

Housing Case Workers are not trained properly and often not empathetic or compassionate.

DISCRIMINATION

**STUCK UNVALUED
VICTIMISED**

NO ALTERNATIVE

HOUSING

ISOLATED CONSTRAINED

EVICTED WITH NO NOTICE

HAVE TO FIGHT FOR EVERYTHING

Returning to destructive abusive relationships as the alternative (total inability to afford to survive with your child) is worse.

Housing

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Introduction

- Since the year 2000, the private rented sector has doubled in size and an increasing proportion of households who are locked in poverty live in the sector.
- Many have lost out on Local Housing Allowance, the benefit designed to protect households in poverty in the private rented sector from high housing costs.
- The long-term shrinkage of the social housing sector through Right to Buy, and the lack of political and economic will to build enough to meet demand, have led to a shortage of genuinely affordable housing for households in poverty.
- Housing costs in the social sector have also increased steadily since 2002, and even when Housing Benefit is considered, rents in this sector are now unaffordable in many areas.
- In addition, some social sector tenants have also had their Housing Benefit reduced through the introduction of policies such as the under-occupation penalty (often referred to as the bedroom tax).

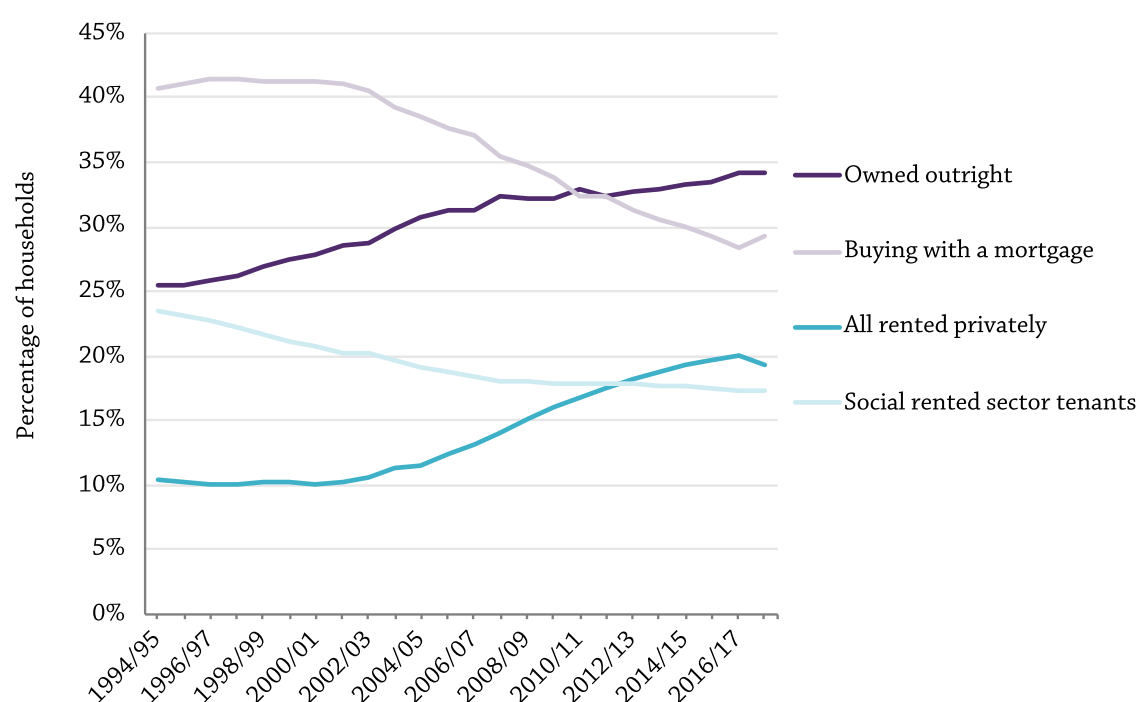
The pattern of housing tenure in the UK has changed considerably over the last 20 years, and this has affected housing costs for households in poverty. This chapter looks at how trends in tenure and housing costs are related to poverty, focusing on households on low incomes who rent in the private and social rented sectors, two tenures where housing costs have risen significantly since 2000/01. Conversely, average housing costs for those paying a mortgage and outright owners were at similar levels in 2017/18 compared with 2000/01.

Trends in tenure

Home-ownership as a whole across the UK peaked around the year 2000, but steadily decreased from then to 2016/17 (Resolution Foundation, 2019) partly due to reduced access to mortgage finance for lower-income households following the recession. In contrast, the private rented sector has grown significantly during this period, doubling in size between 2001/02 and 2017/18. Meanwhile, the social housing sector has continued to shrink through policies such as the Right to Buy introduced in 1980,²³ which contributed to the growth of home-ownership and reduced council-owned housing, and a failure to build an adequate supply to replace lost stock and to meet new demand.

Data on housing stock for the last four decades shows that council-owned housing reduced from 30% of total housing stock in 1981 to less than 8% in 2017 across Great Britain as a whole.²⁴ The growth in social housing owned and managed by other providers such as housing associations has been modest, and building of social housing has been limited. This means the social housing sector has continued to decrease overall. Around 17% of households lived in social housing in 2017/18 compared with 23% in 1994/95, yet more low-rent, affordable and secure housing is needed if we are to prevent housing costs pulling more households into poverty.

Home-buying is declining and private renting is increasing

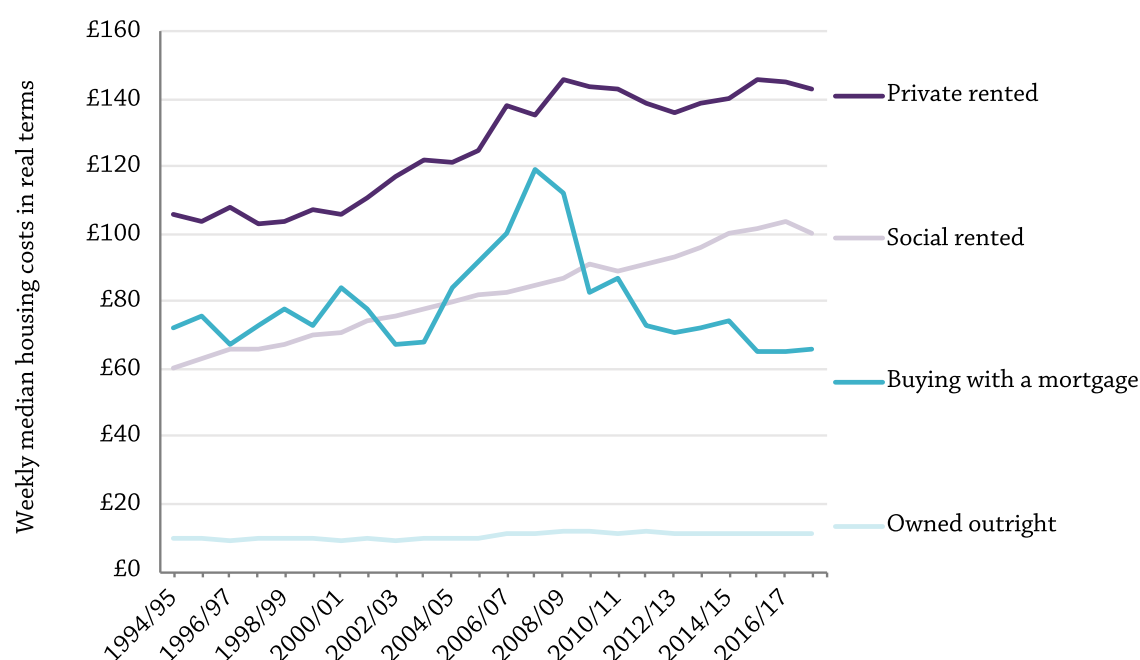


Source: Households Below Average Income

This decrease in the availability of social housing has led to a shortage of genuinely affordable rented housing for households in poverty who cannot get mortgage finance or afford to buy a home. This means a record number of families with children and pensioners are now burdened with higher housing costs in the private rented sector. This has important implications for poverty. The private rented sector also offers far less security of tenure than social housing and moving more frequently is disruptive to family/household stability and support networks (Clarke et al, 2017). For example, more than half (52%) of the private renters surveyed for the English Housing Survey 2016/17 had been living in their property for less than a year, compared with only 21% of social renters (and 26% of owner-occupiers).

The chart below shows how housing costs have changed among households in poverty over time after accounting for inflation. Housing costs have consistently been highest, on average, for households in poverty in the private rented sector. Median private rents rose as the sector grew from 2001/02 to around 2008/09. The doubling in size of the private rented sector in the UK means twice as many households who rent privately have been affected by these high housing costs, particularly in areas of high housing demand such as London, the South East and most UK cities.

Private renters have the highest housing costs among households trapped in poverty



Source: Households Below Average Income

Once a household in poverty moves into the private sector, they are often trapped in poverty. Private rents, set in relation to the housing markets, are unaffordable for many households in poverty while also constraining the ability of households to save money, with families committing a large proportion of their household budgets to rent and other essential housing costs.

Many private landlords also require advance deposits of hundreds of pounds. Since the Tenant Fees Act came into force in June 2019, deposits have been capped at five weeks' rent.²⁵ However, this can still act as a barrier to entry into the private rented sector for low-income households. It can also make moving unexpectedly additionally financially burdensome (Croucher et al, 2018).

Key stat

Around 19% of households are privately renting compared with 10% 20 years previously – a third of this group are in poverty.

In addition, rent increases are unregulated in England and Wales, meaning a landlord can increase rent by any amount and with no limits on the frequency of increases once any initial contractual term has ended. Many households find this spectre of rent increases daunting and unpredictable. They can also be a source of risk for people in poverty, as an increase in rent may mean a household has to move if the new rent is unaffordable, while the sense of insecurity this creates can impact on the wellbeing of renters on low incomes (Croucher et al, 2018).

Private sector tenancies in England, Wales and Northern Ireland are also legally insecure.²⁶ Private sector tenancies were deregulated in 1988, which introduced assured/assured shorthold tenancies, the main tenancy type used in the private sector today. These tenancies, which may only last for six months, are far less secure than previously. As noted above, there is no regulation or predictability to rent increases and tenants can be served a notice to quit for no reason.

Private renters, who move more often than social renters, also incur the costs of frequently moving house and risk losing rental deposits. This legal insecurity can feed into a wider insecurity, which may undermine their ability to 'feel at home' and their willingness to invest in their home and local community.²⁷ For renters with children, this can cause particularly acute problems, such as having to move children out of school and other supportive social networks.²⁸

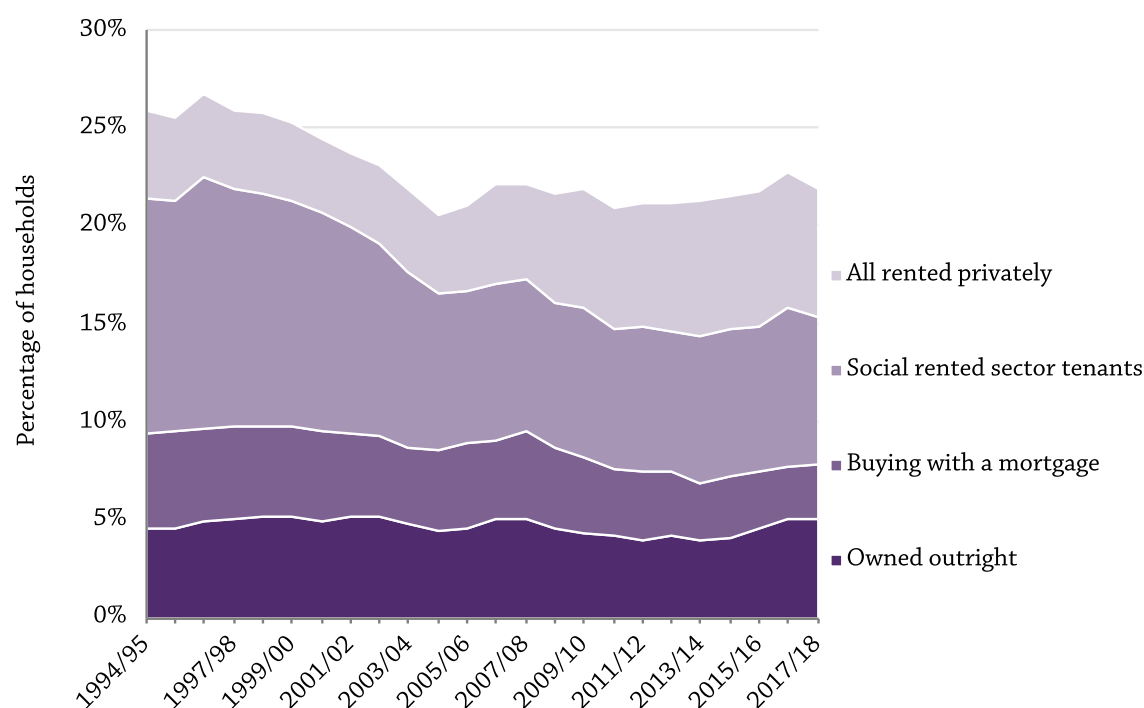
The chart above shows that mortgage costs rose steeply from 2003/04 until the start of the Great Recession in 2007/08 and then dropped again. Overall, mortgage costs are now relatively low due to low interest rates. However, far fewer lower-income households are now able to get mortgage finance (ONS, 2019) to buy their own homes following the financial crash, which limits routes out of private renting.

Some of the households trapped in deep, long-term poverty live in the social rented sector where there has been a sustained increase in rents over the last 20 years (Wilson, 2019), although in the 2015 Summer Budget, it was announced that rents in social housing in England would be reduced by 1% a year for four years. This started in April 2017. As we might expect, outright home-owners have by far the lowest housing costs on average compared with other tenures. Most outright owners are pensioners but many still have problems affording associated repair and heating costs.²⁹

How can housing tenure affect poverty levels?

The chart below shows how people in poverty are distributed across the different housing tenures.

Social rented sector households are the largest tenure group in poverty



Source: Households Below Average Income

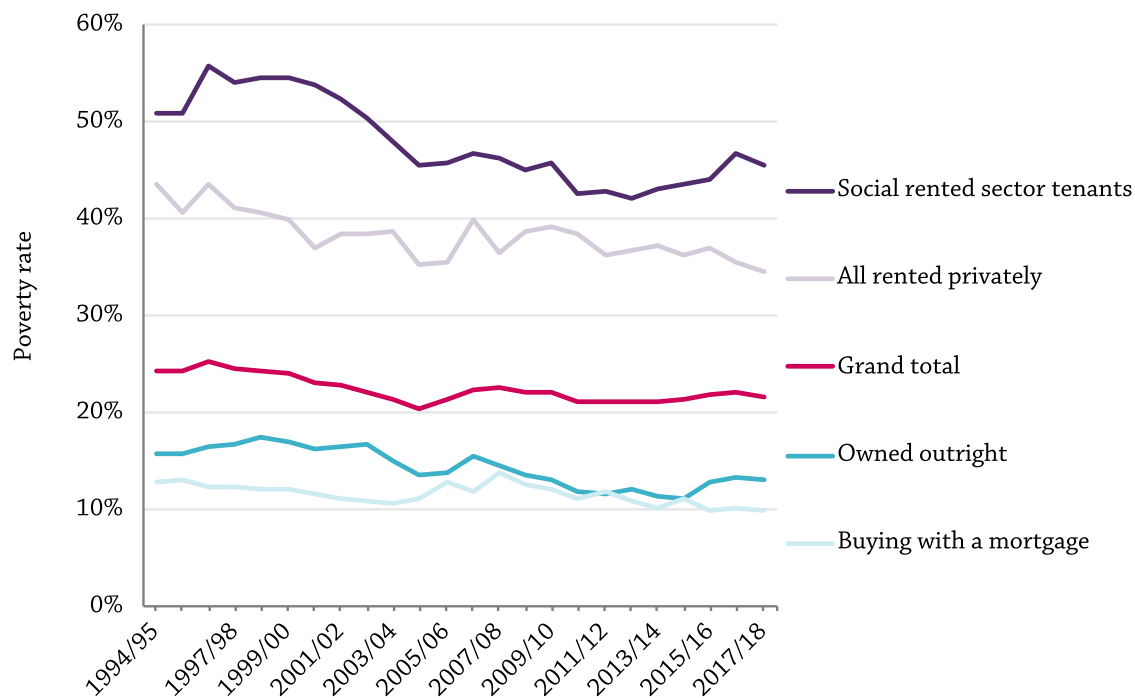
This chart shows two distinct phases either side of the dip in 2004/05: first a gradual decrease in how many individuals were in poverty from about 1996/97 to 2004/05, followed by a broad flattening off from 2004/05. The first phase – one of decline – arose from a decrease in poverty among tenants in social rented housing.³⁰ The second phase resulted from the growing number of people living in poverty in the private rented sector, which halted the decline.

The chart below shows the proportion of people in poverty for each housing tenure rather than the composition of the overall percentage. Looking at the second phase since 2004/05, not much change can be seen among the different tenures. Poverty rates by tenure in 2017/18 were very similar to 2004/05. Around 35% of individuals in the private rented sector, and around 45% of people in social rented housing, were in poverty at both times and this means the composition not the risk is the issue.

Key stat

Around 17% of households live in social housing compared with 23% 20 years ago – almost half of this group are in poverty.

Individuals in the social and private rented sectors have the highest rates of poverty



Source: Households Below Average Income

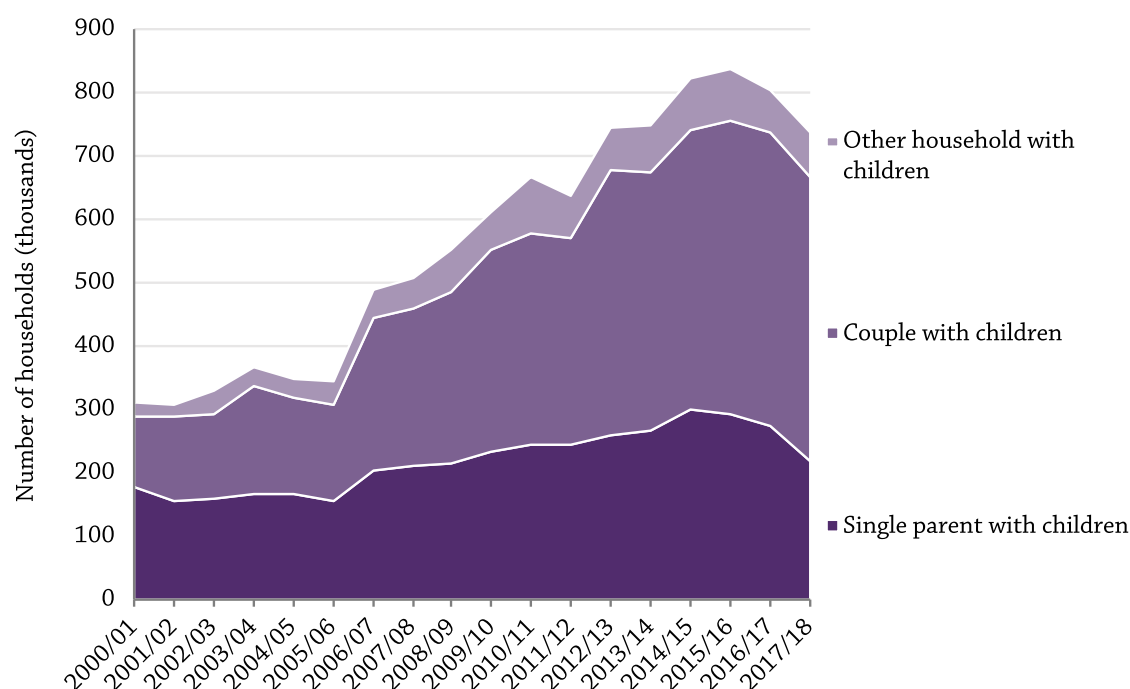
Different patterns of tenure change have also driven different poverty rates across the devolved nations. For example, the higher proportion of people in poverty living in social housing in Scotland who pay lower rents partly explains the lower Scottish poverty rate (Congreve, 2019). In Northern Ireland, generally lower housing costs and a higher rate of homes owned outright by older households may contribute to the lower poverty rate there.

Private renters

Private renters: working-age families

The chart below shows the rapid growth in the number of families with children in poverty living in the private rented sector from 2005/06 to 2015/16. By 2016/17, more than four times the number of couple-parent families rented in the private sector (more than 460,000) than in 2000/01.

Increasing numbers of households in poverty with children now rent privately



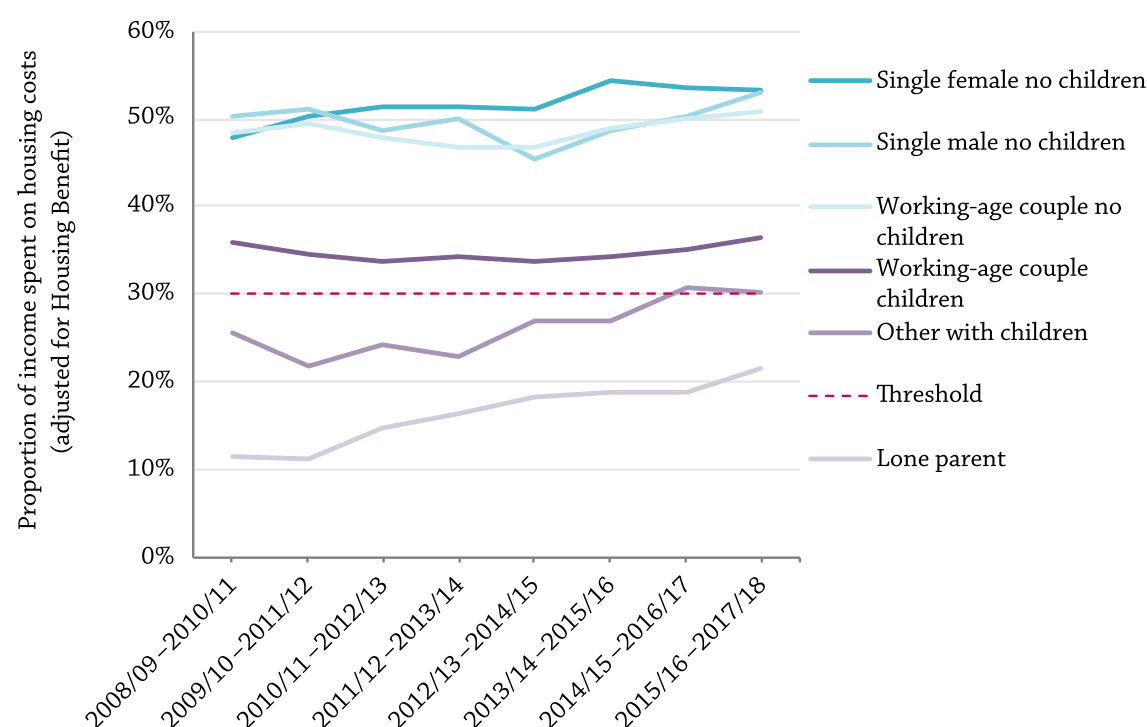
Source: Households Below Average Income

A further factor contributing to the rise in families paying high market rents in the private rented sector has been the introduction of the Localism Act in 2011.³¹ This gives local authorities the power to discharge their legal duty to rehouse homeless families by offering a property in the private-rented sector with a 12-month tenancy.

The chart below shows how much of a household's income is taken up by private sector housing costs for households in poverty. This is a commonly used measure internationally of how 'affordable' housing is. Housing costs of more than 30% of household income are generally judged to be unaffordable, though this is a rule of thumb rather than being based on evidence about what is affordable in the long-term or not.

Housing Benefit has been deducted from both incomes and housing costs in the method used to create the chart below. This allows us to see the true burden of rent and other housing costs on income from earnings, state pension or disability and other benefits. Using this method, however, private sector rents appear to be affordable to single-parent families despite their high poverty rates (although their affordability is worsening) as they are more likely to be in receipt of Housing Benefit to help with housing costs. Their income may still be much too low to avoid poverty – it is just that much or all of their housing costs are paid by benefits.

Households in poverty without children live in less affordable private rented housing



Source: Households Below Average Income

A raft of changes to social security policy have been under way since around 2010, which affect the findings in the above chart. This includes a series of caps and freezes to Local Housing Allowance (LHA), a benefit for privately renting tenants which varies depending on where you live. In the past, the maximum amount of LHA a household could claim was set at the median (50th percentile point) rent for that area. In 2011, the maximum was reduced and became payable only up to the 30th percentile point for local market rents, so it would only pay rent for the cheapest 30% of rental properties. In 2014 and 2015, annual rises in LHA were capped at 1% and in 2016 LHA was frozen for four years.³² In addition, in 2012 the 'shared accommodation rate' for single people was extended from age 25 to 35.³³

Research carried out by Crisis and the Chartered Institute of Housing in 2018 has shown that underinvestment in Local Housing Allowance rates mean that 92% of areas in Great Britain were unaffordable to single people or a couple or a small family in 2018/19.

There is also evidence that households dependent on benefits face discrimination by landlords in the private rented sector³⁴ with some suggestion that this has worsened due to the roll-out of Universal Credit (Simcock and Kaehne, 2019). It is likely that these further constraints on LHA have made private rented sector housing unaffordable and inaccessible for many workless households.³⁵

Private renters: pensioners

The UK has an ageing population and the proportion of pensioner households is increasing at a faster rate than other groups. Around one in six people were aged 65 or over in 1998, but this had increased to one in five by 2018.

As women live longer, and older people are more likely to be bereaved and single the older they are, more single pensioners are women than men. They also have lower lifetime earnings and so are likely to be poorer than men on average.

An estimated 380,000 households in England headed by someone aged 65 or over were living in the private rented sector in 2017/18. For the UK, around 7% of pensioner households lived in the private rented sector. This was roughly the same in 2017/18 as it was 10 years earlier. However, the percentage of pensioners who are privately renting and are in poverty has increased from 30% to 35% and this is likely to be because of rising rents that Housing Benefit is not keeping up with, especially as the poverty rate for privately renting pensioners before housing costs fell over the same period.

Private sector renting is unaffordable for pensioner households in poverty (the proportion of income spent on rent is after adjusting for Housing Benefit)



Source: Households Below Average Income

The chart above shows that private rented sector housing is increasingly unaffordable for pensioner households in poverty.

While some of the increase might be due to household composition changes while pensioner poverty was reducing rapidly in the early 2000s, there is evidence that the constraints on LHA for private rents mean pensioners are having to use state pension or disability benefits to cover their rent (Arthur et al, 2018).

It is noteworthy therefore that a small proportion of people aged 65 or over who live in the private rented sector are not yet retired and may be obliged to continue working past retirement age in order to pay rent or a mortgage.

Table 14: Around a fifth of households headed by someone aged 65 or over are renting

	Own outright	Buying with mortgage	Private renters	All social renters
Household reference person (HRP)				
Aged 65 or over	74.6	4.1	5.1	16.2
Economic status of HRP				
Retired	74.2	4.4	5.6	15.8

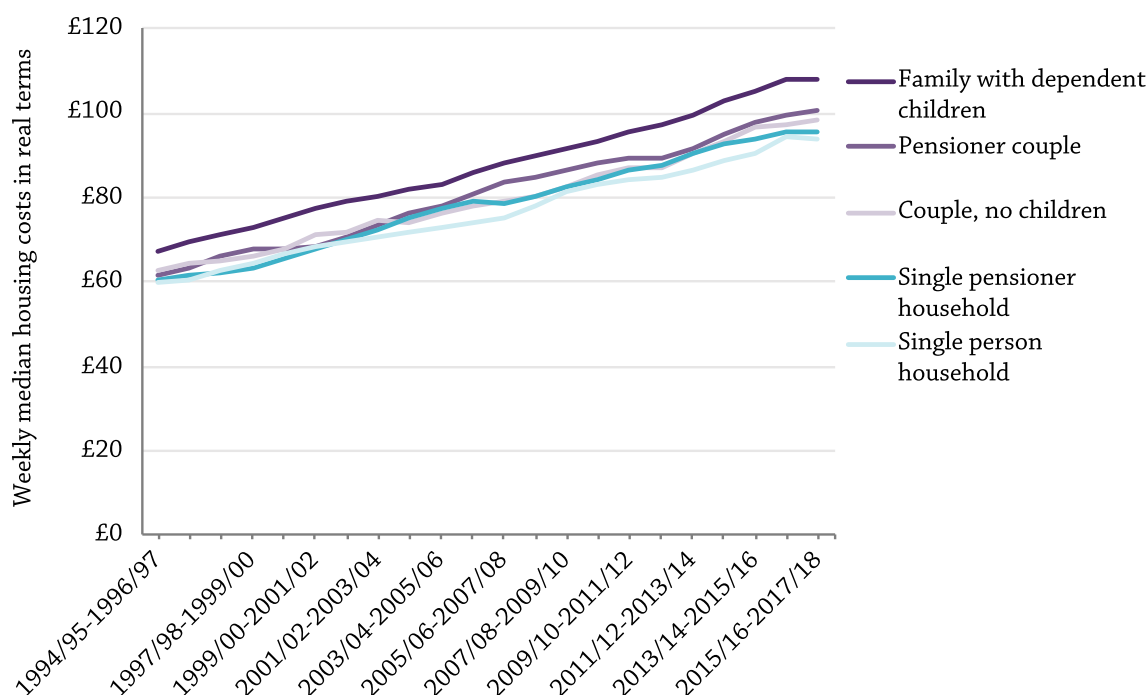
Source: English Housing Survey 2017/18

Research on older private renters in 2018 found that more than a quarter (26%) of older people aged 65 or over continued to work if they still had a mortgage to pay or lived in private rented accommodation (Harpley, 2018). This compares to 12% of outright-owners and 10% of social tenants. Among pensioner couple households in poverty in the private rented sector, three in ten contain someone who continues to work past retirement age.

Social renters

There has been a sustained rise in housing costs for all family types in the social rented sector over the last two decades after accounting for inflation.

Social housing costs for those in poverty have risen for all household types



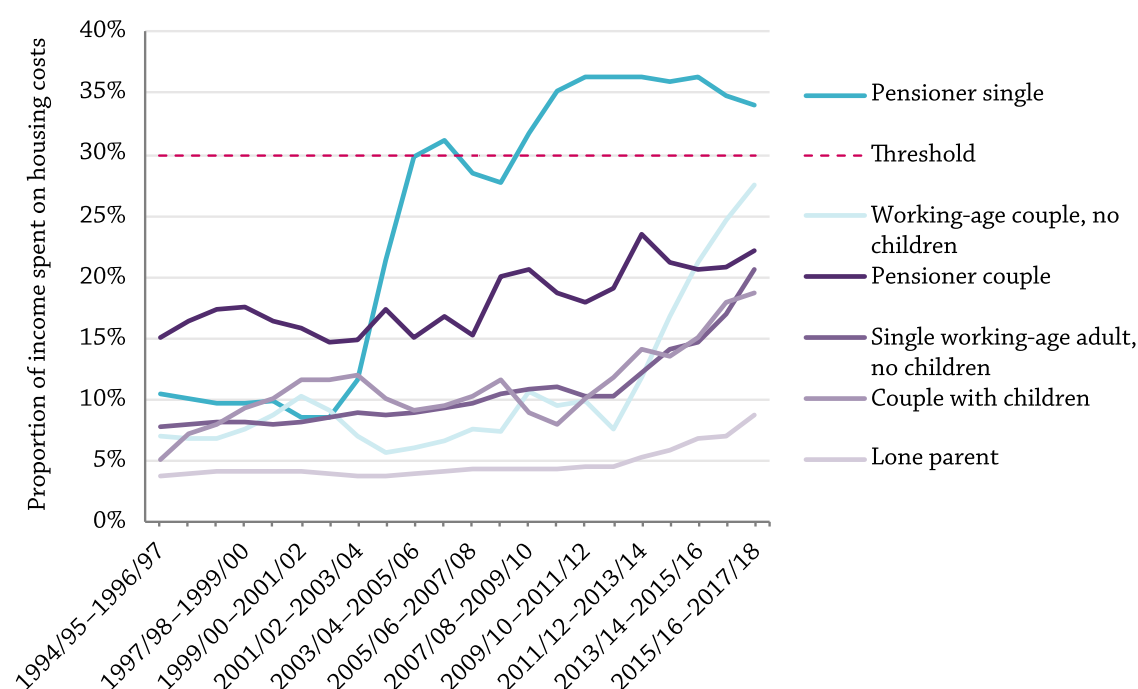
Source: Households Below Average Income

Note: These housing costs have not had Housing Benefit deducted unlike the affordability calculations.

From 2001, social rents were set using a government formula based on property value, local earnings and number of bedrooms. The aim of this was to align council and housing association rents. However, the evidence suggests that social rents based on this formula have become unaffordable for many households in poverty. Following the 2015 Budget, the government changed tack, requiring local authorities to reduce rents by 1% a year from 2016 to 2019.

Social renters: households of working age

Social housing has become unaffordable for many single-pensioner households in poverty



Source: Households Below Average Income

Families with children

While the social sector remains affordable for most poor families with children, around a fifth fewer families with children in poverty are living in the social rented sector compared with 20 years ago. As discussed above, the social rented sector has shrunk considerably.

All working-age households

The reduced availability of social housing means this form of housing is less accessible to households in poverty even if they become homeless. As mentioned above, many local authorities now rehouse homeless families by offering a property in the private rented sector with a 12-month tenancy.

The proportion of all working-age households living in poverty in social-rented housing has increased in recent years, whether someone is working or not. This increase has been steepest among single-parent families (since about 2010) and single women of working age (since about 2015). This may be due to changes to social security policy (see the chapter on social security).

Pensioner households

Households headed by people aged 65 or over comprised 27% of the social sector – the largest proportion of social housing tenants by age group in 2017/18. However, the chart above shows that social housing has become unaffordable for many poor single pensioner households since around 2003, partly due to the changes in how social rents are set, described above. Yet pensioner households are the fastest growing household type in the UK and more affordable, secure, adaptable homes will be needed for this group soon. As discussed above, in the method used here Housing Benefit is excluded from both income and housing costs.

Other types of households

Much of the analysis in the Households Below Average Income series is at a family level, which is defined as a single adult, or a married or cohabiting couple, plus any dependent children (that is children under 16 or aged 16 to 19 in full-time non-advanced education). Analysis looks at family types by age, number of adults and number of children. Households that consist of parents with older children aged 18 or over are counted as a two-family household because these adult children are old enough to work or claim benefits independently. There is also a small proportion of poor, larger households that contain multiple families, including extended family and possibly lodgers.

Around 19% of households contain one or more grown-up children (stepchildren, foster children, son/daughter-in-law or grandchild(ren)) living with one or more parents or grandparents. Some may have younger siblings in the family. By far the majority of these are resident in non-poor households who have the space to house them. However, some of these young adults may be living at home because they cannot afford to move out. They are ‘concealed’ households. This group is analysed in further detail below.

Concealed households

Over the last 20 years, the proportion of working-age adults buying their own home or owning outright fell from 72% to 62%. Over the same period, the proportion of working-age adults renting privately more than doubled from 11% to 23%. Looking only at those aged 20- to 34-years-olds, 63% were buying their own home or owning outright compared with 47% 20 years later. The proportion of 20- to 34-year-olds living in the private rented sector also rose between 1997/98 and 2017/18 (from 18% to 37%). Although the drop in home-ownership rates appears to mirror the rise in renting, we cannot simply assume that 20 to 34 year olds who are not owning a home are now renting.

Here we are looking at a subset of concealed households aged 20 to 34 who are living in the household of their parent(s) or guardian(s). A person is counted as a separate family when they are 20 or when they leave full-time non-advanced education, so concealed households will have at least two families living in one dwelling. These 20- to 34-year-olds have either recently left education and entered the labour market (or are about to), or are established in the workforce. Nominally, it is the first point in someone's life that they would be able to afford to move out of their parental home. The age range is also significant as those in it are only able to claim the shared accommodation rate, rather than the full amount, of Housing Benefit.³⁶ As income is often measured at the household level (ie the incomes of all families in a household are summed), a household's income may not fully reflect the financial situation of the families within it. This means that at times income-based household-level analysis does not tell the subtle stories of families in the UK, one of which is that of concealed households.

Key stat

30% of 20- to 34-year-olds live with a parent or guardian now compared with only 20% 20 years ago.

Why are concealed households important?

The number of concealed households is increasing. Twenty years ago, 20% (2.4 million) of 20- to 34-year-olds lived with a parent or guardian. That figure has now risen to 30%, affecting 3.9 million people in 2017/18. As the number of concealed households grows, understanding their story is important for both housing and poverty.

People in concealed households may feel unsuccessful and detached from community. While more 20- to 34-year-olds living at home could be the sign of a changing social norm, research suggests that not being able to own a home can be detrimental to an individual's sense of self and community engagement. Research (NatCen, 2017) on the opinions on 18- to 40-year-old first-time buyers showed that just over half of those surveyed believed home-ownership meant they had succeeded in life and that just under half said it meant they had a stake in society. In addition to this, home-ownership provided a sense of financial security as 83% of first-time buyers believed that it would provide future financial returns.

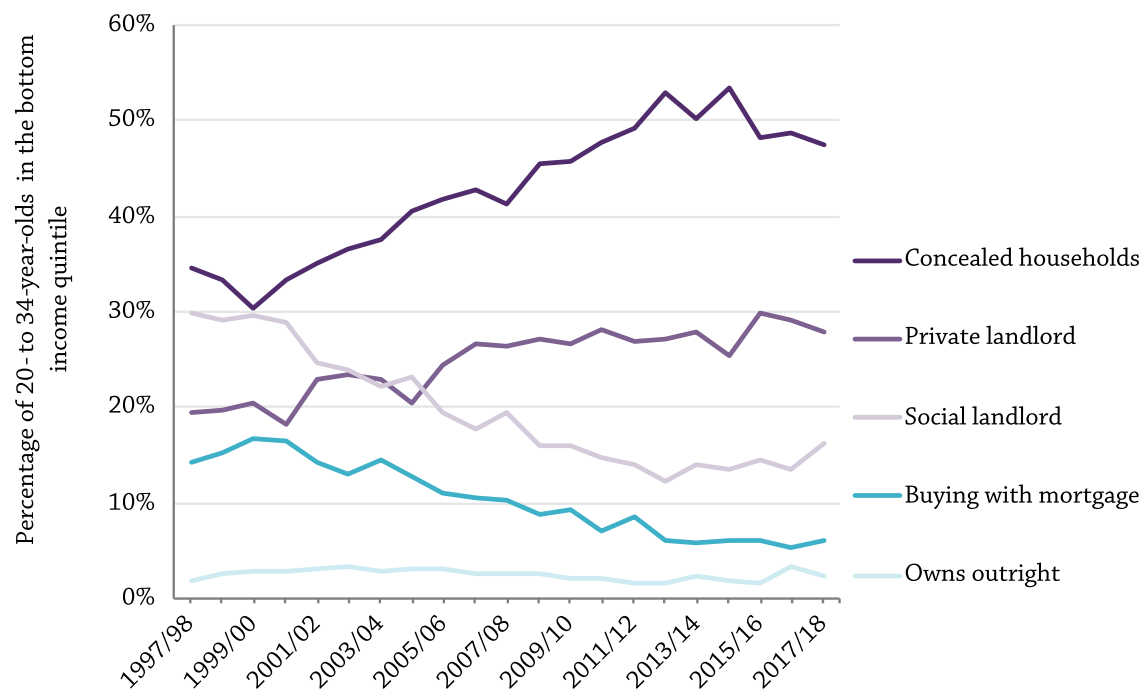
People in concealed households are at a greater risk of overcrowded conditions. It is not the case that all young adults living at home with their parents/guardians have their own living space. Compared with 9% of all families with a 20- to 34-year-old in them living in an overcrowded house, 16% of families living in concealed households are living in overcrowded conditions. Overcrowding has been found to be associated with viral and bacterial infections, childhood tuberculosis and delayed cognitive development (Shelter, 2005). Living in overcrowded conditions has also been associated with increased chances of depression, anxiety, stress and even mortality (Office of the Deputy Prime Minister, 2004). The more concealed households that exist in overcrowded conditions, the greater the risk of illnesses like these affecting those living in them.

The increasing proportion of concealed households in the poorest households

As can be seen in the chart below, adults aged 20 to 34 in the poorest family income quintile have been more likely to be living in a concealed household with their parent/guardian than living independently in the social rented sector, private rented sector or buying their own home over the last 20 years. Not only is it the most likely 'tenure' for this age group, but over the last 20 years the proportion has increased from 35% to 48%. In contrast, the proportion of adults aged 20 to 34 in the poorest income quintile that have been living independently and are in the social rented sector or homebuyers has decreased over the last 20 years (social rented sector from 30% to 16%, homebuyers from 16% to 8%).

The chart suggests that as fewer young adults find accommodation in the social sector or can afford to buy a home, they are living with their parents for longer. The increase in concealed households among the poorest began in 2000/01. While this coincides with a period where house prices increased markedly and the cost of getting on the property ladder rose, changes to the nation's demographics and an unequal distribution of home-ownership have played a part. Without enough social housing, and the high cost of renting privately and owner-occupation, the concealed household is picking up a lot of the wider strain in the housing market. Something needs to be done to help young people on low incomes frustrated from realising their ambitions.

The percentage of 20- to 34-year-olds in the bottom income quintile living in concealed households has increased, while the percentage in the social rented sector has decreased



Source: Households Below Average Income and Family Resources Survey

The Joseph Rowntree Foundation is working with governments, businesses, communities, charities and individuals to solve UK poverty. This report provides a comprehensive, independent and authoritative overview of UK poverty in 2019/20, which we hope will make more people want to solve poverty, understand it and take action.

This is an extract from JRF's UK Poverty 2019/20 report. A pdf version of the full publication is available from the JRF website www.jrf.org.uk. Further copies of this report, or any other JRF publication, can be obtained from the JRF website www.jrf.org.uk/publications or by emailing publications@jrf.org.uk

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