

Homelessness in Wales: Monitoring the impact of the UK recession

May 2009

Background

The causes of homelessness in Wales are many and varied, and pressures generated by changing economic circumstances can significantly impact on these.

In March 2009 Shelter Cymru, the Local Authority Homelessness Network and Cymorth Cymru conducted a survey of a small sample of Welsh homelessness services, including housing and debt advice agencies, daycentre and hostel services, and local authority homelessness departments. We asked participants to describe their current caseloads, and to compare what they are experiencing now with the situation twelve months ago.

Findings

The UK recession is beginning to impact on homelessness in Wales. This brief report outlines some of the issues that are beginning to emerge. The key findings of the survey are:

- Increasing numbers of households are approaching housing advice and support agencies
- Mortgage arrears and unemployment are more frequently the cause of housing difficulties for those who present to housing advice and support agencies
- There seem to be growing issues regarding insecurity in the private rented sector
- There appears to be unmet need for housing and debt advice in Wales
- The introduction of Local Housing Allowance, which broadly coincided with the onset of UK recession, has led to considerable difficulties for some households attempting to find suitable and affordable accommodation

1. There is increasing demand for homelessness and housing advice services

Shelter Cymru advice services experienced a 23% increase in work between the final quarter of 2007 and the same period in 2008.

Similarly, homelessness day centres and hostel providers have witnessed an increase in demand. One hostel reported a 24% increase in open cases.

“The number of rough sleepers presenting to services has increased – for example, during December fifty-two people presented, whilst only one hostel space became available.”

“We have seen a dramatic up-turn in our numbers this year.”

2. Mortgage arrears are more frequently the cause of housing difficulties

Shelter Cymru statistics show mortgage arrears cases at more than twice the level of the previous year, rising from 158 cases in the final quarter of 2007, to 381 cases in the same period in 2008.

“Recently, especially since Christmas, I have noticed more and more cases directly linked to the recession. e.g. redundancy leading to difficulties with mortgage payments. These range from people not yet in arrears to those facing court.”

Local authorities and housing advice agencies commented on the increase in the number of households presenting who have complex debt problems associated with using their home as security.

“Properties are being used like an ATM... There’s a skills gap within the team to tackle this and there are long waiting lists for financial advice.”

“We have been supporting a couple who are home owners. Mrs Y suffered a breakdown and lost her job, and Mr Y has just been diagnosed with Alzheimer's. They are unable to sell their home and can't afford to pay the mortgage, so have taken out several credit cards in order to continue to make mortgage payments. They currently owe £75k on cards and loans!”

3. Unemployment is more frequently a cause of housing difficulty

Hostel providers, housing advice agencies and local authorities have recognised that unemployment is more frequently the cause of housing difficulty.

“We are getting more clients who have lost their jobs or been made redundant, through no fault of their own.”

“One of the things apparent to me was the increased number of clients who had applied as homeless as their businesses had failed.”

There is a fear that numbers will grow even more rapidly as people run out of options. A Shelter Cymru caseworker commented.

“Typically, people say they have managed to pay from savings or with family help for a while in the hope of getting a new job, but can’t manage any longer.”

A further impact of this is that whilst historically many people experiencing homelessness or other housing problems have been able to resolve their difficulties through securing and maintaining employment, this is becoming increasingly challenging for many in the current, highly competitive jobs market.

“There are increasing difficulties for clients wanting to find work as many of the roles that our clients group would normally aim for have been adversely affected – eg, construction, manufacturing, etc.”

“The lack of employment opportunities also restricts individuals’ capacity to work themselves out of homelessness. This has long been the best way for single homeless individuals to extricate themselves from homelessness services and attain independent lifestyles, though this is becoming much more difficult to achieve and a less realistic option for many.”

4. There appears to be growing insecurity within the private rented sector

There have been more referrals to support agencies from households needing to move out of the private rented sector due to rent increases, or due to the landlord needing to sell because of financial problems.

Some within local authority homelessness departments recommend that the Welsh Assembly Government Mortgage Rescue Scheme should be extended to Private Sector Landlords.

5. There appears to be growing unmet need for housing and homelessness advice and support

Shelter Cymru does not currently hold data on unmet need, however individual advice surgeries were cancelled at times during 2007 and 2008 due to maximum client numbers being met. Anecdotal feedback from caseworkers suggests that surgery closures occurred at a higher rate during 2008 than 2007.

Hostel providers suggested that there may be growing numbers of hidden homelessness. Hidden homelessness includes, for example, cases of people experiencing housing crisis who find support from family or friends, and are able to stay with them whilst trying to get back on their feet. However, in some cases these arrangements may be unsustainable, and may simply delay the onset of more acute problems and demands on services.

“More clients are presenting with rent arrears due to losing their jobs, and having to move back to their parents etc, which is leading to family tensions.”

6. With increasing demand and no increase in funding, there appears to be growing pressure to prioritise support for those households who have a statutory right to housing

Whilst understanding the reasons for this, some providers are concerned that the shift in emphasis may be to the detriment of vulnerable people who fall outside this group. One respondent described how clients who had accrued rent arrears following recent unemployment were finding themselves unable to access adequate support:

“Because they are giving up their tenancy voluntarily, before arrears get too high, they are classed as ‘intentionally homeless’ [and therefore ineligible for statutory housing].”

A further difficulty with the statutory framework concerns the growing number of EU nationals who came to the UK in recent years to find employment, but now find themselves out of work.

“The rules around Habitual Residence for the eighteen EU countries appear to have been tightened... It seems that A8 nationals who would previously have been granted benefits are now being ‘nilled’, and we are concerned that a growing number of these cases may be unresolvable and thereby cause extreme vulnerabilities through resultant destitution.”

7. Changes to welfare entitlements are negatively impacting on housing and homelessness

The timing of the recession and the issues it is generating coincides with the introduction of significant changes to the welfare benefits system in the UK - in particular; the introduction of the Employment Support Allowance (ESA) and the Local Housing Allowance (LHA).

In a proportion of cases these changes may bring real improvements to the opportunities and circumstances of people who are homeless or vulnerably housed, though in others they appear to be further compounding individuals' problems. One agency reported that 100% of users of its emergency bed service (55 individuals) were now experiencing difficulties accessing benefits, compared to 80% twelve months earlier.

“We are seeing increasing numbers of people with benefits problems – particularly Sickness Benefit and ESA... and have difficulties resolving these.”

In other cases, opportunities to find suitable long-term accommodation has been affected by the introduction of LHA, as private sector landlords become less willing to let their properties to unemployed people. Although some local authorities in Wales report an increase in the numbers of landlords approaching them to utilise leasing, social letting and bond scheme opportunities, a recent survey by the National Landlords Association suggested that 43% of landlords would be now be unlikely to rent again to people on benefits. In addition, the 'Under-25 rule', which limits young people's entitlement to LHA, continues to exacerbate this problem.

“LHA levels for single under-25s are a major barrier to them accessing the private rented sector due to affordability.”

8. Charitable giving appears to be in decline as individuals and families reassess their finances

There is some evidence that third sector organisations who provide services for people in housing need are beginning to see income fall, particularly from individual and charitable giving.

For the first time in many years some local authorities have indicated that future funding for third sector organisations may be in danger.

Conclusions and recommendations

The findings of this survey suggest that the recession is beginning to have a significant impact on housing and homelessness in Wales, causing real and substantial difficulties for families and individuals directly affected, and generating new challenges for service providers and policy-makers. Early indications predict that we might expect to see a worsening of this situation in the coming period. The project partners make the following recommendations:

- There is clearly a growing and unmet demand for housing, homelessness and debt advice in Wales. Furthermore, housing and homelessness advice providers are facing difficulties in securing appropriate levels of funding. The project partners recommend that the Welsh Assembly Government should provide additional funding for advice services in order to meet demand and prevent homelessness.
- Whilst the project partners welcome the Welsh Assembly Government's current investment in mortgage rescue, we recommend that the programme should be expanded in response to increasing mortgage difficulties faced by homeowners in Wales. Furthermore, eligibility to access the Welsh Assembly Government Mortgage Rescue Scheme should be extended to Homeowners currently letting properties in the private rental sector.
- It has long been argued that some areas of Wales do not have adequate provision in place to meet demand from people who are facing or experiencing destitution, and this issue appears to have grown more urgent as a consequence of the recession. The Welsh Assembly Government and local authorities must ensure that emergency provision, including hostels, is expanded where necessary to meet the needs of those facing extreme housing crisis.
- The Welsh Assembly Government Deputy Minister for Housing should ensure that the findings of this report are delivered at forthcoming economic summits.

The project partners will be conducting a follow-up survey in July 2009 in order to continue to monitor the impact of the recession on housing and homelessness. The report from this survey will be published on the websites of the project partners in Autumn 2009.

Further information

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