

# Immigration and housing

**The migration of foreign nationals to the UK is a very controversial issue, and is currently the subject of considerable public debate.**

**This factsheet provides information on the trends of international migration to the UK, and looks at the impact migration has on both the economy and social housing.**

This factsheet is one of a series published by Shelter. Factsheets dealing with other housing and homelessness issues can be downloaded from [www.shelter.org.uk/policylibrary](http://www.shelter.org.uk/policylibrary)

## Background

The UK has a long history of immigration (people coming into the country) and emigration (people leaving the country). Prior to the 1980s, there were more British nationals moving to countries such as Australia, New Zealand, Canada, France and Spain, than people coming into the country. Since then, the trends have reversed (see Graph 1, opposite).

Most developed countries have seen a trend towards higher immigration, and the UK is no exception. Australia has the largest share of migrants in its population with 24 per cent, followed by Germany (13 per cent), the United States (12.8 per cent), France (10 per cent), and the UK (9 per cent).<sup>1</sup>

## Definition

A migrant is someone who changes her/his usual country of residence for more than a year. It is a term that describes a wide range of people from different ethnic, national, social, cultural and economic backgrounds, ranging from rich executives, to refugees (asylum seekers who have been granted leave to remain in the UK).

## Trends of immigration

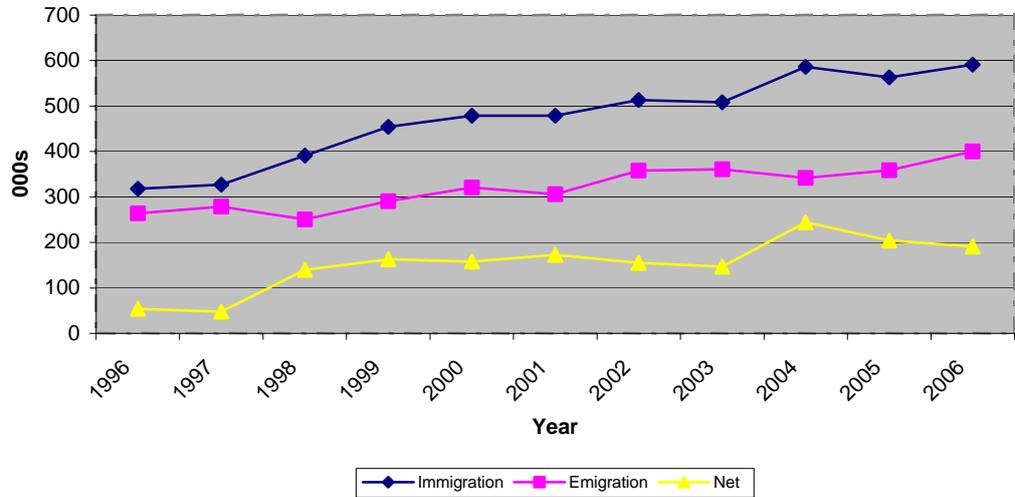
Graph 1, opposite, shows the trends of people entering and leaving the UK since 1996, and the level of net migration. This data illustrates that the number of people migrating to the UK has increased on a yearly basis. It is estimated that in 2006, a total of 591,000 people came to the UK to live for at least one year, and 85 per cent of these were non-British citizens. This represents an increase of almost five per cent since 2005, when 563,000 people came to live in the UK. The number of people leaving the country (emigrants) has increased at a slower rate. In 2006, approximately 400,000 people left the country for more than a year, and just over half of these were British citizens.<sup>2</sup>

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<sup>1</sup> Wadsworth, J, *Immigration to the UK: the evidence from economic research*, Centre for Economic Performance, London School of Economics and Political Science, 2007. See <http://cep.lse.ac.uk/pubs/download/pa010.pdf>

<sup>2</sup> Office for National Statistics, *Total international migration time series: 1991–2006*, 2007.

**Graph 1: Immigration trends**



Source: Office for National Statistics (ONS), Total International Migration, 2007.

In 2006, it is estimated that 191,000 more people came into the UK than left (net migration<sup>3</sup>), which is fewer than in 2005. From 1998 to 2003, net migration to the UK remained fairly steady at around 155,000 people per year. In 2004, this rose sharply, reaching a peak of 244,000; however, net migration levels have since decreased.

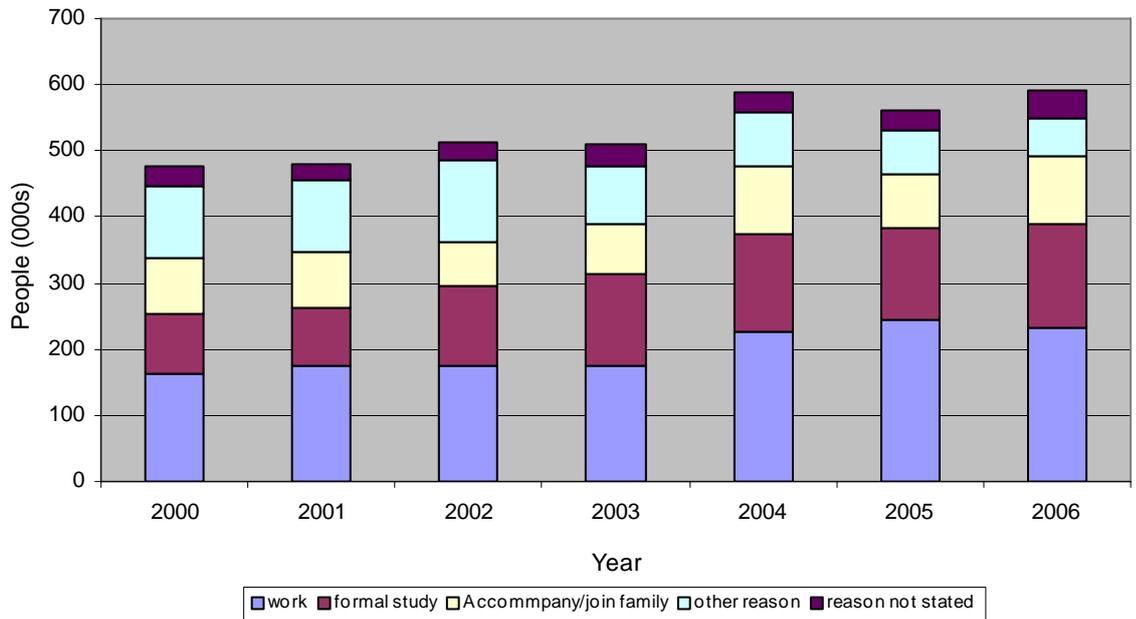
### Why do people migrate to the UK?

People come to the UK for a number of reasons: to work, or to look for work; to study; to join or accompany family members; and for other reasons, such as seeking asylum.

In 2006, 231,000 people (39 per cent) entered the UK with a definite job, or were looking for a job; 157,000 people (27 per cent) came to study; 104,000 people (nearly 18 per cent) came to accompany or join family members; 56,000 entered the country for other reasons; and 43,000 did not state a reason. While the number of people entering the UK to accompany or join family members has remained at similar levels since 2000, the biggest increase in people entering the UK is from those working or studying. Graph 2, overleaf, shows the main reasons for migration.

<sup>3</sup> Net migration is the number of people coming into a country minus the number of people leaving a country.

**Graph 2: Main reasons for immigration into the UK since 2000**



**Please note** 'other reasons' includes asylum seekers.

Source: ONS, Total International Migration.

In 2002/03, the number of people applying for asylum in the UK reached a peak of 100,830, including dependants. Since then this figure has decreased; during 2007/08, the number of people seeking asylum was 28,860, including dependants.<sup>4</sup>

**Table 1: Number of people seeking asylum**

Year	No of people seeking asylum (including dependants)
<b>2002/03</b>	100,830
<b>2003/04</b>	51,015
<b>2004/05</b>	38,150
<b>2005/06</b>	30,005
<b>2006/07</b>	27,070
<b>2007/08</b>	28,860

Source: Home Office, Asylum statistics, Q1, 2004, 2005, 2006 and 2008.

<sup>4</sup> Home Office, *Asylum Statistics: 1<sup>st</sup> quarter 2008*, 2008.

## Characteristics of people migrating to the UK

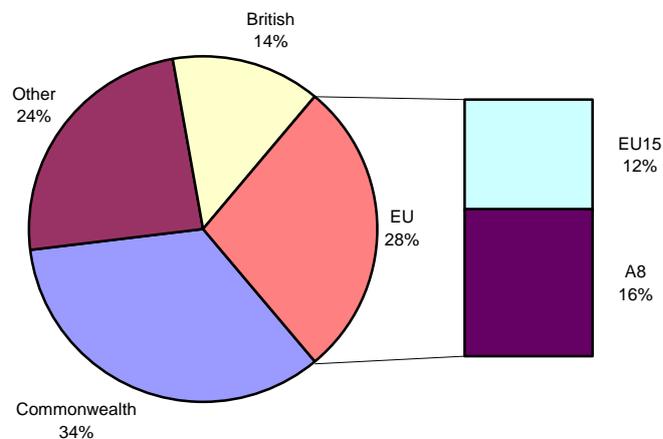
When compared with people born in the UK, migrants are, on average, younger and better educated.<sup>5</sup> In 2006, 49 per cent of migrants were aged between 25 and 44, while 36 per cent were aged between 15 and 24; 28 per cent of migrants between the ages of 25 and 44 were nationals from EU25 countries.<sup>6</sup> Overall, in 2006, 55 per cent of the people coming to the UK were female.

Professional and managerial workers account for 53 per cent of all employed migrants.<sup>7</sup> Employed migrants who come to the UK from more developed countries are less likely to stay, than those from elsewhere.

## Where are migrants from?

During 2006, it is estimated that more than 200,000 people (34 per cent of all people who entered the country) were from Commonwealth countries. Around 167,000 people (28 per cent) were from the EU25 countries, of which 92,000 (16 per cent) were A8 nationals, and 71,000 (12 per cent) were from the rest of the EU.

**Graph 3: Citizenship of migrants, 2006**



Source: ONS, Total International Migration, 2007.

<sup>5</sup> *Immigration to the UK: the evidence from economic research*, op cit.

<sup>6</sup> EU25 countries include EU15 countries, the A8 states and Cyprus and Malta. EU15 countries are Austria, Belgium, Denmark, Finland, France, Germany, Greece, the Irish Republic, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the UK. A8 countries include the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia. A2 states are excluded from this as they did not gain accession rights until 2007.

<sup>7</sup> Salt, J, *International migration and the United Kingdom*, University College London, 2007.

## Impact of migration on the economy

Migrants living in the UK pay taxes, use public services such as the NHS, and some qualify to claim benefits. All these activities have an impact on public finances. The Treasury estimates that in 2006, migration contributed approximately £6 billion to the growth of the economy.<sup>8</sup> However, a House of Lords report argues that:

‘Overall GDP<sup>9</sup>... [is] an irrelevant and misleading criterion for assessing the economic impacts of immigration on the UK. The total size of an economy is not an index of prosperity. The focus of analysis should rather be on the effects of immigration on income per head of the resident population’.<sup>10</sup>

The report concludes that, from existing evidence, immigration has had little impact on the income per head of UK residents.

An analysis of how immigration affects the UK economy concluded that many migrant groups make a positive economic contribution by paying a high level of taxes and national insurance contributions; staffing public services; or working long hours in ‘potentially undesirable jobs’.<sup>11</sup> The analysis also illustrated that, contrary to some public concerns, migrants put little pressure on the welfare state by claiming benefits.

However, some migrant communities are unable to contribute as much as others, due to their poor socio-economic situations. Some people in these communities come to the UK to flee persecution and violence in their own country, and cannot be expected to contribute to the same extent, or as quickly, as other people who come for economic reasons.<sup>12</sup>

There has been considerable public concern that migrant workers are displacing UK-born workers. With the evidence available, it is difficult to assess the overall impact of immigration on the labour market, because research often focuses on specific groups of migrants. As discussed below, the studies suggest a complex interplay between immigration and the labour market.

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<sup>8</sup> Home Office, *The economic and fiscal impact of immigration*, 2007.

<sup>9</sup> GDP (gross domestic product) is the most common measure of the size of the economy. It is the total production of goods and services in a country.

<sup>10</sup> The House of Lords Select Committee on Economic Affairs, *The economic impact of immigration*, volume I: report HL 80-1, First report of the session 2007/08, page 5, 2008.

<sup>11</sup> Sriskandarajah, D, Cooley, L, and Kornblatt, T, *Britain’s immigrants: an economic profile*, Institute for Public Policy Research, 2007.

<sup>12</sup> Ibid.

The Department for Work and Pensions (DWP) carried out research examining the impact of A8 migrant workers, and found that there was no adverse impact on labour outcomes (employment or wages) for UK-born workers.<sup>13</sup> It also found that there was no link between the number of people claiming unemployment benefit, and the concentration of A8 registered workers at local or regional levels. The research concluded that there is no significant impact on the wages of UK-born workers as a result of migration.

Research examining a more diverse group of migrants found a mixed impact of migration on wages.<sup>14</sup> It found that migration has a positive impact on wages at the middle and upper ends of the earnings distribution, but a negative one at the bottom. Another paper argues that A8 migration has partly contributed to unemployment among 18- to 24- year-olds, as they are in direct competition with A8 migrants of a similar age.<sup>15</sup> The paper also considered that this age group is the most vulnerable to unemployment.

### What are migrants entitled to?

Access to housing and benefits for migrants has become increasingly limited since the mid-1990s. The system of entitlements to social security and tax credits is complex. The following section provides a very brief overview of benefit entitlements for three groups of migrants coming to the UK: European Economic Area (EEA) nationals, non-EEA nationals, and asylum seekers. More detailed information on entitlements is available in the Children Poverty Action Group's annual *Welfare benefits and tax credits handbook* and *Migration and social security handbook*.

#### **EEA nationals**

Broadly speaking, entitlement to benefits to EEA nationals only applies to those who have the 'right to reside', ie people who are working or are able to support themselves without assistance from the state. However, for most migrant workers coming into the UK from A8 and A2 countries, there are further conditions that need to be satisfied in order to attain the right of residence.

#### A8 nationals

Most people from A8 countries must be registered on the Worker Registration Scheme to have a right of residence. For as long as they are in work, they have the

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<sup>13</sup> Lemos, S, and Portes, J, *Impact of migration from the new European Union member states on native workers*, Department of Work and Pensions (DWP), 2008.

<sup>14</sup> Dustmann, C, Frattini, T, and Preston, I, *A study of migrant workers and the national minimum wage and enforcement issues that arise*, Low Pay Commission, 2007.

<sup>15</sup> Riley, R, and Weale, M, *Commentary: immigration and its effects*, National Institute Economic Review, 2006.

right of residence in the UK, and, with it, access to in-work benefits, such as housing benefit, council tax benefit, and working tax credit. They will also be able to go on housing registers and apply as homeless. An A8 national who has completed 12 months' employment under the Worker Registration Scheme is no longer required to register under the scheme, and has exactly the same rights as workers of EEA states with full rights. An A8 national who stops working within the 12-month period, ceases to be eligible for assistance within four weeks of the loss of employment.

## A2 nationals

Nationals from the A2 states (Bulgaria and Romania) are subject to a slightly different Worker Authorisation Scheme, and will not be eligible for housing assistance unless they hold an accession worker card or a seasonal agricultural work card. When an A2 national completes 12 months of employment under the Worker Authorisation Scheme, s/he is no longer required to register under the scheme, and has exactly the same rights as workers of EEA states with full rights.

## **Non-EEA nationals**

Nationals from outside the EEA countries can be divided into two groups: people with indefinite leave to remain and people with limited leave to remain.

Nationals from outside the EEA countries with indefinite leave to remain (also called 'settled status'), have no limit on their right to stay in the UK, and may also have no conditions attached to their leave. This enables them to access benefits and tax credits on the same basis as UK nationals.

People with a limited leave to remain are more likely to be excluded from benefits and tax credits. Most people with limited leave to remain are subject to the condition that they have 'no recourse to public funds' during their stay in the UK. However, those staying in the UK under humanitarian protection are eligible for benefits.

## **Asylum seekers**

People who claimed asylum after April 2000 are not entitled to mainstream non-contributory social security benefits, including income-based jobseeker's allowance (JSA), income support, or housing benefit. However, destitute asylum seekers may be eligible for asylum support from the UK Border Agency. This entails cash support, set at 70 per cent of income support rates, and accommodation provided in dispersal areas outside London and the South East. People whose claim for asylum has been rejected (failed asylum seekers) may be entitled to accommodation and vouchers if they cannot return home. Those who are granted

refugee status or leave to remain, are eligible for assistance and can apply for benefits.

### **How many migrants claim benefits?**

There are limited statistics on benefits claims from migrants. However, statistics on claims by A8 nationals are included in the quarterly *Accession monitoring report*.<sup>16</sup> Between January and June 2008, a total of 2,270 applications for income support were made. Of these, 450 applications (20 per cent) were allowed to proceed for further consideration of whether the claimant met all the conditions of entitlement. During the same period, a total of 3,720 applications for JSA were made, and of these, 1,260 (34 per cent) were allowed to proceed. Statistics about the number of A8 nationals that go on to claim income support and/or JSA are not available.

## **Impact on housing**

### **Housing demand**

Housebuilding has not kept pace with the increase in housing demand. In 2007, the Prime Minister announced the Government's target of building three million new homes by 2020 to meet future housing demand. Two million of these homes are to be delivered by 2016, with housing supply projected to rise by 240,000 per year.

Household growth is one of the factors influencing housing demand. This growth is a result of people living longer, more people living alone or in smaller households, and net migration. By 2026, the number of households is projected to be increasing by an average annual rate of 223,000 in England, and one-third of this growth is due to net migration.<sup>17</sup>

The House of Lords report highlights that, on average, migrants demand less housing than UK-born people.<sup>18</sup> However, those migrants who decide to stay in the UK on a long-term basis, choose to live in smaller households over time, meaning that their housing demand will be more similar to that of UK residents.

### **Access to housing**

The housing options for migrants depend on their immigration status and associated legal rights, as well as their financial resources and opportunities. The majority of migrants have restricted access to social housing and therefore have to rely on the private rented sector (PRS) for accommodation.

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<sup>16</sup> Home Office and UK Border Agency, *Accession monitoring report, March 2004–June 2008*, 2008.

<sup>17</sup> Communities and Local Government (CLG), *New projections of households, for England and the regions to 2029*, 2007. See [www.communities.gov.uk/news/corporate/new-projection-households](http://www.communities.gov.uk/news/corporate/new-projection-households)

<sup>18</sup> *The economic impact of immigration*, op cit.

### Private rented sector (PRS)

Evidence shows that increased immigration has had the greatest impact on the PRS. Migrants are heavily concentrated in the PRS during their first three years in the UK.<sup>19</sup> Research has found that 60 per cent of migrants who arrived in the UK over the last five years currently live in private rented housing.<sup>20</sup> A report to the Migration Impacts Forum estimated that around 90 per cent of people who arrived in the UK in the last two years currently live in the PRS.

The Local Government Association reports that many migrant workers renting privately or living in accommodation provided by their employers (tied accommodation), are living in overcrowded housing that is in a poor state of repair, and very often the property is at risk of fire.<sup>21</sup>

Another study found that poor housing conditions and overcrowding were commonly experienced by migrants. While in some cases, landlords were responsible for the overcrowding, in others, migrants chose to sublet in order to reduce their housing costs.<sup>22</sup>

The impact of immigration on the local housing market varies from place to place. In some areas, new migrants have filled vacancies in the local market, often created by other residents moving to more desirable areas. For example, in Sheffield, Polish workers tend to move to areas that once accommodated students, often living in houses of multiple occupation (HMOs) due to the increase of purpose-built student accommodation developments.<sup>23</sup> In areas of high housing demand, some migrant workers have to compete with other low-waged workers for properties at the bottom end of the PRS. In other places, for example Breckland in Norfolk, there has been a rapid increase in HMOs, especially where there is a shortage of housing.<sup>24</sup>

### Social housing

Much of the debate around the impact of immigration on housing has focused on migrants' eligibility for social housing. The rules on eligibility for housing assistance for people from abroad are extremely complex.

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<sup>19</sup> Whitehead, C, Gordon, I, and Travers, T, *The impact of recent migration on the London economy*, LSE, 2007.

<sup>20</sup> Institute for Public Policy Research, *Social housing and migrants: interim findings*, Equality and Human Rights Commission, 2008.

<sup>21</sup> Local Government Association, *Estimating the scale and impacts of migration at the local level*, 2007.

<sup>22</sup> Spencer, S, Ruhs, M, Anderson, B, and Rogaly, B, *Migrants' lives beyond the workplace, the experiences of Central and Eastern Europeans in the UK*, Joseph Rowntree Foundation (JRF), 2007.

<sup>23</sup> Robinson, D, Reeve, K, and Casey, K, *The housing pathways of new migrants*, JRF, 2007.

<sup>24</sup> CLG, *Managing the impacts of migration: a cross-government approach*, 2008.

**Table 2: Eligibility for social housing**

	<b>Eligibility for social housing</b>
<b>Migrant workers from member states of the EU prior to 2004 (plus Cyprus and Malta)</b>	EU nationals are allowed to apply for housing on the same basis as UK nationals, provided that they are working.
<b>A8 and A2 migrants</b>	In England, A8 and A2 nationals have to prove they are working and registered for work to be eligible for public funds, including welfare assistance and housing. However, if they cease to work then their eligibility is lost. Only when they have completed 12 consecutive months in work does the requirement to register for work cease, making them eligible to apply for housing on the same basis as other EU nationals, provided they are working.
<b>Asylum seekers</b>	Asylum seekers are not eligible for social housing. The UK Border Agency is responsible for housing asylum seekers. They are accommodated in the PRS and can be dispersed anywhere in the country on a no-choice basis.
<b>People with refugee status, humanitarian protection and discretionary leave</b>	People granted leave to stay are allowed to apply for housing on the same basis as UK nationals.
<b>Migrants from outside the EU</b>	Generally, people from outside the EU have no recourse to public funds. Under new government proposals, migrants from outside the EEA arriving on the family or economic migration routes will not be eligible for social housing until they become British Citizens. <sup>25</sup>

Social housing is allocated according to need. However, in order to be considered, an applicant must be eligible. Those people from abroad who may be eligible for housing assistance still have to qualify for assistance in line with a local authority's housing allocation scheme, or meet the criteria under which a statutory duty arises to households that are homeless. Housing applications are considered on the

<sup>25</sup> The Stationery Office (TSO), *The economic impact of immigration: the Government reply to the first report from the House of Lords Committee on Economic Affairs, session 2007–08, HL paper 82*, June 2008.

same basis as UK nationals; there is no special preference for migrants. Table 2, above, provides a brief guide to who is eligible for social housing.

Table 2 shows that migrants' entitlement to social housing is limited. However, there is a general public perception that migrants' entitlement to social housing is greater than it actually is, and that migrants receive more from the state than they contribute. The Citizenship Survey shows that, in 2007/08, 25 per cent of white people feel they would be treated worse than other races by council departments or housing associations, compared with 15 per cent in 2001. Council housing departments or housing associations are the only organisations where perceptions of racial discrimination are higher among white people (25 per cent) than they are for people from minority ethnic groups (11 per cent).<sup>26</sup>

In May 2007, the then Minister at what was the Department for Trade and Industry (now the Department for Business, Enterprise and Regulatory Reform), Margaret Hodge, fuelled the debate on migration by claiming that migrants were gaining access to social housing at the expense of British residents.<sup>27</sup> In response, The Equality and Human Rights Commission (EHRC), in conjunction with the Local Government Association, commissioned research to investigate these claims. The interim results found no evidence of any abuse of the system, or of queue jumping to the significant detriment of any group. The study also found that perceptions that migrants displace UK-born social housing applicants may arise from the fact that much of the private rented housing that accommodates newly arrived migrants is former social housing, and local residents may mistakenly believe these homes are still owned by the council.<sup>28</sup>

Most of the evidence reflects data provided by housing associations<sup>29</sup> on social housing lettings to non-UK nationals. During 2006/07, 5,518 (4.4 per cent) of all new lettings were made to non-UK nationals. This data does not disclose the length of stay of non-UK nationals and may include people who have settled into the UK for a long time.

The EHRC research found that less than two per cent of migrants arriving in the UK in the last five years live in social housing.<sup>30</sup> A study by the Chartered Institute of Housing found that A8 migrants have, to date, made little use of social housing, although there are now small numbers entering the social housing system in particular places. There are also suggestions that the use of social housing may grow if migrants decide to stay here in the long term, or to apply for social housing

<sup>26</sup> CLG, *Citizenship Survey: 2007-08, England and Wales*, 2008.

<sup>27</sup> *The Observer*, 'A message to my fellow immigrants', 20 May 2007.

<sup>28</sup> *Social housing and migrants: interim findings*, op cit.

<sup>29</sup> Core, *Annual Digest 2006/07*, 2007

<sup>30</sup> *Social housing and migrants: interim findings*, op cit.

because of poor conditions in the PRS. The study also suggests that some migrant groups, such as refugees, access social housing.<sup>31</sup>

## Homelessness

There is limited information on homelessness and migration; the available information relates to new accession nationals only. In 2007/08, a total of 450 households from the new accession states were accepted as homeless and in priority need by local authorities in England. This represents 0.7 per cent of total homelessness acceptances.<sup>32</sup>

### Street homelessness

The Government is committed to further reducing the number of rough sleepers 'to as close to zero as possible'<sup>33</sup>, and to preventing those most at risk of ending up sleeping rough from doing so. Due to their limited entitlement to benefits, migrants who fail to find jobs, or who lose their jobs unexpectedly, can easily become homeless.

Evidence suggests that London is the place where migrants are most likely to end up sleeping rough. In April 2008, it was estimated that 15 per cent of those sleeping rough in London are migrants without recourse to public funds, including Eastern Europeans not in work.<sup>34</sup> In June 2008, evidence from the street counts suggested that up to 20 per cent of people sleeping rough in London are A2 and A8 nationals. The Government has provided funding to local authorities so they can help A8 and A2 nationals to return to their own countries in cases where they are unable to find work.<sup>35</sup>

The *Street to home* report provides information on the nationality of people who have been contacted by outreach teams at day centres, hostels or on the streets in London.<sup>36</sup> It found that during 2007/08, 39 per cent of those contacted were non-UK nationals, compared with 18 per cent in 2004/05.

## Conclusion

The lack of reliable and complete immigration data makes it difficult to assess the scale, characteristics, and impact of immigration. As a result, public debate on the issue is based on perceptions and misinformation, rather than facts. In addition, the lack of data creates significant difficulties for the planning and provision of public services, including social housing.

<sup>31</sup> Chartered Institute of Housing, *Allocation of social housing to recent migrants*, 2008.

<sup>32</sup> CLG, Live Tables 629.

<sup>33</sup> [www.communities.gov.uk/news/corporate/persistentroughsleeping](http://www.communities.gov.uk/news/corporate/persistentroughsleeping)

<sup>34</sup> CLG, *Rough sleeping 10 years on: from the streets to independent living and opportunity*, 2008.

<sup>35</sup> CLG, *Managing the impacts of migration*, 2008.

<sup>36</sup> Broadway, *Street to home: annual report for London, 1 April to 31 March 2008*, 2008.

Existing data does not allow for an accurate measurement of the number of migrants in the country at any given point in time, at local, regional or national levels. The data available only estimates the inflow of people coming to the UK. Accurate and consistent data should be made available on:

- the number of migrants in the UK
- the places where migrants are working
- the number of migrants accessing social housing
- the number of migrants helped under the homelessness legislation
- the number of migrants claiming housing benefit.

**Further reading:**

O'Hara, E, *Policy Briefing: Eastern European migrant workers and housing*, Shelter, 2008.

O'Hara, E, *No place like home? Addressing the needs of housing and immigration*, Shelter, 2008.

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