

No Access, No Way Out

How a lack of availability and rising prices in the private rented sector impact move-on options for people experiencing homelessness

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EXECUTIVE SUMMARY



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Staff in a wide range of organisations gave their time generously to help us shed light on the challenges facing those moving on from homelessness to the Private Rented Sector (PRS). Our thanks go to those currently experiencing homelessness who shared their own experiences at a difficult time and provided unique insights. We are also very grateful for the support and input from the Pan London PRS Forum convened by Homeless Link. Finally, we would like to thank those supporting the dissemination of the research including members of Commonweal's Board of Trustees.



INTRODUCTION

- This small-scale study explores how reduced availability and rising prices at the lower-cost end of the private rented sector (PRS) are affecting people experiencing homelessness and the organisations that support them. The study recommends ways to improve access to the PRS.
- The main method used in the research was interviews with organisations with expertise in supporting people to move out of homelessness and into PRS homes. People currently experiencing homelessness and seeking PRS accommodation were also consulted in London. The focus of the research was on London, but included interviews with organisations in Greater Manchester, the West Midlands, Kent and Sussex.

BACKGROUND

- Recent research shows a decrease in properties to let, while demand and rental prices have increased. The reduction in rental properties is not unique to London, but was felt most acutely in the capital where the availability of properties at local housing allowance (LHA) rates has become 'almost non-existent'.¹
- While there is robust quantitative analysis of the PRS market overall, the purpose of this report is to explore the current situation specifically for people who need to access the lowest-cost end of the PRS market to move on from homelessness. The focus is on people who are not considered to be in 'priority need' and are therefore limited in their entitlements to local authority support with housing. This group are usually reliant on benefits to pay for their housing, with no savings for a deposit or rent in advance, and no references or a guarantor.
- Many are further disadvantaged in the market because, for example, they are subject to limits on the total value of benefits they can receive (the 'benefit cap') or the level of housing benefit they receive (the 'shared accommodation rate' applied to most of those aged under 35); face stigma and discrimination; or they want to work and are therefore perceived as a risk to landlords due to potential fluctuations in their income rather than a steady benefits payment.

THE ROLE OF THE PRS

- The PRS has become an increasingly important route out of homelessness over the last 15 years. Furthermore, the need to access the PRS as a move-on option has further increased in the last two years.
- The organisations reliant on the PRS for move-on include assessment centres such as the pan-London assessment services commissioned by the Greater London Authority (GLA), winter shelters, day centres and hostels.
- Worryingly, several organisations reported an increase in people being forced to sleep rough (as opposed to in emergency or short-term accommodation) while seeking PRS accommodation.
- The PRS is the main move-on route for an increasingly diverse client group including people with support needs (for example, drug/alcohol or mental health support needs) and those new to homelessness as a result of the cost-of-living crisis.
- People experiencing homelessness nearly always need financial and practical support from a local authority, charity or other service provider to help them secure PRS move-on accommodation. In London, most people moving on from homelessness are likely to secure tenancies with landlords who specifically work with people on benefits. This is a subsector that is not usually publicly advertised through the usual websites and requires connections and knowledge to access. This sector is opaque and fast moving, making it hard for organisations to ensure an ongoing pipeline of properties for people they are working with.

ACCESSING PRS HOUSING


- It has become far harder to secure PRS accommodation for people experiencing homelessness over the last two years. The factors behind the reduced availability, specifically at the cheaper end of the PRS market, include landlords who had previously specialised in renting to people on benefits moving to a different section of the market.
- The lower-cost end of the PRS is highly agile, adjusting to prevailing conditions quickly. Nationally, landlords have increasingly moved to providing or leasing to providers of exempt accommodation, where rents over the LHA rate can be secured. Some providers in this sector have been exposed for very poor standards in their properties.

EXECUTIVE SUMMARY

4

No Access, No Way Out: How a lack of availability and rising prices in the private rented sector impact move-on options for people experiencing homelessness

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- Interviewees in London reported that houses of multiple occupation (HMOs) and family homes have rapidly been adapted to create tiny studios with shared facilities to achieve a higher rent (as the one bed or studio rate can be charged for this type of accommodation as opposed to the shared accommodation rate). This has left supported, exempt accommodation as the only option for people who are subject to the shared accommodation rate (many of those under 35).

- Mass viewings were reported to be a major problem for people seeking a PRS route out of homelessness. They are a negative experience for people who do not secure the accommodation and give agents the opportunity to select tenants in person on subjective grounds.

- Some groups face additional disadvantages, such as people under 35 who are subject to the shared accommodation rate because there is usually no accommodation on the market at this rate in London and in some areas outside London, including Birmingham and Hastings. Agents and landlords often prefer those who are not subject to the benefit cap and are unlikely to start working. Intersectional disadvantages are common. For example, many people seeking PRS move-on are under 35 and subject to the shared accommodation rate, have newly granted refugee status, and want to move into work.

- There is deep concern about the quality of the PRS properties that people reliant on LHA have access to. The size and facilities associated with studio accommodation in London were of particular concern. Viewings of properties in very poor condition and poor practices such as people being offered properties that they had not viewed and being asked to provide their personal Universal Credit login to landlords were examples of worrying practices. Locations where properties are available in London are increasingly restricted, with outer areas of north and south-east London commonly cited.

- Landlords are increasingly being encouraged to accommodate people experiencing homelessness through cash incentives rather than rent deposits and/or rent in advance. This disadvantages homelessness agencies who do not pay incentives, or only pay very small ones. The level of support offered by different local authorities varies widely, from large incentives to no support for people who are not in priority need.

- Some landlords are providing the best accommodation they can with the properties they have available, and the need for low-cost accommodation is very high so their work is valued by the homelessness sector. Others, however, are felt to be exploiting their strong position in the market to the point of acting unethically or even illegally. Enforcement within the PRS was viewed as woefully inadequate.

SUPPORTING ACCESS TO THE PRS

- Models of support vary from specialist PRS teams that homelessness services refer into, to work embedded within homelessness service delivery teams. Some are commissioned; others are grant funded or draw on charitable funding.
- The type of work undertaken includes: advice and training on navigating the PRS; identifying possible properties and providing details of viewings; providing landlord incentives and/or rent deposits, or requesting these from the local authority on behalf of the client; and ongoing support to people when they move into a property.
- Some key principles and approaches common across services included: developing and nurturing strong landlord relationships; ensuring people accessing the service can afford and manage a tenancy; and providing support for clients for a period after they move into a new tenancy.

THE IMPACT OF THE CURRENT LANDSCAPE

- The current PRS market requires significant resources to secure tenancies; this means sometimes subsidising poor-quality outcomes with public and charitable funds.
- The lack of accommodation available at the shared accommodation rate means that people who could potentially manage independently end up in expensive supported accommodation where they are often unable to work at all, or only part time.
- Recent trends in the PRS market mean that people end up experiencing homelessness for longer. Many people continue living in homelessness accommodation such as hostels when they are ready to move on; a common reason cited for this is the lack of PRS accommodation available at LHA rates. The lack of flow-through accommodation has a knock-on effect on access to homelessness services for new clients, negatively impacting efforts to end rough sleeping. Slower than anticipated move-on rates can also impact accommodation providers' performance against funders' or commissioners' targets.

EXECUTIVE SUMMARY

- 6 **No Access, No Way Out:** How a lack of availability and rising prices in the private rented sector impact move-on options for people experiencing homelessness

- The low-quality offers and experiences of rejection people experience when seeking PRS accommodation were felt to be retraumatising, causing people to feel 'hopeless' and compromising the principles to which staff wish to work. Organisations often described the steps that they take to avoid this by working in very person-centred ways, but it remains a challenge.
- People are often 'stuck' in the low-cost PRS accommodation they are placed in rather than being able to see it as a stepping stone to a more desirable location or property, which was the case a few years ago. Factors driving this include the use of landlord incentives, which mean that many clients do not have a deposit they can use to move in the future. The costs of accommodation mean that people are trapped in worklessness because foregoing the housing element of Universal Credit payments, or legacy housing benefit payments, to work on a low and potentially variable income makes rent unaffordable.

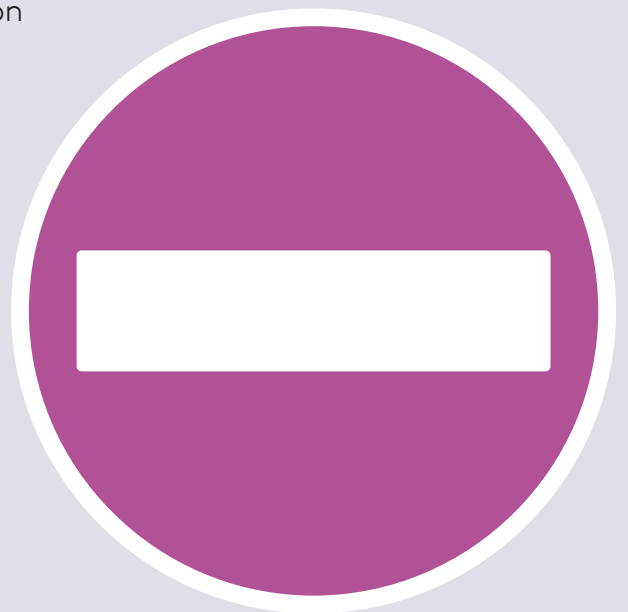
COMPARING AND CONTRASTING WITH SELECTED AREAS OUTSIDE LONDON

- In many areas, the themes outside London were the same as within London. For example, it has become harder to secure PRS move-on over the last two years; LHA rates do not come close to market rents; people nearly always need practical and financial support to secure a tenancy; and options for younger people are very limited.
- Outside London, people supported by homelessness organisations are sometimes viewing the same properties as people who might be working, rather than properties specifically targeted at people on benefits.
- In each area, the PRS market has responded to local conditions in ways that impacted move-on for people experiencing homelessness. For example, in Hastings, landlords at the cheaper end of the market have sometimes shifted to providing temporary accommodation, which is paid at a higher rate, in the face of increases in homelessness in the area.

- Approaches to supporting PRS access were similar to London, such as cultivating links with landlords willing to work with people moving on from homelessness and providing financial support.
- In Wigan, the council has an Ethical Lettings Agency providing a full leasing service to landlords as an alternative model. In the West Midlands, there are interesting initiatives supporting young people to work and access the PRS.
- The main impacts of the current PRS landscape are similar to London, including a lack of move-on impacting the availability of spaces in homelessness accommodation, and high demand leaving prospective tenants in a weak position when it comes to demanding reasonable standards.

THE FUTURE

- The work of securing PRS access for people with experience of homelessness is precarious. The increasing incentives paid by local authorities, and competition for accommodation for different purposes, can compromise the advantage that specialist PRS access services working with people experiencing homelessness have in landlord relationships.
- The increase in LHA rates is predicted to have a negative impact on some people seeking rental accommodation to move-on from homelessness in high-cost areas, particularly London.
- Although there is concern about landlords leaving the market and becoming more selective in anticipation of the reform in the PRS, greater regulation and accountability are viewed as critical to driving up standards and shifting the balance of power between landlords and tenants at the lower-cost end of the PRS.





RECOMMENDATIONS

Recommendations in this complex area depend on joint-working between different organisations, and a systems approach to prevent or mitigate unintended consequences. For example, strengthening the rights of tenants is clearly critical, but this will impact landlords' appetite for risk and potentially disadvantage people facing the most significant barriers to finding a home. It is also important to recognise the pressure that local authorities and homelessness organisations are facing when suggesting improvements.

The research makes broad recommendations for the new government to deliver a bold approach to tackle injustice in the PRS including:

- Increasing the delivery of new homes at scale
- Taking urgent action on the injustices facing private renters
- Ensuring that a fairer, more equitable PRS is viewed as central to ending rough sleeping.

The following are examples of specific recommendations emerging from this research...

Recommendations for MHCLG

- Ensure that the new Renters' Rights Bill is robust enough to increase the rights of those who are accessing the cheapest end of the market including those who have experienced homelessness. The Bill must deliver a more secure PRS, a stronger approach on the enforcement on poor conditions and illegal practices, and an end to discrimination by agents and landlords when advertising for and selecting new tenants, for all renters even those who are most disadvantaged in the market.
- Address the imbalance between supported options in 'exempt accommodation' and more affordable, fully independent options for people with lower support needs.
- Work with HM Treasury to explore new mechanisms for incentivising landlords, delivered through the tax system, which move the burden away from local authorities providing cash offers at the point of tenancy sign-ups.
- Work with the Home Office to create a programme where housing advice is systematically provided to people before they leave asylum support accommodation.



Recommendations for metro mayors and local authorities

- ◉ Boost the capacity of floating support for people in PRS accommodation.
- ◉ Promote partnership work to prevent further escalation and variation in incentives offered to secure PRS access for people experiencing homelessness.



Recommendations for homelessness organisations

- ◉ Expand innovative projects that provide a low-rent option with light-touch support for people who do not need traditional support models but are unable to access PRS independently.
- ◉ Continue and expand work to support clients to access the PRS in a holistic way with local authority and grant funding.
- ◉ Work together to convey the reality of the lower-cost end of the PRS to decision-makers, including commissioners and politicians. There is currently extensive coverage around conditions in social housing and temporary accommodation, representing an opportunity to shine a light on the realities of the PRS such as illegal practices, and poor quality, value and experience.

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