



Ian Bradshaw

49: A basic need

Housing policy and mental health

Summary

Since 2010, but often building on previous reforms, the Government has enacted policy changes that affect housing benefits, subsidies for social landlords and the provision of affordable housing. These have had the aims of controlling costs and promoting home ownership. However there are reasons for concern that they will adversely affect people living with serious mental health conditions, and the mental health system.

The changes to benefits may result in many people who live with mental health conditions, especially in high cost areas, receiving less than they need to cover the rent of a suitable home. This is worrying given the high numbers who already slip through the net into homelessness and the substantial impact poor housing can have on mental health and recovery.

The impacts of changes in the supply of affordable housing are less clear. We know that there has been a substantial reduction in the supply of new social homes, the most affordable and secure form of affordable housing. The extension of Right to Buy is likely to lead to more existing stock being sold. The economic profile of people with serious mental health conditions makes them likely to be more reliant on affordable housing than the general population, and less likely to be able to afford non-social tenancies. However, there is no detailed evidence on whether people with mental health

conditions are disproportionately represented in certain tenures; or about the condition of the homes they live in and the surrounding neighbourhoods.

Local authorities act as the gatekeepers to affordable housing. National guidance is clear that people made vulnerable by a mental health condition should be given 'reasonable preference' along with the physically disabled and other vulnerable groups¹. However it is unclear, especially as pressure increases on councils, whether this is effectively reflected in practice on the ground. Concerns have been raised about reductions in support services and advocacy for vulnerable tenants to help them navigate the system effectively.

Moves to reduce the amount of housing benefit flowing to social landlords, for instance by mandating reductions in rents, are likely to squeeze housing providers' budgets. There are serious concerns about the financial sustainability of supported housing products; and the 'extra' services funded by social landlords such as tenancy sustainment.

Of most concern is the possible cumulative effect of all these changes at a local level. Worse outcomes for individuals could lead to increasing resource pressures on housing, NHS, and care providers and thereon to further rationing of support.



Introduction

The Housing and Planning Act 2016, which received royal assent on 12 May, was just the latest in a series of government actions to reform how the state supports vulnerable people who cannot afford housing on the open market. This is an issue of obvious interest to those concerned with mental health policy given the well-established links between housing and wellbeing. However there is limited evidence on the impact the changes are having. In order to help shape the debate we have sought to answer:

“How could the changes to affordable housing policy and housing related benefits in England since

2010 impact on people with serious mental health conditions; and what are the priorities for further research?”

Based on an initial review of publicly available literature and conversations with contacts in mental health, housing and local government, this briefing seeks to set out:

- Why this is an area of interest for those interested in mental health policy
- What changes are in progress or proposed and their possible impacts
- Potential priorities for more detailed work by the mental health policy community

Why is affordable housing important for mental health?

We know that people with serious mental health conditions are overrepresented in the homeless population. Homeless people are twice as likely to have a diagnosable mental illness as the general population; and ‘street homeless’ people are between 50 and 100 times more likely to suffer from a psychotic disorder². In August 2014 only 58% of people in contact with secondary mental health services were recorded as being in settled accommodation³. Put simply, the housing safety net is disproportionately failing those with serious mental health conditions.

People living with mental health conditions are 50% more likely to rent than the wider population; either from private landlords or affordable housing owned by local authorities or housing associations⁴. They are therefore particularly vulnerable to changes in housing benefits and affordable housing policy as well as the vagaries of the wider rental market.

The majority of these renters are not in specialist supported housing or in temporary accommodation. Only 20% of those living with the most serious conditions live in supported housing⁵. Anecdotally social housing providers perceive that there is a growing number of people with mental health conditions amongst their tenants.

Previous work suggests that housing problems, in particular with tenancies, along with debt and welfare are the main reasons for people with mental health conditions accessing advice services⁶. The three are obviously closely related.

The impact goes beyond the quality of the home itself. The local environment and community also has an impact, (positive or negative) on mental wellbeing. Therefore the neighbourhood where houses are located is also important⁷.

Problems with housing, either in terms of security of tenure or suitability of the home, are regularly cited as exacerbating mental health conditions and/or hindering recovery:

- Surveys show that people with a mental health condition are four times more likely to report that poor housing has made their health worse⁸;
- Stress caused by housing insecurity or sub-standard accommodation may exacerbate individuals’ vulnerabilities, worsening their condition or increasing the likelihood of relapse and/or the need for an inpatient admission⁹.

There is a significant programme of national reforms to reduce the cost of housing support and social housing, alongside increasing work incentives. There are reasons to be worried that these will have a negative impact on people living with serious mental health conditions. Alongside the impact on individuals, there is the potential for an increase in costs for providers across the housing and mental health systems. These could include increased arrears or problems sustaining tenancies for landlords and increased use of more intensive health services including inpatient admissions and delayed discharges. In 2009 delayed discharge from acute inpatient beds owing to a lack of suitable accommodation was estimated to cost the NHS £19m in London alone¹⁰.

Key Reforms since 2010 (for more extensive list, see annex)

Since 2010 the Government has announced a raft of reforms to affordable housing and housing benefits. Many are aimed at reducing costs to the Exchequer but the Government is also seeking to promote home ownership, and increase work incentives and mobility for those on benefits. The reforms can be grouped into three broad themes:

- Reducing the benefits bill;
- Reducing subsidies to social landlords;
- Promoting home ownership – e.g. expanding Right to Buy.

Benefits

A number of interlocking policies have, and will continue to, significantly reduce the support available to working age people to help pay rents, especially in high cost areas:

- In 2011 the Local Housing Allowance (LHA) was reduced to either 30% of the median private sector rent in an area (from 50%), or a national cap, whichever was lower. This has subsequently been increased at substantially less than rent-inflation, and has now been frozen for 4 years until 2020. Rents in England increased by 5.1% in the year to April 2016, (7.7% in London)¹¹. Under 35s without children, except those with serious disabilities, are only eligible for the shared accommodation rate, i.e. the nominal cost of a room in a shared house.
- LHA caps are being extended to tenants in affordable and social housing from 2018, (for contracts signed after April 2016); currently they receive their actual rent. The main issue is likely to be for under 35s who will only be eligible for the shared accommodation rate.
- Wider policies such as the household benefits cap (being reduced to £20,000 a year outside London), changes to ESA, PIP and other out of work benefits and the Spare Room Subsidy, will further reduce households' income. Anecdotally in high rent areas many households use other benefits to supplement their housing benefits.

For people living with a mental health condition there is a risk that the extra financial stress and/or being unable to secure suitable and safe long-term accommodation will have a negative effect on their health or hinder recovery. Although for some moving to a lower cost area may be an option this could make it harder to attend treatment providers or break up social networks they rely on for support.

Housing providers

The Government is seeking to reduce the subsidies it provides to social landlords. The extension of the LHA cap is likely to act as a ceiling on the rents landlords can charge. More explicitly the Government is imposing a 1% per year reduction in rents over the next 4 years, including for existing tenants, which will reduce housing benefit bills.

These reductions are likely to significantly squeeze housing associations' finances, and a number of mergers have already been announced by associations seeking to bolster their balance sheets. From a mental health perspective the most significant impacts are likely to be:

- Some high cost supported housing providers becoming unviable if rents for tenants are capped to LHA rates. The Government has currently postponed the cap until next year for these providers as it reviews the situation. If supported housing provision is reduced, pressure is likely to increase on other services, potentially displacing existing users.
- Providers further reduce or remove ancillary services such as neighbourhood wardens, maintenance or tenancy sustainment programmes that are of most value to the most vulnerable.

Promoting ownership and reducing stock

Since 2010 the Government has significantly reduced the grants available to housing providers for new units, and refocused it on to subsidising cheaper (to build) affordable and intermediate products. The proportion of new social units has fallen from 65% in 2011/12 to 12% in 2014/15¹². The Housing and Planning Act 2016 requires local authorities to prioritise 'starter homes' for first time buyers over other forms of affordable housing when granting planning permission for new developments.

The Government has also increased the discounts available under the Right to Buy for council tenants, (now up to 70% of the market value); and intends to extend it to housing associations, with the first pilots running this year. This will in part be funded by requiring councils to sell their most valuable homes as they become vacant. Experience from earlier rounds of Right to Buy would suggest that

units in the best condition and in the most desirable locations are more likely to be sold. A debate continues as to whether stock that is sold will, in practice, be replaced like for like¹³.

It is unclear what the collective impact of this will be, but it is likely that over time despite increasing demand there will be fewer homes available that are suitable for the most vulnerable. There is some evidence that those with serious mental health conditions are disproportionately allocated to the least desirable homes in the least desirable areas¹⁴.

This will place ever more pressure on local authorities' allocations systems. Although there have been no significant changes in national policy, there are some reports that councils are tightening their local eligibility criteria to manage demand. There is also a widespread perception that many of the local advice and advocacy services previously funded by local authorities that would have helped vulnerable people navigate the system (especially choice based systems that require tenants to bid for homes) are being cut.

Knowledge gaps

There are a number of areas where, based on an initial review of the literature and discussions with key contacts, the evidence base is limited. Gaps include:

- How people with serious mental health conditions are distributed between different tenures, and whether they are disproportionately in less secure or less suitable housing;
- The additional costs to housing providers of supporting tenants with mental health conditions, the impact on NHS services of patients with insecure or unsuitable housing including but not limited to delayed discharge, and best practice in mitigating these;
- The operation of local affordable housing allocation policies in practice and whether

people with mental health conditions are disadvantaged either in policy terms or through a lack of support to navigate the system;

- Whether all local health and wellbeing boards are considering the housing needs of people with mental health conditions in their Joint Strategic Needs Assessments and how linked up they are with local housing market assessments as part of the land use planning process; and,
- The interaction and cumulative impact of the different policy changes in specific local areas, e.g. with different housing market characteristics, and the potential extra costs that they might impose on different sectors.

It would also be helpful to have more detailed evidence of the impact of poor housing on mental health conditions, and the interaction between the two.

Potential priorities for mental health policy

Given the gaps in the evidence base, the centrality of housing to people's wellbeing and the significant changes in government policy there is a clear case for more detailed research in this area. In doing so it will be important to as far as possible consider the whole system, as many of the biggest opportunities and risks are likely to be where different policies or providers interact.

An immediate priority would be to understand better where people living with serious mental health conditions live: both the types and tenure of homes they inhabit, and how reliant they are on government support to cover their housing costs. This is central to understanding the impact the Government's policy approach will have; not just the impact of reductions in benefits but also the shift of promoting home ownership at the potential cost of further reducing the availability of affordable homes for rent.

How people living with serious mental health conditions and relying on benefits to cover private sector rents respond to the reductions in support will be an important issue to monitor. This is especially true in areas with high or rapidly rising rents, where the freezing of the LHA caps will bite the most. If they choose to stay in the same area, as appears to be the case more generally for benefits claimants in London¹⁵, there is a risk that increased financial stress or having to live in unsuitable housing will have a negative impact on their health. If people choose, or are forced, to move it may impact on the continuity of treatment as well as breaking up the wider social networks that are increasingly recognised as being central to recovery.

Supported housing providers are likely to be most directly affected by the moves to reduce the amount of housing benefit paid to tenants in affordable housing. There are likely to be serious implications for the viability of some providers' existing business

models. Given the important role supported housing plays for many of those living with the most serious mental health conditions (see the separate report on supported housing by Jed Boardman) this is worrying¹⁶. However, at least in the short-term, the Government has recognised the issue. Affecting more people will be the potential for reductions in tenants' services provided by housing associations, at a time when many social landlords report growing pressures on their services owing to reductions in funding for community support groups by local authorities. NHS providers are also likely to see greater pressure on welfare advice services and on clinical staff in supporting patients with housing issues.

Although national guidance on social housing allocation and homelessness reflects government policy on parity between mental and physical health, it is vital to understand whether local authorities' policies and especially practice reflects this effectively. This is particularly important in those areas facing high levels of demand at a time of shrinking resources. 'Mystery shopping' of homelessness services by Crisis suggests some local authorities struggle to support the most vulnerable clients.

Of most importance for people living with mental health conditions and requiring help with housing is that collectively the system meets their needs. Therefore most value is likely to come from understanding how local mental health systems (including both NHS and voluntary organisations), local authorities and local housing providers are working together, or not. It is easy to construct scenarios whereby different organisations in acting alone to manage resource pressures cause higher costs overall in the system, for instance through increasing demand for acute health services or expensive temporary housing, as well as delivering poorer outcomes for individuals.

Annex: Reforms and current issues

Benefits

Reform	What it is	Potential Impact	Timetable
Reduction in LHA cap and fixed upper bound	Reducing LHA for Private Rented Sector from 50% of reference rate to 30%, and fixing an absolute upper bound.	In many high cost areas there will be very few properties recipients can afford, will restrict choice in all areas. Poor quality housing or having to move out of area potential stressor. Having to move may dislocate support and treatment networks.	Reduction to 30% of median and maximum caps introduced in April 2011
Freezing of LHA cap	LHA caps to be frozen for 4 years, following increases of 1% since 2014	LHA will become ever more detached from actual rents, especially in high demand areas such as London. Rent inflation in year to April 2016 in London was 7.7% and 5.1% in the rest of the UK ¹⁷ . Benefit recipients will either have to move to lower rent areas or cut back on other spending.	4 year freeze from 2016-17
Switch to Employment Support Allowance and Personal Independence Payments, tightening of eligibility rules and reductions in payments relative to previous system	Introduction of less generousness and harder to obtain benefits for those unable to work. Reduction of ESA to equivalent of Job Seekers Allowance for those in the work related group	In many places anecdotal evidence suggests many recipients use other benefits to cover rent . So may exacerbate Housing Benefit reductions.	Implemented From April 2017
Reduction in total Household Benefits Cap	Household income from benefits capped at £23,000 (£15,410 for single people) in London and £20,000, (£13,400) outside. Households with recipients of exempt benefits, (inc. PIP and support ESA) are not affected.	Should not affect those who are unable to work because of mental health conditions, assuming they are receiving ESA or PIP. Currently only 1% of caseload impacted by £26k cap, but likely to significantly increase. Will impact on non-resident carers	Cap reductions phased in through financial year 2016/17
Spare Room subsidy	Reduction in housing benefits where social tenants are deemed to have excess rooms, (14% for one room, 25% for more).	May force people to move or suffer financial distress. Concerns about those with non-resident carers who use spare room. It is unclear if this a disproportionate problem for those with mental health conditions	Introduced April 2013

Affordable Housing Supply and Providers

Reform	What it is	Potential Impact	Timetable
Capping housing benefit to LHA rates	Social tenants currently receive housing benefit for actual rent. New tenants will be capped to LHA rates, (initially not for residents in supported housing). Single tenants under 35 will be restricted to shared room allowance.	Some tenants may face shortfalls, and therefore financial pressures. However, anecdotally social landlords unlikely to charge more than LHA rate. If landlords have to cut rents then will squeeze their finances. If and when applied to supported housing will cause substantial shortfalls, (up to £500pcm per client) which landlords are unlikely to be able to absorb. Could make existing business models unviable.	Applies to tenancies signed after 1 April 2016, including those being renewed (currently extended to April 2017 for supported housing). Cap will apply from 1 April 2018.
1% reduction in Social Rents	Social landlords required to reduce their rents by 1% each year for 4 years. Will not apply to supported housing in the first year.	Will squeeze providers' finances and business models. Substantial proportion of their capital is debt secured against future rents. Potential impact on number and mix of new units coming on stream, (i.e. fewer new social units if rent stream less certain) and or ancillary community services.	Announced Budget 2015 for financial years 2016/17 to 2019/20
Mix of new social units – shift to Starter Homes	Focus from Central Government on increasing proportion of “affordable” & First Time Buyer units. Housing Act requires local authorities to prioritise “Starter Homes” in granting planning permission on market developments rather than other forms of affordable housing.	Reduction in the supply of new social units, from 65% of new units in 2011/12 to 14% in 14/15. Starter homes are explicitly aimed at First Time Buyers so will take resources away from products more suited to vulnerable people who are unable to obtain a mortgage. In high cost areas, “affordable” units not always affordable for those on below average incomes – (definition of affordable is up to 80% of market price). As people with serious mental health conditions are disproportionately un or under-employed will reduce access to units they can afford.	Grant changes in train, will take time to feed through development pipeline. Housing & Planning Act 2016 received Royal Assent in May 2016
Forced sale of ‘higher-value’ council properties.	Local authorities will be forced to sell ‘higher-value’ properties that come vacant to fund new affordable housing/ starter homes.	In some high demand areas a substantial proportion of existing homes may have to be sold.	In Housing & Planning Act 2016, likely to be introduced from April 2017

Affordable Housing Supply and Providers (continued)

Reform	What it is	Potential Impact	Timetable
Introduction of Right to Buy of housing association stock and new push on local authority stock	<p>Introducing a Right to Buy for social tenants in housing associations stock for the first time. To be funded by forcing councils to sell higher value units.</p> <p>Increased discounts for local authority tenants, up to a maximum 70% of the value or £75,000, (£100,000 in London).</p> <p>Extra losses will be replaced 1:1 by affordable units.</p>	<p>Reduction in social units available. Increase in residualisation – i.e. social landlords left with the worst stock in the more deprived areas, leading to social sorting.</p> <p>Shelter estimate overall 9 units lost for each replacement unit started¹⁸. Significant time lag on replacement units being built.</p> <p>Some evidence that those with serious mental health conditions are already concentrated in the worse quality housing.</p>	<p>Applies to tenancies signed after 1 April 2016, including those being renewed (currently extended to April 2017 for supported housing).</p> <p>Cap will apply from 1 April 2018.</p>
“Pay to Stay”	<p>Households in work and earning over £31,000pa (£40,000 in London) will have to pay an extra 15p for every £1 over the reference income up to the rate of the market rent.</p>	<p>Taper introduced to protect work incentives, (i.e. prevent people facing large increases in rent if they marginally exceed the threshold). Taper will reduce saving significantly.</p> <p>Would have focussed resources on most vulnerable, so in aggregate probably mildly positive for those with serious mental health conditions. Savings will now have to be found elsewhere.</p>	<p>In Housing Act 2016. Likely to be introduced from April 2017</p>
Ending permanent tenancies for new social tenants	<p>Local authorities will be banned from offering, ‘life-time’ tenancies to new social tenants. Will be limited to 5 years, (but up to 10 in special circumstances) although renewable if household still eligible.</p>	<p>In long-term may free up some stock for those in most need.</p> <p>Will reduce security for tenants, may be a particular impact on those who have recurring but not permanent conditions that makes it difficult for them to maintain employment for prolonged periods.</p>	<p>In Housing Act 2016</p>

Affordable Housing Supply and Providers (continued)

Reform	What it is	Potential Impact	Timetable
Allocation policies	LAs must have a scheme and qualification criteria for how they allocate social housing. It must give reasonable preference to those who fall under specified criteria which includes those with medical grounds. National guidance emphasises that mental health conditions should be treated as falling under this.	National guidance (2012) reflects Central Government policy on parity. Fact that DCLG felt it necessary to stress it explicitly suggests concerns that it is not true in all areas.	
Reduction in ancillary services provided by housing associations	Many housing associations provide ancillary/community services to residents, especially where they are the dominant landlord. Anecdotally these have increased to backfill for local authority funded services but are now coming under pressure owing to financial factors identified above.	Assumption is that these services, e.g. community centres, support into work, neighbourhood management etc. of most value to the most vulnerable including those with serious mental health conditions. Would need to be tested.	

Endnotes

1. DCLG (2012) *Allocation of Accommodation: Guidance for Local Housing Authorities in England*. London: DCLG
2. Sian Rees (2009) *Mental Ill Health in the Adult Single Homeless Population: A Review Of The Literature*. London: Crisis.
3. The Commission to review the provision of acute inpatient psychiatric care for adults (2016) *Old Problems, New Solutions: Improving Acute Psychiatric Care for Adults in England*, p48.
4. Housing and Mental Health, NHS Confederation: Mental Health Network Briefing 2011.
5. Boardman, J. (2016) *More than shelter: supported accommodation and mental health*. London: Centre for Mental Health.
6. Up to 40% of clients with a mental health condition accessing youth advice services in London were homeless, and 32% had been forced to move home because of their condition. See Balmar & Pleasence (2012) *The Legal Problems and Mental Health Needs of Youth Advice Service Users: The Case for Advice Youth Access*.
7. The housing and related environmental factors associated with poor mental health are summarised in Boardman, J. (2016) - see above.
8. Social Exclusion Unit (2004) *Mental Health and Social Exclusion*. London: Office of the Deputy Prime Minister
9. Johnson R., Griffiths C. and Nottingham T., *At home? Mental health issues arising in social housing*. National Institute for Mental Health in England.
10. In the same 2011 report, London Health Programmes estimated that it was cheaper to discharge a patient to a Superior Double Room in the Dorchester Hotel than accommodate them overnight in an acute inpatient bed when not medically necessary - page 3, London Health Programmes (2011) *Preventing Delayed Transfer of Care and accessing settled Housing: Good practice for inpatient mental health services*. London: LHP.
11. HomeLet Rental Index: April 2016 Edition.
12. Extracted from DGLG (2015) *Live tables on affordable housing supply* [online]. Available from: www.gov.uk/government/statistical-data-sets/live-tables-on-affordable-housing-supply. Accessed 2 June 2016.
13. See for example <http://blog.shelter.org.uk/2016/03/right-to-buy-replacement-four-steps-to-good-news/> & the debates in the Housing Act 2016 (summarised in House of Commons Library (2016) *Housing and Planning Bill: Lords Amendments and Ping Pong*)
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15. Hannah Aldridge (2016) *Despite cuts to housing benefit, claimants are remaining in London*, London's Poverty Profile [online] Available from: <http://www.londonpovertyprofile.org.uk/news/despite-cuts-to-housing-benefi/> [Accessed 2 June 2016]
16. Boardman, J. (2016) *More than shelter* - see above
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18. Shelter (2015) Right to Buy replacements: When nine become one [online] Available from: <http://blog.shelter.org.uk/2015/06/right-to-buy-replacements-when-nine-become-one/> [Accessed 2 June 2016]

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Published June 2016

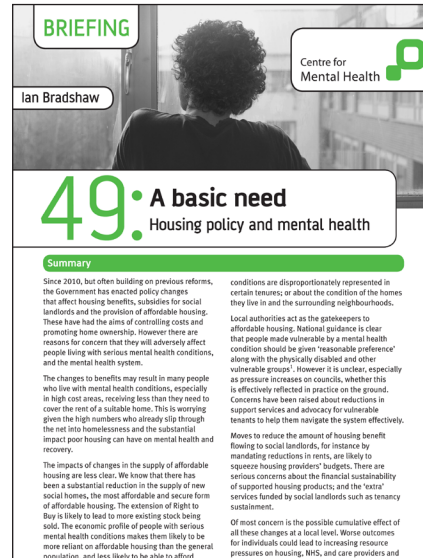
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