

Public Service Reform Board

Date	5 March 2020
Report title	Designing Out Homelessness: key updates from the Homelessness Taskforce
Portfolio Lead	Councillor Yvonne Davies, Portfolio Holder for Public Service Reform and Social Economy
Homelessness Taskforce Leads	Councillor Sharon Thompson, Chair of the Homelessness Taskforce Members Advisory Group Jean Templeton, Independent Chair of the Homelessness Taskforce
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Recommendation(s) for action or decision:

The Public Service Reform Board is recommended to:

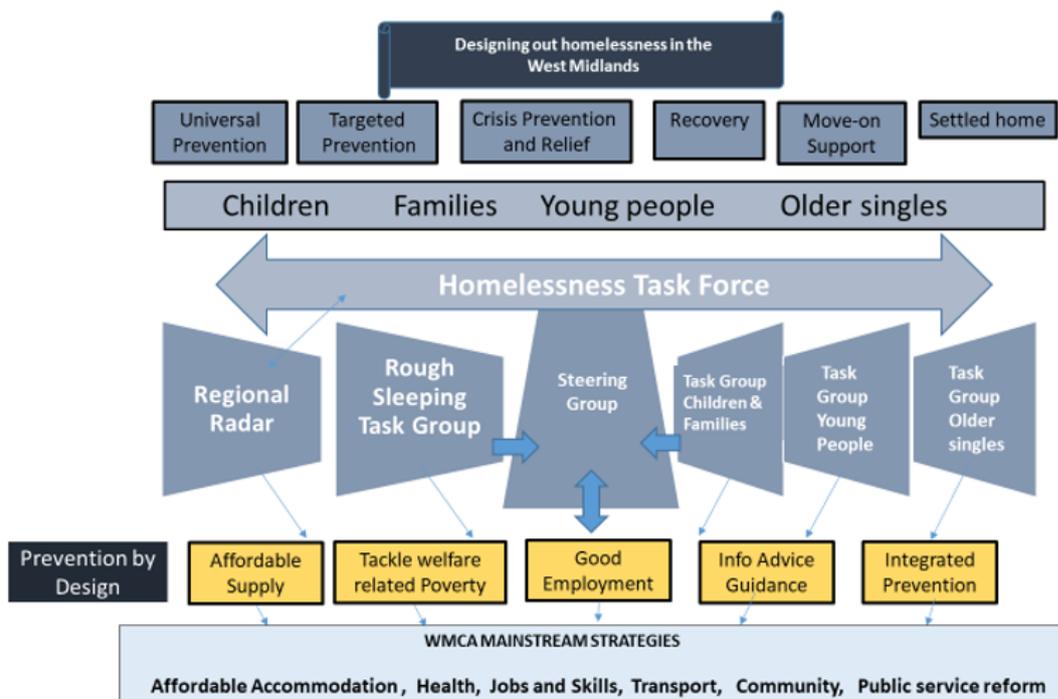
1. Note the update on the activities of the Homelessness Taskforce since the last Public Service Reform Board.
2. Welcome the adoption of an affordability definition for new homes that is linked to income and enables the creation of innovative, specialist social housing.

1. Purpose

1.1 To ensure that the Public Service Reform (PSR) Board is briefed on the recent delivery and future plans of the Homelessness Taskforce.

1.2 To welcome the new regional definition of 'affordable housing', which is linked to income levels and not market prices.

2. Updates on the five objectives of the Homelessness Taskforce



2.1 Background: the Homelessness Taskforce was adopted by the WMCA Board in June 2019, and placed within the remit of the PSR Directorate. The WMCA has no statutory duties, powers or resources around homelessness, but in designing out homelessness, is committed to working with its partners to identify and address gaps and flaws in policies, procedures, laws, structures, systems and relationships that either cause or fail to prevent homelessness. It recognises that homelessness takes many forms: rough sleeping, sofa surfing, night-shelters, B&B, temporary accommodation, hostels, squatting, and is a complex mix of personal and wider structural factors, such as health, employment, relationships and housing. This work is scrutinised by the Members Advisory Group (MAG) consisting of responsible Councillors from each local authority, and reports to the PSR Board.

The following updates are spread across the five objectives of the Taskforce:

2.2 Affordable, Accessible Accommodation:

- **Housing First:** the Housing First pilot, for which Birmingham City Council is the accountable body, has already helped 156 people off the streets and into secure tenancies.
- **West Midlands definition of affordability:** WMCA has approved a new regional definition of affordable accommodation, linked to local income, to be used by WMCA to secure increased percentage in new housing schemes and linked to new affordable housing deal. This policy is explained in detail in Section 3 of this report.
- **‘Recovery Tenancies’ pilot:** building on the ambition of the social housing sector to make no-one homeless, the recovery tenancies pilot is exploring this method of avoiding evictions and securing support for households in rent arrears.
- **Lobbying for reform of Exempt Supported Accommodation sector:** aiming to safeguard vulnerable people and to ensure the best outcomes for public investment.

2.3 Tackling Welfare-Related Poverty:

- **Freeze on Local Housing Allowance lifted:** this is part of a wider lobbying effort on the LHA and Universal Credit. This is good progress, but there is a great deal more to do.
- **£3m announced for DWP to deliver outreach support to rough sleepers:** this is an opportunity to do more in this area, which the Taskforce will work to realise once there is more detail from DWP.
- **Free travel passes:** via a partnership with National Express West Midlands, these passes enable people who are living with or otherwise at risk of homelessness and in crisis to get to accommodation, job interviews and other appointments. To date circa 5000 passes have been distributed to homelessness services across the region.
- **Partnerships with banks:** enabling people without fixed addresses to access banking services.

2.4 Access to Good Employment:

- **Business Toolkit for Designing out Homelessness:** working with Business in the Community (BITC), the Taskforce has developed the Business Toolkit for Designing out Homelessness¹. This equips businesses with practical measures to prevent employees becoming homeless; to give good help to those helping the homeless, and to create pathways into employment for homeless people. Two practical workshops will be taking place in late March for businesses, to help them to identify and prioritise practical actions that they can take.
- **Pathway to Employment Taskgroup:** this partnership is building stronger links between employers, DWP, WMCA, and providers of homelessness support services. The goal of the partnership is to enable providers to better understand and secure the right training, skills and support for people who are, or are at risk of homelessness.

2.5 Information, Advice, and Guidance:

- **Change Into Action²:** an alternative giving scheme that is now up and running in Birmingham, Solihull, and Coventry. It will also be launching in Walsall in March 2020. Over 300 rough sleepers in Birmingham have benefited from this scheme.
- **Veterans Homelessness:** WMCA has a Veterans Homelessness Advisor, funded by the Ministry of Housing, Communities and Local Government. This has led to the production of a report, ‘Designing out Veterans Homelessness’, which was launched on February 26th.

¹ See: <https://www.bitc.org.uk/toolkit/designing-out-homelessness-practical-steps-for-business/>

² See : <https://changeintoaction.org.uk/>

- **Faith and Homelessness:** a guide to enable faith groups in the region to help prevent and relieve homelessness.

2.6 Integrated Prevention:

- **Commitment to Collaborate Toolkit:** following a series of roundtables with sectors including health, criminal justice, business, faith, and Department for Work and Pensions, the insight will be used to create a toolkit which will ensure that people who are at risk of homelessness do not get lost in the gaps between services. This piece of work is currently out to tender.

2.7 Other investment:

- WMCA has secured an extra £110,000 via the Cold Weather Fund – this is not to replace activity at local authority level, but to add value.

3. Making affordable housing truly affordable: a new definition for the West Midlands.

3.1 Summary: the West Midlands has become the first region to create its own definition of affordable housing, which is linked to incomes instead of market values. Based on work by the Homelessness Taskforce and the WMCA Housing & Regeneration team, the new definition means that affordable homes developed with WMCA resources will never cost more than 35% of local incomes in rent or mortgage payments. This will ensure that people can afford to live in new homes developed in their locality, and creates strengthened opportunities for socially purposeful housing models, such as key worker homes for frontline workers.

3.2 The national definition of affordable does not work for the West Midlands:

“Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)”, under four sub-headings: affordable housing for rent, starter homes, discounted market sales housing, and other affordable routes to home ownership (e.g. shared ownership).”

At national level, for both affordable rent and discounted market sales, the NPPF sets out a margin of 20% below market value as the minimum discount that should be applied.³ However, analysis has shown that 80% of market rates for both home ownership and rental markets remains beyond the reach of a considerable proportion of the population. It is widely acknowledged by the industry and local councils that the existing NPPF definition does not reflect local needs and circumstances, and in the West Midlands is not securing an increased supply of affordable housing.

3.3 The data bears this out: the current policy leaves many local people in a position where both buying and renting a home are unaffordable:

- **House Price to Earnings Ratio (Figure 1):** This broadly demonstrates the differences that exist at local authority level, and illustrates that average incomes are out of step with average house prices

³ National Planning Policy Framework, Affordable Housing Definition: <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

across the region, to a greater or lesser extent. However, this measure does not reveal the full picture: it is not sufficiently granular and takes insufficient account or weighting of local affordability considerations and problems. Two very different communities across one local authority area will be measured by the same definition of 'affordable', regardless of considerable local variation in housing affordability. It should also be noted that this data refers to full-time employees only, and therefore does not reflect the full range of incomes, whether through part-time work, benefits or other means.

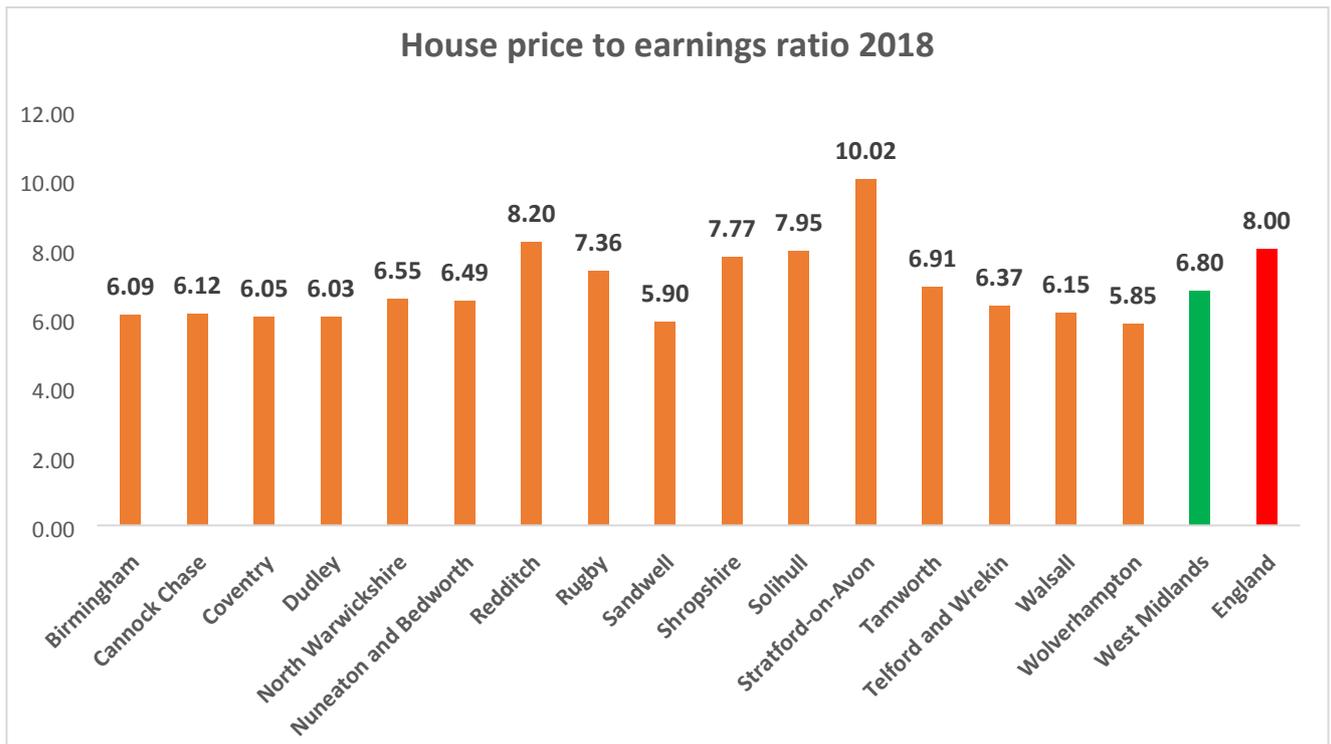


Figure 1: WMCA local authorities house price to income ratio⁴

- Loan to Value Ratio** (Figures 2 & 3): The loan to value ratio is calculated by applying a mortgage cap of 4.5 times gross earnings. For both median and low income households, the average house price is considerably beyond the amount they are able to borrow. As such, they would require a considerable deposit to purchase a typical home, adding to the unaffordability cycle of requiring to save a significant sum whilst renting or in other accommodation.

⁴ See:

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoresidencebasedearningslowerquartileandmedian>

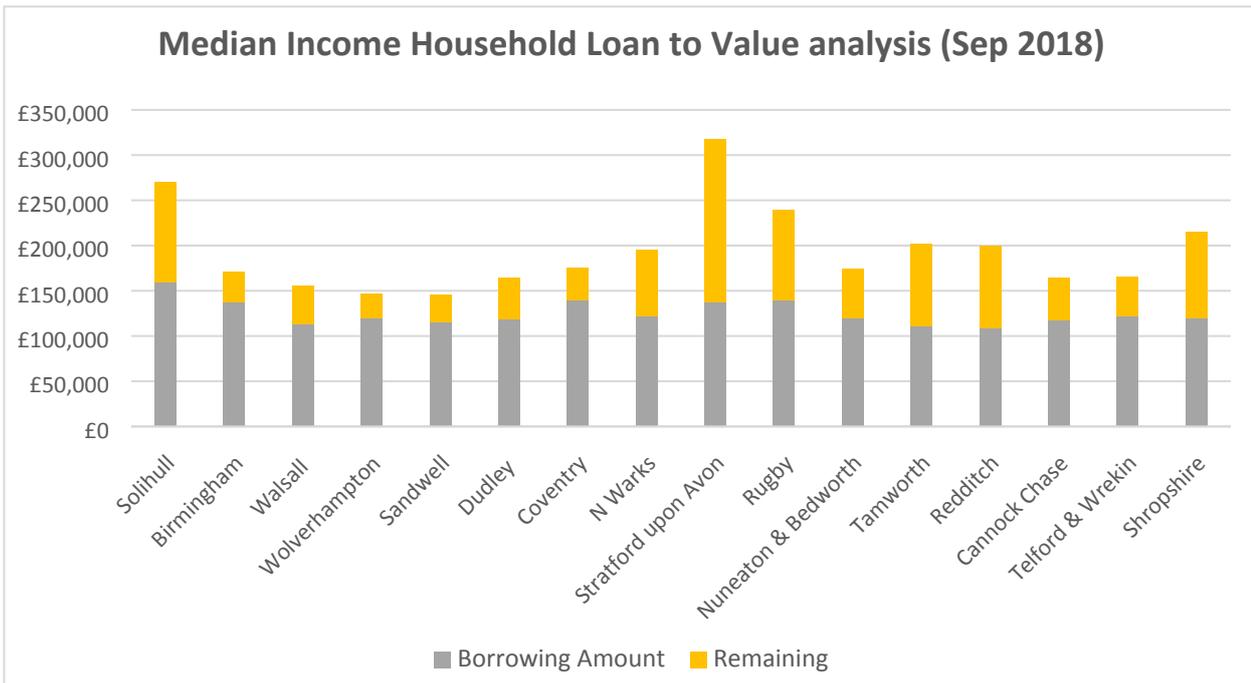


Figure 2 WMCA local authorities Median Income Loan to Value analysis, source Avison Young.

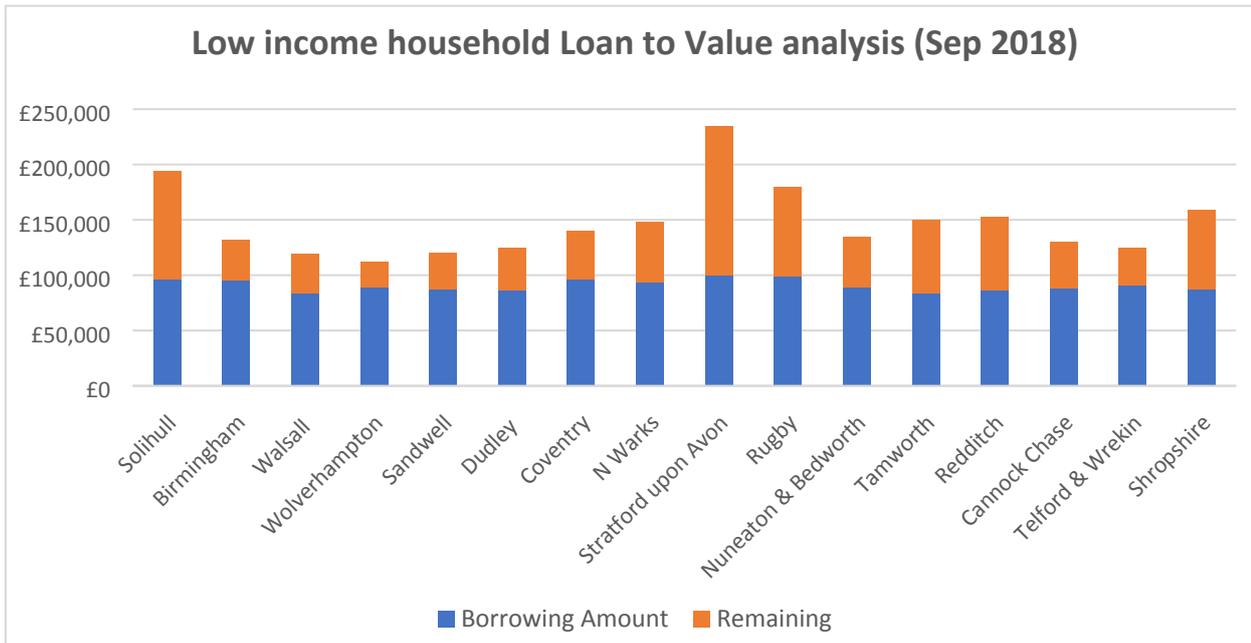


Figure 3 WMCA local authorities Low Income Loan to Value analysis, source Avison Young.

- Key Worker Affordability** (Figure 4): Unaffordable housing has a significant effect on public service delivery, and therefore affects further demonstrated when assessing the impact on ‘key workers’, those working in roles that are recognised as vital to the infrastructure of the community in the health service, education or community safety. The graph below – drawing on analysis from Unison – shows the local analysis of how attainable first-time mortgages are for four such roles, using income and housing data from 2018.

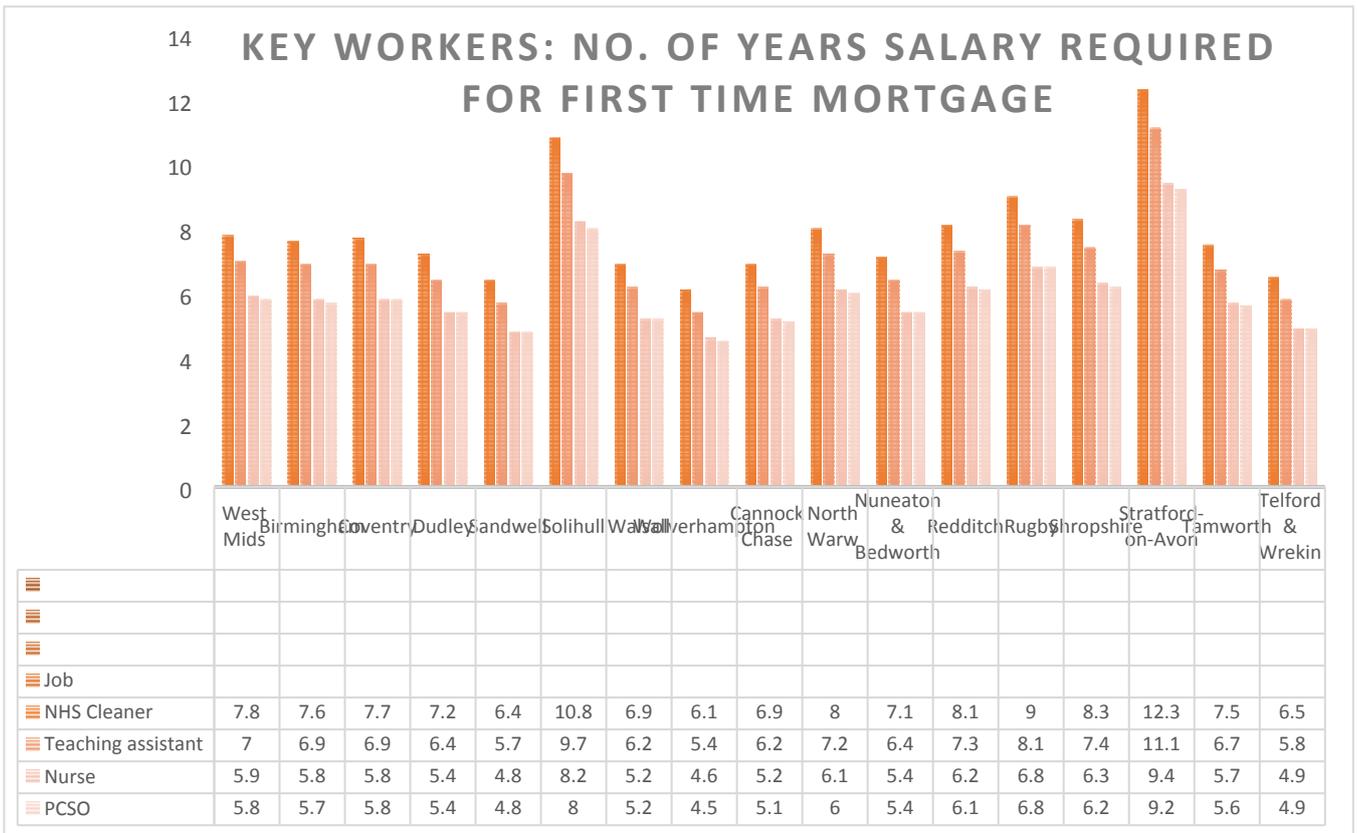


Figure 4 Key worker salary/mortgage analysis, source Unison.

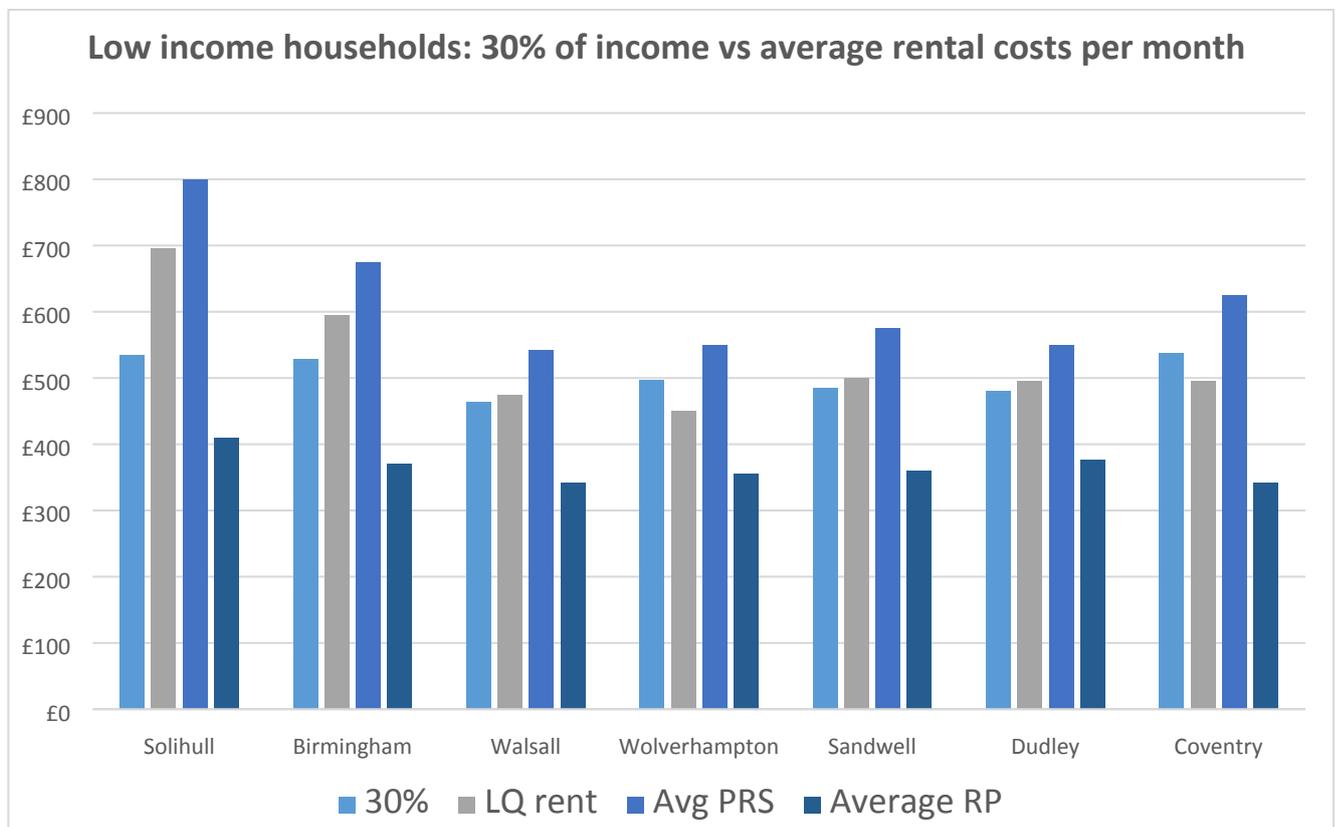


Figure 5 Low Income households and rental options, source data ONS.

- **Income vs. average rent** (Figure 5): Affordable housing for rent provided by housing associations is a significant element of the regional market, with rents often set at considerably lower levels than other options. This is the case across the seven-met area. However, many people on low incomes are unable to access rental property from housing associations or councils, leaving them locked into higher rents (and often worse conditions) in the private rented sector. The graph illustrates the average price variation between private rented sector (both lower quartile and average), homes managed by registered providers, alongside the benchmark of 30% of household income.

3.4 A West Midlands definition, tailored to place: the definition that will henceforth be applied to sites acquired or otherwise invested into by the WMCA is split into two components:

- A greater range of products available in the market, tailored for local demand and needs. For example, in areas local to a hospital, homes would be provided which are affordable to defined groups of healthcare workers.
- A measure of local affordability related to lower quartile household income, to reflect the local market issues and incomes of residents. It targets 30-35% of lower quartile income levels in the local area, as set out in Figure 6.

	Low Income			Monthly rate
	Gross Earnings	30% Cap	35% Cap	
Solihull	£21,403	£6,420.90	£7,491.05	£535/624
Birmingham	£21,156	£6,346.80	£7,404.60	£529/617
Walsall	£18,571	£5,571.30	£6,499.85	£464/542
Wolverhampton	£19,847	£5,954.10	£6,946.45	£496/579
Sandwell	£19,415	£5,824.50	£6,795.25	£485/566
Dudley	£19,232	£5,769.60	£6,731.20	£481/561
Coventry	£21,473	£6,441.90	£7,515.55	£537/626
North Warwickshire	£20,768	£6,230.40	£7,268.80	£519/606
Stratford upon Avon	£22,253	£6,675.90	£7,788.55	£556/649
Rugby	£22,040	£6,612.00	£7,714.00	£551/643
Nuneaton & Bedworth	£19,796	£5,938.80	£6,928.60	£495/577
Tamworth	£18,581	£5,574.30	£6,503.35	£465/542
Redditch	£19,165	£5,749.50	£6,707.75	£479/559
Cannock Chase	£19,649	£5,894.70	£6,877.15	£491/573
Telford and Wrekin	£20,204	£6,061.20	£7,071.40	£505/589
Shropshire	£19,500	£5,850.00	£6,825.00	£488/569

Figure 6 Income levels across the local authority areas of the WMCA

3.5 Policy into practice: the definition has now been embedded into the Single Commissioning Framework (SCF), and can exist alongside other affordability definitions that do not draw on WMCA resources.

Through the current SCF process, all schemes receiving WMCA funding are required to meet a minimum provision of 20% affordable housing, now held to this bespoke definition of affordability. Ensuring that this is delivered will require consistent analysis at the scheme assessment and viability appraisal stages (e.g., what constitutes key worker housing). This will become a formalised element of the scheme appraisal process.

4. Financial Implications

4.1 There are no financial implications to passing this report. Investments relating to housing that are subject to the SCF will be considered on a case by case basis.

5. Legal Implications

5.1 The WMCA does not have specific statutory duties in relation to homelessness. These powers and duties remain with and are discharged by the Constituent and Non-Constituent Authorities. No legal implications have been identified in passing this report, however when public services across the region enter into new commitments to collaborate, any implications will need to be considered on a case by case basis by these services.

6. Equalities Implications

6.1 The work of the Homelessness Taskforce targets some of the most vulnerable individuals in our communities and seeks to prevent homelessness in all of its forms. It has taken a person-centred life course approach to homelessness taking account of the demographics and equalities impacts for Children and Families, young people and older singles as well as those sleeping rough. We have specific expertise within the Taskforce looking at the root causes of homelessness for each group.

7. Inclusive Growth Implications

7.1 The work of the Homelessness Taskforce as a whole addresses several of the indicators on the Inclusive Growth Framework. Its overall purpose is to strengthen the region's ability to support some of the most vulnerable people within the region and ensure that inclusive growth means inclusive for all, including those experiencing severe and multiple disadvantage.

7.2 The affordability policy is an excellent example of inclusive growth in practice, as it defines affordability by whether it is affordable to the people who live there, instead of tethering it to market value, which often bears no relation to whether local people can afford to live there.

8. Geographical Area of Report's Implications

8.1 The work of the Homelessness Taskforce spans across all seven constituent authorities of the

WMCA. In addition, the non constituent authorities are represented on the Homelessness Taskforce and Members Advisory Group. The WMCA Veterans Homelessness Officer works across both the constituent and non-constituent authorities.

9. Other Implications

9.1 There are no other implications.

9. Schedule of Background Papers