

Homelessness and Poverty: reviewing the links

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Abstract

This paper reviews the evidence base regarding the bi-directional links between homelessness and poverty, that is, the extent to which and ways in which: a) poverty causes homelessness; and b) homelessness causes (or exacerbates) poverty. It also sought to evaluate, insofar as possible, the effectiveness of policy and practice interventions aiming to break the links between homelessness and poverty. Conducted as part of the Joseph Rowntree Foundation's Anti-Poverty Strategy, the study involved a 'rapid evidence assessment' of the existing evidence base, including appraisal of relevant academic and grey literature from the UK and other developed nations. The review confirmed that poverty is a precursor to homelessness for most (but not all) of those who experience it; furthermore that the vast suffer from persistently low income in the long term, whether receiving out of work benefits or in paid work. It also concluded that poverty is much more intractable and difficult to resolve than homelessness: the former tends to be cumulative and chronic, the latter episodic. Existing evidence suggests that primary homelessness prevention offers the most effective means by which to counter both homelessness and poverty, and break the links between them, but that secondary and tertiary prevention measure can reduce the scale of homelessness and severity of impact on those affected. Other interventions supporting people after they become homeless offer many psycho-social and other benefits but are unlikely, in the current structural context at least, to be able to lift them out of poverty.

Introduction

Drawing upon a study conducted for the Joseph Rowntree Foundation (JRF) as part of its Anti-Poverty Strategy¹, this paper reviews the evidence base regarding the bi-directional links between homelessness and poverty, that is, the extent to which and ways in which: a) poverty causes homelessness; and b) homelessness causes (or exacerbates) poverty. The review also sought to evaluate, insofar as possible, the effectiveness and costs of policy and practice interventions that aim to break the links between homelessness and poverty.

The study involved a 'rapid evidence assessment' of the existing evidence base regarding the links between poverty and homelessness, including appraisal of relevant academic and grey literature from the UK and other developed nations. This was complemented by telephone interviews with eight key informants, including representatives of central government, campaigning agencies, umbrella bodies and service providers across England, Scotland, Wales and Northern Ireland.

What follows is a brief summary of a forthcoming report, with the same title, which will soon be published by the Institute for Social Policy, Housing, Environment and Real Estate (I-SPHERE) at Heriot-Watt University.

¹ See <http://www.jrf.org.uk/topic/anti-poverty> for details.

Poverty as a Cause of Homelessness

The review confirmed that the prominence and 'place' of poverty in accounts of homelessness causation has varied over time, but it is now agreed almost universally that poverty is a key contributory factor. There are some (rare) cases wherein individuals with substantial incomes experience homelessness after a personal crisis, but empirical evidence indicates consistently and compellingly that experience of poverty is shared by the vast majority of homeless people in the UK and elsewhere (Bramley *et al.*, 2013; Fitzpatrick, 2005).

That said, whilst there is a significant degree of consensus that most people are 'poor' at the point they become homeless and therefore lack the financial and other resources to 'ride out' crises without becoming homeless (Parsell and Marston, 2012; Quilgars *et al.*, 2008; Shinn, 2010), there is less evidence and agreement regarding whether the greater majority grew up in poverty, that is, have experienced 'life-long' poverty. There are some indications that this may be true, but the evidence to support (or refute) this contention is weak.

The influence of poverty in causing homelessness is determined in part by macro-level structural conditions such as welfare regimes, housing and labour markets (Stephens and Fitzpatrick, 2007; Stephens *et al.*, 2010), but also complex interactions between these and micro-level factors such as individual vulnerabilities (e.g. ill health and/or substance misuse) (Fitzpatrick *et al.*, 2013; McNaughton, 2008). Notably, the effects of poverty as a causal influence can be mediated (arrested or exacerbated) by a number of factors such as the degree of protection provided by welfare regimes, support programmes, and individuals' access to social, economic and/or human capital (Fitzpatrick, 2005).

Concerns have been expressed about a possible increase in the incidence of 'middle-class homelessness' in light of the recent economic recession and current welfare reform in the UK (see for example Dutta, 2011; Thomas, 2013). Recent evidence however suggests that the strong causal link between poverty and homelessness appears to have been maintained in the current economic climate, to date at least, with homelessness continuing to disproportionately affect the most economically disadvantaged members of society (Bramley *et al.*, 2013; Fitzpatrick *et al.*, 2012). The longer-term impacts of such changes are being closely monitored nonetheless.

Homelessness as a Cause of Poverty

Existing evidence also makes it clear that the vast majority of homeless individuals in the UK, be they 'single' (non-statutory) homeless people or the heads of statutory homeless families, suffer from persistently low incomes, are workless, and reliant on welfare benefits (FEANTSA, 2007; Wallace and Quilgars, 2005). Evidence on the long-term economic status of homeless and formerly homeless people is limited, but that which does exist indicates that the vast majority remain in poverty even after they have been rehoused: only a small minority participate in the paid workforce and those that do typically continue to struggle financially (Hough *et al.*, 2013; Johnsen and Sosenko, 2012; OSW, 2010; White, 2011).

Particular concerns have been expressed about the prevalence of debt amongst formerly homeless households (Crane *et al.*, 2011; Warnes *et al.*, 2010, especially those accommodated in the private rented sector (Smith *et al.*, 2014). Anxieties are also widely expressed regarding the disproportionate (negative) impact of welfare benefit sanctions on homeless people, especially those with complex needs and young people (Drugscope and Homeless Link, 2013; Homeless Watch, 2013).

Homeless and formerly homeless people face many barriers to accessing and retaining paid employment in the mainstream workforce, including amongst others: a lack of stable housing, work disincentives associated with the welfare benefit system, vulnerabilities and support needs, low educational attainment, limited (or no) work experience, and employer discrimination (BAOH, 2009; NEF, 2008; OSW, 2010; Singh, 2005). These issues are particularly acute for individuals with complex needs such as co-occurring substance misuse issues, mental health problems and/or experience of institutional care.

Evidence suggests that those homeless and formerly homeless people who do succeed in gaining paid work typically experience in-work poverty, in large part because their work tends to be very poorly paid and may involve intermittent short-term contracts (Hough *et al.*, 2013; Johnsen and Sosenko, 2012). It remains unclear whether, and if so for how long, this situation is sustained, but significant improvements in income seem unlikely given the limited wage promotion prospects associated with the unskilled work generally obtained.

Thus, existing evidence suggests that neither the provision of stable accommodation nor the facilitation of homeless people's access to paid work will in and of themselves (or in combination) be sufficient to lift the vast majority of homeless people out of poverty. In short, poverty is much more intractable and difficult to resolve than is homelessness; the former tends to be chronic and cumulative, the latter episodic (see also Sharam and Hulse, forthcoming).

The Effectiveness and Cost of Interventions

A number of interventions have attempted to break the links between poverty and homelessness. Research has shown that effective homelessness prevention measures targeting 'at risk' households (so-called 'secondary' and 'tertiary' prevention) can operate as a 'buffer' protecting them from homelessness even in the context of difficult structural conditions such as rising unemployment or worsening housing affordability (Busch-Geertsema and Fitzpatrick, 2008; Pawson *et al.*, 2007a, 2007b). Examples of such initiatives include rent deposit schemes, family mediation, tenancy sustainment support, and financial advice.

It is nevertheless widely believed that for the links between poverty and homelessness to be more effectively severed, 'primary' prevention which tackles the structural causes of homelessness is required, that is, macro-level interventions that reduce societal levels of poverty and inequality and improve the availability of affordable housing (Parsell and Marston, 2012; see also Anderson, 2004; Hulse and Sharam, 2013; Schmidt *et al.*, 2001; Shinn, 2010). These aim to improve housing supply, access and affordability, and/or reform aspects of the 'welfare settlement' (e.g. the level of income benefits, housing allowances and employment protection etc.)

A number of other programmes have attempted to ensure that people with experience of homelessness are not impoverished in the long term. Prominent examples include: employment, training and education programmes; foyers; social enterprises; Emmaus communities; and money management and financial inclusion initiatives. Most of these have promoted paid employment and/or workforce preparation as offering a route out of poverty, thus reflecting homelessness and wider social policy in so doing (Jones and Pleace, 2010; Tunstall *et al.*, 2013).

All these initiatives report many positive psycho-social and other outcomes, such as improvements in self-esteem and the acquisition of skills, qualifications and/or work experience (Clarke *et al.*, 2008; Jones and Pleace, 2010; Luby and Gallagher, 2009; Teasdale, 2010). A number generate substantial cost savings to the State and/or other social returns on investment also (BiTC, 2012; Lawlor, 2012). Yet, none has a particularly successful track record in terms of lifting homeless and formerly

homeless people out of poverty. Outcomes as regards employment acquisition and retention are generally moderate at best (and in some cases poor) (see for example Clarke *et al.*, 2008; Davies *et al.*, 2011; Johnsen and Sosenko, 2012). Furthermore, service users that do obtain paid work are rarely much, if any, better off financially (see for example Hough *et al.*, 2013).

Conclusions and Implications

The review has confirmed that the relationship between poverty and homelessness is bi-directional. Existing research provides compelling evidence that poverty is a precursor to homelessness for most (but not all) of those who experience it; furthermore that the vast suffer from persistently low income in the long term, whether receiving out of work benefits or in paid work.

It seems that primary homelessness prevention offers the most effective means by which to counter both homelessness and poverty, and break the links between them, but that secondary and tertiary prevention measures can reduce the scale of homelessness and severity of impact on those affected. Other interventions supporting people after they become homeless offer many benefits but are unlikely, in the current structural context at least, to be able to lift them out of poverty.

The review showcases a need for a shift away from a preoccupation with 'income maximisation' (which tends to focus just on ensuring that all benefits to which individuals are entitled are being received) toward poverty alleviation more generally (and ambitiously). Such a shift would enable people to access a route out of poverty, be it through (sufficiently well) paid work or out of work benefits and/or via strengthening the wider welfare safety net (e.g. provision of social housing and housing benefit). Long-standing calls for improving the supply of affordable housing, and for the widespread application of a 'living wage' thus remain highly relevant.

The review also highlighted a need to (re)examine the interaction between the benefits system and paid work, as if paid employment is to play a role in alleviating poverty for homeless and formerly homeless people, the benefits system needs to be able to respond more flexibly to casual and part time work. Moreover, there is a clear call for greater use of discretion in the deployment of welfare benefit sanctions with vulnerable homeless people; so too more robust longitudinal research monitoring the long-term experiences of homeless people and effectiveness of interventions.

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