

Written evidence submitted by London Councils [IOC 171]

1. Introduction

- 1.1. London Councils represents London's thirty two boroughs and the City of London; making the case to government, the Mayor and others to get the best deal for Londoners and to ensure that our member authorities have the resources, freedoms and powers to do the best possible job for residents and local businesses.
 - 1.2. We are grateful for the opportunity to submit evidence to the Committee on our members' ongoing experiences with COVID-19 and its impact on homelessness and the private rental sector. The information contained within this response reflects the experiences of London Councils' member authorities regarding the impact of COVID-19 on homelessness and the private rental sector.
 - 1.3. The COVID-19 public health crisis has been devastating for many within our communities; in terms of the health of residents and their friends and family, as well as economic and personal impacts. The crisis has produced an increasing risk of homelessness for many (either now or in the forthcoming post-lockdown situation when short-term measures such as the ban on evictions expire) and exacerbated the risks to those sleeping rough on London's streets. Local authorities have a statutory duty to provide support for individuals presenting as homeless or at risk of homelessness and are therefore at the forefront of efforts to manage this aspect of the crisis.
 - 1.4. This response details the impact that the crisis is having in London in relation to homelessness. The key aspects that we would draw your attention to are as follows:
 - COVID-19 has led to increased pressure on vulnerable individuals who, due to the economic shock and the difficulties of London's housing market, are more likely to face homelessness.
 - With the support of Ministry of Housing, Communities and Local Government (MHCLG) funding and by adopting a multi-agency approach to coordinating provision for people sleeping rough. At present, boroughs and the Greater London Authority (GLA) are accommodating around 3,196 such individuals in predominantly hotel accommodation.
 - We estimate that more than 20% of people brought through rough sleeper pathways are no recourse to public fund cases and have no eligibility for Housing Benefit, raising serious questions about how further support can be provided.
 - While the boroughs – working with the GLA, MHCLG and health service colleagues – are coordinating plans for rehousing rough sleepers following the end of the lockdown restrictions, Government need to provide longer-term funding and support solutions for those brought into accommodation through rough sleeper pathways (as well as the wider community who are at risk of homelessness and/or require support). The reliance on hotel accommodation for rough sleepers cannot be sustained into the future, therefore representing a significant challenge beyond the lockdown period. The crisis does however still present an opportunity to dramatically reduce the number of people sleeping on the streets should the necessary funding, support and strategy be developed.
 - Even with the changes made following the crisis (e.g. Local Housing Allowance [LHA] increases and restrictions on evictions), there are issues with the welfare system that make it difficult to secure long-term settled accommodation for households. For example, the total benefit cap and the lack of certainty as to whether the LHA increases will be permanent.
 - There are a range of challenges for borough homelessness services that are anticipated following the conclusion of the lockdown period. These include expected increases in homelessness approaches from residents – particularly once the temporary ban on evictions concludes, as well as potential increases in approaches related to domestic violence – and financial pressures from supporting residents into accommodation. Boroughs also anticipate increased levels of rent and service charge arrears in their own stock, presenting financial challenges for the Housing Revenue Account.
- 2. How effective has the support provided by MHCLG and other Government departments been in addressing the impact of COVID-19 on those in the private rented sector, rough sleepers, and the homeless?**

Private rented sector and homelessness

- 2.1. London Councils welcomed the measures introduced to support residents who are facing financial difficulties as a result of the COVID-19 outbreak, including the extension of the notice period for Assured Shorthold Tenancies, changes to Universal Credit and the temporary uprating of LHA.
- 2.2. The expectation of councils in London is that the current emergency policies are likely to be bearing down on presentations that would otherwise be emanating from the private rented sector, but that there is likely to be overwhelming pressures when the lockdown measures are eased and/or removed. There is therefore a need for measures to put in place to take steps to prevent this increase in demand post-lockdown – both through introducing new reforms and giving certainty that temporary measures will continue into the future.
- 2.3. For example, while the increase in LHA rates has been particularly welcomed by the sector, the temporary increase only provides short-term relief for those struggling with rent payments, and assists councils to provide short-term accommodation (for example, immediate accommodation for rough sleepers). Guaranteeing the increase beyond the crisis would provide a more structural change that enables councils to procure long-term, settled housing for residents. Boroughs have found the uncertainty over future Local Housing Allowance rates is hampering their ability procure Private Rented Sector accommodation for homeless households. If Local Housing Allowance rates were to be reduced to their former levels many thousands of claimants would be placed at risk of homelessness.
- 2.4. The continued operation of the benefit cap limits the impact of the increase in LHA. Those households affected by the benefit cap will see no increase in the housing support they receive and continue to be at risk of homelessness. At the same time many households who have lost work as a result of the outbreak will lose their exemption and become newly capped.
- 2.5. The extension of notice periods for evictions, while a constructive addition, will not provide the long-term certainty required for tenants or landlords. It may also prompt landlords into beginning formal proceedings earlier than they might have in normal circumstances. 'Mortgage holidays' made available to landlords may assist those cases where landlords are seeing a temporary reduction in income, but this will likewise not provide a solution in the cases of long-term financial uncertainty.
- 2.6. In order to provide security for those individuals facing economic hardship as a result of the COVID-19 outbreak, the Government needs to extend the measures already introduced and go a step further, providing financial support for these individuals not just to sustain their circumstances in the short-term but also to promote economic recovery.

Rough sleeping

- 2.7. Rough sleepers are particularly vulnerable to the worst effects of COVID-19, and there has been a drive across the boroughs to ensure that everyone currently residing on the streets or in night shelters is found safe accommodation.
- 2.8. Although there are a few cases where individuals are declining offers of accommodation, the multi-agency approach developed in London (involving the boroughs, GLA, MHCLG and health colleagues, including the NHS) to eliminating rough sleeping has made considerable progress in providing short-term accommodation for rough sleepers during the public health crisis.
- 2.9. The boroughs – led by London Councils and London Housing Directors – have been working to develop a robust dataset to monitor the impact of the crisis and, as of the week to 30 April 2020, it shows that around 3,630 people had been accommodated through rough sleeper pathways operated by the London boroughs (2463) and the GLA(1167). Around 2,031 of these units (55.9%) are repurposed commercial hotel rooms that are currently unavailable for its usual commercial purpose.
- 2.10. The additional funding provided by MHCLG has been vital to assisting with this housing effort, although anecdotal evidence suggests the funding is often insufficient to meet the wider support needs of this cohort. Going forward, it will be necessary to ensure that the Government not only maintains the measures intended to support tenants and those at risk of or experiencing homelessness, but is also prepared to be responsive to the emerging needs highlighted by councils and provides additional support where required.

Homelessness

- 2.11. In the week to 23 April 2020, 1,786 approaches were made to a London borough homelessness service (information recorded on H-CLIC and provided to London Councils). This is the second consecutive week of increases in approaches.
- 2.12. Boroughs have anecdotally reported a particular increase in the number of presentations from single homeless residents approaching the council for housing support. While this cohort would usually be found to be a non-statutory case (and consequently ineligible for direct offers of accommodation), boroughs are providing accommodation for the significant numbers coming forward, particularly where they are deemed to be at higher risk of rough sleeping in the current circumstances. This is further increasing demand for accommodation – particularly studio and single room – and the financial pressure on councils.
- 2.13. There is a lack of clarity around whether the new funding available to support authorities in combating COVID-19 may be allocated to support individuals with no recourse to public funds (NRPF). Prior to the current crisis, London boroughs have been historically underfunded as a result of the unfunded support provided to those individuals. A large proportion of the latest cohort being accommodated by boroughs and the GLA through rough sleeper pathways now have NRPF (most recently reported to be at least 863 out of the 3,630). London Councils therefore calls on the Government to clarify that the funding may be allocated to supporting these individuals with NRPF and to ensure that the levels of funding are sufficient to accommodate those individuals.
- 2.14. The pressures faced by London borough homelessness services, and those likely to be forthcoming post-lockdown, must be seen in the context of the pre-existing funding pressures they are experiencing. A study undertaken by LSE London for London Councils/London Housing Directors' Group in 2019 found that London boroughs spent over £919 million on homelessness services in 2017/18 – of which £201 million was not covered by specific central government grants or other income (such as rental payments).

3. What problems remain a current and immediate concern for these groups?

Rough sleeping

- 3.1. It is important that the momentum established behind the procurement of accommodation for rough sleepers is not lost, and the London boroughs are leading a multi-agency approach (including all partners with an interest in this area, including the GLA, MHCLG and NHS) to establishing a next steps framework for this group.
- 3.2. It is important to recognise that the problem of rough sleeping in London has not been 'solved', despite the efforts and progress of the past few weeks. The progress delivered has relied heavily on the repurposing of hotel accommodation, which will be time limited for the duration of the lockdown period until commercial hotel operations begin again. The boroughs are also observing new flow onto the street as new cases of rough sleepers are presenting. While, the number of people counted as physically sleeping on the street in London (estimated to be 554 in the most recent data reporting) remains fairly stable, this actually represents an increase in the overall need because boroughs have been accommodating additional rough sleepers over that period. The number therefore represents new cases, and in few cases an instance of people leaving provided accommodation.
- 3.3. In addition to the contemporary concerns around the funding of wrap around support and NRPF cases, there are longer-term anxieties related to the high number of residents that will need rehousing and how that accommodation will be found and funded given the pressures on London's rental market and social housing stock. Partners will also need sufficient time to ensure rehousing is delivered effectively.
- 3.4. In order to prevent regression, London Councils is calling for additional funding to support efforts to combat rough sleeping, now and in the future. Backtracking would be a missed opportunity for these individuals and would also require increased resource in the future when councils once again attempt to secure accommodation for those individuals. A clear next steps strategy is required for these individuals, which is fully resourced/funded by central government, in order to provide residents with the safe and secure accommodation needed.

Increased risk of homelessness

- 3.5. On 16 April, Shelter reported that 1.7 million renters expect to lose their jobs in the next three months as a result of COVID-19, based on polling carried out by YouGov.¹ Boroughs are reporting a growing number of individuals who are at risk of homelessness and rough sleeping due to the associated personal and economic impacts of COVID-19. These people might not have experienced such risk under normal circumstances.
- 3.6. Many of the individuals who have lost income (or are at risk of loss of income) are unable to move into cheaper accommodation due to the current market pressures and the challenges created by the current lockdown, and so face increasingly mounting debts and the prospect of eviction when the temporary ban on evictions is lifted.
- 3.7. While it is currently too early to get good data, London boroughs expect significant increases in arrears from tenants and leaseholders in rent and service charge payments. London Councils will be seeking to monitor this situation as it develops.

Domestic Violence

- 3.8. The London boroughs are concerned about the increased risk of domestic abuse for those now in lockdown with their abuser. Evidence suggests that the measures introduced to ensure people are staying at home during the crisis are exacerbating occurrences of domestic violence.
- 3.9. At least 58 households were accommodated by a London borough due to the risk of, or actual occurrence of, domestic violence in the seven days to 30 April 2020. The number of calls received by the National Domestic Abuse helpline run by Refuge increased by 25% above average by the second week of the lockdown and 49% by the third week, while calls to the Metropolitan Police regarding domestic abuse rose by about a third in recent weeks. Despite this, anecdotal evidence suggests approaches to homelessness services from this cohort have not risen in line with this. Lower levels of referrals or approaches are likely to reflect the difficulties of accessing support and services during the lockdown, and demand for support is expected to increase markedly after restrictions are lifted.

Mental Health

- 3.10. Everyone is at risk of mental health problems as a result of the COVID-19 crisis. The impact of social distancing can make it harder to resolve some of these challenges in ways that might be achieved under normal circumstances. Individuals facing the additional economic impacts resulting from COVID-19 are particularly at risk of suffering due to mental health complications in the current environment. These mental health challenges may threaten to exacerbate the other implications of COVID-19 on these groups in addition to the direct health implications.

People with no recourse to public funds (NRPF)

- 3.11. Individuals with NRPF represent more than 20% of the total cohort currently reported in the rough sleeping pathway (although based on incomplete data as some boroughs have yet to report). This includes individuals with NRPF in the strictest sense and also less clear cases and unregistered EEA nationals. As this large number of individuals are unable to access Housing Benefit and other financial support, it will be extremely difficult to provide move on accommodation for them, severely limiting the potential for positive outcomes. As economic hardship continues to worsen for households, those with no recourse to public funds will be among the most vulnerable and will be among the most at risk of homelessness and rough sleep. Increased availability of support for these households will help to reduce these risks and can also serve to reduce future strain on local authorities.
- 3.12. No strategy to effectively address homelessness following the COVID-19 crisis will be entirely successful without action being taken to financially assist those who currently have no eligibility for housing benefit. This is particularly the case with rough sleeping; and the Government's ambition to eliminate rough sleeping, and to continue protecting this cohort, and the public in general from Coronavirus, necessitates the provision of additional financial assistance from central government to

¹ [1.7 million renters expect to lose their job in the next three months](#), Shelter, April 2020

this group. To this end, London Councils is calling for European Economic Area nationals to be eligible for Housing Benefit until 31 December 2020, more resources to support those eligible to make applications for settled status, and for a 12 month reprieve for individuals with NRPF to ensure we can meet the demands of public health emergency.

4. What might be the immediate post-lockdown impacts for these groups, and what action is needed to help with these?

Rehousing of rough sleepers

4.1. See asks listed above.

Increase need for support from borough homelessness services

4.2. Increasing pressures are expected as a result of increasing support needs for those effected by the economic implications of the crisis, as well as need that may have been suppressed by the current lockdown restrictions. As well as the wider private rented sector, particular increases in demand are expected from survivors of domestic violence and asylum seekers (the government introduced a ban on evictions from asylum accommodation at the end of March).

4.3. To mitigate these impacts, London Councils is calling on the government to take the following measures:

4.3.1. Introduce more support for residents through the welfare system. This should include:

4.3.1.1. Making the increases in LHA permanent and ensure rates are pegged to the 30th percentile on an ongoing basis in order to facilitate the procurement of longer-term sustainable accommodation.

4.3.1.2. Changes are required to the total benefit cap. A failure to uprate the cap entitlements will mean that the heightened LHA rate will have little impact for many residents – particularly in high rent areas such as London – for reasons explained in section two.

4.3.1.3. Reviewing the shared accommodation rate to ensure it meets the needs of residents (particularly rough sleepers) that are now coming forward. Under current rules, only residents over 35 years of age qualify for support for an entire property. For many residents the rate will continue to act as a barrier to securing sustainable housing options and in many cases (such as for many rough sleepers with particular support needs) shared accommodation will not be an appropriate option for them.

4.3.2. Provide sufficient funding to councils to ensure they can manage increasing demand through services.

4.3.3. Work with councils (and other agencies as appropriate) to ensure that an appropriate strategy is in place to manage demand on council services.

Financial pressures on council budgets

4.4. As noted, boroughs in London were already subsidising homelessness services from wider general fund budgets (i.e. funding not derived from specific homelessness grant or housing-related income) by more than £200m per year. While the Government's financial support has been welcome, local authorities have been put under further financial strain as a result of the current crisis. This will impact on both general fund and Housing Revenue Account budgets:

4.4.1. Going forward, it is likely that there will be a considerable increase in demand from homeless families, similar to the increase in demand that follows the Christmas period in any given year, only more pronounced. Further to this general increase in housing need, demand for support is likely to be particularly acute from cohorts where measures are currently suppressing homelessness presentations (e.g. delayed evictions, increasing presentations from survivors of domestic abuse and support for asylum cases). The increasing footfall within homelessness services, and the consequent increase in the provision of accommodation, is likely to put further pressure on general fund budgets.

4.4.2. Boroughs also anticipate increased pressure on Housing Revenue Account budgets. While it may be too early to authoritatively assess the extent of this problem, there are a number of areas that are likely to be impacted. These include, increasing arrears in rent and service

charge payments as tenants face unemployment and/or reductions in household income. The crisis is also likely to have led to longer void periods (and therefore lost income), due to the difficulties that have sometimes been experienced in arranging maintenance services and the unwillingness of residents in temporary accommodation to move into new accommodation at this time (as well as the government guidance against essential moves). In some instances, boroughs are also likely to face challenges from tenants and leaseholders due to the under-provision of services (such as caretaking services, for example) and may need to make repayments to residents. Some boroughs will also have significant commercial properties held within their Housing Revenue Account, from which they will face significant reductions in rental income as a result of the economic impact of COVID-19.

4.4.3. Despite the removal of the cap on Housing Revenue Account borrowing, funds were already under considerable pressure in London due to the detrimental financial impact on the 1% annual rent cut, as well as the competing demands of ambitious new build development programmes, as well as building safety and zero-carbon retrofit objectives. The pressures created by the COVID-19 crisis therefore has potentially dire implications for borough Housing Revenue Accounts and will affect for the viability of investment programmes. With many new development schemes also predicated on cross-subsidy from market sales, a downturn in the wider housing market could further exacerbate this problem.

4.5. The pressures resulting from COVID-19 present acute challenges for the viability of council's housing operations: their ability to manage increased demand for support and advice, meet the enhanced expectations to provide more households with settled accommodation (particularly rough sleepers), and to deliver on their obligations as social landlords and housing developers. Government will need to assess the severity of the situation and be responsive to councils' in order to support their ability to deliver services and maintain financial viability.

Housing delivery

4.6. London's local authorities had been engaging with the Mayor of London and the GLA to work towards ambitious housing delivery targets in order to provide new accommodation for their residents. The boroughs' efforts to increase the delivery of new council housing will have been delayed by months in many cases and the viability of some of these schemes may need to be reassessed. These challenges will become more pronounced the longer the lockdown is required and, while the necessity for the lockdown is acknowledged, the impacts may not be fully realised for some time. It is essential, therefore, that Government support for local authorities to aid these groups continues to be received until the positive outcomes can be delivered for these individuals.

4.7. The impact of COVID-19 on housing development will be most evident in the medium to long-term, however they will be factored into the immediate decisions that boroughs need to make post-lockdown. The London boroughs have been ambitious in their plans to expand on council housing delivery to provide settled accommodation for their residents. Social housing must be recognised for its essential role in providing settled accommodation for individuals at risk of homelessness and the foundations upon which they can build a stable life. The provision of affordable and social housing was a significant challenge facing the London boroughs prior to the COVID-19 outbreak and this challenge, like many others in the current environment, now only continues to grow. The Government must be prepared to listen to the needs of the boroughs following the conclusion of the lockdown in order to help them get these essential schemes back on track.

4.8. The economic recovery must be a key focus post-lockdown. Many households will exit the lockdown with levels of debt they did not have prior to the lockdown and will be facing uncertain and challenging futures. Government support must remain in place for these households to ensure they are able to rebuild their lives without the risk of homelessness or rough sleeping.