. The safety net for ‘failed’ asylum seekers or illegal immigrants is extremely weak, with many affected by rooflessness and destitution, and there is little sign that this situation is likely to improve (McNaughton Nicholls & Quilgars, 2009). In some cities – such as Bristol or Leeds – it was reported that refused asylum seekers who cannot go home because their country remains in turmoil are the main ‘no recourse’ group.

They tend to be sleeping on friends and families floors...as the traditional thing is that the community will take you in and give support. (Rough sleepers project manager)

In London, notwithstanding the outflow of CEE migrants consequent on the weakening of the UK economy, they are still by far the largest group of immigrants in the rough sleeping population. One quarter (26%) of ‘new’ rough sleepers identified between July and September 2009 were CEE nationals, half of this group being Polish:

‘... A8 and A28 nationals remain a significant minority of rough sleepers, and have an increasing influence on the upward trend in people contacted rough sleeping.’ (Broadway, 2009)

In terms of the causes of homelessness amongst this group, loss of marginal employment, or failure to gain such employment, is part of the problem, but is not the whole story:

There are clearly a lot of motivated people working hard and making a go of it from Eastern Europe. But in any group you’re going to have a percentage who are travelling away because they have problems, those problems they think will be less if they make a fresh start... so you’re going to have a group... who are more susceptible to drugs, alcohol, who have brought those problems with then, mental ill health is quite significant. (Director of homelessness project)

While in principle CEE nationals can qualify for UK welfare benefits after working here for 12 months and fulfilling certain other conditions, homelessness practitioners emphasised how unusual this was amongst their Eastern European clients:

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8 In the UK, the term ‘A8’ is used to denote those central and eastern European countries which joined the EU in 2004, and the ‘A2’ for those which joined in 2007.
It’s very small numbers, they have to be pretty organised to get ...you need a card, you have to organise everything before you start working, most people come here and work cash in hand. Even if they can work legally they work cash in hand. Have to have 12 months worth of work. Don’t forget if someone is drinking heavily and is quite chaotic you might miss a couple of months work and that takes over everything. The chance for them to be at work 5/6 days a week is unrealistic. (Outreach manager).

For many of those with more complex needs, while lack of access to benefits is important, the ‘usual’ issue that keeps people ‘in a bad place’ is drug or alcohol use. Some have never worked in the UK, so it is not that they came for jobs in boom years and now have no employment or access to benefits:

A lot of them have never been able to work here...a lot of them worked sporadically two or three years ago, sort of in line with when the recession happened but when you talk to them about their work histories its been sporadic anyway. (Outreach manager)

6.7 The Likely Impact of the Recession

Welfare protection in the UK means that rising unemployment seems unlikely to lead to rising homelessness in the short-term. However, the ‘social dislocations’ associated with long-term poverty and unemployment – such as relationship breakdown and substance misuse – could be expected to worsen in a recession. This may then drive up youth, street and single homelessness as additional pressure is put on family units, and it is also likely to lead to larger numbers of lone parent households, a group which is especially vulnerable to statutory homelessness.

But our analysis casts doubt on the widespread assumption that statutory homelessness will necessarily rise in the current recession (in fact it has continued to fall thus far). As demonstrated above, mortgage arrears are a very minor trigger for statutory homelessness, and so even a very large proportionate increase in repossessions is unlikely to have a major impact on statutory homelessness (during the last housing recession, the proportion of acceptances attributable to mortgage arrears never rose above 12%). The impacts of the recession on what are in fact the key triggers for statutory homelessness – relationship breakdown and eviction as a result of the end of a fixed-term tenancy – are much less clear cut, with the possibility of quite complex countervailing effects, the net outcome of which is uncertain.

Moreover, it is conceivable that the housing market slump may actually improve the ability of some poorer households, who experience a homelessness ‘trigger’ event, to access alternative accommodation. This is because of the potential for an increase in the number of lettings relative to demand in the social rented sector (and possibly also the private rented sector), in part brought about through the secondary impacts of improved affordability in the home ownership sector. Such a positive
outcome is, however, this is very much dependent upon easing of the current mortgage ‘famine’.

6.8 Conclusion

Street and single homelessness in the UK is largely ‘social/individual’ in nature, but statutory homelessness is by contrast is closely tied to structural conditions in the housing market (albeit that the immediate ‘trigger’ for applications tends to be relationship breakdown rather than being directly housing-related). Youth homelessness tends to be rooted in both individual difficulties and housing-market affordability problems. Welfare protection (especially Housing Benefit) means that loss of employment seldom leads directly to homelessness in the UK, excepting those immigrants who lack recourse to public funds. While increased conditionality in welfare benefits was a concern for some service providers, others felt that ‘active’ labour market policies gave their clients a better chance of moving out of homelessness than unconditional access to long-term benefits. The recession is likely to have mainly indirect and longer-term impacts on homelessness in the UK, and may conceivably have some benign effect with respect to housing affordability-related homelessness.
Chapter 7. Responses to Homelessness

7.1 Introduction

In the UK there is extensive state-funded targeted assistance to tackle homelessness (Fitzpatrick & Stephens, 2007). As homelessness policy is a devolved function, the details of policy and legal frameworks differ to some extent across the various UK jurisdictions, but there has been a frenetic level of policy activity in all of them since 1999, particularly with respect to rough sleeping, homelessness prevention (especially prevention of statutory homelessness), and youth homelessness (Fitzpatrick et al, 2009).

This chapter focuses on the new data generated in the focus groups and depth interviews on policy and practice responses to various key groups at risk of homelessness. We used a series of vignettes (standardised ‘typical cases’) to explore what is likely to be the response to their housing, employment and support needs. Bear in mind that the context for much of this qualitative data is London, where both street and statutory homelessness is highly concentrated and where the housing market is exceptionally tight. The most innovative responses to homelessness also tend to be concentrated in the London.

7.2 Single men

Vignette: Middle aged man (50 years old) is due to leave prison after 5 years. At present, he has no housing or job organised for when he leaves and no family to turn to. He has a history of homelessness and alcohol abuse.

This vignette captures a very typical homeless ‘case’ across the UK, and a group for whom there has been significant policy developments in recent years. As well as the rough sleepers programmes mentioned in Chapter 6, there has also been a shift across the UK away from merely ‘warehousing’ single homeless people in hostels and night shelters, towards an emphasis on ‘resettling’ them in the community. These resettlement services attempt not only to address tenancy sustainment issues amongst this group, but also broader aspects of their ‘social inclusion’, such as re-integrating them with social networks and engaging them in ‘purposeful activity’ and, ultimately, in paid work. In keeping with this approach, is the recent central government emphasis on ‘interventionist’ homelessness policies which, for example, require hostels and day centres to be ‘places of change’ which focus on re-integrating their service users into mainstream society rather than supporting them in a ‘homeless lifestyle’ (Communities and Local Government (CLG), 2006). ‘Ending’ homelessness is the stated objective in the new rough sleeping strategy in England (CLG, 2008), though in reality most of our interviewees felt that ‘managing’ it was a better description.

Interviewees identified this man’s problems as complex, and noted that there are joint working protocols in all four UK jurisdictions that should operate to prevent...
homelessness in cases such as this. But they also commented that there can be
differences between what he *should* get and what he *will* get in reality. He should get
his accommodation and benefits sorted out by his probation officer before he leaves
prison, have his risk factors assessed (such as any ongoing alcohol problems), and
on release move into a ‘state of the art’ supported hostel (possibly a ‘wet hostel’ if he
is a continuing drinker). In London, this would normally be with a view to moving him
on from the hostel into private rented accommodation in the longer-term, as there
are very few social lets available. Help would be available to help him manage a
tenancy, if that were needed. Some prisons have teams working within them to
organise accommodation and support on release but these services are patchy. In
many areas there are specialist resettlement programmes for ex-offenders after
release.

However, a number of things can go wrong. People are often released from prison in
an area where they have no local connection, so local services will not deal with
them (though they should try to link him into services in their area of origin). They are
often released on a day other than the one planned, or earlier in the day than
planned, causing problems for support agencies who have organised to meet them
at the prison gates. The transition from services within prison to those outside is
problematic, as is the transfer between services in different areas.

What you’re relying on is inter agency working and there are examples where it
works very well and examples where it doesn’t. The transition from prison to
probation ... it relies on all that information being passed over. We have
benefits teams within prisons but it relies on them being integrated with the
resettlement teams. The whole joined up approach... where there is
communication it works very well. (Multiple exclusion project co-ordinator).

The consequences of agencies not working well together include reoffending as well
as homelessness. This person would likely ‘sofa surf’ if they had ‘quality networks’,
but if they had no family to turn to chances are that they would end up at a street
homelessness agency. Even if he approached a local authority for help, chances are
that, as a single homeless person, he would get a poor reception (even though those
vulnerable as a result of institutional experiences such as prison should be given
priority status).

It would be much easier for him to access some form of accommodation if he were
‘verified’ as street homeless in the past:

*If he’s got a history of homelessness then he’ll be able to access
accommodation, certainly in London... If he’s not been seen on the streets and
he doesn’t present with a priority need for social housing then they’re kind of
stuck to be perfectly honest.* (Outreach manager)

There was a great deal of scepticism about the chances of moving this man into
work in the short-term, even if his accommodation and alcohol problems could be
sorted out. Clients such as this are rarely ‘work ready’, and very few go from the streets straight into employment. Rather as they move from emergency’ to ‘second stage’ accommodation services they are encouraged to access work and learning services and build up their CV:

*People… will have had a long history of unemployment or no history of employment so when you first even enter [hostel] your key worker will be encouraging you to take part in things that will increase your skills. (Outreach manager)*

‘Stop start’ benefits are problematic, often combined with delays in processing claims and repeatedly having to supply the same documents:

*… [combined with] the insecurity [of what] we are asking people to take on is a problem… We’re not setting them up with job for life but something they can lose tomorrow. (Director of homeless project for vulnerable groups)*

Another potential barrier to employment may be poorly managed hostels that have work ready clients who need to be moved on to less expensive ‘second stage’ accommodation so that they can afford to pay rent if they get a job.

While the discussion frequently touched on problems and gaps in service provision, there was also recognition that at least services were trying to move towards integrated approaches from both the employment/welfare services side (which are increasingly adopting ‘whole life’ approaches) and from the housing side (encouraging people into employment, education or training etc). However, there was also a concern that some of the key initiatives could be under threat with the anticipated public sector spending squeeze from 2011/12.

7.3 Young people

*Vignette: 17 year old young man is living at home but his mother and step-father have asked him to leave. He is not in work, education or training and has a low level of educational qualifications.*

A major review of youth homelessness policies across the UK concluded that there had been considerable improvements over the past decade (Quilgars *et al.*, 2008). The statutory homelessness safety net was strengthened in the early 2000s via the expansion of ‘priority need’ categories to include 16 and 17 year olds, care leavers and other young people at risk, and the homelessness prevention agenda has had a particularly strong focus on young people. There is no longer a ‘cultural’ assumption that the ‘homelessness route’ to an independent social tenancy is the best or only option available to vulnerable young people, particularly those aged 16 or 17. A more ‘problem-solving’ approach is now often taken, which may have as its outcome the young person remaining in the family home with support, or moving into various
forms of ‘transitional’ accommodation, including foyers, supported hostels/housing, and supported lodging schemes.

These positive policy developments were reflected in the comments of our interviewees:

*I think [they] are less likely to end up as street homeless in central London and if you do it will be for a very short time.* (Hostel manager)

Most said that, as 16/17 year olds now have priority need under the statutory homelessness system, they should not find it difficult to access some sort of accommodation, though a social let is a less likely outcome of this process than previously. Often local authorities will offer some sort of family mediation service as a first step, and will conduct a ‘home visit’ to see if it is possible for the young person to remain there, at least in the short term until something else is put in place. They will emphasise to parents the consequences of the young person moving into homelessness provision:

*Do you realise how much better it is for a young person to grow up in a family?’ The reality is if they’re getting kicked out and going into B&B or young people’s hostels they’ll be surrounded by other young people with difficult behaviours and in B&Bs there’ll be older people some of whom have criminal backgrounds.* (Outreach manager)

If these reconciliation attempts are unsuccessful, then the young person would be offered accommodation and would be encouraged to access education, training or employment, especially if they were in a dedicated young person’s hostel/supported accommodation. If they accessed a foyer then their accommodation would be conditional on their engagement with employment or training

*If they’re really lucky they’ll get into a foyer and they’ll get their education, employment and training needs met as well and have much more support to move forward.* (Representative of homelessness umbrella group)

If they were placed in supported lodgings they may still get support to access training and education, but this would be in a more informal manner. Some interviewees felt that supported lodgings may be preferable to placing a 17 year old in a hostel, which “is not the right place for a vulnerable young person for all sorts of reasons”. It was also pointed out that social services have responsibility to 16 and 17 year olds ‘in need’, particularly those young people who have been in care (‘looked after’) or received a social services intervention as a child. If support is not offered or obtained by this young person for any reason it was thought that the most likely outcome would be sofa-surfing rather than street homelessness.

While few of our interviewees identified the benefits system as a major barrier to accessing accommodation or employment for this young man, the national review of
youth homelessness in the UK noted discord between employability initiatives and the welfare benefit system that served to severely impede young people’s participation in both employment and education (Quilgars et al, 2008). Most notably, the rule which excludes full-time students (defined as studying for over 16 hours per week) from accessing Housing Benefit acts to limit young people’s access to higher and further education, and high rents in temporary and transitional accommodation (and sometimes also in private rented sector accommodation) act as a serious disincentive for young people to (re)enter employment. It also noted that the ‘single room rent’ restrictions in the Housing Benefit system for under 25s necessitated the development of more affordable housing options (other than through homelessness systems) for young people ready to live independently.

7.4 Women fleeing domestic violence

Vignette: A woman with two children (aged 2 and 4) is fleeing domestic violence. She is currently living in a refuge/temporary relief centre. She was financially dependent on her partner and has no independent income.

This case was seen as quite straightforward by our interviewees as she should definitely be considered legally ‘homeless’, even though she has temporary accommodation in a refuge, and a woman fleeing domestic violence should be accepted as having a priority need for housing under the statutory system (whether or not she has children). Furthermore she does not have to establish a local connection with the authority to which she applies, as local authorities are not allowed to transfer responsibility in domestic violence cases. Although she had no independent income when living with her husband, she now has eligibility in her own right for Income Support and other benefits, and is not obliged to be available for work as her children are so young.

While other research has noted shortfalls in the availability of suitable refuge accommodation in some parts of the country (Jones et al., 2010), this particular problem was not highlighted by any of the interviewees in our current study. However, our participants did note that, although the local authority has responsibility to secure suitable settled accommodation for this woman and her children, the nature of the local housing market is crucial. While she would be allocated social housing quite quickly in some parts of the country (and the below market rents would make it easier to get back into work), in London it is most likely that she will end up in the private rented sector as waits for social housing are extremely long, even for priority cases:

…well in the past [accessed social housing], but now the waiting lists are so long… rehousing in social housing may take two or three years and no hostel is going to let her stay that long and no-one is likely to want to stay in a refuge that long either. (Representative of support organisation for victims of domestic violence)
Private rented sector housing (of a reasonable quality) is very expensive in London and, combined with the steep withdrawal of Housing Benefit, this acts as a strong work disincentive. The same is true in high cost types of accommodation like refuges:

_The number of women in employment and in a refuge is miniscule._
(Representative of support organisation for victims of domestic violence)

Moves into work also have to be able to cover childcare costs, transport and other incidental costs of working, as well as high rents, making low paid work unattractive. There are also the familiar problems with moving between insecure employment and benefits (see above). All that said, service providers recognised the value of women engaging in paid work:

_The thing is though is not to write that person off from the aspiration of employment and giving that person all the information about how much better off they would be in work or showing them the calculations and that sort of thing. Don't have the attitude “…and they're in that situation and work is a long way away” as it can be different for every individual._
(Multiple exclusion project co-ordinator)

Another potential labour market dimension to this case is that women fleeing violence who are in employment often have to give it up. In high risk cases this break in employment may be necessary so that they cannot be found by their former partner. But in other cases the break in employment may be caused largely or entirely by the upheaval associated with having to move house. In this instance an innovative model developed in England – Sanctuary Schemes – may be helpful in enabling women at risk of domestic violence to avoid such disruption by remaining safely in their own homes through exclusion of the perpetrator and the provision of enhanced security (see Appendix for details).

### 7.5 Families with mortgage arrears

_Vignette: A couple with two children (aged 10 and 12) are living in an owner occupied dwelling. The man has lost his job in the economic downturn and they are struggling to pay the mortgage._

Most interviewees from the homelessness sector had little experience of this group and were generally not well informed with regards to the provision available for them - this is unsurprising given that ex-home owners are unusual in the homeless population (see Chapter 6). The Government has in fact introduced a range of legal, welfare and housing policy measures to prevent repossessions during the current economic crisis (see Chapter 5), though there is evidence that lender forbearance prompted by the desire to avoid losses arising from negative equity has been of greatest import in minimising repossessions, and this may change as the market picks ups (Ford & Wallace, 2009).
Some interviewees highlighted the gaps in the welfare ‘safety net’ for vulnerable homeowners, such as arrears accruing during the waiting period for SMI, especially given that the available insurance products offered poor coverage:

*They don't cover lots of people. They don't cover self employed or those on fixed term contracts so there is no point in paying into insurance for some people.* (Representative of domestic violence organisation)

There were also concerns about irresponsible lending practices:

*Some people fall into homeownership and have done so without all the information communicated to them that should have been through no fault of their own. They've taken on too much of a risk and it never was going to be sustainable but the lenders have to bear some responsibility for that allowing people to get into those situations and at worst encouraged them.* (Representative of homelessness umbrella organisation)

Nonetheless, amongst our interviewees there were mixed views on how far the state should go in protecting struggling homeowners, and certainly making capital rather than just interest payments was viewed by some as a step too far:

*It’s going to sound very harsh, and I say this as a homeowner, but it is a privilege not a right to own a house.* (Multiple exclusion project co-ordinator).

There was also scepticism about the fairness of any move towards ‘in-work’ help with paying mortgage costs for home owners:

*It's a bit tricky presentationally isn't it, continuing to pay a homeowners mortgage interest for them while they're working, its difficult to defend I would suggest.* (Benefits manager vulnerable groups).

Even if repossessed, it seems that most ex-home owners find ways to avoid statutory homelessness, most probably by drawing on their social support networks or by accessing the private rented sector. However, if these solutions were unavailable to this particular family they would be entitled to priority need under the homelessness legislation because of the presence of children in the household (unless they could be shown to be ‘intentionally homeless’, which is unlikely in cases of ‘genuine economic hardship’, and new Government guidance specifically discourages this).

Another point prompted by this case study was a discussion of how job centres and other employment services not really geared up for professionals whose lose employment, albeit that they are trying to be responsive:
It’s a change in case load, a total change … The schemes on offer aren’t
designed for professionals… they are trying to help but it’s been a transition
Benefits manager vulnerable groups).

7.6 Immigrants

Vignette: A 35 year old single male immigrant/member of an ethnic minority
group has been undertaking casual work but this has declined with the
economic downturn. He can no longer afford to pay the rent in his flat from
his earnings and has accumulated rent arrears.

We focus here on immigrants to the UK, as the profile and experiences of settled
ethnic minorities affected by homelessness are in many ways very similar to that of
their White British counterparts (Pleace et al, 2008).

When presented with the vignette above, all interviewees agreed that it entirely
depended on ‘whether or not he has recourse to public funds’. If ‘has recourse’ (e.g.
is a refugee or is a CEE migrant who has worked at least 12 months in the UK) then
he can claim Housing Benefit and other welfare benefits. However, the situation is
much more difficult for those without recourse:

It’s a massive, massive problem, people without public funds, now Eastern
European or traditionally failed asylum seekers. If people don’t have recourse
to public funds there is nowhere for them to go in this country. Very, very limited
support and that comes from charities. (Single homeless organisation worker).

Other interviewees emphasised that there is some help available to the ‘no recourse’
group, albeit limited:

… there is not absolutely nothing. We work within the bounds of what we can
do with no recourse, we can help people get construction cards [to permit work
on building sites] but this is limited. From a street perspective the ones who fall
to the bottom of the pile are ones who had issues before. (Representative of
rough sleeper agency)

For CEE migrants without recourse the choices are “get work or go home”. For those
who are ‘job ready’, there are schemes to help them get back to work, focusing on
the lower end of the job market, such as cleaning, catering and warehouses (also
construction, but this work has now dried up):

If someone is keen to work and will accept any sort of work then we put them in
touch with the accommodation based service. Helps them get work and they
generally do get work. But those who do not have recourse and are drinking
heavily…we have some who are possibly not going to make it through the
winter as they are that unwell, but they won’t go home… (Outreach manager)
But even for those who can get work, it can be extremely difficult to gain access to accommodation in the private rented sector in London:

...It’s no good to get somewhere to live, it’s hard to generate a deposit at the lower end of the job market. (Outreach manager).

There are a number of reconnection schemes to help out of work CEE nationals to return to their country of origin, but not everyone wants to use these services:

Those that had alcohol misuse or drug misuse are reluctant to go back. It’s simple though, why would you want to go back to Poland in winter. Its minus 30C...the actual community attitude to people with problems is different too. There isn’t a plethora of handouts or people willing do things for you. I sometimes think, hang on we’re not offering an awful lot for these people but they think they’re better off here than they are in Poland so you have to question what they actually get when they go home. (Outreach worker)

Another issue, seldom discussed, is that some Eastern European migrants have criminal records and “…there is no way they are going back to Poland to serve time.” (Outreach manager). Also, some simply want to ‘make a go of it’ in the UK:

The majority of people refuse to go, there’s a lot of shame about returning home, cultural expectations of coming to UK. (Outreach manager).

The impact of the recession on homelessness amongst ‘no recourse’ group is complicated, and seldom as simple as the ‘story’ implied in this vignette. For a start, it is not often the case that they were tenants before finding themselves on the street. More commonly, they were in a hostel, B&B hotel or were sofa surfing when they first arrived and have not found work so have lost their foothold in this tenuous accommodation. Likewise, it is unusual for them to have actually lost a job – rather, they have generally been squeezed out of the job market as casual work has dried up or has been taken by others who have lost permanent employment:

It was easier in the past for people to get casual labour. (Homelessness umbrella group)

7.7 Conclusion

It is clear that targeted homelessness interventions have had positive effects in the UK, and that this is true even in the ‘malign structural context’ of the very tight housing market in London:

...across all the different scenarios [vignettes] there’s some really positive responses and some very successful responses. Yes it’s patchy, it’s very possible to fall through gaps, but there are opportunities for people to come forward and move on. (Young people services co-ordinator)
But it is also clear that some groups are far better protected than others, with immigrants who lack recourse to public funds at by far the highest risk of street homelessness. In contrast, safety nets are pretty robust for women feeling violence, though both the relocation process they often experience and their housing outcomes may involve work disincentives. Likewise, for young people under 18 who have to leave the family home, accommodation and support is generally available, but there may be employment disincentives in high cost transitional accommodation. Support for single men is much improved, particularly for those at risk of street homelessness – and for those with complex needs the labour market may be a long way off so work disincentives are not always an immediate concern. Struggling home owners have increased help in the current crisis, and though there are still holes in the safety net for them, their risk of homelessness appears comparatively low because of the social and other resources they tend to have.

There is a general sense that targeted services for many groups of homeless people are now very good and quite plentiful, at least in London, but the general housing market situation in the capital creates serious problems for resolving their long-term needs. One striking thing is that the degree of specialism in the homelessness field in the UK means that our interviewees often knew little about responses to at risk groups beyond their own immediate ‘clients’.
PART IV: HOUSING AND EMPLOYMENT

Chapter 8. Housing Impacts on Employment Outcomes

8.1 Introduction

The purpose of this chapter is to identify features of the housing system that help or deter employment. Negative effects of housing could include, for example barriers to labour mobility, disincentives arising from housing costs, and employment-related area effects arising from poverty neighbourhoods. There may also be aspects of the housing system which could, or should, enhance employment outcomes. We start by providing an overview of employment and worklessness by tenure in the UK, before considering our new qualitative evidence on the negative and positive labour market impacts associated with each tenure. We then consider the issue of poverty neighbourhoods specifically.

8.2 Employment and Tenure: An Overview

There is a strong relationships between employment and tenure (Figure 8.1):

- Individuals in ‘work rich’ households (i.e. households where all adults are in work) are concentrated in the owner occupied sector, particularly the mortgaged owner occupied sector.
- Worklessness is considerably higher among individuals who live in BMR households. There is virtually no worklessness recorded among mortgaged owner occupied households.
- Individuals living in market rental housing and in outright owner occupied housing have similar employment profiles: they have lower percentages of work rich individuals compared to mortgaged owner occupation and higher proportions of workless individuals.
There is a strong tendency for the rate of long-term worklessness to be much higher in the BMR sector than in any other tenure (Figure 8.2). Almost 30 (28.8) per cent of individuals in BMR households reported having no one in work during the past year – only marginally lower than the proportions with no adults in work at the point of the survey. This pattern generally holds in the other tenures, probably reflecting the point in the economic cycle.
8.3 Social rented sector (BMR)

The high levels of worklessness in the social rented sector has become highly controversial in the UK (Robinson, 2008), especially given that below market rents in this tenure should act as an employment incentive. A Government-commissioned Independent Inquiry argued that:

*Even controlling for a very wide range of personal characteristics, the likelihood of someone in social housing being employed appears significantly lower than those in other tenures. There is no sign of a positive impact on employment of the kind that the better incentives that sub-market rents might be expected to give.* (Hills, 2007, p.12)

Hills acknowledged that this might be explained by factors other than tenure, including ‘neighbourhood effects’ (p.12) (see below), and a large-scale qualitative research project found no evidence that social housing represents a deterrent to work (Fletcher *et al*, 2008). Our research participants were unsure if there was something intrinsic to social housing that was a barrier to employment, but felt that Hills provided a fair assessment of the evidence (i.e. was agnostic on whether there was an independent tenure effect). Most stressed that worklessness arose from a combination of factors.

Notwithstanding the disputed nature of the tenure effect argument, Government has tended to take the view in recent years that being a social tenant is an independent predictor of worklessness (Robinson, 2008). Thus recent Housing Ministers have flirted with idea of removing security of tenure from new social tenants in order to increase their incentives to work, mooting the possibility that social housing should become a tenure of ‘transition’ rather than ‘destination’ (Fitzpatrick & Pawson, 2007). Hills concluded that ending security of tenure would be an ‘unhelpful disincentive’ to moves towards economic independence, but the former Minister for Housing, Caroline Flint, linked the debate on security of tenure directly with incentives to tackle worklessness. She has suggested offering ‘a complete package of incentives and opportunities along with the keys to their new home’ (Flint, 2008b) and asking, ‘Could new tenants who can work sign commitment contracts when getting a tenancy, agreeing to actively seek work alongside better support?’ (Flint, 2008a). While the provision of support and training to assist workless households to gain employment is uncontroversial, the idea of ‘conditionality’ has provoked strong debate. While some of our interviews argued that while such conditionality may not work in general needs housing, it could be appropriate for some groups such as young people (e.g. the conditional nature of foyer accommodation was considered generally acceptable). There was far less support for the idea of such conditionality with respect to families with children:

*…how desirable is it to evict families because a work condition is unfulfilled…a blanket approach would be very difficult?* (Central government representative responsible for housing/welfare)
While ending security of tenure or work-related conditionality for social tenants seems off the agenda during the remaining period in office of this Labour Government (this may change if the Conservatives win the next election), some in the housing sector are becoming very interested in this employment agenda, albeit in a less coercive way. Notting Hill Housing Trust, for example, is trialling a scheme that incentivises people to work as can gain access to a better flat in a better area if they engage with employment activities. Some local authorities have expressed interest in awarding additional priority in transfers or lettings for people in work, or in providing equity stakes to those in work, or giving young people their own flat if they engage with work, training or education.

Aside from low rents, another potential labour market advantage of social housing is that it can be easier for other organisations to target social housing tenants with employment initiatives. For example, Job Centre Plus is now piloting outreach teams on social housing estates, and there are lots of local schemes aimed at helping people reconnect with labour market, but problems arise in trying to get people to engage with these services. Housing associations now routinely visit tenants and advise them of local employment services and encourage them to try courses to become work ready. The housing staff thus act as a conduit for other services and sources of support to people.

Some housing associations are also seeking to create their own employment schemes - training tenants to work within the organisation as interns to gain insight into work, confidence and build up transferable skills for their CV. But others are now limiting their work to core business because of the recession and reduced income, and there is less funding available for things that do not form part of their central services.

**Vignette:** Single unemployed woman who lives in a flat on a peripheral estate in a large city is offered a low paid job with flexible hours in the city centre. She has no car and is dependent on public transport.

While tenure was not specified in this vignette, in a UK context ‘peripheral estate’ is usually interpreted as a deprived social housing estate. Our interviewees noted that if this woman lives in some local authority areas they could consider a transfer to another social housing property nearer her new place of work, but across London this was unlikely to happen. Thus the discussions related mainly to travel issues, with participants noting that the costs and effectiveness of public transport varies between cities. Better off calculations often do not include travel but it could be a deciding factor. A key element of this better off calculation should be whether the work can be sustained.

*There is no point putting people in work if it can’t be sustained so it would be working out what the outgoings would be and to see if they will be better off.*

(Housing association employment scheme manager)
The safety of working flexible hours should also be taken into account before deciding whether it is reasonable for the woman to accept this job. If she has a child then she may be best not to take it, but if she is single then she might lose entitlement to benefits if she doesn’t take it.

8.4 Home Ownership

There is clearly a strong association between mortgaged home ownership and employment in the UK. However, there are longstanding concerns that high transaction costs and difficulties in moving from low to high cost areas may inhibit labour mobility (Oswald, 1999). These concerns are illustrated in the UK context in the vignette below.

**Vignette: An owner occupier, who lives with his wife and two dependent children in a small town with low house prices, is offered a better paid job in the capital city. He is not sure whether it is worth moving. Commuting will take three hours a day.**

It was clear from the responses from our interviewees that the housing market barriers are considerable for this owner occupier, and therefore the recommendation was that they take the job and accept the commute.

The cultural attachment to home ownership was considered so strong in the UK that whether one afford to buy in the new area is likely to be decisive. It was felt that this individual was unlikely to be willing to move from full homeownership to, for example, shared ownership/shared equity in order to enter a more expensive housing market. If the prospects in new job are excellent, then they may consider entering the private rented sector with a view to the long term benefits of the move, but for many jobs people would not be willing to move tenure. It is highly unlikely that they would get access to social housing.

A three hour commute was widely considered acceptable. While it was reported that many people are unwilling to travel, Job Centres consider an hour and a half travel each way (as in example) is fine: “it is what we would expect in terms of what is reasonable”. (Job Centre Plus representative). They would take into account whether person has to pick children up from school etc., but commutes of this length are not considered to be a reason to turn down a job (participants in London thought this pretty normal length of commute).

This leaves open the question of what would be recommended to this individual if the commute was considerably longer than three hours. It seems likely that respondents would think he should not move, and thus the housing market would be inhibiting labour mobility in this case.
Private rented housing is a very diverse tenure in the UK, and at the bottom end of the sector there are significant issues of worklessness (Rugg & Rhodes, 2008). While social housing is increasingly a site of intervention around employment issues, private rented sector tenants are harder to reach by employment and support agencies. This means that both the encouragement to seek employment and the risk of moving between benefits and employment are greater. Rents are also generally at market levels which can create a major work disincentive. These concerns are illustrated in response to the vignette below.

Vignette: A single woman with one child (aged 7) is living in a private rented flat. She has been out of work for some time but has been offered a temporary job which may or may not become longer-term. She is concerned about paying the rent if she comes off unemployment and housing-related benefits and about the delays in receiving the benefits if the employment contract is not renewed and she has to apply again for benefits.

If this person sought advice from Job Centre Plus (JCP) she would receive a ‘better off’ calculation where they’d estimate what the overall financial impact would be of taking the job. It was suggested that the quality of JCP advice was variable, but that lone parents would have a regular adviser whom they will have seen on several occasions and hopefully will have built up a relationship with. There can be problems with delays in moving from ‘out of work’ to ‘in work’ benefits but JCP should help them to navigate this, and there are various pilots being rolled out to address such benefit transitions. Structural adjustments to the benefits system are also attempting to overcome these transition problems with, for example, Housing Benefit run on periods and rapid reclaim facilities, and there are also £250 job grants so people can buy clothes etc to re-enter employment. However, there are limitations within all of these facilities, e.g. to be eligible for the run on period you must have claimed Housing Benefit continually for 26 weeks and going in and out of temporary work more regularly means people are not entitled to it. Thus, taking temporary work can be a risk and a difficult call to make for people and advisers:

…seen similar situation and advised not to take work. The time it takes to process [benefits] and how much will be lost. (Private employment company representative).

…temporary work can be a fantastic way into permanent work…but have to think carefully about what you’re losing. (Commercial sector recruitment agency representative)

Advisers can sometimes talk to the employer to assess if there are prospects for permanent contract. There are zero hour contracts and advisers would not entertain recommending people took them:
The issue with temporary employment for single parents is that a lot of the time they're not financially better off taking a temporary position as it does have that impact on the housing and benefits. Income Support is a passport to… a whole host of benefits they receive but to stop receiving that for two months can have a big impact and when they finish that contract they will have a big gap in between. (JCP representative)

Tenure is also relevant here as, while social landlords can be a source of support and advice and can conduct ‘better off’ calculations for people, this is not true in the private rented sector, unless they were placed in the private rented sector through the ‘homeless route’. Some local authorities have experience in developing relationships with landlords interested in working at the lower end of market, and if they had been placed in the private rented sector by a local authority the floating support services would try and keep landlord on side while the fluctuating income and benefits are worked out. Interviewees emphasised that it was important that private landlords are brought into the partnerships:

...it’s part of what tenancy sustainability work is all about, having relationships with landlords that they understand that their tenants are trying to get into work and that could mean a real problem, cashflow or rent payment problem or it could be continual over 2 or 3 year period and they have to be up for that, but it is possible. (Local authority Housing Options representative)

There were also discussions about need for JCP staff getting ‘back into the community’ (e.g. in children’s centres) so that private tenants and others could gain access to the support that they need. For some time JCP they had centralised services and were focused on stopping benefit, but they are now focussed on supporting people back into employment. Joined up working in this area now seen as the norm and is getting better; all funding for new projects depends on creating partnerships with other organisations:

There is a real push from JCP accepting that we need to get back into community, but we can’t go back to the days when we’d sit in a draughty community centre and wait for people to see us. It’s a lot more joined up about working in partnership now. (JCH representative)

8.6 Hostels and Supported Housing

Supported housing costs mean that people in these settings can be worse off in work (see also Chapter 7). An adviser interviewed confirmed that one of their only ‘better off’ calculations where it was clearly disadvantageous for client to take job was because they were in supported housing with high levels of service.

This means that it is crucial for supported housing services to move people through the homelessness system into cheaper accommodation when they are ready for work. One example of potential good practice here is the agency Off the Streets and
Into Work which incentivises people to do that by offering financial rewards, including a ‘Homestart’ grant of £1000, to move on from hostels and into the private rented sector (as there is little social housing available in London). This not only helps with work incentives, but also stops hostels being ‘silted up’ and engages people in positive lifestyle change.

However, short-term contracts in the private rented sector mean that hostel dwellers are often frightened to move on in case landlords evict them if they choose to sell the property. Another difficulty is that, while there is access to support to assist move on if a client is on benefits (and so can gain access to Social Fund payments to obtain basic furniture etc.), there is often little support available if they are in low income employment. There can also be barriers to employment within homeless hostels as there is a mindset amongst some hostel workers that accepts the worklessness of their clients.

8.7 Living in a Poverty Neighbourhood

As poverty neighbourhoods are so closely associated with social housing estates in the UK, neighbourhood and tenure effects are heavily intertwined, and Hills acknowledged that a limitation of his analysis of tenure impacts was the inability to control for neighbourhood effects. There is only limited statistical support for neighbourhood effects on employment once one controls for other (individual and household) factors (Galster, 2007), but one can control for too much, including historical neighbourhood effects which can shape individual and household characteristics.

Kintrea (2008) has remarked that:

*The widespread belief that segregation brings disadvantages, and can be at least tempered by policy, is an important break on the tendency of labour markets and housing markets to disadvantage people with lower incomes.*

(p.80)

Similarly, amongst our interviewees, while there was a recognition that the benefits of ‘social mix’ are not fully evidenced, they felt that it was the right thing to do in order to avoid ghettos. But this is a very difficult policy challenge as it requires working ‘against the grain’ of markets which tend to social sorting (Meen et al, 2005). There was also recognition that ‘mixing’ doesn’t always work as it can generate tension and ‘anti-social behaviour’, and it was noted that some homeowners can be ‘snobby’ and don’t want mix. It was also reported that the recession has made the achievement of social mix more difficult in new developments, e.g. some developments in the Thames Gateway were supposed to be mixed but now the portion of homes intended for sale have either gone to social housing or private landlords because of the collapse in the housing market.
There was some discussion about the negative ‘cultural’ influences in deprived neighbourhoods with, for example, suggestions that statutory homelessness could become ‘intergenerational’ in these areas.

*Poor people themselves are not the problem…social housing is a race to the bottom in terms of eligibility and we are putting people with mental health problems, single people on estates… that is why there is no confidence.* (Local authority housing department representative)

However, some argued that it’s the benefits system that causes dependency rather than social housing or neighbourhoods.

Attempts to achieve social mix take a range of forms. In some regeneration sites social housing providers are giving priority to working households, though they fear that they may be drawing working households from neighbouring estates and wards creating problems in those areas. Some local authorities are trying to create mix communities by incentivising current residents into work (i.e. ‘endogenous’ change strategies), and one housing association reported helping 340 tenants into jobs since 2004. But persuading people to take what can be very unattractive jobs is difficult. The first job may only get them used to working and get their confidence back and build their resilience. One project – Off the Streets and into Work - encourages people to move on to other jobs after a short time as that’s where work begins ‘to pay’. But just getting people used to the structure of work can be difficult:

*It’s about getting people used to going to work, the idea of having a 9-5 job, the routine, a lot of people don’t have that.* (Voluntary sector representative)

Another key challenge is that these interventions encouraging people into formal employment have to compete with the attractions of the informal or black economy (i.e. cash in hand jobs, as well as crime such as drugs and prostitution) which is usually far more lucrative:

*…one of the problems we have is that we are competing with the black market. People are actually doing really well in the black market and grey market…but we’ve got 27 people into employment this year, all of them are in retail sector, it’s low paid and, you know, crime pays!* (Local authority housing department representative)

**8.8 Conclusion**

Clearly the UK housing system can create barriers to employment. Despite the below market rents in social housing and a range of specialist interventions, rates of worklessness remain persistently high in this sector, though it is difficult to determine whether there is a ‘tenure’ or ‘neighbourhood’ effect operating. Mortgaged owner occupation is associated with high levels of employment, but labour mobility can be inhibited by wide variations between regions with respect to housing affordability.
The private rented sector can generate work disincentives with regard to those at the bottom end of the labour market as a result of the high rents and limited employment support.
PART V: CONCLUSIONS

Chapter 9. Conclusions

This report has examined the UK housing system and its relationship with the labour market and tax/social security system (the ‘welfare regime’). In this chapter we relate the evidence that we have collected to the theoretical framework established in Chapter 1.

9.1 The welfare regime, labour market and poverty

The UK ‘welfare regime’ has been characterised as being ‘liberal’ with its reliance on rather meagre means-tested benefits, while there is little tradition of earnings-relation in social insurance benefits which are flat rate and set below the social assistance level. It is notable that there is no allowance for housing costs in the mainstream benefits. That said, while the level of support is quite low it is relatively comprehensive, the main exceptions being a less generous treatment for young single people, refused asylum seekers and CEE migrants. The welfare regime has also been enhanced over the past 12 years with significant additional support provided to households with children, pensioners and to people in low or moderately paid work through the ‘tax credit’ system.

The welfare regime has (at least until the current recession) created quite high levels of employment, but also a degree of employment polarisation, with quite a high number of workless (‘work poor’) households co-existing with quite a high number of dual income (‘work rich’) households. Income inequality grew dramatically in the 1980s, and despite the measures described poverty remains at historically high levels.

9.2 The housing system

The housing system is characterised by a significant but declining social rented sector, that has increasingly become targeted on low income households as a result of better off tenants exiting to home-ownership (facilitated by the ‘right to buy’) and allocations policies become more ‘needs’ based, not least since the introduction of statutory homelessness rights for priority needs categories in the late 1970s. Combined with low levels of new build, access to the social rented sector has become very difficult in high demand areas, particularly in London. Thus the social rented sector is a safety net, but one that can be difficult to access.

Of increasing importance has been the Housing Benefit system, which provides the key link between the housing system and the social security system. It is highly targeted on low income households, especially households in poverty. Although in principle it is available to people in work as well as those out of work it is predominantly an out-of-work benefit. In principle it can meet the whole of a households’ rent if incomes are no higher than the social assistance level,
particularly in the social rented sector where there are relatively few restrictions applied to eligible rents. To the extent that dependence on the market rental sector is increasing and social rented housing is decreasing, more people will be exposed to limitations on eligible rents.

Home ownership is the dominant tenure in the UK. There is now relatively little direct assistance available to home-owners, but the home-ownership sector is also quite mature so more than one-quarter of people live in houses that are owned outright. Many of these people, particularly pensioners, are income poor. Although outright ownership is not a policy per se it is an important feature of the housing system that might be expected to exert some decommodifying effect.

9.3 The housing outcomes of the income poor

The evidence examined the impacts of the housing system on five dimensions of ‘housing outcomes’

Affordability: Housing costs increase poverty rates overall, and in every sub-tenure other than outright ownership where there is a very small fall. Surprisingly social rented housing by itself does not seem to be effective in containing housing-induced poverty, but when combined with Housing Benefit is clearly much more effective. Housing Benefit appears to make limited difference in the market rental sector. Most poor households pay more than 40 per cent of their in gross housing costs, but Housing Benefit reduces this to under a half. Nonetheless the differential between the ‘overburden’ rate of the poor and the non-poor on this indicator is almost five times.

Overcrowding: Less than five per cent of people live in overcrowded households (on the absolute indicator), but the rate of overcrowding is three times as high among the poor as the non poor. The differential is smaller on a ‘subjective’ estimate of overcrowding. Social rented housing does not produce better results than market rental housing.

Physical quality of housing: Basic amenities (toilet/ shower/ bath) are almost universally met amongst poor and non-poor, but between 15 per cent and one fifth of poor households report failures on a number of other criteria of physical quality and this is a rate around 50 per cent higher than among the non poor. Outcomes in the social rented sector appear to be worse than in the market rental sector, but this contradicts the findings of domestic surveys. There is no indication that outright ownership is associated with poor housing quality.

Neighbourhood quality: Surprisingly there is little difference in neighbourhood quality reported between poor and non-poor, but the position is worse in the social rented sector than in other tenures. A vast majority of people experience no difficulty in accessing neighbourhood services, but they are somewhat disadvantaged compared to the non-poor. Their position appears to deteriorate when the numbers of services
to which access is problematic is considered. However, this affects only a very small proportion of households. Again the situation is worse in the social rented sector than in other tenures.

*Satisfaction:* The vast majority of people express satisfaction with their housing, but the rate of dissatisfaction among the poor is roughly twice that of the non-poor, and the levels of dissatisfaction is highest in the social rented sector.

### 9.4 The impact of employment on housing outcomes

We also examined the link between housing outcomes and employment status, and also examined whether length of time out of work contributed to worsening housing outcomes:

**Affordability:** Worklessness increases the burden of gross housing costs and the situation is worse for those who live in long-term workless households. However, Housing Benefit improves the position considerably. A third of short-term workless households pay more than 40 per cent of income in gross housing costs compared to 15 per cent on those in work, but only a quarter do so on the basis of net housing costs. More than half of long-term workless households pay more than 40 per cent of income in gross housing costs, but this falls to 30 per cent after housing benefit. HB is of more assistance to long-term workless households than for short-term workless households, reflecting the much higher rate of receipt among the latter group.

**Overcrowding:** No more than 7.5 per cent of people live in overcrowded housing (on the ‘absolute’ standard) regardless of employment status. The rate of overcrowding is actually lower among the short-term workless than among those in work. But it is notably higher among long-term workless households. This differential widens slightly on the subjective indicator. So in this regard, short-term worklessness does not seem to lead to a deterioration in space standards, but long-term worklessness is associated with overcrowding, albeit among a minority.

**Physical quality:** Basic amenities are almost universally achieved, but on other indicators a higher proportion of workless households (albeit a minority) report a higher rate of problems than working households. The position deteriorates for long-term workless households. There is a tendency for problems to accumulate for long-term workless households compared to short-term workless households and working households.

**Neighbourhood quality:** There is not much difference between the proportions of short-term workless households reporting problems with neighbourhood quality, but a there is a somewhat higher proportion of long-term workless households reporting such problems. Again the problems seem to accumulate among long-term workless households, although the proportions are very small. The pattern is not so clear on access to neighbourhood services.
9.5 Homelessness and the welfare regime

The nature of statutory homelessness is consistent with our hypothesis that a ‘liberal’ welfare regime is likely to create relatively high levels of homelessness that can be attributed to underlying affordability problems. However, the evidence suggests that rent arrears are rarely a trigger of statutory homelessness, suggesting that housing allowances perform a valuable role in assisting with affordability. The feature of the housing system that does emerge as a significant trigger of statutory homelessness is the end of fixed term tenancies in the market rental sector. The evidence suggests that non-statutory homelessness is more associated with ‘individual’ problems, but that street homelessness is most likely to occur among groups (CEE migrants and refused asylum seekers) that not protected or are only weakly protected by the social security system. It is clear that targeted homelessness interventions have had positive effects in the UK, and that this is true even in the ‘malign structural context’ of the very tight housing market in London. But it is also apparent that some groups are far better protected than others: women fleeing violence are probably best protected, and immigrants who lack recourse to public funds least well protected.

Loss of employment is rarely an immediate trigger to homelessness (excepting those immigrants who lack recourse to public funds); a finding that is likely to be attributable to the Housing Benefit system in particular. However, long-term labour market marginality and homelessness are connected, as are underlying affordability problems. While increased conditionality in welfare benefits was a concern for some service providers, others felt that ‘active’ labour market policies gave their clients a better chance of moving out of homelessness than unconditional access to long-term benefits. The recession is likely to have mainly indirect and longer-term impacts on homelessness in the UK, and may conceivably have some benign effect with respect to housing affordability-related homelessness.

9.6 The impact of the housing system on employment

We also hypothesised that there are likely to be feedbacks from the housing system to the labour market, that is the housing system can affect employment levels. While different tenures have different levels of employment, this does not in itself indicate causality. Our evidence does suggest:

*Social rented housing* does not appear to produce the employment outcomes that might be expected from below market rents. While ‘tenure’ affects have not been supported by the evidence, there is some evidence of area effects, but this is also not conclusive. The tenure can create disincentives to employment because there are many barriers to mobility in the sector, particularly between local authorities. Housing estates that are peripheral to labour markets may also create barriers because of transport costs. On the other hand, some successful employment schemes have been delivered through housing associations and are therefore of specific benefit to social tenants.
Owner occupation enjoys high levels of employment. The principal inhibition to employment arises from differential housing costs between regions that can create a disincentive to move. It is notable that employment is higher among mortgaged owners than among outright owners, but it is not possible to establish causality.

Market rental housing: While having advantages of flexibility the tenure is expensive so people face fewer incentives to enter employment due to loss of Housing Benefit.

Housing Benefit: The evidence suggests that assistance is primarily targeted on workless households. To some extent this is due to non-claiming among eligible households, it also reflects its means-tested nature. The evidence suggests that uncertainty of employment is also a disincentive due to the difficulties between moving on and off benefits.

9.7 Conclusions

Despite reforms aimed at tackling poverty and enhancing employment, the UK ‘welfare regime’ still produces high levels of income poverty. These are mediated by active housing policies in the form of social rented housing and especially housing allowances. The growth of a significant outright ownership sector provides another break between income and housing outcome. While it is difficult to benchmark the outcomes without international comparison, it seems likely that although the housing system does not break the link between income poverty and housing poverty, it does weaken the link. A similar conclusion may be drawn from worklessness, where it seems that housing outcomes deteriorate among the long term workless compared to the short term workless. There is a high association between tenure and employment, with housing markets, area effects and the interaction between employment and housing allowances appearing to play a role.

The housing system appears to limit ‘structural’ homelessness by improving access and affordability with the help of the housing allowance. This conclusion is strengthened by the relative vulnerability of groups that receive the least protection (those migrants who are not entitled to receive public assistance) and the higher levels of homelessness found in ‘tight’ housing markets. An important findings is that the targeted interventions can help those from a variety of groups whose homelessness is attributable to ‘individual’ causes.
References


[http://www.publications.parliament.uk/pa/cm200506/cmselect/cmtreasy/811/811i.pdf](http://www.publications.parliament.uk/pa/cm200506/cmselect/cmtreasy/811/811i.pdf)


### Appendix : Examples of good practice

#### Example 1

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<thead>
<tr>
<th>1. Name of policy/practice</th>
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<tr>
<td>Sanctuary Schemes</td>
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<table>
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<tr>
<th>2. The aims and objectives of the policy/practice</th>
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<tr>
<td>To enable households at risk of domestic violence to remain in their own homes through the provision of enhanced security.</td>
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<th>3. Factual description of the policy practice</th>
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<td><strong>Background</strong></td>
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Women’s refuges or temporary local authority accommodation can provide safe places for households fleeing domestic violence. Refuges can also offer the opportunity to connect to other people and access emotional and practical support that many women fleeing domestic violence require. However, research has also shown that the experience of living in a refuge or temporary accommodation can be stressful and stigmatizing for both women and children. Further, women in employment are often unable to meet the costs of refuge accommodation or may have to leave their employment if they are rehoused in another area. Children, already traumatised by the violence they have witnessed or sometimes suffered, often have to move to new schools, and families may have to spend long periods in temporary accommodation until they can access more settled accommodation. The move to new settled accommodation can also be disruptive, potentially forcing another change of school, employment and health services, as well as a move away from any recently developed support networks in temporary accommodation.

Previous research has noted the problems homeless families may experience when trying to settle in unfamiliar areas without the support of friends and family they would normally rely on. Further, families who are forced to flee violence often have to leave all their possessions, which adds to the difficulty of trying to resettle (Pleace et al., 2008; Jones et al., 2002). Households may live in fear of the perpetrator tracking them down to their new accommodation. Where this happens, it may lead to further episodes of homelessness and more disruption (Jones et al., 2002).
The History of Sanctuary Schemes

The Sanctuary model was first conceived in 1998 by police officers based at the Crime Reduction Unit (CRU) in the London Borough of Harrow. Although a large amount of good work was being done to help victims of domestic violence and hate crimes, there was recognition that people who remained in their own homes often felt isolated and lived in fear of repeat incidents. Others, who left their homes to escape violence, experienced repeat episodes of homelessness. The police advised households about home security and personal safety but there were no provisions in place to provide the additional physical security measures to ensure the safety of households. In September 2002, the CRU, in partnership with the London Borough of Harrow Housing Department, launched the ‘Sanctuary Project’. The aim of the project was to help households at risk of domestic violence and hate crime to remain safely in their homes by providing enhanced security (such as locks, reinforced doors alarms, and an inner Sanctuary Room – these elements are discussed further below).

The Sanctuary model was thought to have a number of potential benefits including:

- A reduction in homelessness;
- A reduction in repeat incidents of domestic violence;
- Cost savings for agencies dealing with domestic violence such as the police and housing providers (and a reduction in the cost of providing emergency accommodation and rehousing households who become homeless as a result of domestic violence); and,
- A reduction in the disruption experienced by households (including moving to emergency accommodation, being rehoused, moving to an unfamiliar area, having to leave employment/find new employment, children having to change schools and so on).

The Sanctuary model has been promoted in England by government as one option for households at risk of domestic violence and in 2006 the government published a guide to setting up Sanctuary Schemes (this has since been updated following the evaluation detailed below). Although there are no current national figures on the number of Sanctuary Schemes operating in England, evidence suggests that they are widespread. A survey of homelessness prevention conducted in 2007 found that about half of England’s 354 councils were operating such schemes. Nevertheless, there was very little evidence on the effectiveness of such interventions and in 2008 the government commissioned an independent evaluation of such schemes.

4. Evidence of good results of the policy/practice

The Research

In 2008 the government department, Communities and Local Government (CLG) commissioned the Centre for Housing Policy, working in association with the Centre for Criminal Justice, Economics and Psychology, at the University of York to conduct...
research on the effectiveness of Sanctuary Schemes in England. The independent evaluation was undertaken between November 2008 and June 2009.

The methodology comprised five elements:

- Telephone interviews with key stakeholders – to provide some background and to inform the development of the more specific research questions;
- Selecting case studies - Given time constraints it was not possible to compile a sampling frame comprising all Sanctuary Schemes in England. Instead, eight case study areas were purposively selected from a sample of 48 Sanctuary Schemes that had responded to an earlier request for information. The case study areas were selected in the main because they appeared to represent a range of different models and were led by different agencies/partnerships. Sanctuary Schemes which had been operating for a year or more were selected in order that the sustainability of Sanctuaries could be explored;
- Analysis of monitoring data and other relevant documentation
- Interviews with service providers and relevant agencies
- Interviews with households using, and who have used, Sanctuary Schemes; and,
- Cost-benefit analysis.

Research findings

Agencies delivering Sanctuary Scheme services

The lead agencies responsible for co-ordinating and delivering Sanctuary Schemes were housing providers (social landlords) and specialist domestic violence services. The delivery of Sanctuary services involved a range of services required to ensure that Sanctuary was one element in a package of measures to support households at risk of domestic violence. These included:

- Local authority departments (housing, homelessness);
- Crime and Disorder Reduction Partnerships/Community Safety Teams;
- Specialist domestic violence agencies;
- Social landlords;
- Police;
- Fire and rescue services;
- Primary Care Trusts (health services);
- Social services (adult and children services);
- Independent Domestic Abuse Advisers; and;
- Agencies responsible for installing Sanctuary measures.

Sanctuary Schemes had adopted different models of Sanctuary but in general Sanctuaries are individual packages informed by a full risk assessment, the type and condition of the property and the needs and circumstances of the individual household. Sanctuaries are created by enhancing security in the property through ‘target hardening’ of the property and the provision of safety equipment. Sanctuary
measures might include:

- reinforced exterior and interior doors;
- extra door and window locks;
- reinforced double glazed windows;
- window grilles;
- fire retardant letter boxes;
- smoke detectors and fire safety equipment;
- window alarms;
- alarm systems that connect directly to the police or care control systems;
- intercom systems; and,
- video entry systems.

Sanctuaries sometimes include a Sanctuary Room. This is created by securing a room, normally the main bedroom and equipping it with a mobile telephone or an alarm. The purpose of a Sanctuary Room is to provide a safe place where households at risk of domestic violence can call and wait for the arrival of the police. The research suggests that Sanctuary Rooms may pose a potential danger to households, particularly in cases where the service user reconciles with the perpetrator who could, effectively, hold them hostage in the Sanctuary Room. There was no evidence to suggest that service users had come to any harm in this way, but neither was there evidence to suggest that Sanctuary Rooms provided any extra protection to households.

Sanctuary measures are not confined to target hardening work and enhanced security measures within the property, Sanctuary Schemes can also improve security outside, by for example:

- providing security lighting;
- installing CCTV (closed circuit television cameras;
- cutting back hedges and branches; and
- erecting fences and gates.

**Personal safety outside the home**

Some Sanctuary Scheme services addressed the problem of personal safety outside the home. Sanctuary Scheme service users clearly have to be able to go about their daily lives as normally as possible and Sanctuary Scheme services should work with households, the police and specialist domestic violence agencies to develop personal safety plans and/or to pursue civil or legal remedies where appropriate (see Jones *et al.*, 2010 and CLG, 2010).

Sanctuary Scheme services also have to address the wider needs of their service users which might include emotional or practical needs, mental health, drug or alcohol needs or problems with children. Not all households will have needs but it is good practice to ensure that all service users have their needs assessed by
specialist domestic violence workers.

Sanctuary Schemes are appropriate for all groups regardless of age, sexuality, ethnicity, or gender as long as they wish to have Sanctuary installed and the perpetrator is not living in the property. Sanctuary is not suitable if the perpetrator’s friends or family live in the property or where it is too dangerous for the household to remain in the area because the perpetrator or perpetrator’s family pose too great a threat. Sanctuaries are not suitable for people who cannot manage the security measures or for those living in houses in multiple occupation or other properties with shared entrances which cannot be secured. The suitability of Sanctuary will always depend on a full risk assessment of the case and the needs and preferences of the household (see Jones et al, 2010 and CLG, 2010).

The effectiveness of Sanctuary Schemes

The Sanctuary Schemes in the eight case study areas had installed over 1,000 Sanctuaries between them at an average cost of approximately £500. There had been attempted breaches but in the vast majority of cases, Sanctuary measures such as reinforced external doors, window locks and grille shad deterred or prevented perpetrators from forcing their way into the property. Only three cases were reported where the perpetrator had managed to force entry, and in one of these cases the service user was not at home at the time.

Service providers and service users felt that Sanctuaries had a number of benefits for agencies and households. For households these included:

- Widening choice – many service users wished to remain in their own homes and did not wish to move to refuges and to be rehoused in unfamiliar, and possibly less desirable areas or properties;
- Providing a safe and sustainable alternative;
- Minimising disruption (having to move, leave their current employment, change doctors, schools);
- Allowing people to stay close to formal and informal support networks; and,
- Allowing people to remain in their jobs.

The benefits for agencies reported by service providers included:

- A reduction in the number of households accepted as homeless due to domestic violence;
- Cost savings; and,
- A reduction in repeat incidents of domestic violence.
5. The transferability of the policy/practice

Domestic violence is a serious problem across the world. This intervention would be of interest to agencies in all countries seeking to offer more choice to, and to improve housing and employment outcomes for, households at risk of violence. As has been seen, such interventions that allow households to remain safely in their own homes benefit households and the agencies seeking to support them in a number of ways. Not least, Sanctuary Scheme services can help to reduce homelessness by reducing the threat of repeat incidents of violence. Households can remain safely in their own homes thus avoiding moves to refuges and, possibly less desirable areas and properties, and avoid the disruption a move necessarily entails including having to seek new employment in a new area. The model could be replicated in any country/area where there are sufficient and appropriate agencies to support its development and delivery. Although the evidence on cost-benefits of the model was somewhat limited due to the lack of detailed information available in the case study areas, it does appear that Sanctuary Schemes have the potential to produce significant savings for housing providers, households and other agencies (in particular the criminal justice system) that deal with the consequences of domestic violence.

References


Example 2

1. Name of policy/practice

Youthbuild schemes

2. The aims and objectives of the policy/practice

Youthbuild projects maximise the links between housing and employment by creating construction led vocational training projects for socially excluded and disadvantaged young people (usually) in deprived areas.

3. Factual description of the policy practice

**Background**

Spatial variations in worklessness and the concentration of poorer households in social housing highlight the requirement for housing and employment scheme providers to work more closely, to overcome barriers to employment and negative neighbourhood impacts arising from deprivation (Hills, 2007; Meadows, 2008). Housing associations have for many years worked on ‘housing plus’ type community projects, in addition to their core landlord functions, but are urged to do more to support workless tenants into the labour market (Housing Corporation, 2007). Examples of this kind of work include offering in-house work experience, or working with other providers in offering financial inclusion, childcare support or English language training for tenants to increase their appeal to local employers. Between 2003 and 2008, housing associations have invested £209 million in 874 employment related projects, 39 per cent of which address jobs and enterprise and 61 per cent education and skills development to increase employability (ibid.).

One third of housing association led employment-related schemes are aimed at vulnerable unemployed young people (Housing Corporation, 2007). Youth unemployment adversely influences individual outcomes in later life if the individual has lower skill levels; it can depress future wages and is linked with a higher incidence of crime (NHF, 2009). Since the financial crisis, concern about youth unemployment has grown. The youth unemployment rate (16-24 years old) is now 17.5 per cent compared to only 6.2 per cent for 25-49 and 4.7 for those over 50 years old (Centre for Economic and Social Inclusion, March 2010). Nationally, youth unemployment has risen 114.1 per cent between July 2008 and July 2009, but in some regions that include former industrial areas such as Yorkshire and Humberside, youth unemployment has risen 141.8 per cent during the same period (ibid.).
Youthbuild Schemes

The Youthbuild model was developed in the United States and is constituted as a federal programme where social enterprises and community-based organisations deliver local schemes (www.youthbuild.org). Youthbuild initiatives have been deployed in the UK since the 1990s and are delivered by housing association led partnerships of key local agencies, which include further education colleges, local employers predominantly in the construction industry, homelessness agencies, social services and job centres.

The strength and utilisation of local knowledge and relationships, with both clients and employers, were identified as factors that improve the effectiveness of employment related schemes (Meadows, 2008). Although the schemes are supported nationally by all learning, welfare and housing agencies, for the reasons Meadows suggests, Youthbuild schemes are conceived and implemented locally.

The benefits of Youthbuild initiatives are that the programmes include:

- vocational skills training in areas where there are national skill shortages,
- combined with real work experience in genuine employment settings,
- opportunities for participants to gain recognised qualifications,
- obtaining mentoring support, and
- develop personal and development skills to prepare them to enter and retain employment.

Some schemes also link the supply of a housing tenancy to achievements in the scheme should the young person be vulnerable and inadequately housed. The employers receive the benefits of support in building up the skills base in their trades locally, and young participants get support in overcoming personal, educational or other issues that have so far prevented them from engaging in education, training or employment.

Yorkshire and Humberside Youthbuild

There have been two important initiatives in the Yorkshire and Humberside region, one in Bradford and one in Harrogate, both led by the Accent Group housing association. These are construction industry based projects, but the Bradford scheme has also run a parallel initiative involving the financial and commercial services industry in the city. The local housing and labour market conditions are very different, Harrogate is substantially more affluent than Bradford and as there are significant housing affordability problems in Harrogate, this scheme includes access to social housing as a key component of the local Youthbuild programme. In contrast, drivers for the projects in Bradford relate to the difficulties of inner city residents accessing racially stratified labour markets (NHF, 2009). Accent Group has also run similar schemes in Middlesborough, in the North East region, and Burnley,
Youthbuild participants are offered employment work experience on live new build or refurbishment projects being developed by the housing associations. This follows on from work preparation and induction courses, continued vocational training at the local further education college and personal/social skills development by mentoring and outdoor pursuit courses.

Referrals are accepted from a range of local agencies that include: social services, homelessness agencies, children and young people’s charities and faith organisations. Applicants must meet basic eligibility criteria, such as be 16-25 years old, have a local connection, have low support needs, minimum literacy and numeracy level and be in housing need or vulnerable in some other way. Assessments of the benefits and risks associated with each potential participant are then discussed with the referral agencies prior to interviewing the client with their support workers.

4. Evidence of good results of the policy/practice

The Research

The evidence base for the effectiveness of such housing and employment related schemes is disparate. However, we can draw upon evaluations of local schemes and national research that focuses upon a broad range of initiatives to tackle worklessness, which also include Youthbuild programmes.

There have been three local evaluations of the Accent Group schemes:

1. A Learning and Skills Council evaluation of the Youthbuild Foundation (Burnley) conducted in 2004.

These assessments of the projects are based upon scheme monitoring data to assess outcomes,

interviews with key delivery staff and with young participants of the projects. These schemes have also regularly won industry awards.

Other research that includes Youthbuild schemes include:


3. A good practice guide issued by National Housing Federation ‘Firm Foundations’

These are based on literature reviews, case studies and interviews with delivery partners and participants.

Research findings

These are collaborative schemes involving a wide range of key partnerships. Although managed by the lead housing association, the active involvement of the local authority, local further education college and local employers, as well as the support from national agencies who would access and support funding applications, such as the Housing Corporation, the Government department responsible for housing (Communities and Local Government) and Job Centre Plus agencies, are all critical to the success of the schemes.

There are 4 stages of Youthbuild programmes identified: awareness, mentoring, placements and outcomes (NHF, 2009). The first stage is about generating participants and referrals, and support and funding from agencies involved. The second stage is about developing key personal and construction skills and mentoring the participants through work tasters, college and personal problems and counselling the non-achievers and identifying why some participants may drop out. The third stage is about managing onsite and college placements where qualifications and work experience are obtained. Finally analysis of the employment, business education or training outcomes.

Awareness

A partnership of local agencies was identified early in the Harrogate scheme to deliver this ‘joined up’ approach to housing and employment for young people. Strategic support was sought from the local authority first for the proposal and this enabled the association to approach others. Different agencies were able to make applications for a range of funding streams, although not all of these were successful. Long term funding for Youthbuild schemes has been identified as important to establish (NHF, 2009) and the Harrogate scheme found an inordinate amount of time was spent fundraising.

Mentoring

At this stage the projects in which work placements will be undertaken needs identified and the timetable for each intake of participants needs careful consideration. There can be a mismatch between the development pipeline of new build or refurbishment schemes run by the housing association or local developers and with educational establishment timetables, and so expectations about site start
dates and meaningful activity for the participants should any delays occur is important. The Harrogate project has access to a Construction training Centre run by Youthbuild Bradford, which was used to keep participants on board until their placement started, as well as developing team building by attendance at outdoor pursuit’s centres. Delays did become a de-motivating factor for some participants.

Mentoring by trusted individuals is important in helping the young people make the most of the opportunities that the schemes present. Many young people involved have had histories of offending, low attainment at school and substance misuse and staff have to work hard at retaining participants’ commitments to the scheme. In the Harrogate scheme the college also conducted a four week induction course specifically for the Youthbuild participants. However, it was necessary to introduce a code of conduct to address poor behaviour or non attendance at college and this and a dedicated mentor are now in place for all new entrants.

The mentor is important to reduce dropout rates, provide additional support and to produce the effective relationship between the employer, the educational establishment and trainee (NHF, 2009).

Work placements

Youthbuild participants in the Harrogate scheme wished to be involved to give themselves a “a routine, have something to do everyday”, “Somewhere to live and a job”. The scheme had a positive impact on their views for the future “made me realise I want to sort my life out”, but some were frustrated by the delays in starting work “I feel I’ve been let down and some of the promises made haven’t been kept”. The work experience placement was valued: “This is for real, not been messed about”, but also supportive “The boss is great, always showing you something new”.

Outcomes

By May 2009 the outcomes for the Harrogate scheme are:

- 18 trainees recruited
- 13 work placements
- 4 apprenticeship placements secured
- 4 affordable housing properties provided
- 6 trainees housed in flats they helped to build (NHF, 2009).

The Bradford Youthbuild scheme was begun in 1997 and its outcome are:

- 1500 people provided with construction training opportunities
There are no data relating to the softer outcomes of trainees becoming more ‘work ready’ or that express the ‘distance travelled’ in this pursuit. The Bradford scheme evaluation of the business and finance scheme included a value for money assessment. Each trainee cost £2,700 which compares favourably with other training schemes for young people, but the Youthbuild evaluations of the construction schemes do not include an assessment of costs. The construction scheme in Harrogate found that as it is in a high cost housing market the cost of acquiring a property for the trainees to refurbish was higher than anticipated.

There are differences in the ability of some schemes to attract long term funding and target groups, but there is emerging evidence of some successes. A similar scheme run by Pennine Housing in Yorkshire has achieved a dropout rate or failure to complete the construction apprenticeship of less than a fifth, compared to an industry average of 30 per cent (Housing Corporation, 2007). All trainees on their two year scheme went on to find work with the housing association or construction partners or sub-contractors (ibid.). Wakefield Housing in the same region also run a construction skills scheme and have secured long term employment for 164 people.

Meadows (2008) found that local initiatives are important as for lower skilled workers the job search activity is conducted in a smaller geographical area, as work related mobility was only relevant for higher earners. The key to delivery of schemes to overcome employment barriers is effective partnership working at the local level and housing associations are well placed to facilitate this with their links between various public and voluntary agencies and private sector construction companies. However, although much work is undertaken by housing associations to tackle worklessness, many of the schemes remain pilots and there is a lack of a robust evidence base of the role housing associations can play in this field (Housing Corporation, 2007).

5. The transferability of the policy/practice

The Youthbuild model has already transferred from one different labour market and housing context in the US to the UK, but as the schemes are delivered locally they can be sensitive to local conditions. Interventions of this type could be applicable to many countries seeking to support disadvantaged young people into employment, and possibly housing, by utilising the multi-agency partnerships and construction projects led by housing providers. In the UK, there are nationally recognised skills shortages in construction in the UK. There are, therefore, mutual benefits between communities, individual participants and industry. The provision of social housing
within the scheme could problematic, however, as it may work as an incentive to successfully complete the education and employment training, but it also has raised concerns about the appropriateness of applying employment conditions upon access to housing which would have to be considered in the context of local norms and market conditions (Housing Corporation, 2007).

Further reading


