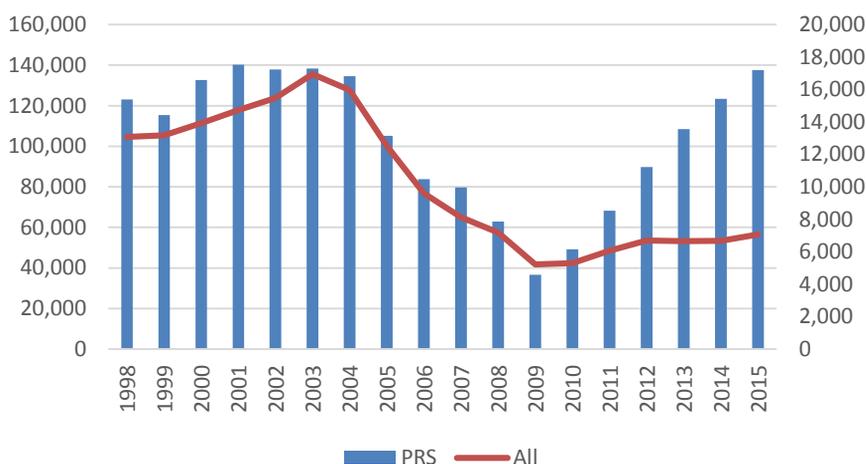


Homelessness from the private rented sector

The number of households accepted by local authorities as homeless has been rising since 2009. The group that has experienced the greatest increase are those households whose last settled home was lost following the end of an assured shorthold tenancy in the private rented sector. The number of such households has grown in absolute terms – from 4580 acceptances in 2009 to 16,320 acceptances in 2017, and as a proportion of all acceptances, from eleven percent to twenty eight percent (HMCLG, 2018).

As graph 1 illustrates, for many years, the number of homelessness acceptances from the private rented sector mirrored overall acceptances. After a period where acceptances fell, homelessness began to rise again in 2009, driven by homelessness from the private rented sector.



Graph 1: Change in numbers of all acceptances and acceptances following end of a PRS tenancy (source data: MHCLG (2016) table 774 England)

Key policy points

- The introduction in 2008 of the Local Housing Allowance (LHA) to calculate Housing Benefits, and changes in LHA rates since 2012, is driving the increase in homelessness from the private rented sector. Housing Benefit tenants face a ‘double whammy’ – more likely to have their tenancies ended by landlords and the increasing unlikely to find alternative, affordable accommodation. Without action, the growing gap between LHA rates and rents will drive further homelessness from the private rented sector.
- These benefit changes do not account for all of this increase; affordability, competition for accommodation, changes in and lack of access to social housing, and wider policy changes are affecting the lower end of the market in some parts of the country.
- Security of tenure is not a cause of the growing homelessness from the private rented sector, and changes to the minimum length of tenancies or to s21 terminations (so called ‘no fault’ terminations) are unlikely to reduce homelessness.
- Policy and wider debate on homelessness from the private rented sector tends to be London-centric. A more nuanced, locally driven approach is necessary. In particular, some local authorities could do more to actively and positively engage with their local private rented sector.

The Challenge

The rise in homelessness from the private rented sector, and the devastating impact it has on the lives of those affected, raises a number of policy and wider issues for government, for local authorities, for landlords and landlord organisations, and for organisations representing homeless families and individuals.

Core to understanding how to tackle this increase is knowing what is driving this growth. Whilst there has been some interesting and robust research published recently on aspects of homelessness from the private rented sector, there is still much we do not understand about this issue. Some explanatory factors have been identified, over which there is much disagreement and debate. There are a number of gaps in the extant evidence, and a number of questions that need addressing. Where research has been published, it provides insight into some aspects of homelessness from the private rented sector, for particular groups or types of tenants (especially those in receipt of Housing Benefit).

Research findings

- The private rented sector is not a single, homogenous market (Rugg and Rhodes, 2008). Rather there are distinct niches or sub-markets, and regional/local variations, resulting in a complex picture of different levels of risk of homelessness. This mix is changing, with more families with children, and more low income households (who are more at risk of homelessness and have been most affected by policy changes since 2014 (Reeve et al, 2016)), accessing the private rented sector over the ten years since Rugg and Rhodes' original research on the structure of the private rented sector.
- These differences are not well understood by policy makers, and that policy and wider debate about the private rented sector is London-centric.
- There is disagreement between stakeholders involved in this research around what is driving the increase, particularly in terms of the role of affordability and of security of tenure. Some stakeholders believed that current security of tenure arrangements (both the minimum length provisions, and the 'no fault' termination provisions) is driving the increase in homelessness from the private rented sector. Others stated that this was not material.
- There is a need for more localised and nuanced policy responses and a move away from a one-size-fits-all approach.
- Some local authorities need to think differently about their engagement with private landlords, about their use of the private rented sector to discharge their homelessness duties, and about the need to provide support to tenants (budgeting and tenancy sustainment skills) after they have been placed in the private rented sector.
- We do not yet know whether some households are experiencing multiple episodes of homelessness and placement in the private rented sector. More research is needed to understand whether there is 'revolving door' homelessness from the private rented sector.

Participants involved in this research said:

“Social housing has not kept pace with demand leading to higher levels of vulnerable people being housed in the PRS this group find it harder to sustain tenancies.”

“A landlord does not evict a good tenant....”

“Everyone wants good tenants, it is a nonsense to say landlords or agents just want to evict a tenant to take in another one.”

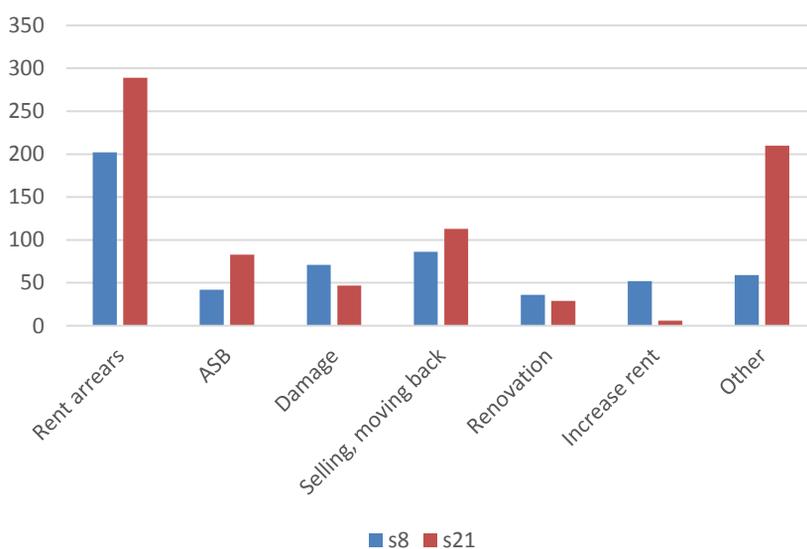
*“I would add welfare reform as a particular factor here - those on low incomes could afford to stay in the PRS *if* housing benefit/local housing allowance covered their rent.”*

“There is a specific benefit market some landlords are beginning to leave this market due to benefit changes and/or tax changes.”

“The PRS is complicated, this is not fully recognised by policy makers leading to poor and contradictory regulation.”

Key findings

- Most tenancies are ended by tenants rather than landlords. Graph 2 illustrates the reasons given by landlords involved in this research for terminating tenancies (n=443 landlords provided data on n=5269 tenancies terminated by them in the twelve months to July 2017). Where landlords ended tenancies, rent arrears was the most common reason cited, both for terminations under s8 and s21. S21 is often described as a ‘no fault’ termination route; findings from this research suggest that this is a misleading name.



Graph 2: Landlords' stated reasons for ending tenancies (n=443 respondents)

- The introduction and subsequent changes to the Local Housing Allowance (the method used to determine how much Housing Benefit will be paid to eligible households) is having a double whammy effect – both increasing the likelihood that tenancies will be ended, and reducing the chances of affected households finding suitable, affordable, alternative accommodation.
- The gap between Local Housing Allowance rates and market rents is significant, and is growing.
- Landlords who currently rent to Housing Benefit tenants are concerned about the effects on planned tax and benefit changes, and are looking to move out of this sector. Of particular concerns is the roll out of Universal Credit, both because of the frequency and direct payment arrangements, but also because of the delays being experienced in dealing with claims.

Conclusion

Homelessness acceptances have been increasing since 2009. The most significant growth has been from the private rented sector. Yet, while there has been some excellent research published recently about particular aspects of this growth, there remain a number of gaps in our understanding.

Homelessness has a devastating effect on those who experience it, and is costly to the public purse. Knowing what is driving recent increases in homelessness from the private rented sector is key to understanding what policy and other changes are necessary to address this problem.

This research has found that the introduction in 2008 of the Local Housing Allowance (LHA) as a means of calculating Housing Benefit payments, and subsequent changes to LHA rates, is a 'double whammy' for some households – increasing the likelihood that their tenancy will be ended by their landlord, and making it difficult for them to find alternative, affordable accommodation. Affordability does not just affect those on Housing Benefit; reducing access to social housing, competition for lower cost housing, and a period of stagnant wages are all having an effect.

Much policy and wider debate about the private rented sector is London-centric. There is no single private rented sector, nor will a one-size-fits-all policy response work. In particular, some local authorities could do more to work actively and positively with their local private rented sector, and more support is needed to households who are placed in the private rented sector by local authorities discharging their homelessness duties.

Research

The research was commissioned by the Residential Landlords' Association, and undertaken by Dr Chris O'Leary, Dr Susan O'Shea, and Professor Kevin Albertson from the Policy Evaluation and Research Unit at Manchester Metropolitan University. The research was conducted between April 2017 and July 2018, and involved a rapid review of the existing literature, research and data; interviews with sixteen key stakeholders representing landlords, policy makers, and homeless charities; a survey of around 1850 landlords; and, a Delphi survey of key stakeholders.

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