

Rocketing in a hard place

Good-quality temporary homes offer much better quality and value for money than bed and breakfasts – and with the ending of the latter next April they will be the only way forward – but the high rents charged leave families in a deep poverty trap. **Susan Wolk** and **Timothy Foster** talked to families trapped in the cycle of benefit dependency

Some 60,000 households live in temporary accommodation in London. Most of this property has been leased from private landlords by councils or housing associations. The rents reflect the going rate as well as the additional costs of managing leased schemes. As a result, the rents are far, far higher than for permanent homes – often as much as £300 per week.

In virtually all cases, the household involved will apply for housing benefit to cover the rent as they can't afford to pay it themselves. The effect is to make families with children, which make up the vast majority of households in temporary accommodation, dependent on state benefits – and therefore far less likely to enter the labour market. It's an all-too familiar story.

Now the ALG has joined a campaign for change, pressing the Government to accept that most temporary housing costs should be paid direct to the social landlord by the Government, rather than be paid by the tenant through housing benefit. Such a move would involve transferring the cost of housing benefit paid through the Department

of Work and Pensions (DWP), to a new revenue stream paid to social landlords by the ODPM. The move would be revenue-neutral.

At a time when severe pressure is on to end bed and breakfast use for families by April 2004 – and boroughs are doing their level best to meet this target – this could be the ideal time to make the change.

Case study 1 – the vulnerable single parent

'The quality of life and prospects remain grim'

Carley Bond, a 21-year-old single mother with four children and another on the way, fled harassment on an estate in Sutton and sought safe re-housing in Croydon. In mid-July, Sutton passed her case on to Croydon, which initially re-housed Ms Bond and her family in a bed and breakfast.

"After two weeks, they found me a house," says Ms Bond. "I'm very pleased with my new home." A friend helped her move. Because it was an emergency, they took only the bare essentials, such as the children's beds, the TV and the washing machine. She was reluctant – and fearful – to return to her previous home for anything else.

Her new home is carpeted but unfurnished, with a living room and fitted kitchen on the

ground floor, three bedrooms and a bathroom upstairs and its own small garden for the children to play in.

Her £295 rent is fully paid for by the council and she receives £186.15 income support plus £48 child benefit a week, totalling £234.15. She has no debts and her mother and her father both give her a small amount of support. From the state allowance and small parental gifts, she has to pay all her bills and somehow get hold of more furniture.

She'd like to start doing some bar work next year, but realistically this is unlikely. The eldest child starts school this year, the second eldest next year, the two youngest are six-month-old twins and a fifth child is due in March.

"I'm very happy here. It's a clean, modern house. Nobody

knows me, which is what I want," she says.

Ms Bond moved into her new home in August. For the moment, she is enjoying the anonymity and degree of control she has over her life.

Clearly, as a very young single mother, with five mouths to feed, the council

will continue to pay all her rent over the next few years.

Although secure in this knowledge, given the continuing unlikelihood of additional funds or any other source of income, the quality of life for herself and her children and the prospects for improvement remain grim.

How it works out

Single parent with four children aged six months to six years

Ms Bond is currently on income support and receives payment of **£234.15**.

Her total rent of **£295** per week is paid in full through housing benefit.

If Ms Bond returns to work, the benefit "taper" rules mean that, for every pound she earns, she will lose 65p in housing benefit. In fact she would need to earn £680 a week in order to come off benefit completely and receive the full benefit of her earnings. There is, therefore, little or no incentive for her to start work, especially with the additional costs of arranging and paying for childcare and transport.



Family matters:
a priority in law,
but without a
permanent home

How it works out

Family with two young children

Rent: £200 a week

Employment: Mr Panisales is working 35 hours a week

Total income (including earnings and benefits): £393.18

Mr Panisales receives housing benefit of £74.70 a week and has to make up the shortfall to pay his rent, leaving him with £263.92 a week from which he has to meet his living and work expenses (travelling, food etc). If he wants to increase his earnings, not only does he have to pay more towards his rent, he may also lose out on working tax credit and child tax credit. The taper rules mean that, for his income to take him out of dependency on housing benefit, he would have to have a net weekly income of £490.

Case study 2 – family insecure in temporary accommodation

‘It’s very stressful having to move all the time’

When the lease expired on a bedsit they were renting in 2000, the Panisales family chased up a former application to Brent for a home. After 15 months living in B&B, Daniel, Jennette and their children Christian and Grace were offered a two bedroom self-contained flat in Kensal Rise, leased from Stadium Housing Association. Knowing that they would be able to stay there until September 2005, they accepted it and moved in in September 2002. The rent is £200 per week.

“We’re really happy here. It’s got everything we need – but I am really worried about where we will go when the lease expires,” says Ms Panisales. “It’s very stressful having to move on all the time.”

The flat, on the first floor, is light and airy, with new carpeting throughout, a spacious bathroom with shower and good-sized bedrooms. All the furniture was provided but, apart from a gas cooker, there were no appliances in the kitchen. So the couple had to buy a

fridge freezer, washing machine and microwave, as well as their own crockery, cutlery, pots, pans, linen and towels.

“We spent well over £500 on equipping the kitchen and we’re still trying to pay it off,” Ms Panisales says. “My husband is employed as a room service waiter at the Mayfair Hotel and, after tax, insurance and other deductions, only brings home around £222 a week. At the beginning of the month, even after his salary has been paid, we are still overdrawn. We’ve got over £2,000 arrears on our credit cards and it’s going up, rather than down. We just can’t seem to catch up.

“We’ve thought about changing to a credit card with no or lower interest rates but my husband’s credit history is very poor because of our constant overdraft, so I don’t think we’ll be able to change.”

The couple are of Filipino origin but grew up in Spain, where they met. The families



The Panisales family (l to r): Christian, Jennette, Daniel and Grace

still live there but with younger members to support, are unable to help out.

Ms Panisales studies IT at evening classes once a week but with Grace still so young and her husband’s shifts so variable, being able to go back to work is not a realistic bet.

● Thanks to Chris Turnbull, housing benefit manager in Brent’s homeless prevention team and Janet Roxby at London Housing for providing the estimated calculations. Calculations are based on current benefit levels typical for families in these circumstances.