



The Housing Trap

How overcrowded housing is threatening our children



The Housing Trap

Foreword

If families are unable to live in a decent housing, the consequences can be severe. The social, emotional and physical impact on children and families of overcrowding, of mould and cold, can be life-threatening. Bristol and Western Health Authority, for example, has found that overcrowding significantly increases the likelihood of life threatening diseases such as meningitis among children, while the National Child Development Study has found that babies grow more slowly and have a greater risk of malformation when they do not have enough space.

Despite these concerns, and the right to acceptable housing enshrined in every social contract from the Universal Declaration of Human Rights to the Human Rights Act 1998, it's clear that without concerted action from national and local government, housing in the UK will never meet the needs of many families.

The two decades after World War Two saw massive public building programmes, responding to obvious need, on a radical scale we have not seen since. The social drive and political will to provide so many good homes must be regained. The UK needs substantial public building programmes. Those families most in need would benefit. The UK economy, itself in need, would benefit too.

There is a clear need for decision makers to embrace pragmatic investment in new and refurbished housing to end the injustice of families living in substandard accommodation. Housing, and the link between children's life chances and their living circumstances, must now be acknowledged in all decisions affecting children and families.

Anne Longfield OBE
Chief Executive of 4Children

Executive Summary

In May 2012 the parenting club Bounty undertook a survey on behalf of 4Children of 2,214 expectant women and mums with children aged 0-2¹, aimed at gathering information around young families' experiences of housing, and their views and concerns about the future of housing in the UK.

Key facts:

Inadequate Housing

- More than a quarter of mums (27%) do not feel that their current housing meets their needs – because of overcrowding, safety fears or excessive costs;
- Satisfaction with housing is much lower among those who rent with only 49% of those who rent from the council being satisfied with their home, compared to 82% of homeowners.

Overcrowding

- Over a quarter (27%) of low income families (DE) say that their accommodation is too small or overcrowded.
- Close to a third (31%) of mums renting accommodation from housing associations or registered social landlords say their accommodation is too small.
- Over two thirds (67%) of mums living in small or overcrowded accommodation say overcrowding makes their daily routine more challenging, and at least 60% say they believe small overcrowded accommodation causes family conflict amongst adults. In addition, 37% say that overcrowding causes conflict amongst children in the family.

Excessive Costs

- 1 in 5 mums spend over 50% of their household income on housing costs.
- As many as 94% of families who are currently renting would like to own their own home but are unable to do so, primarily due to financial constraints;
- A first time buyer on a low to middle income would, on average, need to save 5% of their net income for 45 years before they could afford a deposit on their first home²
- Those who rent tend to pay a higher proportion of their income on housing.

This report reveals the housing trap that families across the UK are facing on a day to day basis. More than one quarter (27%) of mums are living in inadequate housing – with those renting, whether from the private sector, or a council or housing association, much more likely to be dissatisfied with their housing than those who own their own homes.

18% of mums report that they are living in accommodation that is overcrowded or too small, a rate which rises to more than a quarter (27%) for families with the lowest income, and almost a third (31%) for those renting from a housing association or a social landlord. We know that the impact of overcrowded housing on children and families can be severe – with more than two thirds (67%) of families in overcrowded housing saying their cramped living conditions make their daily routines – including for tasks as simple as cooking a meal, or washing – more difficult. Thousands of families also reported that overcrowded housing contributed to conflict among adults (60% of respondents), and among children (37%), while more than a quarter reported an impact on the physical and social development opportunities for their children (28%).

¹ Hereafter referred to throughout this report just as “mums”.

² Resolution Foundation: Meeting the housing needs of low-to-middle earners' [2011], p.5

Our survey also highlighted the extent to which families are stuck in their current accommodation – with fewer and fewer opportunities to buy their own property arising, despite 94% of renters saying they would like to own. Not only is there a lack of housing capacity, but many of the homes available are unsuitable or unaffordable. The building of new houses is also at a historically low level. In 2010/2011 we witnessed the lowest levels of new builds since 1946.³ Figures from 2011/2012 show a small increase of the number of new homes built, up 7% this on the previous year.⁴ Whilst any improvement is welcome, the housing supply is still failing to keep pace with the growing annual demand – the number of new houses built in 2012 still amounted to less than half the number that the National Housing and Planning Advice Unit found would be required⁵. Further, with credit currently so constrained, and house prices so high – it would take a low to middle income family saving 5% of their income for 45 years to be able to afford a deposit.

It is clear from these results that decisive steps must be taken if many families in the UK are to avoid a lifetime stuck in unsuitable housing – with all the impacts on good health, social mobility, and family stability that that entails. While there may be no easy solutions to the housing trap, government, both local and national, must grasp the bull by the horns and invest in housing to ensure that thousands of families' lives are not blighted by a crisis beyond their control.

³ 'The Housing Report', Edition 2 [2012], p.9

⁴ 'The Housing Report', Edition 3 [2012], p.10

⁵ National Housing and Planning Advice Unit: 'Meeting the housing requirements of an aspiring and growing nation' [2008], p.25

Recommendations

Living in adequate accommodation is a vital component in ensuring children have the best start in life. We have made the following recommendations to highlight and tackle the problems of overcrowding, give more families access to secure and affordable accommodation, and ensure that families at risk of homelessness are given the support they need to prosper.

- 1. Local authorities should be empowered to step in with equity loans and government mortgage to rent schemes flexibly and with adequate funding to meet the needs of the families that need them.** These schemes also need to be better highlighted so that families know where to turn when their other options are exhausted.
- 2. Local authorities should be encouraged to offer affordable mortgages to people on lower incomes, to encourage home ownership.** This would facilitate families in getting mortgage lending approved, removing a central barrier to home ownership.
- 3. Local authorities must ensure their housing advice services are family-friendly and equipped to help families obtain affordable rent from their landlords where this is possible.**
- 4. More 3 and 4 bedroom properties need to be made available to meet the needs of families. Consideration must be given to ways that developers could be incentivised to build a greater number of larger properties for families in towns and cities. Local Authorities must also include a sufficient number of these in any of their own building plans.**
- 5. Private sector landlords should be more closely regulated to ensure housing conditions are suitable, and rents are kept under control.** Closer regulation would prevent some landlords from abusing the evident lack of awareness amongst tenants regarding their rights and financial responsibilities whilst also ensuring that vulnerable families are not charged excessive rents by unscrupulous landlords. A kitemark scheme in each local authority, funded by landlords, should be established.
- 6. Local authorities and national government must urgently address the lack of housing provision by investing, wherever possible, in substantial, affordable public building programmes.** Government grants to developers for affordable housing should be prioritised.
- 7. Public sector land should be reviewed for building potential through development partnerships.** This has been promised many times. It is time for action.
- 8. Local authorities should offer grants to empower tenants, individually or as cooperatives, to renovate substandard homes to an acceptable standard.** Where empty local authority homes exist, would be occupiers should be offered the opportunity to renovate them individually or as cooperatives.
- 9. Where it is known that families are negatively affected by the changes to Housing Benefit, and are left at risk of homelessness, local authorities should intervene early to ensure that children and families are supported.** The increasing number of families forced to live in cramped, substandard 'Bed and Breakfast' accommodation is a national disgrace, and local authorities must take decisive action to ensure that families are moved into suitable accommodation as quickly as possible.

10. The current rules restricting local authorities from borrowing or using social rents to invest in further house-building should be immediately repealed. Only by freeing up local decision makers can we facilitate the necessary public and private sector cooperation necessary to meet the country's expanding housing needs.

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What is overcrowding?

The definition of overcrowding used in this report is the 'Bedroom Standard', which outlines the required number of bedrooms according to the age, sex and composition of the family unit.

According to the bedroom standard one bedroom is required per:

- Each married or cohabiting couple
- Any person over 21
- Each pair aged 10 to 20 of the same sex
- Each pair of children under 10

So, for example, if children of different sexes over the age of 10 had to share the same room or if parents had to share a room with their children, a house would be defined as overcrowded.

Access to affordable, decent quality housing is vital to the physical, emotional and social development of children and families. Despite the right to acceptable housing being established in every document from the Universal Declaration of Human Rights, to the Human Rights Act 1998, it is clear that housing in the UK is not currently meeting the needs of some families. Our Housing Survey revealed that 18% of mums live in accommodation that is overcrowded or too small.

Where families are not able to access the standard of housing they need the consequences can be severe. In 'Chance of a lifetime: The impact of bad housing on children's lives'⁶, Bristol and Western Health found that overcrowding increases the likelihood of life threatening diseases such as meningitis among children, while the National Child Development Study found that babies grow more slowly and have a greater

propensity for malformation when they do not have enough space. Overcrowding can also lead to a stressful home environment, making basic everyday tasks from cooking to sleeping a challenge.

Indeed, 67% of those families who described their accommodation as overcrowded found daily routines such as washing and cooking a meal more difficult, while 60% found that living in overcrowded accommodation increase family conflict between adults, and 37% between children. Such a home environment not only endangers children's current physical health, development and mental wellbeing, it can also have severe, long term implications for a child's social and intellectual development.

I have 6 kids and live in a small 3 bed, but I can't afford to move anywhere else.
Mum, Kent

Our survey with Bounty suggests that overcrowding is a prime cause of dissatisfaction experienced by families in the UK, and one experienced by a significant minority of the country's population.

Of the mums surveyed, overcrowding was experienced by:

- 41% staying with parents or family,
- 35% in a council-rented home; and
- 31% in a home rented from a housing association.

Perhaps unsurprisingly, the issue of overcrowding was also reported by a significantly higher number of those in lower income families. Just over 1 in 10 of those in higher income families (social groups A, B, C1) reported issues of overcrowding compared to over 1 in 4 of the lowest income families (social groups C2, D, E).

⁶ Bristol and Western Health, Chance of a lifetime: The impact of bad housing on children's lives, 2006], p.16

The number of overcrowded households is also continuing to rise. In 2009, Shelter reported that the 630,000 overcrowded households in the UK. By 2011, there were 655,000 overcrowded households by 2011.⁷

The lack of space in overcrowded homes affects all aspects of early years development. Whilst further research would be beneficial regarding the impact of overcrowding on childhood development, there is an evident correlation between overcrowding and the various health, emotional and psychological issues set out below, which young children are particularly vulnerable to.

The impact of overcrowding and children's development

Physical development:

Meningitis: Various studies have reported a link between bacterial meningitis and overcrowding. One study⁸ found a six-fold increase in the risk of contracting bacterial meningitis in overcrowded conditions, with another⁹ finding that children under five are particularly vulnerable to contracting meningitis when living in overcrowded conditions.

Respiratory issues: A relationship between overcrowding and respiratory infections has been found across several studies, again with those of a young age being especially vulnerable.¹⁰ The increased occurrence of mould and poor ventilation in overcrowded homes also has clear correlations with increased rates of asthma and breathing difficulties.

Growth and development: Studies have linked overcrowding with slow growth and malformation. One study from the National Child Development Study found that slow growth was most common among those in overcrowded housing¹¹. Shelter has also highlighted the troubling occurrence of 'buggy babies'- infants who are left in their prams, because of poor surrounding conditions and overcrowding. This leads to the development of deformed skulls as most of their time is spent in a lying position in the pram, causing the soft bone in their skull to become misshapen before it sets permanently.¹²

Communication and Language:

A productive and engaging social environment is essential to the successful development of communication skills. Young children require the opportunity to experience a rich language environment, allowing the child to develop the confidence and skills to express themselves and the ability to listen to others.

Overcrowded homes face much higher incidences of family arguments as well as greater levels of stress and difficulties with time management, and therefore struggle to adequately enable this development. This is verified by our Bounty survey, where 60% agreed that being in a small or overcrowded home causes argument between the adult members of the household, while 37% agreed that overcrowding leads to their children arguing and fighting.

⁷ 'The Housing Report', Edition 2 [2012], Graph 3a, p.14

⁸: Bristol and Western Health Authority: 'Chance of a lifetime: The impact of bad housing on children's lives' [2006], p.16

⁹ Stanwell-Smith et al (1994) in 'Impact of Overcrowding on Health and Education' [2004], p.14

¹⁰ Mann et al (1992) and Marsh et al (1999) in 'Impact of Overcrowding on Health and Education' [2004], p.13

¹¹ Montgomery, Bartley and Wilkinson (1996) in 'Shelter: Chance of a lifetime: The impact of bad housing on children's lives' [2006], p.16

¹² Minton and Jones (2005) in 'Shelter: Chance of a lifetime: The impact of bad housing on children's on children's lives', [2006] p16lives' [2006], p.16

¹⁷ 'Shelter: Chance of a lifetime: The impact of bad housing on children's lives' [2006], p.6

Families who are forced to live in overcrowded accommodation therefore tend to find that conflict and disorder, rather than cooperation and patience, are at the centre of the child's home environment.

Personal, Social and Emotional development:

Overcrowding has a severe impact on a child's psychological development, affecting their ability to develop confidence, a positive sense of self and the formation of effective social skills and relationships.

Cooperative play (playing with other children or adults) is essential to the development of strong social skills and therefore adequate play space is imperative. However, our survey revealed that 61% agreed that living in an overcrowded home prevented them from having their children's friends round, with play space for the child and parent alone being severely limited.

The child's development of a strong relationship with their parents is also an essential part of their social development. However, overcrowded housing often leads to tensions and irritation arising from a lack of privacy, with our survey highlighting that an overwhelming 74% complained of privacy issues within overcrowded accommodation.

It is clear that a significant minority of children and families across the UK have their family lives, physical health and mental wellbeing adversely affected by overcrowded housing. Though the long term solutions to these problems will require significant investment in expanding and improving housing stock, the Government must also take steps to ensure that families are aware of the impact of living in overcrowded accommodation, and supported in moving to more appropriate accommodation where possible. Innovative ways to encourage new housebuilding and of bringing substandard accommodation up to standard or back into use must be explored.

Recommendations:

- **Local authorities must ensure their housing advice services are family-friendly and equipped to help families obtain affordable rent from their landlords where this is possible.**
- **More 3 and 4 bedroom properties need to be made available to meet the needs of families. Consideration must be given to ways that developers could be incentivised to build a greater number of larger properties in towns and cities. Local Authorities must also include a sufficient number of these in any of their own building plans.**
- **Local authorities and national government must urgently address the lack of housing provision by investing, wherever possible, in substantial public building programmes, first of affordable accommodation. Government grant to developers for affordable housing should be prioritised and public sector land should be reviewed for building potential through development partnerships.**
- **Local authorities should offer grants to empower tenants, individually or as cooperatives, to renovate substandard homes to an acceptable standard.** Where empty local authority homes exist, would be occupiers should be offered the opportunity to renovate them individually or as cooperatives.
- **The current rules restricting local authorities from borrowing or using social rents to invest in further house-building should be immediately repealed.** Only by freeing up local decision makers can we facilitate the necessary public and private sector cooperation necessary to meet the country's expanding housing needs.

What price for secure housing?

The UK is in the middle of a housing crisis, with more than one million children in England living in poor quality housing¹³. Not only is there a lack of housing capacity, but many of the homes available are unsuitable or unaffordable. The building of new houses is also at a historically low level, with 2010/2011 witnessing the lowest levels of new builds since 1946.¹⁴ The housing supply fails to keep pace with annual demand – the number of new houses built in 2011 amounted to less than half the number that the National Housing and Planning Advice Unit found would be required¹⁵.

The difficulties posed by a small housing stock are made worse by the significant drop in the number of affordable home builds. Since the end of 2010¹⁶ there has been a 65% drop in the number of new builds with specifically designated affordable homes, whilst the first six months of 2011 saw 97% fewer affordable homes built than at the same time the previous year. Completions for the second half of the financial year will therefore have to accelerate sharply in order to prevent a significant decline in the annual total.

The Department for Communities and Local Government is also falling behind its own home building targets – a recent report¹⁷ notes that although the 2007 Housing Green Paper set a target of building 240,000 new homes a year by 2016, including affordable homes for families with young children; this target will not be met – a spokeswoman for the Department for Communities and Local Government said that "Ministers would argue that target was never going to be reached."

These figures demonstrate that although the need for a significant increase in the housing supply is recognised, this recognition has not been transformed into the meaningful action required to help those families affected by the diminishing availability of appropriate accommodation. This highlights the potential for a further worsening of housing availability over the coming decade.

The challenge of housing costs is one that is faced by almost all families. Our survey revealed that housing costs represent more than 50% of income for 1 in 5 mums, and affects families from across the income scale.

This high expenditure on housing forms a significant part of the daily financial struggles that families face nationwide. In addition to the weight of this expenditure, with most vulnerable low income families typically renting, significant proportions of already limited incomes are invested with little prospect of long term rewards or housing security.

"It's crazy, the amount people spend on renting is just dead money. There should be more possibilities to buy" Mum, London

In addition to this, house prices have increased substantially in recent years (house prices have risen nationally by 428% over the past 20 years¹⁸), putting them way beyond the reach of many low to middle income families. Whilst the average house price has remained at around £162,000 since mid 2006¹⁹, falling wages, the need for larger deposits and difficulties

¹³ Shelter: 'Chance of a lifetime: The impact of bad housing on children's lives' [2006], p.2

¹⁴ 'The Housing Report', Edition 2 [2012], p.9

¹⁵ National Housing and Planning Advice Unit: 'Meeting the housing requirements of an aspiring and growing nation' [2008], p.25

¹⁶ 'The Housing Report', Edition 2 [2012], p.10

¹⁷ 'UK Housing Costs the Third Highest in Europe', Guardian [2012], p.1

¹⁸ Halifax House Price Index: Historical House Price Data

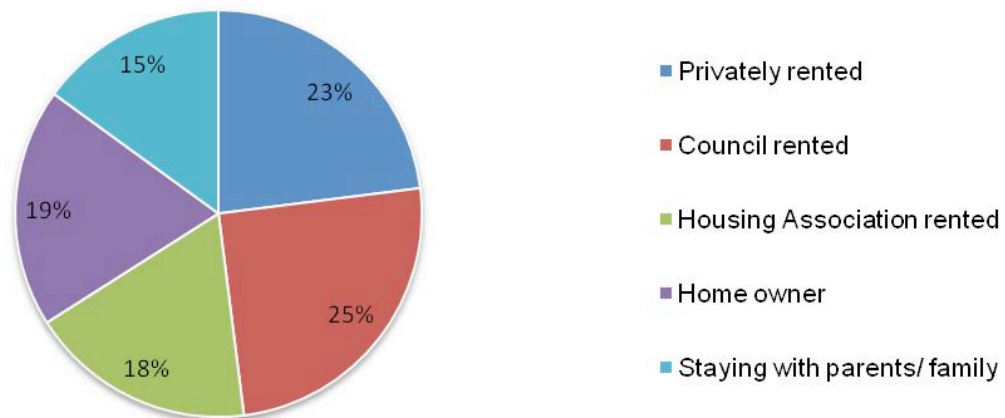
¹⁹ 'The Housing Report', Edition 2 [2012], p.35

in getting a mortgage have meant that this price is still out of reach for a large number of families. Indeed, the average house price amounts to over six times the average household income.²⁰ These challenges have been reflected in declining house sales since a peak in 2007²¹, indicating the struggle faced by first time buyers to get on the property ladder and also the difficulties of moving within the housing market itself.

We'd love to be able to buy, but can't get a deposit together. If it were just the two of us we'd be fine, but have three children to consider too. Dad, South East

Our survey highlighted that over a quarter (28%) of mums reported the inability to get mortgage lending approved as a barrier to purchasing their own home. House prices are currently around six times the value of average household income, yet lenders still generally only approve mortgages worth half this amount. Low to middle income families have been hit particularly hard by the constraints in the mortgage market, with people earning between £10-19,999 experiencing an 83% reduction in mortgage approvals during 2006-2009.²² Gaining mortgage approval is therefore almost impossible for many families. Inability to cover mortgage repayments was also cited as a barrier to purchasing a house by 35% of mums. This is due to household incomes being insufficient to cover both basic daily necessities in addition to the financial burden of mortgage repayment.

Proportion of households spending over 50 per cent of their household income on housing



Such difficulties restrict families' choices, trapping them in accommodation unsuited to both their needs and preferences. Of the 94% of people who would like to buy their own house, 69% reported insufficient funds for a deposit as a barrier to becoming a home owner, whilst 44% also highlighted how the price of homes is a significant factor in preventing them from purchasing a house. This problem is worsening with time. The Resolution Foundation notes that whilst in 1997 a low to middle income family would have had to save 5 percent of their annual income for seven years to obtain a deposit for their first home, today the figure would be a shocking 45 years.²³

Government, both local and national, must use available powers to tackle this growing crisis. In many cities and towns around the country low income families are essentially prevented from accessing the housing ladder by insufficient bank credit, or are in danger of losing their

²⁰ 'The Housing Report', Edition 2 [2012], Graph 10c, p.33

²¹ 'The Housing Report', Edition 2 [2012], p.10

²² 'Resolution Foundation: Meeting the housing needs of low-to-middle earners' [2011], p.5

²³ 'Resolution Foundation: Meeting the housing needs of low-to-middle earners' [2011], p.2

place on the ladder as a result of declining incomes or unemployment. These housing market problems reflect a significant challenge, to families trapped in poor quality housing who may in the future also be at risk of homelessness, and to local authorities who face a significant increase in residents experiencing housing crises, and declining rents from the declining social housing sector.

The cost of rented accommodation is very expensive. The rent takes out a vast proportion of earnings, meaning a struggle for the rest of the month in terms of childcare costs, buying food, getting to work and basic household items.

Mum, London

As a result, local authorities should embrace radical solutions to the problem in order to both protect those residents whose homes are at risk of repossession due to the ongoing recession, and to give low income families the chance to get a decent foothold in the local housing market. Currently, there are two options for families if they are struggling to keep up with their mortgage repayments even with assistance, and are worried about having their home repossessed. With both, the council involves a Registered Social Landlord (RSL).

The first is the option of taking on an “equity loan” (previously known as ‘shared equity’), where a housing association lends the homeowner an interest-only loan, which is secured on the homeowner’s home, to pay off some of their mortgage and reduce payments to an affordable level. The homeowner will need no more than 40% equity in their property to qualify for this and the loan can be between 25% and 75% of their mortgage, depending on how much help they need to reduce their monthly housing costs.

The second option available is the “government mortgage to rent” option. Under this option, a housing association buys the home. This is more suitable option if, for example, the homeowner has been unemployed for a long time and does not think they can find work which will help them to keep up with paying a mortgage. The homeowner would no longer own it, but would stay there as a tenant. The RSL buys the home for 90% of its market value and the rent will be 20% less than the market rate for the area.

Whilst these options are vital lifelines to families whose housing issues have reached crisis point, they are not as widely known, nor as readily available as they should be. These schemes need to be better highlighted so that families know where to turn when their other options are exhausted. These schemes must also be made more flexible so that they are better equipped to deal with the housing issues faced by families struggling to pay their rent.

Recommendations

- **Local authorities should be empowered to step in with equity loans and government mortgage to rent schemes flexibly and with adequate funding to meet the needs of the families that need them.** These schemes also need to be better highlighted so that families know where to turn when their other options are exhausted.
- **Local authorities should be encouraged to offer affordable mortgages to people on lower incomes, to encourage home ownership.** This would facilitate families in getting mortgage lending approved, removing a central barrier to home ownership
- **Private sector landlords should be more closely regulated to ensure housing conditions are suitable, and rents are kept under control.** Closer regulation would prevent some landlords from abusing the evident lack of awareness amongst tenants regarding their rights and financial responsibilities whilst also ensuring that vulnerable families are not charged excessive rents by unscrupulous landlords. A kitemark scheme in each local authority, funded by landlords, should be established.

Housing Benefits: Overcrowding set to get worse?

Our survey with Bounty reveals that nearly 1 in 10 mums currently receive housing benefits. This rises to 44% amongst those mums with the lowest incomes. The recent changes to housing benefits pose particular challenges for the most vulnerable in our society, threatening families with the future risk of homelessness. A recent report by The Children's Society revealed that 27,600 adults and 82,400 children could end up homeless as a result of the benefit cap.²⁴ It is made clear by the Bounty survey that almost one fifth (19%) of those receiving Housing Benefits have already been negatively affected by the recent changes, and many more may face challenges in the future.

Of the reforms due to come into effect in April 2013, the Benefit Cap presents the largest challenge for out of work families. It is estimated that on average these families will experience a loss of £83 a week, with 17% losing over £150 a week.²⁵ By 2013/14, around 90,000 adults and 220,000 children will have been affected by these cuts. Of those affected, 44% will live in the social rented sector and 56% in the private rented sector.²⁶ It is particularly concerning that of those that will be affected by the Benefit Cap it is estimated that 52% will be lone parents.²⁷

Another change coming into effect in April 2013, which has the potential to affect a significant number of families is the introduction of a 'Bedroom Tax', which penalises families for 'under-occupying' social rented accommodation.²⁸ Whilst the idea of encouraging families to relocate to smaller homes where they currently have one or more spare bedrooms provides a potential solution to the current dilemma of overcrowding, the reality of implementing such suggestions is very different. The Government itself admits that, 'in many areas this mismatch could mean that there are insufficient properties to enable tenants to move to accommodation of an appropriate size even if tenants wished to move and landlords were able to facilitate this movement'.²⁹ It is clear that without significant intervention in the supply

The future changes to Housing Benefit

The Welfare Reform Act 2012 will bring into effect several changes to housing benefit.

It aims to simplify the benefit system to incentivise work whilst forming part of the government's initiative to cut the welfare bill by £18bn by 2015.

Universal Credit: this merges various individual benefits into a single one to be paid both in and out of work on a monthly basis. This will be rolled out in three phases starting in October 2013 for new claimants with all households being transferred to Universal Credit by the end of 2017.

Changes to **Housing Benefit** under Universal Credit:

- The **size eligibility** criterion is to be extended to the social housing sector. As of April 2013 anyone under-occupying their home faces cuts.
- Payments of housing benefit to landlords will stop, with all **benefits** being **received directly** by households.

Benefit Cap: This is expected to be introduced in 2013, and will be set at a working household's average net earnings – expected to be £26,000 a year for lone parents and couples with children and around £18,000 for single people without children.

²⁴ The Children's Society: A Briefing from The Children's Society The Distributional Impact of the Benefit Cap, p.4

²⁵ Briefing - Welfare Reform Act 2012: Benefit Cap [2012], p.2

²⁶ Department for Work and Pensions: Impact Assessment [2011], p.9

²⁷ Department for Work and Pensions: 'Impact Assessment of the Household Benefit Cap' [2012]

²⁸ The Government has said that those with one 'spare' bedroom will lose on average £12 per week (£624 per year) and those with two or more 'spare' bedrooms will lose on average £22 per week (£1,144 per year). Overall, those affected will lose on average just over £14 per week, or £738 per year. Briefing – Welfare Reform Act 2012: Size Criteria [2012], p.3

²⁹ Department for Work and Pensions: Impact Assessment [2011], p.12

of housing, many low-income families will be forced to pay additional rent, perhaps when a child moves out, or a family member dies, as a result of the lack of appropriate alternatives.

Additionally, forcing families to be uprooted and move into smaller accommodation risks the psychological health of children. Families who must downsize to avoid unrealistic financial penalties risk losing their local support networks, and children encounter disruption to their education, as well as greater vulnerability to mental and physical ill-health. Further, families with particular needs – including those where adults need to sleep apart due to sleep disorders or disabilities – may be forced into inappropriate accommodation, disrupting their lives and encouraging family breakdown.

Families are also facing a sustained assault on the contribution to housing costs that Housing Benefit can provide. Several reforms to Local Housing Allowances have also been implemented, such as the removal of the right of families to retain up to £15 a week excess from their housing benefit allowance and the capping of Local Housing Allowances by property size. The Government estimates that the changes introduced will lead to families losing an average of £12 a week,³⁰ although the exact amount varies from home to home. With two thirds of households already finding that Local Housing Allowance falls short of rent,³¹ such cuts will doubtlessly further drive down the living conditions of low income families.

Further, in April 2013, the Local Housing Allowance (LHA), which has been ‘frozen’ since April last year, will be uprated in line with the Consumer Prices Index (CPI), instead of the Retail Prices Index (RPI). CPI and RPI are both measures of inflation, but while RPI includes housing costs and mortgage interest payments, as well as other common household expenses, CPI does not. This will affect the housing benefit claims of 1.4 million people, with an average loss of £5.50 per week for the claimant.³²

These changes are on top of changes in 2011, which reduced the LHA from the 50th percentile to the 30th percentile. This means that when the Valuation Office orders the rent in an area by the amount charged for each property size, the LHA rate is set not at the halfway point on this list but only 30% of the way up the list, from the lowest rate. This is expected to affect over three quarters of a million people who will lose, on average, almost £40 each month.

These further reductions to the budgets of already struggling families may have extreme negative implications for the quality of family life across the UK. Reduced expenditure on basic household essentials is the prime way in which families compensate, or plan to compensate, for the rising costs of housing. One government report reveals that a worrying 41%³³ of families cut back on daily essentials such as clothing and food, in order to cope with the financial struggles they face as a result of their housing situation.

Recommendations

- **Local authorities should be empowered to step in with equity loans and government mortgage to rent schemes flexibly and with adequate funding to meet the needs of the families that need them.** These schemes also need to be

³⁰ Department for Work and Pensions: ‘Monitoring the impact of changes to the Local Housing Allowance system of housing benefit: Summary of early findings’ [2010], p.28

³¹ Department for Work and Pensions: ‘Monitoring the impact of changes to the Local Housing Allowance system of housing benefit: Summary of early findings’ [2010], p.39

³² BBC News Online (31 March 2011): “Housing Benefit changes: Who will be affected?” Web. 12 December 2012.

³³ Department for Work and Pensions: ‘Monitoring the impact of changes to the Local Housing Allowance system of housing benefit: Summary of early findings’ [2010], p.43

better highlighted so that families know where to turn when their other options are exhausted.

- **Where it is known that families are negatively affected by the changes to Housing Benefit, and are left at risk of homelessness, local authorities should intervene early to ensure that children and families are supported.** The increasing number of families forced to live in cramped, substandard 'Bed and Breakfast' accommodation is a national disgrace, and local authorities must take decisive action to ensure that families are moved into suitable accommodation as quickly as possible.

*"The cost of rented accommodation is very expensive. The rent takes out a **vast proportion** of earnings, meaning a **struggle** for the rest of the month in terms of childcare costs, buying food, getting to work and basic household items" Mum, Leeds*

Current debates

With 1 in 4 children living in overcrowded homes in London,³⁴ it is clear that more needs to be done by the government to inject fresh energy into house-building across the country. What is more, to help those who need it most and who will bear the brunt of the changes to Housing Benefit, these houses need to be affordable.

The deputy prime minister's announcement in November of an allocation of £225 million to help get off the ground a number of "large locally-led schemes", which range in size from 4,000 to 9,500 homes, will come as welcome news to families struggling in overcrowded accommodation.³⁵ However, this barely touches the surface of the housing crisis affecting families, and more investment is crucial and urgent.

The government's proposals for cutting the red tape of planning permission, so that more houses can be built is also welcome, though it is unlikely that the number of houses built as a result of the changes will come anywhere close to meeting the needs of a society experiencing a housing crisis. In the interests of promoting house-building, the government is also proposing to allow housing developers to renegotiate their affordable housing requirements, otherwise known as the section 106 agreements. There is a risk that this will in fact make things worse for lower income families, further restricting families' access to the housing market, and trapping them in the private or socially rented sector. The Homes and Communities Agency estimates around 25 per cent of the Affordable Homes Programme relies on section 106 agreements³⁶, with future contracts at risk with the implementation of these changes.

The government's current proposals are not enough to meet the needs of families living in overcrowded and inadequate housing, and facing the possibility of homelessness.

³⁴ Shelter (13 July 2011): "1 in 4 London children overcrowded." Web. 12 December 2012.

³⁵ Carpenter, Jamie (22 November 2012): "Clegg to pledge action to tackle housebuilding crisis." PlanningResource.co.uk. Web. 12 December 2012.

³⁶ Inside Housing (14 September 2012): "Section 106 renegotiation puts affordable homes at risk." Web. 12 December 2012.

About 4Children

4Children is the national charity all about children and families. We have spearheaded a joined-up, integrated approach to children's services and work with a wide range of partners around the country to ensure children and families have access to the services and support they need in their communities. We run Sure Start Children's Centres as well as family and youth services across Britain.

We develop, influence and shape national policy on all aspects of the lives of children, young people and families. As the Government's strategic partner for early years and childcare we have a crucial role in co-producing policy with the Department for Education and representing the sector's views and experiences. Our national campaigns such as Give Me Strength change policy and practice, putting the needs of children and families on the political and policy agenda.

You can access the 4Children website here: <http://www.4children.org.uk>

About Bounty

Bounty is a pregnancy and parenting club that provides advice about all aspects of pregnancy and parenting, from baby names and products to baby care and toddler development. Bounty supports families in the transition to parenthood, through each key life stage, from pregnancy to birth to toddler to pre-school. They aim to be the first place new mums turn to for advice, help, reassurance and information. Bounty also runs an online community where a support network of mums shares problems, worries, tips and achievements. Bounty also encourages members to share their experiences through the Word of Mum™ omnibus surveys which are run bi-monthly. Their recent survey on Housing provides the basis for this report.

You can access the Bounty website here: <http://www.bounty.com/>

Methodology and Acknowledgments

Bounty Parenting Club conducted a survey of their word of mum panel between 14th and 31st of May 2012. Members of the Bounty club have been invited to become Word of Mum™ panellists and participate in our surveys regularly. A total of 2,214 interviews were carried out, amongst pregnant women through to mums with a youngest child aged 2 years. 4Children also open an online form for parents which young children to give their on the current challenges about overcrowding and the cost of housing. This form was open from the 18th June. A review of the existing literature relating to the implications of overcrowding and the current housing situation was also undertaken to supplement the primary research.

Please contact 4Children for further details of research methodology.

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