

Written evidence submitted by the Chartered Institute of Housing (CIH) (TH0031)

About CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals and their organisations with the advice, support, and knowledge they need. CIH is a registered charity and not-for-profit organisation. We have a diverse membership of people who work in both the public and private sector in 20 countries on five continents across the world.

Those members span professions and organisations who work to prevent homelessness, offer acute relief services and deliver quality homes at social rent, whose proliferation we advocate as an antidote to the current homelessness crisis. Further information is available at: www.cih.org

General comments

We welcome the inquiry by the Public Accounts Committee into tackling homelessness. It is estimated that [1 in 200 households](#) in Britain are homeless, a symbol of structural failure and wasted potential. This number is made up of, in part, the 117,000 households living in temporary accommodation of which 151,000 are children ([March 2024](#)) and nearly 4,780 rough sleepers in the capital alone, an increase of 17% from the previous year's [CHAIN](#) data. These statistics are likely an underestimate as it is hard to quantify the full extent of the homelessness crisis. Thousands of people living in overcrowded homes, sofa surfing, or simply rough sleeping are left unaccounted for, and as such so is the impact of that homelessness on public services and the economy. Of most concern, however, is intelligence from our members, sector partners and analysis by [Homeless Monitor](#) that in the short term these numbers will rise and without considerable intervention will continue to do so.

The reverberating costs of this crisis play out in the lives of those experiencing homelessness, with negative health and social outcomes. Children spend a childhood in limbo losing out on opportunities to learn and play and local authority capacity is decimated to the detriment of the services that we all rely on. The current circumstance does not constitute value for money and is undermining public finances to the point of one in four local authorities facing potential insolvency.

We welcome the new government's commitment to tackle the housing crisis and establish a cross-departmental task force to tackle homelessness. This provides an opportunity to consolidate data on the homelessness crisis, evaluate the evidence of what works (in the UK and abroad), and act strategically to deploy a long-term plan to end homelessness. Local authorities, housing providers, the NHS and the supported housing sector are necessary key partners to consult and execute this plan.

Written evidence submitted by the Chartered Institute of Housing (CIH) (TH0031)

Understanding the causes of homelessness

The lack of affordable housing

A lack of homes at truly affordable rates, driven by a historical failure to build sufficient homes, inadequate social security and the cost-of-living crisis are driving homelessness. Research by [Chartered Institute for Housing \(CIH\) and Centre for Homelessness Impact \(CHI\) published in October 2021](#) investigated the best use of government subsidy for housing people on low incomes. The study outlines how supply challenges played a key role in rising homelessness and makes the case to increase the supply of quality homes at social rents via government grant, evidencing how it would lower the government's overall spend on benefits.

Our study estimated that, in terms of benefit spend, for each family moved out of temporary accommodation to a social tenure there would be a saving of £7,760 per year and showed that a modest increase in output of social rented housing of 10,000 homes annually could largely be financed by direct savings in temporary accommodation costs ([now at record levels](#)) and in housing benefit (HB)/universal credit (UC) that would otherwise be paid for higher-cost private rented properties. While these estimates are now three years old, we recommend that the Committee investigates the question of how quickly investment in new rented homes could be recovered in cost savings on temporary accommodation.

A different but related proposal would tackle the high costs to local authorities of hotel and B&B accommodation. A study by Soha Housing, reported in the *UK Housing Review Autumn Briefing Paper*, showed how a programme of grant aid to local authorities to acquire properties could be quickly repaid in savings in hotel costs (the study applies to asylum accommodation, but a similar conclusion would apply to other, nightly temporary accommodation).

The pledge by the new government to deliver the largest boost to social and affordable homes across the next five years represents a substantial shift of the dial, and the recent housing announcements made in the Budget, including an additional £500 million to the current Affordable Homes Programme (AHP), is very welcome as a first step. However, there is broad agreement on the validity of the work by Prof. Glen Bramley, confirming the need to build at least 90,000 social rented homes annually (see *UK Housing Review 2024*). He estimated that this would require affordable homes investment to rise from its current level of around £2-3 billion annually to around £10-12 billion annually, while pointing out that part of this extra funding could be found by redirecting elements of the MHCLG's capital programme, concentrating the department's resources on funding social rented

Written evidence submitted by the Chartered Institute of Housing (CIH) (TH0031)

homes. His work also showed that such investment would have a direct effect on core homelessness and numbers in temporary accommodation.

In this connection, it is worth drawing the Committee's attention to the recent change in fiscal rules and associated debt measures, aimed at favouring government capital investment. While the change to prioritising Public Sector Net Financial Viabilities as the key debt measure has usefully increased the government's headroom for capital borrowing, it does not reflect the asset value created by investing in new affordable housing. This has been shown by the Office for Budget Responsibility (OBR) to be strongly positive, as follows.

Using figures from 2015, OBR showed that government financing of housing associations hits the previous debt measure, Public Sector Net Debt, with its full cost: £58.4 billion. Under the new measure, PSNFL the inclusion of £4.7 billion in other liabilities and £6.3 billion in illiquid financial assets means the negative effect is slightly smaller: £56.8 billion. However, if the government fiscal rules were to take full account of asset values, using Public Sector Net Worth (PSNW) as its debt measure, this would change radically. This measure would offset grant costs against the £89.5 billion stock of housing assets created, leading to a positive net effect on PSNW, i.e. improving net worth by £32.7 billion.

The Committee is therefore recommended to investigate the benefits of a further change in fiscal rules, to the use of Public Sector Net Worth as the main debt measure, as this would enable the true costs and benefits of housing investment versus spending on temporary accommodation to be fully recognised and assessed.

Domestic abuse

Currently, the most prevalent reason for a household to present as homeless to a local authority is the end of a private tenancy. The second most prevalent is domestic abuse (14.5%). Once the Renters' Rights Bill is implemented, strengthening the rights of those living in the private rental sector and outlawing Section 21 evictions, domestic abuse may come to represent a higher proportion of households presenting as homeless - [a lack of affordable and safe homes](#) is a leading reason for victims unable to flee an abusive household.

CIH is a member of the [Domestic Abuse Housing Alliance \(DAHA\)](#), an organisation that works with social housing providers to improve policy, practice and provision for survivors advocating for a 'whole housing approach.' The recent exemption of domestic abuse survivors from local connection tests in local authority qualification criteria for social housing is something that we called for and welcome as a first step to decrease the number of domestic abuse survivors unable to move-on from homelessness. However, any long-

Written evidence submitted by the Chartered Institute of Housing (CIH) (TH0031)

term plan to tackle homelessness must be taken forward alongside wider systemic action to address domestic abuse.

Understanding the costs of homelessness

Social security reform

It will take time to build the 1.5m new homes that the government has committed to. In the meantime, social security reform is immediately available and needed to support those on the lowest incomes with the highest housing need, to increase the accessibility of homes and prevent those on the lowest incomes from being at risk of homelessness or abject poverty. The case for this is underpinned by the 29% increase in temporary accommodation spend to 2.3bn in 2023/4, that in some circumstances is consuming over 50% of council tax spend.

Measures to achieve this could include:

- **Aligning the link between local housing allowance (LHA) rates and market rents.** Analysis [from our budget submission](#) outlines that to relieve pressure on council financing the LHA would need to be restored to minimum the lowest 30% of housing.
- **Removing the benefit cap and the two-child benefit cap** which undermines household capacity to sustain tenancies and avoid homelessness. In circumstances where homelessness occurs, it then prevents homeless households, particularly women and domestic abuse survivors, from moving on from refuge/emergency accommodation.
- **End no recourse to public funds (NRPF)** a policy which leaves people at a high-risk of homelessness and destitution due to being barred from mainstream welfare provision.

Temporary accommodation

Three quarters of [all spending on homelessness](#) is on temporary accommodation (TA) but the HB subsidy rules have been frozen at their January 2011 rates, with councils having to raise any shortfall from council tax. This has driven many councils to the edge of insolvency and requires urgent attention. Rather than the most visible forms of street homelessness, homeless children living in TA outweigh rough sleepers (in England in 2023 there were 20,000 babies under one living in TA, there were an estimated 3,898 rough sleepers captured in the Autumn Rough Sleeping snapshot). Homelessness for these families is instead characterised by years spent in cramped accommodation, without cooking or laundry facilities, access to greenspaces or additional support and by a high financial burden as expensive takeaway meals supplant home cooked meals ones, those placed out of area accrue high transport bills to and from schools and social networks and research shows that these households [often accrue debt](#). This means that low-income households already in financial precarity have that burden compounded by what should be homelessness relief.

Written evidence submitted by the Chartered Institute of Housing (CIH) (TH0031)

For local authorities and the government, the pressures of TA in London and other large urban conurbations are driving property scarcity in surrounding local authorities via out-of-area placements as private landlords seek opportunities to exit the lower end of the market and gain higher rents as TA providers. This was reported by Shared Health Foundation at the recent Housing, Communities and Local Government Committee inquiry into [‘Children in Temporary Accommodation’](#) and by Naushabah Khan MP [speaking of](#) her own constituency Gillingham and Rainham. Additionally, for now, these private landlords can avoid the associated costs of providing homes at certain quality and repair standards presenting a lack of value for local authorities and putting occupants at risk of serious harm. This jostle to attract higher levels of HB subsidy is not limited to private landlords, with some desperate local authorities also [being reported](#) to be morphing practices. CIH advocates for an urgent increase in social housing availability, as this would eliminate the reliance on TA for many families in need and ensure that TA fulfils its intended role as a short-term solution, rather than a years-long holding pattern.

Understanding the response to homelessness

Supported housing

Currently, [9%](#) of the units in the supported housing sector offer varying types of provision to those experiencing homelessness, often to those who have experienced homelessness in the long-term and present with complex needs such as substance abuse, neurodivergence, and poor mental health. Without the tailored support and homes offered by these organisations, many people lose an opportunity to heal, stabilise and rebuild their lives. This specialised support can drastically reduce service users’ interactions with more costly public services such as health services, the police and social care. The alternative for people is too often worsening health, social alienation, trauma, and for some death.

Over half (53.3%) of those presenting to local authorities as homeless in the latest statistics owed a prevention or relief duty were known to have one or more support needs, but were placed in general provision. This increases support needs as long stays in temporary accommodation have been shown to exacerbate mental and physical health problems.

Many of these essential services are now in crisis, finding it difficult to remain financially viable or invest in service improvements/expansion due to short-term funding cycles. This is not helped by continued uncertainty over the implementation of the Supported Housing (Regulatory) Oversight Act and is against a backdrop of rising demand for their services. We were therefore disappointed to note that there was no additional support for this area within the Budget, exacerbating pressures given the change to national insurance thresholds. In our view, the government’s ambition to end homelessness, create a long-term plan for housing and reform health and social care cannot successfully be

Written evidence submitted by the Chartered Institute of Housing (CIH) (TH0031)

implemented cost-effectively without a strategic plan for long-term investment and renewal of the supported housing sector.

Housing First

Housing first is a proven approach to addressing the most damaging forms of cyclical street homelessness. It pairs a secure social tenure, with personalised support delivered by practitioners with low caseloads. It differs from many approaches to addressing street homelessness, whereby the accommodation is dependent on the service user's engagement and compliance with the given support.

It is often questioned as a cost-effective solution to tackling homelessness, due to the high initial and standing costs, such as the dedicated support staff and social housing providers willing to commit units to the scheme. Consequently, many find it difficult to source the units they need. Last month, MHCLG released an [evaluation report](#) of the Housing First Pilots which estimated that per placement an annual saving of £15,880 was made in public services costs. At CIH we have advocated for the continued funding of existing Housing First schemes and a national roll-out as a default homelessness pathway for those with a history of repeat homelessness and complex needs.

Funding

[A 2022 survey](#) of homelessness services found that 47% were at risk of closure, and 64% would see services become unviable without an inflationary increase in funding. It was encouraging that the Budget announced an extra £233 million to local authorities for homelessness prevention and an additional £10 million for rough sleeping; the homelessness sector is now awaiting confirmation of how the £233 million will be allocated.

Without emergency revenue for the supported housing sector, followed by confirmation in the Spending Review of long-term ring-fenced funding for the support element of housing, many more people facing homelessness will likely encounter a lack of proven, local services to help them; instead, ending up in costlier and unsuitable accommodation. [Almost 40%](#) of all supported housing is funded via commissioning by local authorities (not protected from the recent National Insurance Contributions change), as such these providers who are key partners in protecting their constituents and meeting their statutory duties have been put at further financial peril. A failure to protect their viability risks further increasing council funding pressures.

Conclusion

**Written evidence submitted by the Chartered Institute of Housing (CIH)
(TH0031)**

For any cross-departmental homelessness strategy to achieve lasting reform and public value, it should be aligned with the strategies being developed for housing, health and social care, and education, and with work to end child poverty and violence against women and girls.