

Homelessness and Stock Transfer

A discussion briefing

September 2005

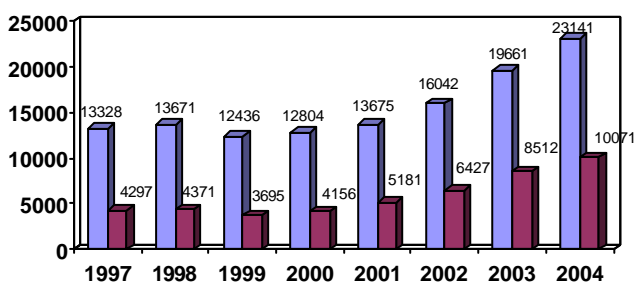
This paper aims to stimulate discussion about the importance of homelessness and housing need in the stock transfer debate in Wales and the possible impact of transfer on services and access to accommodation.

The context

Faced with an expensive owner-occupied sector which is beyond the means of many, a social housing sector which is not meeting need and an expensive and insecure private rented sector, people experiencing housing need currently have very limited options. This problem is exacerbated by the continuing loss of social housing through the Right to Buy and the poor quality of the private rented sector in Wales. One of the consequences of this has been a rapid increase in recorded homelessness.

Homelessness has escalated dramatically year on year since 1999. The number of households presenting as homeless has increased by 86% since 1999 while the number accepted as homeless by local authorities in Wales increased by a massive 172.5% up to the end of 2004.

Homelessness Presentations and Acceptances 1997-2004



In 2004, Shelter Cymru estimates that around 53,000 people were part of households that submitted homelessness applications to local authorities in Wales and that over 8,500 children were members of households that experienced homelessness and the related consequences to health and education.

In addition, the number of households placed in temporary accommodation in Wales has also increased, with the use of commercial Bed & Breakfast accommodation causing particular concern. 3,525 households were in temporary accommodation at the end of 2004 and 903 of these were living in B&B accommodation. This is an increase of over 1,200% on the 4th quarter of 1999. 224 of the households living in B&B at the end of 2004 were families with children and this means that approximately 400 homeless children were living in B&B at this time.

Given this context it is crucial that any significant changes to the social housing stock are evaluated in terms of its continuing availability to homeless households. This paper asks whether the current process of stock transfer could reduce access to people in housing need.

The potential impact of stock transfer

Currently, the debate over stock transfer in Wales appears to concentrate primarily on investment in housing and infrastructure and conditions and affordability for existing tenants, in addition to promoting tenant choice. Shelter Cymru believes it is important to emphasize that social housing is a community asset and, in addition to the views of current tenants, vital as these are, the impact of transfer on the community as a whole should be considered.

From Shelter Cymru's perspective, this in particular means the effects of transfer on access to housing for people in housing need, who are not currently tenants, but may need to access good quality social housing in the future.

Evidence from England and Scotland indicates that ensuring access to housing for

households experiencing homelessness and housing need has not been a significant consideration in the transfer process. As a consequence it may be more difficult for homeless people to access social housing.

There are also concerns that understandable attempts by the new social housing providers to develop 'balanced communities' may lead to a more selective approach to lettings making it more difficult for vulnerable households, who may be perceived as problem families, being accepted.

Finally the restricted nomination rights available to local authorities makes it practically more difficult to place homeless households in good quality, permanent, secure homes. This could lead to longer periods in temporary accommodation.

Although in its early stages in Wales – with only one large scale voluntary transfer – stock transfer is now a key issue for many local authorities and as such it is important that the process and investment priorities should be assessed to ensure that it does not actually increase homelessness in Wales.

Key concerns over stock transfer are:

- at a time when homelessness and housing need is escalating, this option, as it is currently delivered, may offer even more restricted access to social housing;
- that the debate and process in Wales may be giving insufficient consideration to the needs of prospective tenants of social housing in particular homeless people and people in severe housing need.

The transfer experience

By early 2003, 111 local authorities in England had transferred all their stock and more than 40 authorities – 19 in Scotland and 23 in England – had completed partial transfers.^{1 2}

¹ Hal Pawson and Kathie Fancy, *Maturing assets: The evolution of stock transfer housing associations* (Joseph Rowntree Foundation, 2003)

² *Ibid.*

As stated, one of Shelter Cymru's primary concerns is the marginalisation of homelessness within the stock transfer debate and the lack of preparation for its impact on the delivery of services to people facing homelessness and housing need. Some of these concerns have been highlighted in Scotland and England.

In Scotland, the Scottish Council for Single Homelessness has undertaken research on homelessness services post stock transfer.³ This considered all the 103 partial and full transfers undertaken prior to September 1999 and findings on transfer in England.

The key findings include that homelessness has not been a central consideration within transfer processes and that there has been a decline in service provision for homeless households post transfer, including:

- Problems with access to services.
- Problems with the relationship between social services and the transfer authority, concerns over how applicants are handled.⁴

A report by Shelter in England also highlights that:⁵

- Over a quarter of the local authority respondents (in a survey by the charity) reported that it was more difficult to discharge statutory housing functions post transfer.
- 46% of whole stock transfer authorities reported more difficulty in discharging statutory duties post transfer.
- Mixed results from contracting out homelessness services.
- Inadequate transfer agreements and transfer landlords operating restrictive lettings policies were a problem.

Key learning:

- That transfers in other areas of the UK have not always benefited homeless households and people in housing need who are not tenants.
- That this has often occurred through a lack of preparation and a failure to give the issue of homelessness adequate attention in transfer agreements.

³ 'But what about me...?' Homelessness after stock transfer, (Scottish Council for the Single Homeless, 2001).

⁴ *Ibid.*, pp.23-25.

⁵ *Out of Stock – Stock transfer, homelessness and access to housing* (Shelter, 2001)

The potential of transfer

With local authorities trying to meet the Welsh Housing Quality Standard (WHQS) by 2012, and the UK Government providing a financial incentive to transfer stock transfer could be the only option for many authorities in Wales.⁶ Transfer is inextricably linked to investment and improving house conditions and is viewed as one of the principal means through which local authorities will be able to achieve the WHQS. It is estimated that £3 billion is required across Wales to meet the standard, and local authorities must demonstrate to the Welsh Assembly Government how they are going to achieve it within their stock. In 2004 it was reported that only two authorities were on schedule to meet the WHQS.⁷

Councils considering the future of their housing face a stark choice. Transfer and invest or retain the stock and find the money from council funds. With the amount of work required, some councils do not have the necessary resources available and under the public sector borrowing requirement (PSBR) local authorities are restricted from borrowing the money required whereas not for profit local housing companies are able to do this.⁸

Shelter Cymru strongly supports new investment to provide good quality affordable homes, and improve the condition of the existing stock. This investment is crucial for the well being of many people and communities in Wales.

⁶ Steve Wilcox, Border tensions: devolution, rents and housing benefit (December 2002)

⁷ Inside Housing 12 March 2004.

⁸ Prudential borrowing has also been introduced, through secondary legislation, under the Local Government Act 2003. This allows the council to borrow money on the open market for capital projects. Authorities must set prudent limits on borrowing and be able to adhere to them. The loan must be repaid and rents might increase more than under stock transfer (the council could also seek to repay the loan through higher council tax). 'Under the new framework, councils will be able to borrow additional funds for capital investment, as long as the level of debt they take on reflects the resources and revenues they have at their disposal and remains within prudent limits.'

However, we are also concerned that, at a time when homelessness and housing need is escalating, transfer could further restrict access to social housing. A local authority that has control of its stock clearly has access to that resource. If the housing is transferred it will lose access to a significant proportion of this i.e. between 25% and 50%.⁹

Effective joint working between the local and transfer authority will be a key element. Partnership working between local authorities and registered housing associations to tackle homelessness is currently reported as problematic. This has been largely because of the increased pressure from homelessness presentations and acceptances and a lack of effective working agreements over nominations and lettings in some instances. It is vital that Stock Transfer should not exacerbate this and any progress towards transfer should be used as an opportunity to develop effective procedures for strategic and operational cooperation between the local authority and transfer authority.

Given the shortage of affordable housing in Wales, it is crucial that social housing responds to the requirements of people in the greatest need. Our concern is that if homelessness remains peripheral to stock transfer, the development of approaches and services to tackle homelessness and housing need in Wales could be undermined.

If services and access to housing for people experiencing homelessness are not addressed as an intrinsic part of stock transfer it could lead to a decrease in the practical access to housing for vulnerable households, a deterioration in services, and an increase in homelessness and the number of homeless households forced to remain in temporary accommodation.

In this respect it is important, if transfers occur, that the investment package includes the development of services and protocols that address the needs of the most vulnerable in our society. This approach could help ensure that transfers have a positive effect on improving services and homes for people in need.

⁹ Housing Transfer Guidelines, (Welsh Assembly Government, January 2002), p.29.

The transfer process should include the development of positive relationships and strategic working between the local authority, transfer authority and other organisations e.g. through the local homelessness strategy – which will remain the responsibility of the local authority – and this should be agreed during the transfer process itself.

Corporate responsibility and integrated working practices could be enhanced through transfer and the transfer authority and the local authority should adopt appropriate policies with regard to access to housing, enforcement and strategic working.

Key opportunities:

- That investment packages and protocols reflect the needs of people facing or experiencing homelessness and actually improve services.
- That opportunities to improve corporate responses and joint working to address homelessness are seized in order to optimise sustainable solutions for people in housing need.

Conclusion

Shelter Cymru recognises the acute need for investment in Welsh housing, for decent affordable housing for identified needs across Wales, and the need to explore the available options to deliver this.

As stock transfer is one of the principal means of securing investment and long-term improvement in social housing, the impact of this approach on access for those experiencing homelessness and severe housing need must be at the forefront of discussions and processes and included within transfer agreements. Unless this happens we will be further excluding people and restricting the options available to those in housing need at a time when this is an already increasing problem.

Questions

Shelter Cymru welcomes your views on the matters raised in this paper. In particular:

1. Do you think that stock transfer will reduce homeless households access to social rented housing? Why?
2. How could stock transfer improve the situation for homeless households in Wales?
3. What additional guidance should be published to ensure that homeless households are provided with appropriate support and services in the transfer agreement? Is current guidance enough?
4. Is there a need to establish a higher level of nomination levels in transfer agreements – should nomination levels be reviewed in line with local housing markets and demand?
5. Should Welsh Assembly Government guidance require that transfer companies designate an investment fund to support specific services for homeless households?

Shelter Cymru
25 Walter Road
Swansea SA1 5NN
01792 469400

policy@sheltercymru.org.uk
www.sheltercymru.org.uk

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