
Coping on Marginal Incomes when First Rehoused : Single Homeless People in England

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› **Abstract_** *This paper examines the financial circumstances of 400 single homeless people in England after they were resettled into independent accommodation. Particular attention is given to changes in their income and debts over the first six months and to the expenditure associated with setting up a new home. After six months, nearly nine-tenths had retained their tenancy and only sixteen were known to have become homeless again. Most were on low incomes, started with no furniture or domestic equipment, incurred the costs of setting up a new home and also had to adjust to being responsible for paying the utilities and ensuring that the rent was paid. Many coped well with their new financial responsibilities, developed a routine for paying utility bills and learned how to survive on a low income. Many experienced an income gain during the first six months, especially those who had newly obtained employment. The prevalence of debts also increased, particularly among those in private-rented tenancies, although the median debt decreased. Overall the findings indicate that resettlement into independent accommoda-*

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tion does work for many single homeless people, but that more attention needs to be given to aspects of current resettlement practice, most particularly the rarity of advice about the financial implications of being resettled.

› **Keywords** *Single homeless people; rehousing; income; debts; employment; independence*

Introduction

This paper examines the financial situation of single homeless people in England after they have been resettled (reoused) into independent accommodation. The evidence is drawn from the FOR-HOME study (described below) of the housing and welfare outcomes for 'single homeless' people who were reoused from hostels and transitional (or temporary supported) housing operated by not-for-profit homelessness organisations. Note that the study did not examine the rehousing of 'statutory homeless' people, i.e. those people who local authorities have a duty to rehouse because they have a recognised priority need (e.g. a dependent child or a disability), became homeless unintentionally and have a 'connection' to the local authority (Warnes et al., 2003). The paper is a partial evaluation of two UK 'welfare reforms', the long-standing drive to reduce dependency on social security benefits and encourage people into work, and recent measures to change hostels from places of long-term residence to 'places of change' in which single homeless people are helped to address their problems and gain the skills to live independently.

The paper has five sections. The first reviews the relevant current policy and service contexts and the second describes the FOR-HOME study and profiles the respondents and the housing to which they moved. The incomes of the respondents at the time of resettlement and over the subsequent six months are then analysed. The penultimate section considers their financial circumstances more broadly, including how they managed their personal budgets and the payment of bills. In the concluding section, some strengths and weaknesses of current resettlement practice and procedures are discussed and recommendations for improvement are proposed.

The Policy and Service Provision Contexts

An evaluation of the achievements, strengths and weaknesses of current resettlement practice, as the FOR-HOME study intends, clearly requires an understanding of the objectives of homelessness and related policies. In many countries the arrangements whereby the state supports specialist accommodation for vulnerable and special-needs groups are complex and change frequently. This is not the right place for a detailed account, but to understand the rationale and aims of contemporary resettlement programmes and practice it will be helpful to explain how they relate to broader policies on homelessness and welfare dependency.

Homelessness policies in the UK

Homelessness policies in the UK have three distinguishable goals: prevention, alleviation and 'restoration', the last being the advice and support provided to help homeless people overcome their problems, build life skills and return to independent living and self-reliance. Hostels and to a lesser extent day centres are the visible face of homelessness interventions but, at least until the 1990s, primarily addressed the alleviation goal, i.e. they provided shelter, food and services to meet basic needs. The other goals – prevention and restoration – are much harder to realise and positive outcomes are seen in the long term, which might explain why until recent years they have taken second place. The state's social protection measures provide a minimum income and social housing policies make minimum standard housing affordable for those on low incomes. Both address broad social policy goals (e.g. reducing inequalities and promoting solidarity and community relations) and undoubtedly contribute to the prevention of homelessness. Several specific homelessness prevention programmes have been introduced since the late 1990s, including housing advice, family mediation schemes and targeted assistance for those leaving the armed forces and for young people leaving statutory care (Allender et al., 2005; Crane et al., 2006; Hennessy et al., 2005; Weeks, 2008).

Since the late 1970s, UK government interventions have progressively elaborated resettlement programmes for single homeless people. The first stimulus was the closure of many large, obsolete hostels and common lodging houses, some inherited from nineteenth-century poor-law institutions. The associated resettlement programmes increased the involvement of not-for-profit homelessness organisations and brought into being the first specialist teams and outcome evaluations (Dant and Deacon, 1989; Duncan and Downey, 1985; Vincent et al., 1995). Late into the 1980s, however, only a few homelessness organisations had planned resettlement programmes and the turnover of hostel residents was slow (Garside et al., 1990). In response to a rise in the number of homeless people on the streets in London and other cities, the Conservative government launched the Rough Sleepers' Initiative in 1990. This initiative funded street outreach workers, temporary

and permanent accommodation and tenancy support for rehoused homeless people. In 1997, the Labour government began developing these interventions to reduce rough sleeping and to strengthen the spectrum of support from the streets to hostels and temporary supported (semi-independent) accommodation. Although these measures have reduced the number of rough sleepers on any single night, many homeless people still stay in hostels for extended periods because of insufficient move-on accommodation and many others leave for negative reasons (e.g. eviction or abandonment). Various estimates suggest that among those resettled, between 16 and 31 per cent of tenancies end for negative reasons (Crane and Warnes, 2002; Crane and Warnes, 2007; Dane, 1998; Edwards et al., 2001).

Recent developments have made 'managed' resettlement more widespread. The government has reformed its capital subsidies and revenue funding programmes for single homeless people's hostels and temporary supported housing. Beginning in 2005, the Hostels Capital Improvements Programme (HCIP) provided £90 million (€100m)² of capital funds over three years to modernise and change the functions of hostels. HCIP was succeeded in April 2008 by the three-year Places of Change programme with a budget of £80 million (€89m) (Department for Communities and Local Government, 2006). The programme's aims are to help hostel residents 'move more quickly, and on a more sustainable basis, to independent living... [hostels will be] centres of excellence and choice which positively change lives' (Homelessness and Housing Support Directorate, 2005, p.4). Better opportunities are being created for homeless people to overcome problems, to move into education and employment and to become self-sufficient, with an assumption that they will be ready to move on from hostels within two years (Harding and Willett, 2008).

These new emphases in resettlement practice have been reinforced by changes in the Supporting People (SP) programme, the principal source of public funding for housing-related support services for people with special needs, including homeless people. Since the SP programme began in 2003, total expenditure has been over £8.7 billion (€9.7bn), but there have been cuts in the annual budget for several years. The funds were originally ring-fenced to ensure that they were allocated solely to housing-related support, but from April 2010 the SP grant to local authorities is not ring-fenced. The UK government is keen to reduce the amount it spends on supporting long-term residence in homeless people's hostels and has implemented more comprehensive 'stick and carrot' measures to encourage people to become self-supporting and to reduce welfare dependency (Centre for Social Justice, 2009). The policy drivers include: (a) the increasing cost of supported and institutional residence, (b) a wish to repeat and spread its successes in reducing

² All conversions are based on the exchange rate of 18 April 2010, i.e. 1.14 euro equals 1.00 British pound.

both the number of people accepted as 'statutory homeless' and the number of rough sleepers, (c) a presumption that 'welfare to work' principles can be applied to homeless people; and (d) since 2008 the imperative to reduce the massive deficit in the public expenditure account.

Approaches to resettlement in the UK and elsewhere

In the UK, in many European countries and in the United States, Canada and Australia it is generally accepted that hostels and shelters are not a long-term solution for homeless people and that the emphasis should be on resettlement into mainstream housing with security of tenure and support if required (e.g. Busch-Geertsema and Sahlin, 2007). There are, however, various approaches to rehousing homeless people and it is only in the last ten to fifteen years that evaluations of their effectiveness have been conducted. The 'staircase of transition' approach is common in Sweden and other Nordic countries, the aim being that homeless people progressively move to more independent housing by demonstrating that they are 'housing ready', i.e. able to cope with independent living and have addressed problems such as alcohol misuse (Benjaminsen and Dyb, 2008). In Sweden, however, it has been found that the staircase of transition can reinforce rather than solve homeless people's problems and dependency. The flow through the system is generally slow and only a minority progress to being ready for fully independent living, and then have to wait several years before being offered permanent housing. More homeless people were deemed incapable of independent living in the municipalities using the staircase approach than in the other municipalities (Sahlin, 2005).

In contrast to the staircase of transition, the 'housing first' model builds from the premise that stable housing for homeless people is the key factor in 'restoration' and needs to be secured before other problems (e.g. substance misuse or mental illness) can be effectively tackled (Atherton and McNaughton Nicholls, 2008; Stefancic and Tsemberis, 2007). In the US the model is thought appropriate for chronically homeless people with multiple problems, and high tenancy sustainment rates have been achieved (Tsemberis et al., 2004). A similar approach has been used in Canada by the City of Toronto's Street to Homes programme and one evaluation found that nine-tenths of the monitored clients were still housed one year later (Toronto Shelter, Support and Housing Administration, 2007). In 2008 in Finland the government established a three-year programme to reduce long-term homelessness that employs the housing first way of working rather than its traditional staircase model (Tainio and Fredriksson, 2009).

Homeless people and their problems are very diverse and it is likely that the staircase and housing first approaches are most appropriate for different groups. The UK non-profit service providers use both approaches pragmatically. Some clients are resettled directly from hostels into independent housing. Many also run

specialist and supported housing projects for special-needs groups, including those with addiction or mental health problems. Some also provide transitional accommodation for a year or so, where there is supervision but not continuous support, and the residents are responsible for their own cooking and cleaning. Some organisations engage residents with alcohol and drug misuse problems in treatment programmes and require evidence of the habit being controlled before a resident is resettled, whereas others rehouse people who are still drinking heavily or misusing drugs.

In many European countries it has been customary for single homeless people to be resettled into social housing (local authority or not-for-profit housing association tenancies). Shortages of social housing in recent years, however, have led several countries to consider the feasibility of resettlement into the private-rented sector. This approach has been advocated in the UK over the last five years and a few homelessness organisations, such as Broadway in London, have developed schemes to help their clients move into private-rented tenancies. Broadway's scheme, 'Real Lettings', leases properties from landlords, sometimes managing them on the landlord's behalf, and provides support to the tenants.³ Some homelessness sector staff and homeless people in the UK, however, have reservations about the practicalities and suitability of private-rented tenancies as a resettlement option, including concerns about placing vulnerable people in short-term tenancies (that characterise the sector), about the condition and high rents of some properties and about the small number of exploitative landlords (for a fuller review, see Rugg and Rhodes, 2008).

Concerns about rehousing homeless people in the private-rented sector have also been raised in other European countries because of the high rents, the lack of long-term security for tenants, landlords' primary motivation of making a profit and the poor quality of properties for rent. Reports from Finland and Greece note that the private-rented sector does not provide affordable housing for low-income people unless the standard of accommodation is extremely poor. In Austria it was found that the high rents of private-rented accommodation pushed even those with jobs into poverty. In Spain it has been necessary to rely on the private-rented sector because of the lack of social housing, but high rents have led to high rates of sharing and overcrowding (for more details, see European Federation of National Organisations Working with the Homeless (FEANTSA), 2008).

³ www.reallettings.com/Home.

The FOR-HOME Study

Although UK resettlement policies and practice have recently changed, there has been very little outcomes evidence to guide the reforms. It was in this context that the FOR-HOME study was designed in collaboration with six homelessness service-provider organisations (Broadway, Centrepoin, St Mungo's and Thames Reach in London; Framework in Nottinghamshire; and St Anne's Community Services in Yorkshire). FOR-HOME is a longitudinal study over eighteen months of the outcomes of the resettlement of single homeless people. The overall aims are to collect information about the experiences of homeless people who are rehoused and the factors that influence the outcomes in terms of tenancy sustainment, housing satisfaction, settledness, achieved levels of independence and well-being. The study was funded by the UK Economic and Social Research Council. Research ethics approval was granted by the University of Sheffield Research Ethics Committee.

The study design and methods

The population of interest was single homeless people aged sixteen years or more who were being resettled from hostels and supported housing into independent accommodation by the six collaborating organisations. The key criterion for inclusion in the sample was that the individuals were moving to independent accommodation where they would be responsible for the rent, other housing expenses and their own meals, laundry and house cleaning. Those who moved into residential or group homes where personal and domestic tasks are carried out by paid staff and those with dependent children at the point of resettlement were therefore excluded.

Data collection was through semi-structured, face-to-face interviews with the respondents just before they moved and again after six months and eighteen months. Each interview lasted between one and two hours. The questions asked derived from a theoretical model that resettlement outcomes are influenced by: the resettled person's biographical and current attributes; the help and support received before and after resettlement; the condition and amenities of the accommodation; and the respondents' experiences post-resettlement. The three interviews covered housing, homelessness and employment histories; finances and debts; engagement in work, training and other activities; health and addiction problems; family and social networks; the characteristics of the resettlement accommodation; help and support pre- and post-resettlement; and experiences in the new accommodation. With the respondent's consent, a structured questionnaire about help given was also completed by the resettlement worker. There were substantial inputs from the resettlement staff and managers of the collaborating organisations into the design of the

instruments, each of which was piloted and revised twice. Tracking was carried out after twelve months (mainly through phone calls and letters) to establish the respondents' whereabouts and to update contact details.

The Respondents' Characteristics and Housing Outcomes at Six Months

Recruitment started in June 2007 and lasted fifteen months. The target number of 400 was achieved: 223 respondents were interviewed in London and 177 in Nottingham, Leeds and Sheffield (hereafter Notts/Yorks). At the time of being resettled, 24 per cent were aged between seventeen and twenty-four, 39 per cent were between twenty-five and thirty-nine years of age, 23 per cent were in their forties and 14 per cent were aged fifty or older. One-quarter of the respondents were women. The ethnic composition of the two area samples differed markedly. In London 47 per cent of the respondents were 'White', as compared with 82 per cent in Notts/Yorks. The women respondents in London had the most distinctive profile, with 46 per cent being in a 'Black' ethnic group and 22 per cent falling into 'Other' categories. Nearly one-quarter of the respondents (23%) were born outside Britain and Ireland. The sample was broadly representative of those resettled by the six collaborating organisations during 2006.

The respondents have high social disadvantage scores. Most received no more than basic education, with 41 per cent of the men and 29 per cent of the women leaving school before the age of sixteen and a further 43 and 46 per cent respectively leaving at sixteen. Thirty-six per cent of the sample had been 'mostly employed' during their adult lives, 30 per cent 'intermittently employed' and 27 per cent had worked very little or not at all. Forty-two per cent had worked mainly in 'elementary' occupations, 21 per cent in various service occupations or as machine operatives, 16 per cent in skilled trades, and 11 per cent in white-collar jobs. A higher proportion of those aged over sixty had been in skilled trades (38%).

At the time of being resettled, 18 per cent of the respondents reported literacy difficulties and 37 per cent had physical health problems. Sixty-three per cent had suffered from mental health problems during the last five years, 33 per cent from alcohol problems and 56 per cent had used illegal drugs. Around 45 per cent of the men in both London and Notts/Yorks had previously been homeless. Among the women, just 18 per cent in London compared with 42 per cent in Notts/Yorks had previously been homeless. Aggregating all episodes of homelessness, 18 per cent of the respondents had been homeless for twelve months or less and 14 per cent had been homeless for at least ten years at the time of resettlement.

The resettlement accommodation and housing outcomes

The majority of the respondents (86%) were resettled into social housing, but with a clear difference in type between London and Notts/Yorks. Seventy-one per cent of the Notts/Yorks sample but only 30 per cent in London moved to local authority housing tenancies (some managed by contracted organisations). In contrast, the London respondents were much more likely to move into housing association tenancies (54% London; 18% Notts/Yorks). These differences reflect the distinctiveness of London's housing stock, particularly the severe shortage of 'public housing' in the metropolis. Fourteen per cent of the sample moved to private-rented accommodation. Forty-eight per cent had never previously lived alone, including 85 per cent of those aged under twenty-five.

Six months after being rehoused, 87 per cent of the respondents were still in the resettlement accommodation and 3 per cent had moved to another tenancy. Some moved because they found accommodation that was cheaper, had more space or was better value, while a few moved for negative reasons, including the poor condition of the resettlement accommodation or because they had been burgled or harassed by local people. Twenty people (5%) had been evicted or had abandoned their accommodation: eleven had returned to the streets or a hostel, five stayed temporarily with relatives or friends and the whereabouts of the other four was unknown. A minority had died, were in prison or had been admitted to a drugs' rehabilitation unit.

Income at Baseline and after Six Months

At the time of being resettled, only 9 per cent of the respondents were working (4% full-time and 5% part-time); the others were reliant on social security income. Various benefits were received: Jobseeker's Allowance (unemployment benefit), Incapacity Benefit (temporary sickness benefit), Income Support (for people with long-term conditions), Disability Living Allowance (for people with disabilities) and the State Pension.⁴ The range of weekly incomes was from zero to £550 (€611), with the mean being £84 (€93) and the median £62 (€69). Because a few people had unusually high incomes, the mean is misleadingly high. The differences by gender were trivial.

Once rehoused, the vast majority of the respondents remained highly reliant on social security benefits. After six-months their mean weekly income was £100 (€111) and the median £81 (€90), increases from baseline of respectively 18 and 31 per cent. Despite the increases, their income levels were still very low compared

⁴ Since October 2008 those newly accepted as incapable of work through sickness or disability are paid an employment and support allowance, which replaces incapacity benefit and income support paid on incapacity grounds; see <http://campaigns.dwp.gov.uk/esa>.

with those of all UK households and 72 per cent had incomes below the UK poverty threshold for a single adult. The weekly income was clearly related to whether the respondent was in paid work and the type of social security benefit(s) received (see Table 1). The highest incomes at six months were among those with jobs (mean £192 or €213); and the highest among those on benefits went to people receiving the Disability Living Allowance (mean £139 or €154). Those receiving Job Seeker's Allowance had the lowest incomes (mean £55 or €61).

Table 1: Weekly income at six months by social security benefit received and earnings

Type of income	Sample size	Mean weekly income (£)	Standard deviation (£)	Lowest income (£)	Highest income (£)
Social security benefits:					
Jobseeker's Allowance	74	54.71	14.86	34.00	155.00
Income Support	151	90.80	39.10	38.00	227.00
Incapacity Benefit	54	104.00	38.10	59.20	219.00
Disability Living Allowance	51	138.91	47.14	76.00	250.00
Other benefits	38	126.34	52.05	46.46	293.00
With earned income*	52	192.11	71.35	65.00	400.00
... earnings element	52	179.54	83.59	25.00	400.00
All	353	95.82	–	34.00	400.00

Note: The amounts are not necessarily the value of the weekly benefit but are the reported weekly income. Some respondents received more than one benefit (e.g. Income Support plus Disability Living Allowance) and a few received less than the benefit entitlement because they were repaying social security benefit loans or other debts.

* Reported weekly income, with the line below giving the reported income from earnings.

Changes in income levels

Incomes at both baseline and after six months were reported by 345 respondents. When the changes in income for each respondent are examined, the most striking finding is that there was pervasive and substantial income instability. Ninety per cent experienced a change in income, with 60 per cent having an increase and 30 per cent a reduction. For a large number the change was not trivial: 14 per cent reported a decline in their weekly income of £10 (€11) or more, while 36 per cent saw an increase of £10 (€11) or more. The average increase was £38.65 (€43) and the average reduction was £30.49 (€34). Those with very low incomes at baseline tended to have above-average increases – a welcome feature, but those with above-average starting incomes experienced low income gains, and those in the highest quartile at baseline experienced reductions.

There were several reasons for the changes. Many who were employed were in marginal, insecure and short-term jobs and therefore entering or exiting work had a direct impact. Eleven of the people who were in work at baseline were not

employed after six months and therefore saw their income decrease by, on average, 55 per cent. In contrast, 30 respondents started a job during the first six months and their incomes increased by 209 per cent (see Table 2). A few people held two jobs to boost their income. Other reasons for income changes included the ‘reassessment’ of a person’s entitlement and a subsequent change of social security benefit. For example, several respondents who had been receiving Incapacity Benefit were deemed ready to work and switched to the Jobseeker’s Allowance, which pays considerably less. A few respondents who were claiming jobseeker’s allowance had their benefit stopped because they failed to ‘sign on’ regularly at the job centre or to attend a job-training programme.

Table 2: Changes in weekly income during the first six months after being rehoused by work status

Work trajectory	Number of respondents	Mean income at baseline (£)	Income change	
			£	%
In work at baseline, not in work at six months	11	201.25	-110.85	-55.1
In work at baseline and at six months	22	154.59	18.20	11.8
Not in work at either date	282	77.17	7.43	9.6
Not in work at baseline, in work at six months	30	56.64	118.32	208.9

Managing Financially

The move to independent living brought several financial demands for the respondents. Most were on low incomes yet had to buy basic furniture and domestic equipment for their new tenancy and pay utility bills. Some also had to pay off debts and loans acquired before or at the time of being resettled. Some spent money on drink, drugs or non-essentials. Several re-established or increased contacts with their children once they had their own accommodation and spent more money on their children. Even those in full-time employment found it difficult to manage: most were in low-paid jobs but were not entitled to either a grant to help furnish their accommodation or to the Housing Benefit subsidy towards their rent and Council (property) Tax (more details below).

The discretionary weekly income of the respondents varied greatly. The financial circumstances of five contrasting cases are shown in Table 3. The amount available each week to buy food, clothing, toiletries and household equipment and supplies after paying rent and utility bills was particularly low for those on Jobseeker’s Allowance and Income Support (Cases 3 and 5). Case 4 had the most money after

essential bills were paid, because he received the Disability Living Allowance (DLA) and Income Support, and Housing Benefit covered all but £5 (€6) of the weekly rent. The relatively high rate of the DLA benefit enables the recipients to 'buy in' care or support at home if they require help with personal or household tasks or to pay for taxis if they have mobility problems. Case 4 had HIV/AIDS, became tired very easily and paid for a cleaner twice a week to help him manage at home. Case 1 had full-time work and her income was much more than those on social security benefits (apart from DLA recipients). She did not, however, receive any subsidy towards the rent and Council Tax and so her weekly balance or discretionary income was just £43 (€48).

Table 3: Income, expenditure and debts at six months: Five cases

Variable	Case 1	Case 2	Case 3	Case 4	Case 5
	Earnings (two jobs)	Student loan and earnings	Income Support	Income Support + DLA	Job Seeker's Allowance
Income sources:					
Weekly income (£)	212	183	59	250	50
Weekly expenditure (£):					
... rent	-107	-125	-6	-5	-14
... electricity, gas, water	-10	-13	-15	-15	-20
... Council Tax	-25	0	0	0	0
... travel	-12	0	-5	0	0
... food	-15	-20	-30	-40	-15
Weekly balance (£)*	43	25	3	190	1
Debts/rent arrears (£)	2,000	1,360	0	0	2,194

DLA: Disability living allowance.

* Discretionary income for clothing, personal items, furniture and equipment for the new accommodation.

Twenty-nine per cent of the respondents received financial help from family and relatives after they were rehoused. For some, parents or siblings bought furniture or lent money, and a few respondents were helped when, for example, they had no money for food or electricity. In most cases, however, the respondents were either estranged from their family members or their family was unable to offer financial help. Women were more likely than men to receive financial help from family members (41% women; 24% men). There was an inverse association between age and the percentage receiving such help (44% of the 17–24 age group; 31% of the 25–39 age group, 18% of the 40–49 age group, and 15% of the 50+ age group).

During the first six months, almost three-fifths of the respondents experienced problems with budgeting and managing financially: 28 per cent said that they had difficulties 'frequently' and 29 per cent 'occasionally'. There was little difference by age, except that those aged fifty or more were less likely to report problems. There was a significant association between having budgeting difficulties before being

resettled and experiencing these same problems after being rehoused: 75% of those who experienced problems before moving also had difficulties once rehoused. In contrast, only 47 per cent of those who did not have budgeting difficulties before moving subsequently experienced problems.⁵ There was also a significant association between the anticipation of financial difficulties before being rehoused and subsequent problems. When initially interviewed, 24 per cent of the respondents were worried about their ability to manage financially after moving and 68 per cent of this group subsequently experienced difficulties; this applied to only 52 per cent of those who did not expect problems.⁶ Thirty-eight per cent of the respondents received advice or training on budgeting from the hostel or project staff before they were rehoused and 42 per cent received advice about paying bills. There were, however, no associations between receiving such help and financial difficulties after moving. The following sections describe in more detail the expenses and financial problems faced by the respondents during the first six months.

The costs of establishing a home

Most respondents (94%) were resettled in unfurnished accommodation and nearly all had little or no furniture or furnishings for their new home. Two types of social security payments are available to help those on low incomes set up a home: the Community Care Grant (CCG), which does not have to be paid back, and an interest-free budgeting loan that is repaid through deductions from the recipient's weekly social security benefit. Seventy per cent of the respondents received the CCG, with the amounts varying from £50 to £1,500 (€56 to €1667), and 4 per cent received a budgeting loan. The amount of the CCG is at the discretion of each local authority and is influenced by the number of applications received and the time of year that the application is made (commonly the budget is spent before the end of the financial year). Hence, some respondents received a grant that was sufficient to buy, second hand, all the furniture and equipment that they needed, but others did not. The CCG application cannot be submitted until a tenancy agreement has been signed and it generally takes several weeks to process. Many respondents were required to move a few days after the signing and as a result 57 per cent had no bed and 67 per cent no cooker when they first moved.

Rent payments and arrears

The rents of the resettlement accommodation varied greatly, from £47 to £300 (€52 to €333) per week. Some included a service charge to cover the cleaning of communal areas or to pay for certain utilities, most often water. The rents of private-rented tenancies were two to four times those of local authority and housing asso-

⁵ The chi-squared statistic for the comparison was 26.36, df 1, $p < 0.001$.

⁶ The chi-squared statistic for the comparison was 5.78, df 1, $p < 0.02$.

ciation tenancies. People on very low incomes, whether from benefits or employment, are entitled to Housing Benefit (HB), a rent subsidy for all or a proportion of their rent. HB paid the full rent for 46 per cent and paid a large part for 43 per cent of the respondents; the remaining 11 per cent were in full-time work or education and had to pay the entire rent themselves.

During the first six months, 48 per cent of the respondents had rent arrears at some point. For 12 per cent, the amount of arrears reached £500 (€556) or more. When interviewed at six months 22 per cent still had rent arrears. Twelve per cent of the respondents had been threatened with eviction because of rent arrears and six people (1.5%) had been evicted or had left their accommodation because of financial problems and rent arrears. Similar proportions of those in local authority, housing association and private-rented tenancies had accumulated rent arrears since moving in, although a higher percentage of those in private-rented tenancies still had arrears at six months (27%). Those aged under twenty-five were more likely than the older tenants to report rent arrears. There was no difference between the London and Notts/Yorks respondents.

During the early months many of the arrears stemmed from HB administration problems, including office delays and respondents failing to make claims or complete the forms properly. At six months more of the arrears were associated with personal factors (e.g. respondent spending money on drink or drugs instead of the rent) or the suspension of HB (and other social security benefits) because the recipient failed to comply with the rules. A few people experienced problems when they started work or full-time education because they were no longer entitled to social security benefits and HB. One young woman started a full-time university course and her social security benefits and HB were stopped. She took out a student loan but her income was reduced to a level at which she could not afford the £300 weekly rent and she was evicted.

In April 2008 the Local Housing Allowance (LHA) was introduced for private-rented tenants as a different way of distributing HB. While HB is normally paid directly to the landlord, the LHA is paid to the tenant. The idea is to encourage the beneficiary to negotiate a lower rent and to find the best-value tenancies. If a tenant is deemed vulnerable, local authorities can pay the LHA directly to the landlord, but this is at their discretion. Five FOR-HOME respondents who received the LHA acquired rent arrears during the first six months: the allowance was paid directly to them in amounts of more than £1,000 (€1,111) and they spent some or all of it on other things. Some individuals simply did not understand the system. A survey in mid-June 2009 of 453 LHA claimants across nine local authorities in England also found that 62 per cent were constantly struggling to manage their finances, including 29 per cent who had fallen behind with the payment of their rent or other

bills, and most said that they would prefer to have their LHA paid directly to the landlord (Frost et al., 2009). Shelter and Crisis campaigned for the LHA rules to be modified, particularly for vulnerable people. The Department for Work and Pensions (2009) recently revised the guidance about identifying a tenant at risk and then making the payment directly to the landlord.

Utility payments and arrears

When resident in hostels and supported housing, the respondents paid a small service charge each week but were not responsible for the electricity, gas and water charges. Once rehoused, however, most had to pay the utility bills. Those who were working full-time also had to pay council (property) tax. Some paid for the utilities through pay-as-you-use schemes, although these have the highest unit prices. Many preferred this method of payment as they became accustomed to recharging their keys or cards when they received their social security benefits. Others made weekly, fortnightly or monthly payments to the suppliers or received bills every three or six months.

Although one-half of the respondents had little or no previous experience of managing their energy consumption or of dealing with utility companies and paying the bills, 63 per cent coped well with utility payments during the first six months. Some were proud of their accomplishment and more than one confided that it had boosted their self-respect. Thirty-seven per cent reported problems with paying utility bills and, when interviewed at six months, 25 per cent had utility service debts. A few said that they left their heating on continuously without thinking of the cost and were surprised when they received a huge gas bill. Several were trying to change from quarterly bills to pay-as-you-use schemes. There was a statistically significant association between being unemployed and having difficulties with utility payments: 40 per cent of the unemployed reported difficulties, compared with 29 per cent of those working part-time and 16 per cent of those working full-time.⁷

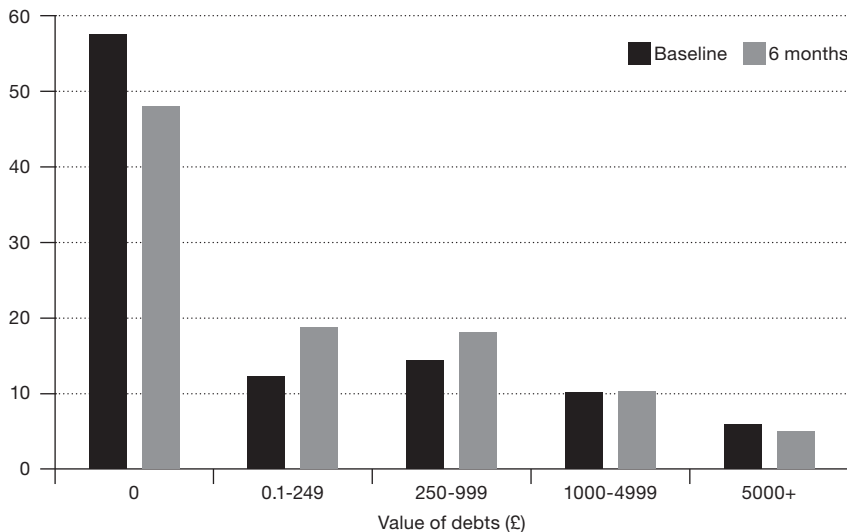
Debts

When initially interviewed, almost one-fifth of the respondents said that financial problems had been a reason for becoming homeless, including forty-two who specified rent or mortgage repayment arrears. At the time of being resettled 45 per cent of the sample reported debts and, among them, only two-thirds were paying back some or all of the debts. Five individuals had exceptionally large debts of between £30,000 and £150,000 (€33,336 and €166,660) and were in the process of or intended to file for bankruptcy.

⁷ The chi-squared statistic for the comparison was 8.02, df 2, $p < 0.001$.

Over the subsequent six months the proportion with debts rose to 58 per cent, but for those able to estimate the amount of the debt, the mean reduced from £3,899 to £2,536 (€4,333 to €2,818). These means are much influenced by the few extreme values at baseline. At six months, four respondents still had debts of between £30,000 and £74,000 (€33,336 and €82,229). The median debt dropped from £500 (€570) at baseline to £400 (€456) at six months and the upper quartile value fell from £1,800 to £1,350 (€2,052 to €1,539). The pattern of debts clearly changed over the six months, with more of the respondents having relatively small debts but fewer having large debts (see Figure 1). Note that the given values are minimum estimates because many of the respondents (eighteen at baseline and fifty at six months) could not estimate the size of their debts.

Figure 1: The prevalence and value of debts at baseline and six months*



* Does not include respondents who had debts but of unknown amounts.

At baseline men were more likely than women to have debts (45% men; 34% women) and there was a higher prevalence in Notts/Yorks (50%) than in London (37%). By six months there were no significant differences in the prevalence of debts between men and women or between the two areas, but there were age differences. At baseline 41 per cent of the 17–24 age group reported debts, but by six months the prevalence was 61 per cent. Debts also became more common among respondents in their forties, rising from 42 to 67 per cent. Those aged fifty or older were least likely to report debts at both interview waves. Debts at six months were also associated with debts at the time of resettlement, being unemployed, drinking heavily and/or using drugs since moving. The strongest relation-

ship, however, was with tenure. Whereas at baseline the prevalence of debts did not vary with the tenure of the resettlement accommodation, the greatest increase in the prevalence of debt over the first six months was among those in private-rented tenancies (from 44% at baseline to 74% at six months).

Alternative assessments about the 'burden' of debt should be considered. At six months 68 per cent of the respondents reported debts of £250 (€285) or less, which is not a high level in relation to the level of debt in the general population, many of whom have mortgages. Given the respondents' low income and lack of reserves, however, the debts caused discomfort and anxiety. Those with debts were more likely than others to report being unhappy or depressed, lonely and worried or anxious about how things were going. While it is encouraging that the aggregate amount of the reported debt decreased substantially, particularly through a period when the respondents had the exceptional expenses of equipping a new home, it is of concern that after six months higher percentages had debts and could not estimate the amount. One possible explanation is that some respondents became more aware of their personal finances after moving and taking responsibility for the utility payments and rent or having social security benefit reviews. A second is that at baseline some respondents overlooked unpaid hostel fees or outstanding local authority rent arrears, court fines and other debts that resurfaced when they took a new tenancy or applied for a loan or credit. A third possibility is that, like many householders, some respondents took out small loans (e.g. to purchase a washing machine or cooker). It is also possible that a few respondents were more willing to divulge financial information at the second interview.

Discussion

Strengths and limitations of the evidence

The FOR-HOME study is a detailed longitudinal examination of the outcomes of the resettlement of single homeless people in England. Substantial information has been collected about the characteristics, problems and needs of the respondents, of the help that they received from service providers before and after they were resettled, of the accommodation into which they moved and of their progress after moving. This paper has reported findings from the interviews at baseline and six months after resettlement. Reports of the outcomes after eighteen months will be available in late 2010.

Caution must be exercised in generalising the findings. It should be remembered that they apply to single homeless people and not to 'homeless families' (i.e. households with dependent children) and that the sample was drawn from the clients of six service-provider organisations in London and three provincial English cities.

Policies, funding and institutional arrangements differ outside England. The six organisations are themselves diverse; for example, Centrepoint works exclusively with young homeless people, and Framework and St Anne's work with many clients besides homeless people. It should also be noted that several aspects of resettlement practice are time-specific; for example, how housing vacancies are found and allocated and the level of funding for pre-resettlement training and post-resettlement tenancy support.

Conclusions and recommendations

This first analysis has shown that a large majority of the 400 FOR-HOME respondents who were resettled from hostels or supported housing into independent tenancies coped with the transition. At six months nearly nine-tenths had retained their tenancy and only sixteen were known to have become homeless again. This strongly supports the general consensus among many European, North American and Australian campaigning groups, service-provider organisations and researchers that homeless people can be successfully rehoused and that the long-term solution to homelessness is resettlement into mainstream housing with security of tenure rather than extended stays in hostels and shelters.

For many of the FOR-HOME respondents, the adjustment from living in hostels or supported accommodation to living independently was far from easy. Most were on low incomes, started with no furniture or domestic equipment and received little or no financial help from family and relatives. Most did, however, receive substantial help from the staff of homelessness organisations with finding the accommodation, setting up the tenancy and arranging utility connections. A minority had the assistance of a van and driver with moving their belongings and/or received second-hand furniture from local charities (a later paper will examine the help provided by service providers before and after moving).

Following their resettlement, the respondents incurred the costs of setting up a new home and also had to adjust to being responsible for the rent and utility charges (in some cases for the first time). Many coped well with their new financial responsibilities, developed a routine for paying utility bills and learned how to survive on a very low income. Two-thirds of those in paid work at the time of resettlement remained in employment and a few others subsequently secured jobs. Many experienced an income gain during the first six months (twice as many as experienced an income loss) and, although the prevalence of debts increased, the average level of the debt reduced.

The responsibilities that the respondents had to cope with are not exceptional; they are faced by any new tenant. The question is whether current policies and practices take sufficient account of the exceptional disadvantages of many single homeless

people, specifically their very low income, thin family and social support networks, personal vulnerabilities and lack of furniture or household equipment. In England, at least, the way in which grants are allocated and processed to help financially disadvantaged homeless people to set up a home need to be reviewed if the level of ensuing debts and stress is to be reduced. Currently, for example, homeless people who obtain full-time employment while still in a hostel not only have to pay a much higher proportion of the rent and service charge and are consequently less able to save for their pending move, but also make themselves ineligible for a grant to help with the move. Two respondents in this situation reflected with hindsight that it had not been to their financial advantage to start working before being resettled. The length of time that it took for grants to come through also meant that many moved into an empty flat and had to sleep on the floor for several weeks until a grant was received.

Less than one-half of the FOR-HOME respondents received advice or training from staff before moving about managing money. Although many believed at the time that they did not need such help, they subsequently experienced problems. Young people were particularly likely to decline help and later to report financial problems. A few found themselves in impossible positions, notably some of those who attempted to move to independent living and concurrently to begin full-time education. Others had substantial debts that were not being repaid. More attention needs to be given to the financial implications of setting up a new home and of intended life choices and to tackling debts, which means making advice on forecasting and planning personal budgets available to homeless people who are about to be rehoused. This need was discussed at a workshop with the staff of service-provider organisations early in 2010. Several attendees said that they did not have the knowledge, skills or time to offer sound financial planning advice to their clients. Only a few homelessness organisations in the UK have specialist financial advice teams.

The importance of employment has featured in this paper. Although many of the employed respondents were in low-paid jobs, they had more discretionary income once essential bills were paid than those who were unemployed (apart from the DLA recipients) and were less likely to experience problems after being rehoused with paying bills or to have debts. Several of those who were unemployed had been looking for work but without success, suggesting that additional help is required to encourage and assist resettled homeless people to enter or re-enter the workforce. Being in employment is recognised as an important element in preventing homelessness. In 2002 FEANTSA established an 'Employment Working Group' comprising experts from various European countries, which aims to develop effective approaches to tackling homelessness and housing inclusion by engaging people in employment and related activities (FEANTSA, 2007).

Shortages of social housing have resulted in the increasing use of the private-rented sector for housing homeless people in England and some European countries. Among the FOR-HOME respondents, however, rent arrears and debts were associated strongly with this tenure, partly because of the high rents in the private-rented sector. If the use of this sector of the housing market develops further, more concerted financial advice and tenancy support (and monitoring) is essential to avoid counter-productive outcomes. Overall, the early findings from the FOR-HOME study show that resettlement into independent accommodation has positive outcomes during the first six months for many single homeless people. More attention needs to be given, however, to aspects of current resettlement practice and to ways of providing better targeted advice and support to those who have been rehoused.

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