

Work and Pensions Committee

Oral evidence: Local Housing Allowance and Housing Supply, HC 165

Wednesday 9 June 2021

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Members present: Stephen Timms (Chair); Shaun Bailey; Siobhan Baillie; Steve McCabe; Nigel Mills; Selaine Saxby; Dr Ben Spencer; Chris Stephens; Sir Desmond Swayne.

Housing, Communities and Local Government Committee Member present: Mr Clive Betts.

Questions 1 - 39

Witnesses

I: Ben Beadle, Chief Executive Officer, National Residential Landlords; Jon Sparkes, Chief Executive, Crisis; and Paul Sylvester, Head of Housing Options, Bristol City Council.



Examination of witnesses

Witnesses: Ben Beadle, Jon Sparkes and Paul Sylvester.

Q1 Chair: Welcome, everybody, to this meeting of the Work and Pensions Committee, where we are looking at the question of social security support for housing costs. We are very pleased to welcome the three witnesses who have joined us for this session. Thank you to all of you for being with us. Can I ask each of you briefly to introduce yourselves to the Committee, starting with Ben Beadle?

Ben Beadle: Thank you very much, Chair. I am Ben Beadle. I am the chief executive of the National Residential Landlords Association. We are a membership organisation representing the interests of over 90,000 landlords in England and Wales.

Paul Sylvester: Good morning, Chair. My name is Paul Sylvester. I am the head of Housing Options with Bristol City Council, and I lead the city council's response to homelessness, working in partnership with the wider homelessness sector.

Jon Sparkes: Thank you, Chair. I am Jon Sparkes, the chief executive of Crisis, the national charity for people facing homelessness. We work with about 10,000 people experiencing homelessness each year, helping them to find sustainable routes out of homelessness across England, Scotland, and Wales.

Q2 Chair: Thank you all for being with us, and a warm welcome as well to Clive Betts, the Chair of the housing Select Committee, who I am delighted is with us this morning.

Can I put the first question to each of the three witnesses? We are moving to a model for housing support comprising the housing cost element of Universal Credit, determined by the Local Housing Allowance, constrained by the benefit cap and the two-child limit, topped up when necessary by Discretionary Housing Payments. How well do you think that model supports renters in meeting their housing costs?

Ben Beadle: Thank you very much indeed. Our observation on this is we do not think the current system for housing cost support is fit for purpose. We obviously have the Local Housing Allowance and we have Discretionary Housing Payments. The very fact that we have Discretionary Housing Payments is a sign of a failed system. Tenants and landlords should not be expected to rely on emergency stop-fund gaps such as DHP. It is in all of our interests to make sure that tenancies are sustained and that people have the support that they need, whether you are a landlord or a tenant, when it comes to housing.

The system, although well intentioned, is in need of a bit of an overhaul. We have been pleased to see the Local Housing Allowance return to the 30th percentile, but the fact of the matter is a significant proportion of those people who are in receipt of Housing Benefit or Local Housing



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Allowance, it does not meet their housing costs and that poses real challenges to landlords and tenants alike.

If you add to that some of the procedural difficulties that landlords and tenants have to go to in order to access those payments, I do think that the system could be well enhanced by removing the five-week wait, not making people who need this money wait for such a long period of time. I also think that we want to get the system to a tenure-blind approach so that, in a way, landlords do not even know that somebody is going to be claiming Housing Benefit. That is the sort of approach that we want to be able to get to. There are things within the system that can be improved for the benefit of both sides. That would be my initial observations.

Paul Sylvester: Throughout the evidence I am going to be giving a perspective from Bristol but very much recognising that housing markets and situations are very different across the country and there may be different solutions depending on where you live.

Bristol is an economically buoyant city. It has an amazing cultural offer that should be celebrated, but it is a city that does not work for everyone and housing affordability is a critical issue in this city. We were very pleased to see the LHA uplift last year. However, having done some recent research on properties that were advertised for let, only 2% of advertised private rented properties are at or below the Local Housing Allowance, meaning that for the vast majority of people on low incomes in Bristol it is a very difficult market to access.

We do have Discretionary Housing Payments, which the local authority has been topping up because the need is so great. With stretched local authority finances, I am not sure how long we can continue to do that. In no way, shape or form does it meet the needs of people who are unable to rent or meet the rent in the private rented sector.

Q3 **Chair:** Paul, how does it come about that only 2% of properties are available for rent at less than the 30th percentile? It sounds as though arithmetically something has gone wrong there.

Paul Sylvester: Yes, that is right. It has always been a bit of a mystery to us how the LHA is set in Bristol. We have asked the National Valuations Office for information before but it has not been that forthcoming. We know that rent in Bristol increased last year, during a pandemic, by over 3%, which is the second highest rise in the country.

Yes, you are quite right, something isn't working here. We know, because we have done the research—we looked at Rightmove; we looked at estate agents' websites—that only 2% of properties are at or below the LHA. While we are told LHA is at the 30th percentile, quite clearly that is not the case in Bristol.

Jon Sparkes: I start by saying that it can be effective. I am disturbed to hear what Paul says about the percentage available at LHA rates, but it



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certainly can be effective where the LHA is at the 30th percentile of the local market. We have seen what happens when it is not and we have seen what happens when it is.

What I would also say, though, is it isn't enough on its own. At the moment, because of the lack of supply of social housing, the private rented sector is expected to be almost the only solution for homeless households. What works is a combination of social housing being available and the private rented sector playing its part through an effective welfare system.

When I say we have seen what happens when it isn't at the 30th percentile, certainly over the decade up until last year, as LHA was first of all pegged back then completely frozen and, therefore, lost its value completely, we saw parts of the country where less than 1% of housing was available or affordable to people who relied on LHA.

We have also seen what happens when it does work, with the decision last year to return LHA to the 30th percentile. We saw an almost immediate increase in available properties. For example, on a count of properties available for our clients in Edinburgh, we saw the numbers increase from 20 or 30 available across the city to some 400. I am not saying that the LHA rate return to the 30th percentile was the only impact on that, but it was very stark and it happened at the same time as it was returned to the 30th percentile.

What I fear now, of course, is that it has already been refrozen. We are already seeing some gaps. For example, with one-bedroom, two-bedroom and four-bedroom rates in East Thames Valley, there is already a gap of £11.50 between LHA and the 30th percentile—a gap of about £50 a month—that people are now expected to top up. Of course, what happens is, if LHA does not help to drive supply in the private rented sector, we see some of the more disturbing and imaginative approaches to housing people experiencing homelessness—the use of permitted development, the use of exempt accommodation. For example, there are now 22,000 households using exempt accommodation in Birmingham alone, at a cost to the taxpayer of £200 million.

It can work. Our research suggests that at the 30th percentile, notwithstanding the comments Paul made—really at the 30th percentile—it can work as an effective mechanism for preventing and supporting people out of homelessness, provided, of course, that that interlock with the benefits cap isn't preventing the effectiveness of LHA as well.

Paul Sylvester: To come in on the back of what Jon said, absolutely in Bristol it is a real challenge at the moment, but just to talk a little bit about the uplift that we saw in April, that did have a positive impact. The LHA did increase by around about £100 a month per property size. That was one of the factors that enabled us to increase the amount of private rented properties that we secured for homeless households by about



50%. It was not the only factor but it does work. There are two separate issues. The increase worked and it helped us, but it is not enough.

Chair: Thank you, we will come back to that point.

Jon Sparkes: To add one more point around cost effectiveness of this. I am referring to research that we had done by Alma Economics prior to the pandemic, when LHA was not at the 30th percentile. It demonstrated very, very clearly both the impact on households, with some 32,000 households potentially lifted out of poverty by returning the LHA to the 30th percentile. It also demonstrated that even over a period of only three years, while the cost to the public purse of that change would be £3.3 billion, the overall benefits received by the public purse outweighed that by £2.1 billion. So, it is very, very good value for money and can work, but, as we see, it only works if it is done properly, the interlock is effective with the benefit cap and it is kept at 30th percentile or above.

Q4 **Sir Desmond Swayne:** I had better remind you, Chair, of my entry in the register, and it has just occurred to me that I am a member of Ben's organisation.

I have two questions. The first is: is the current level at which the LHA is paid enough for the needs of those on low incomes and households in poverty? Secondly, given the number of changes that have taken place in the last 10 years on the way that it is set, is there a better way of doing it?

Jon Sparkes: There are two parts to my answer. We have to remember we are not in a steady state. We are in a situation where we are feeling the economic impact of the pandemic and we are in a situation that we would not be in without the pandemic, where some 400,000 tenants or households are in rent arrears now.

In a steady state the research does show that a 30th percentile of local markets—and that is important, the local-market part, which I will come back to in a moment—is effective, provided it really is a 30th percentile and therefore the bottom third of the market is available for people who rely on social security support.

In the emergency situation we are in, we are finding that people who possibly would be considered to be on low incomes also are now vulnerable to homelessness because of rent arrears. That does not require simply relying on the 30th percentile, that requires an emergency response to an emergency situation, both for landlords and for tenants. Certainly, we are very supportive of Ben's organisation calling for emergency grants and loans for people in that situation, because the steady state response of the 30th percentile will not support that emergency situation. So, there are two things.

To come back to that point about local markets, if you take the situation of somebody, as part of avoiding homelessness, as part of their journey out of homelessness, trying to move area to find a job, they may find



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themselves moving into an area where there are more jobs and therefore rents are higher, so that needs to be dynamic. It needs to be a 30th percentile of local markets.

Ben Beadle: I welcome an NRLA member. It is very good to have you on board. I would echo what Jon says about the 30th percentile, but what I would just point out is that we are slightly perplexed at the decision to freeze Local Housing Allowance rate in cash terms that was taken. For us it is penny pinching and does nothing to help the current situation. What is going to happen in three or four years' time is it will not be the 30th percentile. That is the reality of that decision.

Jon is also right in that, when we look at where we are at the moment, our own research has shown that 82% of renters are now in arrears who were not in arrears prior to the pandemic. Some of those will be eligible for Local Housing Allowance and DHP, others will not. Therefore, we need to have a longer-term view on the effectiveness of local housing support but, also, a look through a Covid lens at not just the measures that are needed here and now but also the support to those renters and landlords who will not be eligible for Local Housing Allowance and Discretionary Housing Payments, because there is nothing really there for them. They are people who have not been in arrears before who need a short, sharp injection of cash to sustain the tenancy in the interests of everybody. We put the cost of a loan scheme at around £200 million, which is a fraction of the £850 million of the cost of Eat Out to Help Out.

Paul Sylvester: To come in with a couple of examples of affordability issues in Bristol. At the moment, there are 602 two-bedroom properties available to rent and only 15 fall within the Local Housing Allowance. What is even more disturbing is that there are 298 three-bedroom properties and not one of them falls within the Local Housing Allowance. This is a clear challenge for people accessing accommodation.

We are also very concerned about the level of rent arrears in the private rented sector. We have started to see an increase in private tenants approaching the local authority for assistance due to homelessness and it feels that we are at the beginning of that sharp upturn, which is very distressing for everybody. We need to give financial support to these households as part of the extended response to the pandemic.

I agree with what Ben and Jon have said. I know that the LGA is calling for an increase in local welfare support of up to £250 million. I know that at the moment the DHP pot for the country is £140 million. Bizarrely, if I have not mentioned it already, the amount of DHP award that we have received in Bristol this year is 30% lower than last year, at a time when during this year the eviction ban has recently ended, furlough will end and the UC uplift will end. Therefore, we very much call on the need for additional funding to local authorities to prevent this tidal wave of homelessness.

Chair: I can see that Jon wants to come back but Siobhan Baillie, has a



point to raise here. I will take Siobhan first.

Q5 **Siobhan Baillie:** Ben, on your point, with the proposals about the loan scheme that you have created to deal with post Covid, and the immediate and the sudden shocks that people have gone through recently, what has been the response to those proposals from Government or otherwise? I am interested that you came up with a loan scheme because most people come here and ask for grants, so I was interested to know your thinking behind that and what tenant bodies or reactions have been to that.

Ben Beadle: Thank you for that question. I think there is universal cross-sector support for a package of grants and loans. We have worked with Jon on this and with others. In fact, I think the only person who disagrees with it is the Chancellor and the Treasury.

I know that the Government like to take last-minute decisions on these things, but the crisis is here right now. We obviously have the stay on bailiff evictions that have been lifted. That could not have gone on forever but I am surprised to see that not accompanied by some further support, if I am brutally honest.

The point I would respectfully make is that we hear from Government that unprecedented measures have been put in place for renters and landlords, and they are right, but the problem is that that is not enough. With Discretionary Housing Payments, if I dial back to that figure—that £140 million—that was announced in the 2019 spending round. That is not new money. That is a pre-Covid decision. That was money that would have been available whether we had Covid or not, so it seems inconceivable to me that that figure would not be increased.

The way that we see it is that we would see additional support for those who are on Local Housing Allowance and benefits, a range of grants, increased Discretionary Housing Payments, but more money to be able to support people to meet their obligations. For those who may not be used to being out of employment and cannot access Discretionary Housing Payments, that is where the loan scheme would come in. That would be government-backed, interest-free and that will sustain tenancies. What that will allow people to do is have a bit of breathing space, as the economy picks up, to find employment, or it will enable them to make a proactive decision to downsize or move away.

The problem is if you have debt and you have arrears, you are blocked from realistically being able to move to another home, so you are stuck there. That then puts the problem squarely between the landlord and the tenant. If there is no additional support there, landlords in 75% of cases where they have been asked, based on a survey by Dynata, have made gestures to tenants, have written down rent, have ended tenancies and so on. But obviously there is only so far that one can go, given that landlords are typically people who have one or two properties. What we need is additional funding that either allows the tenancy to be sustained or brought to an end in an appropriate way that allows people to



downsize and take on something more affordable. That is the package of measures that I believe has a cross-sector point.

Q6 Chair: Jon, I know you wanted to come back. Coming back to you, can you tell us a little bit more? You were suggesting earlier that keeping the LHA at the 30th percentile and uprating it annually would end up saving the Exchequer money. It would clearly increase the cost of housing support but I presume you are saying that there would be some offsetting savings somewhere else. Can you explain to us how that would work out?

Jon Sparkes: Yes. Clearly while this system does not work, we are resorting to more expensive forms of accommodation. For example, councils are forced to make use of expensive daily pays and temporary accommodation. That whole area of exempt accommodation comes into play where landlords are able to go higher than the LHA on the basis that there may be some support provided, and that is a wholly unregulated area of this.

Then, of course, there are other costs to the public purse of other places that people rotate through: homeless hostels, hospitals, prisons and so on—very, very expensive forms of accommodation. So, the benefit to the public purse comes from not using much more expensive forms of accommodation to fulfil duties to prevent homelessness while the supply isn't there. That is where the savings come from for the public purse.

I want to reinforce something that Ben said about the emergency package of measures for people in arrears, which is to emphasise there is certainly an element to that, which is about rent. People who are in receipt of benefits and people who would otherwise be in receipt of benefits but aren't because they have no recourse to public funds, are groups who would have no means to repay a loan. It is never going to be a solution for those groups to add debt to debt they already have, so it is a package of measures considering the position that people are in.

Finally, to come back on the discussion we are having, any discussion we have about the effectiveness of LHA has to include a discussion about the benefit cap. Many people have not received the benefit of short-term support made available since March 2020, because of the cap. That has not been increased for some time, despite inflation, benefit levels and the world at work all changing. We are still in a position where the benefit cap limits overall benefit support to £23,000 for families in London and £20,000 across the rest of the UK.

One part of the analysis we did on LHA rates was to examine what the impact would be of taking the LHA rate higher than the 30th percentile, which of course would drive up supply for the people that we support. But of course, the higher you go with LHA, if the benefit cap is there, the less impact that actually has.

Chair: Thank you. The next question comes from Shaun Baillie, whose



initiative it was to set up this morning's meeting.

Q7 **Shaun Bailey:** Thanks, Chair. A few questions from me. The Department's analysis into the equalities impact of its recent reforms, particularly around those with protected characteristics, has shown that shortfalls, particularly for claimants in the private rented sector, have not fallen evenly across different protected groups. I am conscious, from your experiences, how you are seeing that translate on the ground. Particularly this question will start with Paul, perhaps. How are you seeing that translate on the ground in terms of interventions that you may have to do and, more broadly, in terms of how you feel going forward we can acknowledge some of the socioeconomic disparities that are there, particularly within groups with protected characteristics?

Paul Sylvester: Thank you. One of the things I was going to mention was the fact that over 50% of households with a shortfall have a disabled person living with them. Our experience in Bristol is very much that this particular group of people finds it difficult to source and find suitable alternative accommodation because of their particular needs around accessibility, and staying somewhere that might be expensive but meets their needs is what motivates the family. Unfortunately, what we see is that time and time again disability benefits are used to cover the rent top-up, rather than what they are meant for, which is helping with the extra costs caused by long-term ill health or a disability.

There are some fundamental issues here in terms of sections of society who fare less well in the economy, particularly for people with disabilities in gaining employment. There are literally a number of different barriers that need to be explored for how we can support people back into work. In an expensive city like Bristol, the only way out of poverty is getting employment and that is a challenge for people with disabilities.

My fellow members on the panel may have more to say about the other issues.

Jon Sparkes: Thank you, Shaun; it is an important question. It goes right to the heart of the reason we have homelessness in the first place and highlights that the central driver of homelessness is poverty. The correlation you are drawing, the fact that those inequalities exist in the housing world is driven by the fact that those inequalities exist in relation to poverty in some of the groups that you have mentioned.

If we look at homelessness rates, for example, 24% of people who are experiencing homelessness or at immediate risk of homelessness in England and Wales are often black, Asian and minority ethnic communities, compared to the fact that they make up 14% of the population, a significant difference. Crisis has just started conducting research, which will be the first important piece of research into the link between race and homelessness, which we will publish later this year.



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Another group affected by this very clearly are lone parents, where that interplay between Housing Benefit and benefit cap works less well for lone parents. There is extensive research by Shelter and Women's Aid around that. Finally, people who have experienced domestic abuse. Certainly, among our members, the clients that we have at Crisis, one in five of our clients who are women report domestic abuse as the main cause of their homelessness.

Again, it does come back to things like the benefit cap, the ability of predominantly women to move on from shelters where, while they are in the shelter the benefit cap does not apply, but when they try to leave the shelter to get a job and find somewhere to live, the benefit cap does apply. The design of that welfare system is trapping people who have survived domestic abuse and are looking to move on with their lives.

There are two things you highlight: that absolute interlock with poverty as being the reason for driving homelessness; and also the fact that we can design our welfare support systems to better help people to move on with their lives rather than trapping them in the situation they are in.

Shaun Bailey: That is very useful; thanks, Jon. Ben, do you have any comments to add?

Ben Beadle: Very briefly. Jon has given a very full response there that I absolutely endorse and agree with. As an association, we are campaigning to make sure that landlords and tenants know about the support such as the Disabled Facilities Grant, to help meet the needs of those with a disability. That is a big piece of work that we are working on at present with others in the sector, to open minds with regards to that. That would be the only thing I would add.

Q8 **Shaun Bailey:** Jon, if I could take you back to a point that you alluded to there, what is your view on trying to join up more this housing offer and employment skills and almost empowerment offer, in a way? It does sound that we are quite segmented off at the moment in terms of the Government perhaps not understanding the interplay between the two, or certainly that not translating down into operational delivery of their policy. How do you say that could work better so that we could join those two? It does seem that they are not disconnected, so how do we ensure that this is more joined up with that so that we can break the cycle?

Jon Sparkes: Again, that is a helpful question. I think there is significant progress. Certainly, our services have done quite a lot of joint work with DWP about things like sensitivity around easements of conditionality when people need to get support to achieve housing stability rather than particularly focusing on getting a job right now, because it is clearly easier and more sustainable to get a job from a stable housing position. In Newcastle, Merseyside, and Birmingham with DWP we have been piloting ways of identifying and preventing homelessness, because of course Jobcentre Plus is one of the key places where people go when they are struggling, when they are there for a risk of homelessness, rather



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than necessarily to their housing office. If trained staff in Jobcentre Plus are sensitive to that, aware of that, then there is much more probability of preventing homelessness.

We have worked with DWP on developing a toolkit for all DWP staff around addressing housing and homelessness. Clearly, they have other responsibilities but it is such an important opportunity if we join up that interlock between housing stability and support into employment.

Q9 Steve McCabe: I want to go back to the question of people with disabilities, which Paul touched on quite a bit there. In your experience are disabled people and households with children with disabilities the big losers under current housing support policies? Paul, do you want to start?

Paul Sylvester: It is definitely a group who really struggle, for the reasons I set out earlier in terms of not only seeking properties that are accessible but the fact that people with a disability or with a household member with a disability are less likely to be in work and therefore, as Jon pointed out, are trapped in poverty, which can lead to homelessness. It is a tragic situation and the question just before about supporting people into work is where the focus needs to be. It is tailored support that will help people get back into the job market.

Q10 Steve McCabe: Although people with disabilities often find it much harder to get into the job market and much harder to earn a higher income if they are in the job market. Is there anything else you would recommend could be done to stop this particular group always—I do not want to overdo it—seeming like the victims of the current housing policies?

Paul Sylvester: This is where the answer is around supply of affordable housing and where maybe for some groups of people expensive private rented market isn't what is needed. If you put aside the interventions that can get people into work, what we need in Bristol and many other cities is more affordable housing, in particular social housing. If you are living in social housing, while you have rent levels that are significantly below the Local Housing Allowance, you have generally more tolerant landlords who are there to support you. So, the issue here is around accessing affordable housing for this client group.

Q11 Steve McCabe: Thank you. The other thing I wanted to ask is I noticed that about 54% of people over all—and this obviously includes quite a high proportion of people with disabilities—are reliant on Discretionary Housing Payments for long-term support to keep them in their accommodation. Is that a sensible model to employ for housing support? I do not know who is best placed to answer that. I will go to Jon.

Jon Sparkes: Thank you. I will mention the points on disabled people first. To add to what Paul has said, clearly one issue there is about the proportion of someone's income that is non-negotiable expenditure. It is things like rent. Rent is non-negotiable and in the case of some disabled people there will be other non-negotiable expenditure, which means the



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impact of anything like a benefit cap or anything else that is applied will have a disproportionate impact.

I would also echo slightly what Paul said about supply. Remember, we are relying on almost one of our sectors for the response to housing here. For the last five years there has never been a year where we have built more than 7,000 social rented homes. That is not to say that a particular group of people only goes into social housing but it would certainly give us the option of more suitable and available supply.

On Discretionary Housing Payments, you are quite right that they are not designed to be an ongoing support mechanism. They are designed to be short-term support in moments of real need. There are various flaws in them aside from that, in terms of the amount that is available, the competition for the money and the willingness of some local authorities to promote the availability of those payments. But the fundamental thing is they are not designed to be an ongoing support for people who need ongoing housing support. That needs to be hardwired into the LHA and benefit cap discussion that we have been discussing.

Q12 Steve McCabe: Is it relatively easy or do people with disabilities encounter quite a lot of difficulty when they are trying to apply for DHP?

Jon Sparkes: I only have rounded numbers but in 2019-20 there is research showing that 37% of applications overall were refused for DHPs. I do not know the split with disabled people particularly but that is quite a high level of refusals.

Q13 Steve McCabe: You have touched on the problem of local authorities and there is the Hardy v. Sandwell council case where they were taking the benefit payments into account. You touched on that. Is there a complication in the mechanics, the process of applying for Discretionary Housing Payments?

Jon Sparkes: I would say that there are three things. First there is that local application of policies and a huge variety in the way that that policy is applied. Secondly, there are many local authorities that simply do not publish detailed information about how to apply for DHPs.

More broadly, where DHPs would be effective is if we could target it, if we could be proactive rather than simply waiting for an applications process to run through. What we do not have is any mechanism for local authorities to use Universal Credit data to target people who would benefit from a DHP. That is where DHPs would become very useful as a temporary measure, if we could target it and use it to prevent homelessness in the first place.

Q14 Steve McCabe: Is that something you would recommend?

Jon Sparkes: Certainly we should have that mechanism, because if we are simply allocating on application process rather than being proactive, we are missing an opportunity.



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Q15 **Steve McCabe:** Thank you. Ben, could you say a little bit more about the benefits of the Disabled Facilities Grant that you mentioned, and comment on the other two areas that I have raised as well?

Ben Beadle: With pleasure, Steve. To answer your last question around DHP, this is a classic example of where DHP money is being used, but it should be a more ongoing support. The DHP is an emergency, short sharp intervention, whereas obviously it needs to be stripped out and funded properly. That would be my observation.

As far as the grants around accessing disabled-friendly housing is concerned, this is something that we have been talking about a lot over the past few months because the reality is the private rented sector does have a part to play. It is my job to open its mind to the benefits of renting to disabled people.

Also, Jon said something about the calculation of DHP. It is about publishing the help and support that is available to both renters and the landlords, because if we know one thing, given the supply of properties, it is likely that the tenant is going to be there for the long term and that is obviously attractive for the landlord, having a long-term tenant. Opening landlords' minds to schemes that will enable them to house and make adaptations for disabled renters is a key piece of our work.

Similarly, with an ageing sector as well—we are all getting older—the PRS is going to be needing to house older people as well, for which adaptations will need to be made. Publicising the grants and supports that are already out there is one thing but, also, making sure that landlords and local authorities are at one in terms of knowing how things work and the things that are available to them for the benefit of long-term sustainable renting. That is what we want to see.

Q16 **Steve McCabe:** Thank you very much. Chair, I am conscious of time. Can I move on and ask a couple of questions about supported accommodation? We probably all remember that the Government got into what looked like a little bit of a mess over how they were going to apply LEK and then there was the argument about victims of domestic abuse and refuges. At the moment, do you think the Government have the distinction between the accommodation that is covered by LEK and the accommodation that is not largely supported accommodation, right now? Is the balance right or is it still a bit muddled and confused? I do not know who is best to start. Jon?

Jon Sparkes: Thank you, Steve. I would start by saying there is some good quality provision of supported accommodation and supported accommodation plays an important role for some clients, so in many cases we do get it right.

What is highlighted for me are two things. One is the growth of exempt accommodation and the other is the failure to roll out the Housing First approach. If we are talking about people who require support as well as



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having a housing need, we know what the solutions should be. So, there is a role for supported accommodation. But the growth of exempt accommodation shows the lack of supply, it shows the imbalance. It shows what happens if you have ineffective use of Housing Benefits. I mentioned that figure before of 220,000 people currently in exempt accommodation in Birmingham alone. I have written to Secretary of State Robert Jenrick, about that subject and he has replied talking about expectations for supported housing and a pilot project that includes Bristol City Council.

It is clear that there needs to be a much stronger way of regulating what is happening there, where the accommodation is offered and therefore charged on the basis that the person has support needs, but with no regulation of whether that support is provided. So, we end up with people with sometimes quite complex needs in wholly inadequate accommodation and without the support they need.

We contrast that with a Housing First solution, which would be the right thing to do. Our calculation pre-pandemic—probably out of date now—was that rather than the 2,000 Housing First places that we currently have in England, the requirement is more like 16,000 or 17,000. And it has been proven to work. The Government recognised the importance of it through the pilots in West Midlands, the Liverpool city region, and Greater Manchester. We are now seeing sustainment rates of tenancies under those pilots in the 90% range, so really working but not the supply that is needed.

I would contrast that with the work on Housing First in Scotland where it is now at 500 tenancies, sustainment rates are well over 80%, no evictions, and that is 500 in Scotland compared to 2,000 in England, so you can see the difference per head.

So, there are three things interlocking that. Supported housing needs to be good quality and has a role to play. We need to find ways of stopping this growth of wholly unacceptable exempt accommodation. There is such a compelling case for the answer being a national rollout of the Housing First solution for people who are experiencing homelessness and have complex needs. As people often say, it is not for everyone but for those people who do require a Housing First solution, it is absolutely the best and most evidenced and most sustainable option.

Q17 Steve McCabe: I am a Birmingham MP and, although I agree there is lots of excellent supported accommodation, it is very hard to escape the view in Birmingham that, for some rather unscrupulous types, exempt supported accommodation has become a gravy train and it is characterised by its lack of support. That would be my own experience.

Paul, you touched on this earlier. Would you care to comment, because my understanding is this is a similar problem in Bristol, and you talked about the supply? Is there evidence that the conversion of properties for use as exempt supported accommodation is reducing the supply of what



would otherwise be available accommodation?

Paul Sylvester: Bristol is part of the pilot, alongside Birmingham, Blackpool, Hull, and others. We are in quite a different position in that about five years ago we saw what was coming down the horizon. We were looking at a local bill of over £10 million for supported exempt accommodation and we funded a team to come in and do fairly robust assessments of providers coming into the market. Through that work we have managed to reduce the local authority spending to £1.3 million a year. We are part of the pilot showing how we think the sector needs to be managed and controlled.

What I would say is there is very much a distinction between commissioned supported accommodation. We do a lot of that around supported housing with very reputable organisations like the Salvation Army and St Mungo's that provide high-quality accommodation and support, and other organisations that might, to coin a phrase, be benefit farming and making the most of the exempt accommodation offer.

It is not quite the same situation in Bristol. It is only in terms of how exempt accommodation works and the impact it has on local authorities. If exempt accommodation is managed by a registered provider, generally it means that the city council does not cop the bill for subsidy loss. If it is managed by a charity, it does. We have some exempt accommodation in Bristol that is managed by very good charities but it still costs the local authority money, so I think the whole system needs to be looked at again. I know that the Government have tried a number of times before and it is a question of governance and oversight and regulation. There simply is none.

Once upon a time, for a number of years, we did have a large homeless private hostel that was exempt accommodation that provided very little support to the people who lived there. We have managed, through quite a robust process, to take away its exempt status so that it is now just relying on LHA and it is now no longer a homeless hostel for people with high support needs. It is hard work and it takes a lot of time and effort to get to that place.

Finally, around Housing First, we have some in Bristol. It works really well. We are frustrated that there isn't the long-term funding available that is needed for Housing First to work. We want to do it. We are in conversations with partners looking at opportunities around pool budgets with the CCG and adult social care, but what we need is the commitment and funding from Government to bring more in.

Q18 **Steve McCabe:** Ben, do you have a view on this and, in particular, about value for money? We talked earlier about the role that the private rented sector has to play but here is a group of people—Paul just called it benefit farming there—who are giving everybody a bad name. What is your view and what would be a better way to manage this situation?



Ben Beadle: I would say supported accommodation isn't necessarily an area that our members would get involved in. In terms of the longer term on this, it is back to the private rented sector being Jack of all trades and being asked to do things it probably was not set up to do. If you had a blank piece of paper, I am not so sure you would create it that way.

Q19 **Nigel Mills:** Can our panel offer their view on what the impact of the government policy is? We have tended to focus on demand-side policies like covering housing costs through housing brackets. What impact does doing that have on the housing system? Is that a role we should continue or should we try to change how we are providing housing support funding?

Jon Sparkes: Thank you, Nigel, you are quite right. A policy based only on demand side is an incomplete policy. I used the phrase earlier about non-negotiable expenses, particularly where rent is a non-negotiable expense. If we only have an approach based on demand side, we do not drive the supply in a direct way. We certainly see the market coming up with creative and different ideas: the growth of the real estate investment trust, the growth of exempt accommodation we have just talked about. But without a strategy on supply, those things will keep happening. The market is creative.

On the supply side, the research is very, very clear that the lack of social housing is driving many of the problems we are talking about here. Certainly, the research from Heriot-Watt University—from the modelling that Glen Bramley has done—suggests that in England we should be building 90,000 socially rented houses per year for the next 15 years if we are going to solve the homelessness problem we have. For the private rented sector backed by benefits to fill that entire gap explains why we are in the difficult situation we are in.

At the moment we see very little appetite for that. As I said, in the last five years there has not been a year where more than 7,000 social homes have been built. Although, to contrast with the situation in Scotland, it is building social housing at that sort of rate in Scotland, demonstrating that it can be done. The ideal system for us is one where you have the benefits of social housing and the private rented sector working effectively for tenants who need those particular solutions, alongside, of course, prevention legislation that sets out the duties on local authorities to support people when they are at risk of homelessness.

We have been doing some work with Savills recently and Savills is saying that now could be the time for substantial Government investment in social housing. I know that Lord Best's Affordable Housing Commission also suggested some mechanisms by which this might be happening.

We have talked about how a welfare-based, private rented based system can and does work and does work for many, many people. We have also talked about the weaknesses of that, but right at the very heart of this is the lack of investment in social housing.



Q20 Nigel Mills: Thank you. Do you feel that the attempts that were taken to stop landlords driving the Housing Benefit bill ever higher by increasing rents, knowing that they would have to be funded—have measures like the 30% housing cap worked in trying to soften the worst impacts of too much demand funded by benefits, or have they driven people out of the market and made people not be able to afford to rent the sort of house they need? Has that attempt to stop the worst impacts of this work to just make worse differently?

Jon Sparkes: Paul may correct me but certainly over that period of almost 10 years, when LHA was initially paid back and then frozen and that gap between LHA and rents grew and grew and grew, rents did not come down. Rents continued to go up over that period. So, if that were an attempt to drive rents down, it did not work.

Paul Sylvester: If I could come in. Absolutely, the evidence shows that over the last eight years rent in Bristol has increased by 52%. During the time when LHA was frozen, we had two years where rent increases were in the double figures, so as a policy intention it clearly did not work at keeping a lid on rent inflation.

Ben Beadle: To add my two penn'orth to that, I would agree with Jon that the private rented sector has a part to play but it is not the only part of the solution. If we want to deal with some of the very real issues that people are encountering, we need to stop talking about the need for building more social and affordable homes and get on and do it, frankly. The PRS has a role to play but it is being leant on as being the cure for all ills and that is not what it was intended to do.

Q21 Nigel Mills: Do measures that make renting more expensive for landlords help or hurt? We have seen measures to restrict tax relief on interest and various other issues. Are they taking the demand out from landlords or are they just putting extra costs on that appear on the rent and, therefore, make the problem worse again?

Ben Beadle: I will jump in first and say that section 24 has had a devastating impact on individual landlords, at a time when we do not want to see big increases. I know it was phased in but landlords will look to recoup their costs. I generally form the view that, if we want a sector that works for everybody, penalising one side does nothing to help the other. That would be my respectful observation there.

Of course, I understand the desire to want to cool the market somewhat but it has not had that desired impact. The best way of dealing with some of the issues within the sector is a combination of increasing the number of homes that are widely available and making sure that regulation around those landlords is done in a measured and appropriate way in the interests of both sides.

Nigel Mills: I should declare I am a landlord, at that point, to make sure I am not breaking any rules. Any further comments from the panel? No.



Q22 **Selaine Saxby:** Very much building on the same sort of theme, in your views, what should the balance be between spending to increase the availability of housing and spending on covering people's housing costs, and how does that compare to the current reality?

Jon Sparkes: There are two elements to that. The amount of housing that is required from the social sector is well set out in Glen Bramley's research for the National Housing Federation, where he talks about a backlog of 3.91 million households in Great Britain with a housing need. He sets out the relative contribution that different parts of the housing sector should play in closing that gap, including, in England, 90,000 homes for social rent.

Of course, even if I get my wish today and we start building those 90,000 social homes right this minute, there is going to be a period where the benefit system, the welfare system, is going to need to plug the gap between availability and rent levels and people's ability to pay. I am not sure that necessarily gives you an ideal balance in terms of spend but certainly it is completely skewed almost 100% one way and almost 0% the other way at the moment and that is not acceptable.

I think we would reach a level of equilibrium if we were building at that rate in terms of social housing, leaving the private rented sector to play an important role in terms of its flexibility, its adaptability, its mobility, but not relying on it to do things that the social housing sector has done very successfully over decades. The answer is that: that 90,000 social homes per year are what is needed in England to plug this gap.

Ben Beadle: I would add that you have the long term, which Jon has set out, you have the lead-time to get there and then you have the Covid lens. If I leave one impression with everyone today, it is the need to look very closely at the crisis that is engulfing the private rented sector at the moment. We can talk about long-term things and medium-term things but the problem is here and now and there are only a few days left to support people. I put it in those terms.

Paul Sylvester: If I could come in to give a bit of Bristol context, very much we see building new, affordable, and social housing as something that the city wants to do. We have an ambition to build 1,000 affordable housing units a year within the next three years and we have a very ambitious in-house city council landlord development programme.

But the properties that we need to build to meet the need and meet population growth is significant. We are looking at 30,000 affordable homes in Bristol by 2036. One of the things that I would like to say is how cities like Bristol can be supported by neighbouring local authorities within what is a bigger economic region, that may have more land than a city that is constrained by a city boundary, and in terms of supporting increased development of social housing that meets the needs of people in the wider region.



Q23 Mr Betts: Could I reflect on how we have got into the position we are in? If you think back to the 1970s, the vast majority of spending on housing was spent on building homes—what people want. Now the vast majority of spending on housing is spent on supporting people who cannot afford the homes they are living in. How did we get into this position? Given this has been a long time coming, over 40 years, it is a bit like an oil tanker, isn't it? It is facing the wrong direction and got into wrong the ocean. How do we manage to turn it around and get back to where it should be, bearing in mind that Governments tend to operate in five-year chunks at the most and do not see the longer-term picture? How are we going to get a proper discussion and, better still, a different approach to this whole situation?

Jon Sparkes: Thank you, Clive, and I share your frustration. This is something we have created over decades because it has always been easier to put it in through the welfare system than it has been to build the houses.

There are various approaches that have been put forward. I would say that if there was ever a time for this, now is it. We have seen over the last 18 months absolutely the importance of safe, secure homes for people over the period of the pandemic. We are in a situation where all of the benefits of building social housing would now be derived and necessary in terms of the economic impact, the employment impact of building social homes, as well as addressing the potential growth in homelessness.

One of the most prominent recommendations was Lord Best's recommendation. His Affordable Housing Commission put forward a case for a £1.3 billion national housing conversion fund as a quick and cost-effective way of getting this started, which would deliver 42,000 homes, mostly in the Midlands and the north. We need to start. It was Ben's comment that the case is very clear: the financial, economic, and human case is very clear. We need to take the first step and Lord Best probably puts forward a sensible first step.

Ben Beadle: I would absolutely agree with that. I do not remember the 1970s but it seems to me that we need to get back to basics on this, as Jon has set out. That does not mean that the private rented does not have a part to play in it. In fact, it has a very important part to play while those homes are built and beyond. If there is one thing that people like about the private rented sector, it is the agility and flexibility.

If you look at that curve, the Government have encouraged the private rented sector over many years to do what it is doing and it has responded very, very well. As we know, the problem is that it has become a panacea for all of the problems that exist and it is not going to solve them all. It will solve some of them, but for those people who want to be able to have a very, very long-term tenancy, it may not be the best place for them.



We have to go back to basics. We have to not sell off local authority housing. We need to build more homes and we need to make sure that the private rented sector works alongside that in an effective way.

Paul Sylvester: I agree with everything that colleagues on the panel have said. In Bristol we have a situation where the market split between the private rented sector and the social housing sector, the gap, is growing every year. Currently there are nearly 31% of households in Bristol in the private rented sector and 18% in the social housing sector, and it was only a decade ago when the numbers of people in the private rented were lower than the social housing sector. What is really needed is an increase in the percentage of properties in the social housing sector. Jon made reference to the Affordable Housing Commission and some ideas of how that might come about.

Q24 **Mr Betts:** I will just come back to that point, if I may. Everyone agrees here on the panel, and probably lots of people outside. Jon mentioned the 90,000 homes. Shelter did a report and the Nat Fed gave evidence to the housing Select Committee in our recent inquiry into social housing provision. Reports from Lord Best have been mentioned. We had a report from Capital Economics a few years ago. That showed over a period of time building sufficient social housing would pay for itself.

When we made a recommendation from our Select Committee to Government saying with 90,000 homes, it probably would cost £10 billion, which should be mitigated in some way. That is £10 billion a year, not £12 billion over five years that the Government were proposing. The Government did not even respond to the recommendations when they wrote back to us. They ignored them. How do we get the Government to engage and how do we get the Treasury to engage? This is something in the end that could have long-term financial as well as other benefits.

Ben Beadle: We need a long-term strategy for housing in this country. We don't have one. What we see is a series of interventions, like what was announced at the Queen's speech, a White Paper in respect of the private rented sector. But we need something bigger. We need to know that we are going from here to there and this is how it is going to work. We absolutely need to get the Treasury on board because it is key to some of these things. Civil servants and Ministers within the Housing Department will agree with a lot of what has been said today, but ultimately the Treasury is the blocker. We have to present a longer-term strategy that makes it easy for people to adopt.

Jon Sparkes: This hearing by this Committee and the fact that you are attending it, Clive, is an incredibly welcome initiative, because clearly any case that is made to the Treasury around the building of 90,000 social homes needs to be made on the basis of an interlock between social housing supply and welfare payments. That is not to fall into the trap of simply saying "You can reduce your welfare bill by building social houses". It is not that simple. There is an interlock between them and we need both. We will always need both but the balance is completely wrong



at the moment. A case made by this Committee and your own Committee becomes a very strong case provided it demonstrates the economics of that interlock between the welfare bill and the supply side.

Q25 Dr Spencer: Thank you for the evidence given so far, which has been very interesting. Naturally because of the nature of the evidence session it has focused very much on the housing costs and the Local Housing Allowance, but I want to pick up a point that you made, Jon, about the central driver of homelessness being poverty. I want to understand and unpack that a bit in terms of where this issue that we are focusing on today about housing costs fits in terms of tackling homelessness as a set piece.

Listening to the evidence session today, I am thinking, "Is it just about housing costs?" Yet, from my personal experience working as a mental health doctor and volunteering for London Street Rescue—perhaps I have a biased perspective—for me a key issue has been wraparound support and all those other factors that are going on. I have previously coined the phrase that "homes alone will not solve homelessness" in terms of how we approach it.

Perhaps I have seen more of the sharp end of things, but could you unpack a bit, Jon, what you mean exactly by homelessness? Is it homogeneous, is it heterogeneous, and where do people fit in different sets of support needs? If we gave you everything—if we could, and magic everything that people have asked for today—would that solve the problem or how much of the problem would it solve and what else is going on?

Jon Sparkes: Thank you. There is certainly a truism that homelessness isn't only about a home, but that homelessness is always about a home. Poverty is right at the very, very heart of that. You are quite right to highlight that there are other allied and adjacent issues that people will be going through in their lives but, fundamentally, homelessness is that someone isn't able to sustain and pay for a safe and secure place to live. That certainly comes from the interlock between higher rents and low incomes.

Why I welcome this particular hearing is that, whatever the solution is to homelessness, it absolutely involves the provision of homes and a welfare, social security element to that because we are supporting people who would not otherwise be able to afford a place to live.

It is worth saying that those things are fundamental. If we look at the trends and levels of homelessness over the last 10 years, we should not be surprised with what has happened with the ongoing lack of investment in social housing, which is across decades, so it is not a political comment particularly. That ongoing lack of supply of social housing is across decades and the degrading of Local Housing Allowance over that period of time. Those two things fundamentally have driven an increase in homelessness.



However, the answer isn't, as you quite rightly say, only about welfare payments and bricks and mortar, fundamental as those things are. There are many people who experience homelessness who also experience a range of other issues: mental health issues that you will be familiar with, substance-misuse issues. It is a whole range of different issues. The group that I talked about earlier with one in five women who used Crisis services who state that domestic abuse was the main reason for their homelessness. So, you are right, it is absolutely not a homogeneous group and the solutions have to include support.

If we only pay welfare payments and only deliver the housing support, there will still be people who find it difficult to maintain a tenancy for those other reasons. We need to make sure that is joined up. Where, of course, it is joined up in the most obvious and clear way is the evidence around Housing First and the fact that all of the international and UK evidence is that, if people are experiencing homelessness and have a range of other complex needs, the solution follows the principles of Housing First. That is a long-term commitment to both the housing and the support that that person needs, an open-ended commitment to the support that that person is going to need, when they need it, of their choosing and without strings attached of their housing being conditional on accepting the support. For many people that seems counterintuitive but it isn't really. The fact that someone has the stability of a place to live and the support they need is almost certainly going to have a strong, positive effect.

There is a model. I chaired the Homelessness Action Group for the Welsh Government a couple of years ago. We focused our solutions very much on the principles of prevention. We talked about different levels of prevention of homelessness, from universal prevention of things that we do for everybody—housing supply, welfare system—through to targeted prevention that recognises, for example, that people who have experienced the prison system or who have experienced the care system or who have experienced domestic abuse and a whole range of other things are much more likely to become homeless and, therefore, require targeted support, right through to what might be called crisis prevention. The issues that are covered largely by the Homelessness Reduction Act about what happens when someone is imminently at risk of homelessness.

I absolutely support the statement that this isn't only about: if we get our wishes from DWP then everything is solved, because it is not. But I would say that housing supply, particularly social housing supply, and availability of social security to support people in the private rented sector are the cornerstones of any response to homelessness.

Q26 **Dr Spencer:** Thank you for your very comprehensive answer. Can you give me a feeler in terms of what the figures or proportions are? How much would you say in terms of the homelessness or including the at risk of homelessness population would you say there is no additional



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complicating factors, it is purely a situation about housing is expensive and low-paid jobs and cost of living? How much would you say is exclusively that or how much would you say that there are additional factors that tag on to there that need some sort of intervention or some sort of extra support? Could you give me a feeler on that?

Jon Sparkes: Largely that depends on where people are in terms of homelessness. For example, if we look at the recent situation of people who would possibly not have ever thought that they would be in that situation, people who have lost their jobs through the pandemic, people who have perhaps never used the welfare system before but are doing now. For the vast majority of those people, their need is to be able to afford the place they live. Whereas, people who may have been rough sleeping for a long period of time will certainly have acquired other needs such as mental health issues, drug, and alcohol issues. In that smaller population of people who are homeless, some research shows the majority of people in that situation will have acquired other needs, but that is a small part of the overall picture.

The figures that we have around Housing First—which is probably the best proxy for people who have more complex needs—from our research with Heriot-Watt, the overall figure of households experiencing the worst forms of homelessness in England is 202,000 households. Our research suggests that about 16,000 of those people require a Housing First solution. That may give you an idea of the balance between those who have more complex needs and those who have fewer or no needs.

Q27 **Chris Stephens:** Looking at the interactions between Housing Benefits and the supply of rented accommodation, Ben, could I ask you: what are the interactions between the benefit system and the supply of private rented accommodation by landlords?

Ben Beadle: The interactions will be around understanding the amount of Local Housing Allowance that a renter is going to be entitled to. It is more around the interactions during the tenancy and specifically around payment and whether there are arrears and whether people have moved out. Some of the examples that I have are landlords who are saying, “The tenant has moved out, can you stop paying me the money” and the money continues to be paid. There is a real issue with the Universal Credit system recognising landlords as a customer of it, if that makes sense, because in these cases the landlords want to say, “The tenancy has been brought to an end. I shouldn’t be receiving any money”.

The other side of the coin is when things go wrong and there are complaints. Whether they are right, wrong, or indifferent, the lead-time on dealing with those complaints is very, very lengthy: up to two years in some instances I have had reported.

In terms of the operational issues, it is about making sure that the communication with the landlord is good and that they are able to speak to people like the caseworker. As the Universal Credit system has been



centralised, you have lost that local contact and it has made working through issues very troublesome. I can give you some specific examples outside of the Committee, Chris, but what we would like to see is more engagement with the landlords so that tenancies can be sustained.

Q28 Chris Stephens: Thanks for that, Ben; case studies would be useful. Can you clarify briefly: when you say two years to sort out an issue, is that ongoing issues with Universal Credit or the benefit system?

Ben Beadle: No, that is specifically when landlords have made a complaint and are following the complaints process. Obviously, there is an independent case examiner that it works its way up to. I would separate the issues. You have the operational issues of either waiting for funds or sorting out a change in circumstance, like a new tenancy or an end of tenancy, and overpayments, underpayments and understanding that and then you have the complaints process itself. This has put a lot of landlords off. The bureaucracy of the system needs to be improved to take into account some of these things.

Q29 Chris Stephens: Thanks very much for that, Ben. Jon, what has been presented to us is that here seems to be a belief or a view that benefit claimants are viewed by landlords to be more likely to demonstrate antisocial behaviour. Is that a fair view or is it simply the case that a decision to grant a let is just affected by their ability to pay the rent?

Jon Sparkes: Certainly, the research suggests that landlords can be unwilling or reluctant to rent to people who are in receipt of benefits. We think that 55% of landlords are reluctant to do that. I am sure their fears around things like antisocial behaviour probably play into that reluctance. There is a significant higher proportion of people—82% of landlords—who are unwilling to let to people moving on from homelessness, so significantly higher than that.

There are a couple of ways that we need to address this. First, we have talked a lot about the level of LHA and the interlock with the benefit cap, but our research has also shown that that willingness can change, and the willingness change is based on good experience. We have certainly seen that where landlords and tenants have been supported—formerly homeless tenants and landlords—in that letting, to give both reassurance to the landlord and support to the tenant, the willingness to rent to people who have experienced homelessness increases significantly. That reluctance goes down from about 80% to about 50%.

The Government have recognised some of these issues around support for landlords. In 2019 they made available £20 million for funding help-to-rent schemes that provide support for landlords and tenants. That was based on a recommendation that we worked on that said you could set up either private rented sector access schemes and underwrite a rent deposit guarantee scheme to allay some of those fears, at a cost at that time of only £31 million per year. That would have a significant impact



both on sustainability of tenancies and the willingness of landlords to rent.

So, these things can be addressed. It absolutely cannot be true that only people relying on Housing Benefits are likely to conduct themselves in a way that is described as antisocial behaviour. That just cannot be true, but we need to address those. We need to address the fears of both landlords and tenants to make these arrangements work better. There is lots of evidence that they do work better when we address those fears.

Q30 Chris Stephens: Thanks very much. Paul, I am going to ask you a specific question, if I can. It is in regard to the no-DSS policy. You may have heard a very famous session we had two years ago when I read out to a registered landlord their adverts and they had said no DSS. Since the no-DSS policy has been ruled unlawful, is there a local government view of how landlords have responded to that?

Paul Sylvester: We are not seeing any adverts or any marketing that clearly states that people on welfare benefits cannot apply. We have a number of good landlords in Bristol who we work with who do work with people on welfare benefits. But we do continue to get feedback from the clients that we are supporting that some of the processes that are applied, when decisions are made on whether somebody can be let a property, can discriminate those who are in receipt of Housing Benefits. In Bristol it is quite easy to do that because it is done on affordability grounds. If we think about LHA, only 2% of properties being LHA rate, that is quite easy to do, so there is indirect discrimination there.

Nothing obvious. There are no notices in letting agents' windows. I don't think we had a big issue with that in Bristol anywhere. There are lots of good landlords who want to do the right thing but there are common practices around assessing somebody's suitability for private rentals that will eliminate people on welfare benefits.

Could I add to one of your previous questions? In terms of the perception of people on welfare benefits causing ASB, more likely to go into arrears and so on, that is a real perception. We find that by working closely with landlords, providing them with dedicated support, we show through their experience that that isn't the case. We do not think that the people that we work with, with the right support in place, are any more likely than anyone else to create ASB or fall into rent arrears.

However, landlords need the support, and the reassurance that the risks they are concerned about will be mitigated. We have certainly been applying for funding wherever possible—Jon mentioned the Private Rented Sector Access Fund—with the intention of supporting landlords and tenants to sustain tenancies and show that this arrangement can work.

Q31 Chris Stephens: Thanks very much for that, Paul. Ben, I am coming to you. Your policy director is quoted as saying, "Every tenant's



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circumstance is different and so they should be treated on a case by case basis based on their ability to sustain a tenancy". Is that credible and realistic, given the ability of landlords to carry out that sort of detailed assessment rather than simply checking if a person is in receipt of a benefit? How can we avoid what one would suggest are simplistic assumptions, and what some might argue is prejudice?

Ben Beadle: Thank you for bringing me back in, Chris. To answer all those questions, and more, we are concerned by the figures that Jon has raised. As an organisation, the NRLA is clear that no landlord should ever discriminate against a tenant because they are in receipt of benefits.

In answer to your specific question about affordability, for me as a landlord, it is no different from understanding whether somebody is in employment and how much they earn or whether they are on Local Housing Allowance and how much they earn. If there is a shortfall in earnings in relation to employment, landlords will obtain a guarantor or take a view or discuss how best to proceed with the affordability. It is exactly the same, whether somebody is on Universal Credit or Local Housing Allowance.

However, I do think that people's perceptions need to be overcome. It is nonsense that people should tarnish everybody with the same brush. As a landlord, I have had equally bad experiences with a renter who is in work in a supposedly respectable job as I have had with somebody on a benefit. There are good and bad of all sorts and we should not seek to tarnish.

As an organisation, we have to work harder to overcome those prejudices but I also think colleagues have said some very relevant things about the concerns that landlords have about the benefit system. I would rather focus on improving things procedurally to allay those concerns, as well as tackling deep seated prejudice.

In answer to your question, Chris, yes, I do think it is realistic to treat tenants on a case-by-case basis. With any sort of vetting process, that is the sort of thing that landlords will go through. They want to make sure that somebody is not entering into a commitment that will set them to fail.

In some respects, a tenant on Local Housing Allowance or Housing Benefit, is probably, in this market, more secure than somebody who works in the hospitality industry, dare I say it. As long as those things are done on an affordability basis, and things such as guarantors and so on are taken into consideration, I do not see a problem but, absolutely, we support the other witnesses and organisations here in that "No DSS" is something best left in the past and consigned to history.

Chris Stephens: Thank you for that, Ben. That was very helpful. Sorry, Chair, did you want to come in?

Chair: Yes. I think Siobhan Baillie wants to raise a point before we move



on.

Q32 **Siobhan Baillie:** I think there is quite a lot of prejudice and poor perceptions on both sides of the sector. A lot of people would say, "Landlords are evil; tenants always good. Benefit tenants are bad; private tenants are good". Just generally listening to this, I think it is important to start to make changes to all of that.

Ben, I think you mentioned earlier having a tenure-blind approach. What practical steps would you, or anybody, need to take to get to the point where we could achieve that?

Ben Beadle: Having worked for quite a big housing association in the past, which had built homes, I would say that a tenure-blind approach is where you can look at a block and not know whether it is shared accommodation, is available to buy or whatever it is. I believe there is some merit in trying to change mindsets, distilling any myths that exist about landlords being Dickensian villains in capes or tenants being out to shaft the landlord. That sort of rhetoric does not help the situation and we have to move away from it. We all have an obligation to make sure that in use of our language we try not to pigeonhole and stereotype people. That is for sure.

I would dial back to the affordability criteria, recognising that Local Housing Allowance and Housing Benefit are just part of one criterion for being accepted for a rental property. There need to be more campaigns like "No DSS" and other portals that prohibit the advertising of "No DSS".

Things can be done to allay landlords' concerns are around Universal Credit and Local Housing Allowance processes. A couple of things—a five-week wait for the first payment means rent is paid in arrears rather than in advance. They are all little things that may contribute to that sort of perception.

I can use my own situation. I did not realise that one of my renters was claiming benefits. There had been a change during the tenancy. She had continued to pay me. She had received her money directly. She has been with me for 11 years; no problems at all. I suspect there are lots of positive stories like that out there, but they do not make headline reading.

Chair: Chris, did you want to come back?

Q33 **Chris Stephens:** Yes. Thank you. Ben mentioned the benefit system very nicely, so that allows for Paul and Jon to make some quick comments in relation to whether changes to benefit policies affect landlord decisions and does any specific one cause the most instability and uncertainty in the rented housing market. We could maybe start with you, Paul.

Paul Sylvester: Ever since Universal Credit was rolled out, we have been on a bit of journey with the landlords that we work with. We went from a system of Housing Benefits managed within local authorities, where we



had a bit more oversight over what was going on, to a system managed by DWP where payments going direct to the tenant as a matter of principle was one of the key things that was causing concern among landlords. The people we work with liked the reassurance of the money going direct to them.

Ben has mentioned a number of issues that we hear about from landlords. Having had a good couple of years into UC now, I think we have weathered the storm. There are still some landlords who are working with, supporting, and housing our clients. The wait for the money is one of the key things that landlords have an issue with, which local authorities have to do something about. Quite often that means that we are putting our hands in our pockets to ensure that landlords get rent in advance, or deposits are covered, dealing with that part of landlords' anxieties about working with somebody who receives UC housing costs.

Jon Sparkes: I do not have much to add to what Ben and Paul have said but I want to add to a comment I made earlier about rents not coming down during the period over which LHA has been degraded. There is also a piece of research by the IFS that shows that LHA does not push rents up either. About 90% of the impact of changes to LHA, up or down, falls on the tenants rather than the landlords so we cannot expect changes to LHA to drive landlord behaviour in and of themselves.

On the point about the five-week wait—particularly in the situation now where people who are four months in arrears get four weeks' notice—there are probably unintended consequences like that with the five-week wait, which make things very difficult for people.

Q34 **Chris Stephens:** Thank you very much, Jon. The five-week wait is obviously something that the Committee is much aware of and has made the appropriate recommendations about.

I want to turn now to the lifting of the evictions ban. Paul, would it be fair to say that a disproportionate number of private renters who may be evicted will likely be receiving Housing Benefit? What is the anticipation in local government about the impact and the resources and finances? I am thinking particularly about homelessness.

Paul Sylvester: This is something that we are very concerned about. I can look to some research to set the scene. We know that the Resolution Foundation estimates that £375 million of housing debt has been built up during the pandemic. Our experience is that the pandemic has compounded existing inequalities and that a lot of people on low incomes, those in more vulnerable work situations, have borne the brunt of it.

Another useful survey sets out the potential scale of the issue. The MHCLG Household Resilience Study shows that, as of December last year, 9% of private renters were in arrears. That is up from 3% in '20. If we apply that to Bristol, it means that 5,400 private renters are in arrears and there is potential for another 4,800 to fall into arrears in the coming year.



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Whether the lifting of the evictions ban disproportionately affects people on benefits or not, it certainly impacts people on low pay who were reliant on Housing Benefits. Because so many people are already topping up their rent, when they lose their employment, their ability to top up disappears. They are only managing to rent privately and top up their rent because they are in work. That is the group that will be impacted.

We have already started to see an upturn in the number of private-rented tenants approaching the local authority for assistance. There has been a gradual increase from March. It is only 10 days since the eviction ban was lifted but a significant number of people are approaching us. The advice centre network in Bristol is reporting record highs in numbers of Bristol citizens approaching them with concerns about potential homelessness.

Going back to what has been mentioned already, we need funding and support to prevent people from becoming homeless. As Ben was saying, whether that is in the form of interest-free loans, or whether it is grant funding, what is certain is that the DHP allowance and what local authorities are able to contribute will just not cut it. We have £500,000 less this year than we did last year and this is the year when we need it most.

Q35 **Chris Stephens:** Thank you very much for that, Paul. My final question, Chair, is to all: looking at the schemes in the devolved Administrations—the Tenancy Saver Loan Scheme in Wales, and the Scottish Tenant Hardship Loan Scheme—are these good-practice schemes worthy of being rolled out in other parts of the United Kingdom?

Jon Sparkes: I was involved in some discussions around the time of the scheme in Scotland being launched. While it provided some help, we certainly highlighted the flaw in it. That it was basically a loan scheme and if you are increasing debt in people who are already financially vulnerable, that is not necessarily going to be helpful.

That is why I think we are supportive of the way that NRLA has designed its mechanism, which recognises two cohorts of people. One cohort is of people who are either the recipients of Housing Benefit, or would be if they were not in a position of having no recourse to public funds because of their migration status. For that group, the answer has to be a grant. It has to be that they are supported with the money.

If there is another group that would not have expected to be in this position but for the pandemic and they have means to pay but just not right now, a loan scheme probably is appropriate. But I would be really clear that for the first of those groups, a grant arrangement, whether it is through the DHB system or whatever the mechanism, enabling those people to deal with their arrears and not lose their homes is an emergency situation.



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Over the last 15 months—when the Government have responded to an emergency situation—things like the Everyone In scheme and the quick decision to revert LHA to the 30th percentile, eviction restrictions and so on, have been remarkable interventions. Let's learn the lessons of the last 15 months and not go back to where we were to start with. We have 400,000 people in rent arrears and another 450,000 in fear of eviction. Let's make sure those 850,000 people don't get evicted, otherwise we will have a real emergency on our hands.

Ben Beadle: I echo Jon's point. We are absolutely about tenancy sustainment. Conciliate, mediate your way out of it, write some money off if you can. If you would like some bedtime reading, the statistics are quite interesting. Paul has already quoted the 9% rent arrears. That is a threefold increase from what it was pre-pandemic. You can draw an analogy back to mortgage arrears, and also social housing arrears, which have already returned to pre-pandemic levels. These are the Government's own figures. There is clearly an issue with the private rented sector that it continues to ignore. As Jon says, it needs support from a combination of grants and loans.

Another thing: the Government have said to us that they are worried about supporting tenancies that have already failed. I sort of understand the logic of that, but the point is that an NRLA-commissioned survey that was carried out by Dynata—an independent survey of over 2,000 renters—found that 82% of renters who had built arrears were not in arrears before lockdown or before the pandemic. That is why I say that this group needs to be carved out.

We like the Wales scheme to a point, Chris, but what the Wales scheme misses is it still has the FCA criteria for giving loans. Now that is why it has only had 36 applications succeed because the very people who will be accessing these loans will not be in work. Ordinarily, you would not be lending to them because they do not meet the criteria. It is really important, therefore, that we learn the lessons from the noble schemes that Wales and Scotland have brought in, but make them fit for purpose for the very people that it is designed to help.

I appreciate that I sound like a broken record, but the crisis is here and it is now and it is getting very late in the day to come in and do something, but there is still a little bit of time and it is so important that there is extra support there.

Chris Stephens: Thanks, Ben. Paul, any last comments from you about the devolved schemes?

Paul Sylvester: No, I don't have anything to add to what colleagues have said. Thank you.

Chair: Thank you, Chris, very much. I think Clive Betts wants to come in on this topic as well.

Q36 **Mr Betts:** Yes, thank you, Chair. I want to follow up on the work we did



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in the Housing, Communities and Local Government Committee. It seems that we have a very similar message here today: concerns about the ending of the ban on evictions and what is going to happen; the pressure on tenants; the pressure on landlords; the pressure on local authorities to deal with the homelessness situation.

One thing we called for, that I am amazed that we did not get, and would like your thoughts about: in our report we called on Government to publish an exit plan for the private sector. Every other ending of restrictions that we are looking towards—and 21 June has been flagged over and over again—has been part of a long-term road map of how it is going to work out and how it is going to be introduced. It seems that in the private rented sector it is just that the eviction ban will come to an end: exit that, that is it, no other preparation. Is it a concern that we do not have that sort of plan, that sort of detailed thinking?

Ben Beadle: It is, Clive. Worse than that, notice periods will also revert to “normal” at exactly the same time that furlough and the £20 UC uplift is due to be released. On one side, I am happy that things are kind of going back and that we have a little bit of light at the end of the tunnel, but you are not telling me that that happens without any other support. The Government kicked the can down the road with the eviction ban but have used the time ineffectively, I am afraid, to plan what the return to normality looks like.

As you rightly observe, there isn’t anything else and I don’t know if the Government feel that they have done enough. I do not want landlords to come out as the bogeymen in this because what they are going to have to choose between is mounting debts or evicting their tenant. That is like choosing your method of torture. Landlords do not want to evict their tenants. They really want to sustain the tenancy and they need to be given support to do that. I think the Government need to think again on this point.

Jon Sparkes: I would reinforce some of that. Remember that “back to normal” isn’t good enough. “Normal” was when the use of temporary accommodation had increased by 91% in a decade and “normal” was when rough sleeping had increased by 169% in a decade. Even an exit plan that produces a soft landing, back to normal, isn’t a good enough exit plan.

I support the sentiment of an exit plan, Clive, but I think we need to be clear about how we define what we are exiting to. Exiting to a situation where LHA isn’t the 30th percentile, the benefit cap is flexible enough to not become a problem, and we see the start of a programme of building social homes. I think we need a transition plan from the emergency situation, which is very real and very now, to that sort of normal.

Certainly, the sorts of grant and loan schemes that Ben has described and we support, would be an important part of that exit plan. You would think it would be in place already, because the exit has started.



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Paul Sylvester: I agree with what colleagues have said. We are very concerned about the impact on Bristol citizens and more people becoming homeless. We have just been through 14 or 15 months of Bristol operating an Everyone In policy. We had seen the number of people on the streets reducing and the warning signs are there that numbers of people rough sleeping will increase if nothing is done to prevent an increase in homelessness.

We are coming out of the pandemic with record numbers of households already in temporary accommodation, which severely stretches local authority finances. If nothing is done, and we see a significant spike in homelessness, it is bad for Bristol citizens and it is bad for the local authority and the public purse.

Ben Beadle: Clive, if I could come back and very briefly say that there will be a cost to this, whatever the outcome is. There will be a cost to sustaining tenancies and having financial support but, equally, there will be a cost if there isn't any, putting it into extra support for local authorities to house people. But worse, the debts could be so significant that tenants will have County Court judgments against them. I am afraid that that will preclude them from being able to access the private rented sector for a significant time.

I would rather have the upfront investment to keep people in their homes, or manage them into a different area or to a smaller property, or whatever it happens to be—a sustained exit from that tenancy—than just let the impact of taking no decision take its course because it will end up being far more costly, particularly from a human perspective.

Mr Betts: That is a good point, and a very worrying point to finish on, Chair. Thank you.

Q37 **Chair:** Thank you. Ben, can I finally put a couple of quick points to you? Did I understand you correctly as saying earlier on landlords are finding it harder in the Universal Credit world to deal with DWP than previously they found it, dealing with local councils? Has it got harder, or not necessarily?

Ben Beadle: Yes, I think it has got harder and it has got harder as things are going wrong or they need more information. That is the point. Landlords find it very difficult to engage with a centralised system, primarily because a lot of the time they are not able to be spoken to or recognised. I can write to you separately on some of the points, if that would be helpful.

Q38 **Chair:** I would be interested, if you would. Thank you. A last point: on the face of it, if there was to be a big programme of investment in social housing—all three of the witnesses today have supported that—it would mean more competition for private landlords but you have nevertheless echoed those calls. In an ideal world, what is the relationship between social housing and the private sector?



Ben Beadle: They both have a role. I am not worried by Jon's comments about building significant numbers of homes because that is what is needed. Some of our challenges at the moment are just simply due to a lack of supply. The sectors can co-exist. The social housing side will probably do a better job than private landlords of looking after some of the more challenging tenancies. I have to be honest on that point. That does not mean that the private rented sector does not have a significant part to play.

Q39 **Chair:** Were you suggesting also that social housing might have longer-term tenancies than the private sector? Or not necessarily?

Ben Beadle: Well, I was. One of the challenges that obviously exists in the private rented sector is for landlords to be able to give notice, perhaps in a way that social housing providers will not need to. Obviously, there is no risk that a social housing provider will want to move back into that property whereas that risk is true of the private rented sector. There are some marked differences that mean that tenure is likely to be more stable in the social sector.

But let's not overlook that the average tenancy length in the PRS is four and a half years. That is a pretty lengthy tenancy when you bear in mind that the reason people like the private rented sector is because it does give them the flexibility to move around, so we still have a degree of stability there.

What also impacts the length of tenancies is the environment in which landlords find themselves. Things such as section 24 and tax changes all play a part in a landlord's sentiment and confidence about the sector and their ability to exist with it. We should not overlook some of those other factors that cause a knock-on effect.

Chair: Thank you, Ben. Thank you all very much indeed for giving us a very interesting evidence session this morning. Thank you, Clive, for joining us. That concludes our meeting this morning.