

Consultation response

Shelter response to the Milburn Review into Social Mobility and Child Poverty

March 2012

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Until there's a home for everyone

In our affluent nation, tens of thousands of people wake up every day in housing that is run-down, overcrowded, or dangerous. Many others have lost their home altogether. The desperate lack of decent, affordable housing is robbing us of security, health, and a fair chance in life.

Shelter believes everyone should have a home.

More than one million people a year come to us for advice and support via our website, helplines and national network of services. We help people to find and keep a home in a place where they can thrive, and tackle the root causes of bad housing by campaigning for new laws, policies, and solutions.

We need your help to continue our work. Please support us.

Visit shelter.org.uk to join our campaign, find housing advice, or make a donation.

Introduction

A decent, affordable home is at the heart of family life. Parents who wish to lift their family out of poverty by improving their income, skills and well-being will struggle to do so against a backdrop of high rents, frequent moves and poor conditions. Their children will also struggle to achieve at school and subsequently find well-paid work.

This paper explores the risks posed by aspects of the Welfare Reform Act and Localism Act to the drive to reduce child poverty and increase social mobility. It concentrates on three changes which will affect large numbers of families and examines the impact on education, work prospects and childcare.

Welfare reform and localism

- **Welfare Reform: Local Housing Allowance (LHA) set at the 30th percentile of market rents from 2011, and**
- **updated in line with the Consumer Price Index (CPI) from 2013.**

Local Housing Allowance (LHA) is a benefit to help tenants on low incomes pay rent on privately rented properties. With social housing in short supply, and home ownership unaffordable for many, the number of families renting privately now exceeds one million,¹ and many expect to be there for the medium to long term.²

In April 2011, the LHA rate payable was reduced from the 50th to the 30th percentile of local market rents, though existing claimants received some transitional protection. Effectively, this restricted claimants to the bottom third of the rental market, and meant that those who had taken on tenancies at the previously allowed 50th percentile would face shortfalls of an average £9 per week.³

This is compounded by planned uprating of LHA in line with the Consumer Price Index (CPI) from 2013, and a freezing of LHA rates from April 2012 in preparation for this. This severs the link with actual rents, which have consistently increased faster than CPI.⁴

Tenants already living in properties above the 30th percentile, which were affordable when they moved in, will face stark choices:

- to fund the shortfall from other income
- to continue as normal, accruing rent arrears and risking eviction and homelessness
- to move to a cheaper property, if one is available

A recent survey found that 28% of private renters have already used credit to help meet housing costs, and 43% of private renting households have cut back on food in the past year because of housing costs.⁵ Funding the shortfall will increase income poverty and is unlikely to be sustainable for many families.

Research commissioned by Shelter has predicted that 29% of tenants will be in the middle category, neither making up the difference nor negotiating a reduction.⁶ Assuming that half of those landlords take no action (based on landlord behaviour in the LHA pathfinders⁷) this still leaves between 37,000 and

¹ 40% of the growth in the private rented sector has come from families with children. Analysis of The English Housing Survey and Survey of English Housing, 2000/01 – 2010/11 in Homes fit for families? The case for stable private renting. Shelter, 2012

² Shelter commissioned online survey from YouGov, 15th-17th June 2011.

³ DWP, Impacts of Housing Benefit proposals: Changes to the Local Housing Allowance to be introduced in 2011-12, 2010.

⁴ Median rents increased by almost 70% between 1997/98 and 2007/08, compared to a cumulative increase in CPI of less than 20%. Cambridge Centre for Housing and Planning Research, How will changes to Local Housing Allowance affect low-income tenants in private rented housing? Sept 2010.

⁵ Shelter commissioned online survey from YouGov 2nd-5th Dec 2011

⁶ Cambridge Centre for Housing and Planning Research, 2010, op cit.

⁷ Rhodes, D & Rugg, J, Landlords and Agents in the private rented sector: the baseline experience in the LHA Pathfinders. London: DWP, 2004.

72,000 families with children forced to move. The cost of placing these families in temporary accommodation would be up to £120 million,⁸ not counting the administrative cost to Local Authorities of dealing with the applications.⁹

There is a further risk that families who have not managed to pay their rent could be considered 'intentionally homeless' and therefore not accepted by the Local Authority as being owed the full homelessness duty. While this would be extremely poor practice and legally challengeable, it remains a risk, and families who did not challenge this would be eligible only for up to 28 days of temporary accommodation.

Families who move to a cheaper property 'voluntarily' may only be able to do so by accepting smaller or poorer-quality housing, or moving out of the area. The typical cost of taking on a new private tenancy (including fees, deposit and administration) can exceed £2000 in London, and £1000 in areas such as Manchester and Gloucester,¹⁰ putting even more pressure on low incomes. This is without factoring in actual removal costs.

Localism : discharge into a 12 month Private Rented Sector tenancy fulfills the homelessness duty

Previously, homeless families in priority need, who fulfilled the other eligibility conditions, were entitled to an offer of permanent social housing, although in many areas this would only be after a long period in temporary accommodation.

This duty can now be discharged by an offer of a 12 month tenancy in the private rented sector. This puts more demand onto this sector at exactly the same time as it is facing cuts in allowances. The likely outcome is that households:

- will have a succession of short-term tenancies¹¹
- will be at increased risk of living with disrepair or overcrowding¹²
- may be placed out of the area if there is no accommodation available at the 30th centile of LHA

DCLG statistics on homelessness for the last quarter of 2011 showed an increase in the number of acceptances where the reason for homelessness was the ending of an assured shorthold tenancy when compared to the same quarter last year.¹³

Case study: Jude, two children aged 10 and 16

Shelter was contacted by Jude, who lives in privately rented property in York. The BRMA on which LHA is assessed covers York and a 20 mile radius. Jude stated that she had searched for three months and not found a single property in York at LHA rate, or 10% above. The LHA rate for a 3 bedroom property was £595, whereas 3 bedroom properties in York were between £695 -£750. The nearest affordable rental property was 14 miles outside the city.

Jude approached the council for help with the rent (Discretionary Housing Payment), but was told there was no funding left, and was advised to move to somewhere cheaper like Selby. This is 18 miles away from her family, friends, children's schools and support network.

Clients' names have been changed in all case studies to protect their anonymity.

⁸ Cambridge Centre for Housing and Planning Research, 2010, op cit

⁹ Immediate costs to government of loss of home, Shelter, 2012.

¹⁰ Resolution Foundation, Renting in the Dark, 2011

¹¹ Homes fit for families, Shelter, 2012. 'People who rent privately, including families with children, are ten times more likely to have moved in the past year than those who pay a mortgage on their home.' (Analysis of English Housing Survey 2009/10, source: Table FA4121)

¹² There has been a 23% increase in the number of overcrowded private rented households in the last year. Analysis of DCLG English Housing Survey 2009/10 and 2010/11.

¹³ Department for Communities and Local Government, Statutory Homelessness: October to December Quarter 2011 England

The impact on education

If parents facing a shortfall in LHA try to fund it themselves, it will put strain on already low incomes, leaving less money for other essentials such as uniform and fares. By definition, those claiming LHA are among the lowest income families, and this is unlikely to be sustainable in the long term.

If families are evicted, they will become homeless and could be placed in temporary accommodation (TA), which may not be near current schools. This could mean a long and expensive journey, or an enforced change of schools, both of which impact on education.

Research has shown that children who have experienced homelessness are two to three times more likely to be absent from school.¹⁴ In addition, children who move frequently:

- have lower levels of academic achievement¹⁵
- are significantly less likely to obtain 5 grade A*-C GCSEs¹⁶
- are more likely to suffer poor health in adulthood¹⁷

If parents move to cheaper accommodation voluntarily to avoid the stress and expense of eviction, they must still fund the cost of moving. There is a risk that the cheaper accommodation will not be near their children's schools, or that to stay in the same location they are forced to choose unsuitably small properties, or those in a poor state of repair. 37% of private rented homes are classed as 'non-decent' compared to 20% of social rented homes,¹⁸ but private tenants are less likely to request repairs or improvements for fear of retaliatory eviction.¹⁹

Overcrowding and disrepair have been shown to have a negative effect on learning, attendance and on long-term health and well-being.²⁰ A child sleeping in a communal room, living room or hallway, or sharing a bed with siblings or parents, is more likely to have disturbed sleep, making it hard to concentrate in school. With no quiet place to study, they are more likely to fall behind and become frustrated, manifesting these feelings in aggression or withdrawal.²¹ Children who live with poor housing conditions are more likely to have respiratory problems, leading to time off school, and 25% more likely to experience severe ill-health or disability during childhood and early adulthood.²²

Case study:

Our Bristol project worked with a lone parent family who had moved 17 times in 14 years. The eldest daughter had stopped attending school altogether, and her siblings had poor literacy and numeracy skills and were struggling to socialise at school and at home. Staff worked with the parent to stabilise the housing situation and give emotional and practical support.

The children received additional tutoring, and took part in activities at the project and family trips out. Mum got involved in activities at the school, attending a parenting course and arranging fundraising activities for Children in Need. The children were attending school regularly, making good progress, and getting on much better with each other by the time the project closed the case.

¹⁴ Harker, L Chance of a Lifetime, Shelter, 2006

¹⁵ Consortium on Chicago School Research, Changing Schools: A Look at Student Mobility. Trends in Chicago Public Schools since 1995. University of Chicago, 2009

¹⁶ DCLG, Moving On: Reconnecting Frequent Movers, 2006.

¹⁷ Brown D et al, Childhood residential mobility and health in late adolescence and adulthood: findings from the West of Scotland Twenty-07 Study, Social and Public Health Sciences Unit (SPHSU), 2011

¹⁸ DCLG, 2012

¹⁹ Citizen's Advice, The Tenant's Dilemma, 2007. This phenomenon is regularly reported by Shelter advisors.

²⁰ Harker L, 2006, op cit

²¹ Prof Tanya Byron's commentary in I am so crowded: this is my story, Shelter, 2006.

²² Marsh A et al, Home Sweet Home? The impact of poor housing on health, 1999.

The impact on work

Although the LHA reductions are sometimes presented as an incentive for benefit claimants to find work, many LHA claimants are already in work, especially in London and the South East, where housing costs are high. The private rented sector already has a greater proportion of households in work than in all tenures as a whole.²³

If families are evicted and have to move into temporary accommodation, or voluntarily move out of the area into cheaper properties, it may be hard for them to keep existing work, because of increased travel time and cost. A series of short-term, insecure tenancies in the private rented sector will provide little stability for finding and keeping a new job.

Research undertaken by Shelter and The Chartered Institute of Housing has estimated that after ten years of up-rating LHA rates by CPI a third of local authority areas will be unaffordable.²⁴ This could lead to a concentration of low-income families in cheaper areas with poor transport links and few job opportunities:

The region remaining affordable the longest (the North East) scores the lowest on employment indicators, whereas The South West and the East, the majority of which would become very unaffordable by 2023, have rates of unemployment and economic inactivity that are well below national average, and employment is higher than average.²⁵

Case study:

Joe and Ann contacted Shelter. They have two children, and Joe has worked in agriculture since age 15, in a variety of jobs including dairyman and herdsman. They had been served notice on their rented property, but could not find any other property at the 30th percentile in the area. Joe has to live in a rural location to find and keep work that matches his skills.

Children are the workers of the future, and if their education is affected, as detailed earlier, it is less likely that they will obtain well-paid work in the future. The Children's Society report, *The Good Childhood*, found that almost a quarter of children who had moved once or more in the past 12 months had low levels of well-being.²⁶ Children with low levels of personal well-being are far less likely than their peers to go on to achieve economic well-being in adulthood.

The impact on childcare

If families have to leave existing homes where they have support networks, and travel further to work, the additional commuting times may not fit with formal childcare, or may put an unacceptable strain on informal family arrangements.

It will be hard for parents to sustain childcare arrangements if they are subject to frequent moves, and if families do end up concentrated in low-income areas, these are not traditionally areas that are attractive to private childcare providers, and supply of formal childcare may be limited. A recent study by Save the Children found that a quarter of parents in severe poverty had given up work, a third had turned down a job, and a quarter had not been able to take up education or training because of difficulties in accessing childcare. While cost was a major factor, a lack of availability was also commonly cited.²⁷

²³ DCLG, 2012. English Housing Survey, Table 1.

²⁴ The Impact of Welfare Reform Bill measures on affordability for low income private renting families, CIH & Shelter, 2011

²⁵ *ibid*

²⁶ Promoting positive well-being for children, *The Good Childhood Report*, The Children's Society

²⁷ Save the Children, *Making Work Pay – The Childcare Trap*, 2011

The Daycare Trust also reported: 'significant gaps in childcare availability across Britain with a worrying lack of childcare for disabled children and parents who work outside normal office hours. **Over half of local authorities said that parents had reported a lack of childcare in the previous twelve months**'.²⁸

Case study:

Gina and her children found themselves homeless after her marriage broke down. She took on a tenancy in the private rented sector – 'a quiet, proper home' - as an alternative to spending many years in temporary accommodation. At the time this was affordable and the family thrived in. She explains the situation now:

'Since the recent changes in housing benefit we have been plunged into an uncertain future again, and all the anxiety, stress and worry this causes. Housing benefit will not cover the rent, the landlord is now seeking possession. We are at breaking point with the stress of it. My daughter has left college unable to cope, she is suffering from depression, I cannot sleep at night, my son has struggled to find friends through this period, I feel I cannot provide security for my youngest of 18 months and his father has taken him. I do not understand how it can be cost effective to consider rehousing us in expensive emergency accommodation because our current rent is not paid? The council tell me there is no housing. I cannot explain how this feels. I wish it would stop.'

Gina chose to move into the private rented sector to escape poor quality temporary accommodation, but in future parents like Gina will have no choice – all they have to be offered is private rented accommodation, and many could find themselves in the same situation.

Conclusion

Strategies to reduce child poverty depend in part on families being able to find work, and the next generation having higher levels of skills, to break the cycle. Childcare is a crucial part of this jigsaw, as it develops early skills in children who might otherwise fall behind, and enables parents to access work.

The changes outlined make it less likely that families will be able to achieve this. Localism demands that the private rented sector play a bigger role, at precisely the same time that LHA cuts make it unaffordable for many people. The Institute of Fiscal Studies has predicted that the number of children in the private rented sector in relative poverty will increase faster than in other tenures.²⁹

Where landlords have other markets to choose from (like students or young professionals) they will not need to reduce rents, and families dependent on LHA, including many working families on low wages, may be gradually driven from popular areas with amenities into the least desirable and poorest quality properties.

As outlined, this is highly unlikely to provide a springboard out of poverty, and will be detrimental to parents' chances of keeping a job or finding a new one. Their children in turn are likely to have lower levels of attainment and well-being, causing the cycle to repeat itself.

Recommendations

²⁸ The Daycare Trust, Childcare Costs Survey 2012

²⁹ Institute of Fiscal Studies, The Impact of Austerity Measures on Households with Children, 2012.

These changes present many challenges for families wishing to lift themselves out of poverty. Their chances of success may be increased if:

As part of their Child Poverty Strategy, Local Authorities undertake:

- not to discharge homeless families into the private rented sector if suitable social housing is available in the preferred area
- to encourage landlords to offer longer tenancies to homeless families discharged into the private rented sector
- at a minimum, to use accredited landlords where social housing is not available

The Government commit:

- to monitor the impact of uprating LHA in line with the Consumer Price Index, and readjust rates if necessary
- to review the boundaries of Broad Rental Market Area
- to explore how landlords could be encouraged to offer longer tenancies for families in the private rented sector

Jane Thompson, Regional Children's Co-ordinator