

### **Appendix 3: The national context and our current homelessness and preventing rough sleeping challenges**

Whilst homelessness is linked to one of our main corporate priorities (housing), a number of factors influence our ability to deliver our housing and homelessness advice for Spelthorne. Many of these are as a result, both directly and indirectly, of national government policy and legislation.

#### **The national policy context**

Recent statistics from the Chartered Institute UK housing review indicates that 56,570 homeless households were recorded nationally, with the South East region accounting for 7,730<sup>1</sup> of these. Whilst the numbers have fluctuated there has been a general increase of homeless households in the last five years. The review identifies the main reasons for homelessness which remains consistent over the last five years. The top three reasons for homelessness nationally are:

- Loss of private dwelling, including tied accommodation which accounts for 35% of homelessness.
- Parents, relatives or friend no longer will or able to accommodate which accounts for 27% of homelessness
- Breakdown of relationship with partner which accounts for 17% of homelessness.

In a similar trend, Ministry of Housing Communities and Local Government (MHCLG) identifies an increase in the number of rough sleepers both nationally and regionally. MHCLG conduct an annual snapshot of people rough sleeping on a single night by using street or spot counts and evidence-based estimates. MHCLG's 2018 annual autumn snapshot of national rough sleeping recorded 4,677 people as sleeping rough on a single night. This figure is nearly double what it was in 2014 when it was 2,744<sup>2</sup>.

In August 2018, the Government released its Rough Sleeping Strategy which set out how it would seek to halve rough sleeping by 2022 and eliminate it by 2027. It makes 61 commitments, which focus on three key themes: prevention, intervention, and recovery. A Delivery Plan was published in December 2018 which provided more detail on how the target would be met. This includes the introduction and distribution of a Rough Sleeper Initiative fund to local authorities for immediate support.

Significant changes to the law on homelessness were implemented in April 2018 through the Homelessness Reduction Act 2017. This legislation amended the legal duties Spelthorne, as the local housing authority, has towards certain people who find themselves homeless or threatened with homelessness. Changes included:

- Extending the time in which a household is defined as 'threatened with homelessness' from 28 days to 56 days.
- Placing homelessness prevention on a statutory basis regardless of priority need or whether someone may be intentionally homeless.

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<sup>1</sup> Chartered Institute of Housing. M. Stephens, J. Perry, P. Williams, and G. Young (2019). 2019 UK Housing Review. CIH: Coventry.

<sup>2</sup> Ministry of Housing Communities and Local Government (2018) 'Rough Sleeping Statistics Autumn 2018, England (Revised)'. Retrieved from: <https://www.gov.uk/government/statistics/rough-sleeping-in-england-autumn-2018>

- Requiring authorities to provide personalised assessments and housing plans in all eligible cases, which contain ‘reasonable steps’ for both the authority and the applicant to take to prevent or relieve homelessness.

A national review of the Homelessness Reduction Act 2017 is to be undertaken by the Ministry of Housing, Communities and Local Government in 2019/20, which will assess the effectiveness of the changes in reducing homelessness overall. Spelthorne Borough Council recently participated in MHCLG’s public consultation which called for evidence on the impact of the Homeless Reduction Act 2017.

A range of measures to raise standards in the private rented sector:

- Homes (Fitness for Human Habitation) Act which gives tenants the right to take their landlord to court in cases where their rented property poses health risks. The Act applies to all tenancies created after 20 March 2019, with all existing tenancies being covered from 20 March 2020
- Extension of HMO licencing to include all properties which accommodate five or more people, from two or more separate households.
- Tenant Fees Act 2019 which bans certain landlord and lettings agent fees, and caps the level of tenancy deposits required. The aim is to reduce the costs that tenants can face in accessing and sustaining a tenancy.
- Proposal to abolish ‘no fault’ evictions in the private rented sector. Section 21 notices currently allow a landlord to terminate a tenancy without a specific reason, outside of the initial fixed term. A consultation on this proposal is expected in the second half of 2019.

Welfare reform has been ongoing since 2009, introducing a wide package of measures to reduce expenditure on benefits, and to promote the concept of ‘making work pay’. Such measures have included:

- The overall benefit cap which limits the amount of benefit a person can claim.
- Introduction of Universal Credit which was implemented on a phased basis and commenced in Spelthorne from November 2018.
- Removal of the spare room subsidy
- Freeze on the Local Housing Allowance rates

Austerity has meant that local government services have received significant funding cuts over the past five years, including to:

- Revenue Support Grant – the money granted to local authorities to fund local services.
- Housing related support services – such as supported accommodation and floating support services, and changes to the way services are commissioned.

#### Brexit:

The UK voted to leave the EU in June 2016 and there is intense uncertainty over the long-term implications of Brexit on the economy. This makes it difficult to predict the impact of Brexit on the housing market and subsequently homelessness. In July 2018, Homeless Link and Crisis worked with WPI economics to consider the possible impacts of Brexit on homelessness. The three organisations raised questions as to whether the UK Shared Prosperity Fund would be utilised to support the homelessness agenda and questioned what rights future EU migrants may have. Overall they concluded that it is hard to predict the challenges Brexit may cause on

homelessness but suggested if the risks posed are carefully considered then an opportunity may be created to improve or renew domestic policy agendas.<sup>3</sup>

Furthermore, the fragility of Government recently has increased uncertainty over the steer of politics and impact it may have on future housing and homelessness levels.

### **The Spelthorne context**

Spelthorne's overall level of homelessness and use of emergency accommodation is fuelled by:

- Affordability of the private rented sector
- Demand on the limited supply of social housing
- The limited number of active affordable housing providers
- Impact of welfare reform policies

### Homelessness

In common with other areas across the country, homelessness has been a growing issue. Since 2009, the numbers of statutorily homeless households has increased significantly<sup>4</sup>, although the number has remained relatively stagnant over the past four years.

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
<b>Number of statutorily homeless households</b>	123	120	115	116

Over the same period, the average number of households in temporary accommodation per quarter has seen a correspondingly significant increase<sup>5</sup>, meaning that the authority's gross spend on temporary accommodation is now regularly over £1million per year.

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
<b>Number of households in Temporary Accommodation (average per quarter)</b>	104	126	112	103
<b>Gross spend on temporary accommodation</b>	£1,008,185	£1,557,019	£1,250,146	£1,165,946

<sup>3</sup> WPI Economics (2018) Homelessness and the Impact of Brexit: Tackling the Challenges and Grasping the Opportunities. A WPI Economics Report for Crisis and Homeless Link.

<sup>4</sup> Ministry of Housing, Communities and Local Government: Detailed local authority level homelessness figures. Section 1, Column e11g

<sup>5</sup> Ministry of Housing, Communities and Local Government: Detailed local authority level homelessness figures. Section 6, Column e69c

### Affordability and delivery of new affordable housing

Affordability of accommodation remains a serious issue for local residents. The median house price in Spelthorne has increased by 42% over the past five years<sup>6</sup>, to £385,000<sup>7</sup>. With a median annual salary of £35,404, a local resident would need over 11 times this amount to purchase an average home on the open market<sup>8</sup>.

	2014/15	2015/16	2016/17	2017/18
<b>House prices: median price of dwellings sold in the year (Spelthorne)*</b>	£299,950	£338,000	£390,000	£385,000
<b>Median full-time wages (Spelthorne)**</b>	£32,925	£34,066	£34,997	£35,404
<b>Ratio median house price to median wage (Spelthorne)**</b>	8.5	9.39	10.42	11.16

\*House price data is recorded quarterly, and so an average across the financial year has been calculated.

\*\*The affordability ratio and income data is recorded annually, and so the three datasets may not necessarily correspond.

Delivery of affordable housing has also been sluggish over the past four years, with only nine affordable dwellings completed in the 2017/18 financial year<sup>9</sup>.

	2014/15	2015/16	2016/17	2017/18
<b>Affordable dwellings completed (Net)</b>	-27	124	46	9

This performance pales in comparison to the need. The Council's Strategic Housing Market Assessment (SHMA) Update Report, prepared for the purposes of revising the Council's Local Plan, suggests an overall need of 459 additional homes per year to 2035 – the vast majority being affordable or social rented instead of affordable home ownership<sup>10</sup>.

### Supply and demand of existing affordable rented housing

The availability of existing social housing stock is severely limited. In 2017/18, there were eleven applicants for every social housing vacancy, on average<sup>11</sup>, over double the levels from four years prior.

	2014/15	2015/16	2016/17	2017/18
<b>Number on Housing Register as at 1 April</b>	1,224	1,598	1,869	2,186
<b>Number of lettings</b>	209	249	197	199
<b>Ratio applicants to vacancies</b>	6:1	6:1	9:1	11:1

<sup>6</sup> House prices: ONS, House price statistics for small areas, Datasets 9 and 24

<sup>7</sup> House prices: ONS, House price statistics for small areas, Datasets 9 and 24

<sup>8</sup> Ministry of Housing, Communities and Local Government: Live Table 577: ratio of median house price to median earnings by district, from 1997

<sup>9</sup> SBC Authority Monitoring Report 2018

<sup>10</sup> SBC SHMA Update May 2019, prepared by GL Hearn

<sup>11</sup> Ministry of Housing, Communities and Local Government: Live Table 600: numbers of households on local authorities' housing waiting lists, by district: England, and in-house recording

An additional pressure is that over 90% of the social housing stock is with one provider, A2Dominion<sup>12</sup>, which results in us being overly-reliant on that provider's policies and activities. There is also a disproportionately high presence of large providers, with only one provider classified as 'small' (owning less than 1,000 units).

PRP name	Size of organisation	General needs, self-contained social stock	% of overall stock in area
A2Dominion South Limited	Large	4438	90.41%
Metropolitan Thames Valley Housing	Large	250	5.09%
London & Quadrant Housing Trust	Large	95	1.94%
Paragon Asra Housing Limited	Large	86	1.75%
Catalyst Housing Limited	Large	34	0.69%
Ability Housing Association	Small	3	0.06%
Notting Hill Genesis	Large	2	0.04%
Mount Green Housing Association Limited	Large	1	0.02%
<b>Total</b>		<b>4909</b>	

It's important to note that A2Dominion's stock in Spelthorne accounts for roughly 25% of its low cost rented accommodation stock across its entire portfolio, with more than twice as many properties in Spelthorne as the next highest stock holding area in the London Borough of Ealing<sup>13</sup>.

Local Authority	No. of low rented homes
Spelthorne	4,435
Ealing	1,985
Hounslow	1,408
Hillingdon	1,238
Bromley	913

## Welfare reform

As outlined in the Housing Strategy, the government's ongoing roll-out of welfare reform policies through the Welfare Reform and Work Act 2016 is affecting the way in which the Council can respond to local housing and homelessness pressures.

### Local Housing Allowance rate freeze

Local Housing Allowance was implemented in April 2007 and is the system for calculating housing benefit entitlement for tenancies in the private rented sector. The amount of LHA is calculated based on the 30<sup>th</sup> percentile of local rents in the local

<sup>12</sup> Regulator for Social Housing Statistical Data Release 2018. Retrieved from: <https://www.gov.uk/government/statistics/statistical-data-return-2017-to-2018>

<sup>13</sup> Regulator for Social Housing Statistical Data Release 2018. Retrieved from: <https://www.gov.uk/government/statistics/statistical-data-return-2017-to-2018>

area. Since 2016, the levels of Local Housing Allowance (LHA) have been frozen, and will remain frozen until at least 2020.

This, coupled with the fact that in the years before the freeze was implemented, the increases in LHA did not keep pace with market levels, means that there are large shortfalls between market rents and the LHA. Spelthorne is mentioned specifically in research published by Shelter in 2017, as at that time it was an authority with one of the top ten biggest shortfalls between LHA and market rents for both families needing two bedrooms, and single people or couples needing just one bedroom<sup>14</sup>.

Using data from the Valuation Office Agency<sup>15</sup> data from December 2018, lower quartile rents per month are higher than LHA levels by up to £139 per month, for all property sizes except for four bedroom properties.

	<b>Lower Quartile rent, pcm</b>	<b>LHA level</b>	<b>Shortfall</b>
Room only	£525	£390	-£135
1-bedroom	£875	£774	-£101
2-bedrooms	£1,100	£961	-£139
3-bedrooms	£1,200	£1,199	-£1
4-bedrooms	£1,550	£1,658	£108

Valuation Office Agency Private rental market summary statistics

### Benefit cap

The government now has an overall limit of how much any single household can receive in welfare. In 2019/20, this amount is set as £20,000 for couples and families with dependent children, and £13,400 for single person households. As of February 2019, there were 102 households resident in Spelthorne who have been capped, with amounts of up to £200 per week deducted from their benefit allowances. 84% of these are single-parent households, and 64% of these have more than one child.<sup>16</sup>

### Universal credit

The replacement of a range of 'legacy' benefits into one monthly payment, with the claimant being responsible for paying their housing costs represents a massive culture shift from the previous welfare system. All of Spelthorne is covered by Staines Job Centre Plus, which started a rollout of Universal Credit to new claimants as from November 2018. As of February 2019, there were 805 households claiming Universal Credit, of which 61% were not in employment<sup>17</sup>. This number will continue to rise until the end of the managed migration of all welfare claimants onto Universal Credit, which is currently scheduled for 2023.

Research undertaken by the Residential Landlords Association (RLA) in October 2018 found that 61% of landlords had experienced a tenant on Universal Credit going

<sup>14</sup> Shelter: Analysis: Local Housing Allowance Freeze, March 2017. Retrieved from: [https://england.shelter.org.uk/data/assets/pdf/file/0020/1349012/Final\\_LHA\\_analysis.pdf](https://england.shelter.org.uk/data/assets/pdf/file/0020/1349012/Final_LHA_analysis.pdf)

<sup>15</sup> Valuation Office Agency Private rental market summary statistics: October 2017 to September 2018 <https://www.gov.uk/government/statistics/private-rental-market-summary-statistics-october-2017-to-september-2018--2>

<sup>16</sup> DWP Benefit Cap Statistics: Households capped to February 2019 (2 May 2019)

<sup>17</sup> DWP Universal Credit statistics: claims, monthly starts and people on Universal Credit up to 14 March 2019, Table 3.2 People on Universal Credit by employment and Local Authority, February 2019 to March 2019

into arrears in the previous twelve months, up from 27% in 2016, and 38% in 2017. The amount owed to landlords was £2,390 on average, with 77% of possession claims involving a tenant on Universal Credit being primarily as a result of rent arrears<sup>18</sup>.

Further research, published by the DWP in July 2018, suggested that Universal Credit was having a direct effect on claimants' ability to maintain rent payments:

“Slightly more than one third of claimants receiving UC payments towards their housing costs were in arrears in both surveys (36 per cent in Wave 1 and 35 per cent in Wave 2). Among those who were in arrears, two thirds (65 per cent) said they fell into debt after they made their claim for UC.”<sup>19</sup>

## Austerity

In line with other local authorities across the country, financial austerity is affecting the delivery of many local services. As a lower tier authority, Spelthorne is particularly sensitive to the financial situation of Surrey County Council. As reported in our Capital Strategy recently, the cost of offsetting budgetary cuts at county level is approaching £500,000.

## Empty homes

The Housing Strategy identifies the number of empty homes in Spelthorne. As of May 2019, there were a total of 423 empty homes in Spelthorne.

Period	Empty Properties
1-6 Months	78
6-12 Months	125
12-24 Months	156
24 + Months	64
<b>Total</b>	<b>423</b>

Source: in-house monitoring

Category	Properties	Longest Empty (months)
Empty Uninhabitable/Major Works	20	147
Empty Unoccupied & Unfurnished	26	15
Long Term Empty - Class C	311	23
Long Term Empty Premium	66	453

Source: in-house monitoring

<sup>18</sup> Simcock, T.J., (2018). Investigating the effect of Welfare Reform on Private Renting. Manchester:

UK. Residential Landlords Association. Retrieved from:

<https://research.rla.org.uk/wpcontent/uploads/investigating-effect-welfare-reform-private-renting.pdf>

<sup>19</sup> DWP Universal Credit Full Service Survey by IFF Research. Retrieved from:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/714842/universal-credit-full-service-claimant-survey.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714842/universal-credit-full-service-claimant-survey.pdf)

With a total dwelling stock of approximately 42,000 in the borough, the current level of empty properties suggests that approximately 1% of the borough's properties are empty. Whilst as a percentage this is low, when considered against the level of emergency accommodation use, and the numbers on the Housing Register, it becomes more significant. Bringing empty properties back to use would provide significant opportunities for the Council to support homeless households.

### **Heathrow expansion**

As indicated by our Housing Strategy, some joint work has already been undertaken across a number of Councils to understand the potential impact of Heathrow on the need for additional housing. There will be shorter term impacts from construction workers who require accommodation for the term of the expansion (up to 2050) which may affect the ability of the Council to access the private sector market as readily. Accommodation in the private rental sector is what we use in the first instance to help prevent and relieve homelessness in the borough. Any emerging data generated from the Heathrow expansion will be fed into both the housing and homelessness strategy as required.

Heathrow Airport also have a Heathrow Travel Care team who safeguard the wellbeing of vulnerable persons at Heathrow. This includes an outreach service to people who are sleeping rough at the airport. The team offer reconnection advice to people experiencing homelessness and signpost them to additional support.