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# Homelessness and Poverty: Reviewing the Links

**A Report for the Joseph Rowntree Foundation Anti-Poverty Programme**

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# Contents

Acronyms ..... i
Executive Summary ..... ii
1. Introduction ..... 1
1.1 Background ..... 1
1.2 Objectives ..... 1
1.3 Methods ..... 2
1.4 Definitions ..... 3
1.5 Report Outline ..... 3
2. Poverty as a Cause of Homelessness ..... 5
2.1 Empirical Evidence: A Consensus Borne ..... 5
2.2 Theoretical Approaches: Understanding the Causal Links ..... 7
2.3 Variations in the Influence of Poverty ..... 9
2.3.1 Geographic variations: welfare regimes, housing markets and labour markets ..... 9
2.3.2 Demographic variations: household composition and individual circumstances ..... 10
2.3.3 Temporal variations: economic conditions and welfare reform ..... 11
2.4 Conclusion ..... 13
3. Poverty as a Consequence of Homelessness ..... 15
3.1 Income, Welfare Receipt and Worklessness ..... 15
3.2 Barriers to Paid Employment ..... 17
3.3 Experiences and Financial Implications of Paid Employment ..... 19
3.4 Experiences of Poverty Post-resettlement ..... 20
3.5 Conclusion ..... 21
4. The Effectiveness and Cost of Interventions ..... 23
4.1 Intervening to Prevent Poverty Causing Homelessness ..... 23
4.1.1 Secondary and tertiary prevention ..... 24
4.1.2 Primary prevention ..... 25
4.2 Intervening to Prevent Homelessness Causing Poverty ..... 26
4.2.1 Employment, training and education schemes ..... 26
4.2.2 Foyers ..... 28
4.2.3 Social enterprises ..... 31
4.2.4 Emmaus communities ..... 32
4.2.5 Money management and financial inclusion initiatives ..... 33
4.2.6 Personalised/Individual Budgets ..... 34
4.3 Conclusion ..... 35
5. Conclusion ..... 37
6. References ..... 39

# Acronyms

| | |
|---|---|
| BAOH | Business Action on Homelessness |
| BITC | Business in the Community |
| CLG | Communities and Local Government |
| DTI | Department of Trade and Industry |
| DWP | Department for Work and Pensions |
| ESA | Employment and Support Allowance |
| EU | European Union |
| FEANTSA | European Federation of National Organisations Working with the Homeless |
| JRF | Joseph Rowntree Foundation |
| JSA | Job Seekers Allowance |
| LHA | Local Housing Allowance |
| MEH | Multiple Exclusion Homelessness |
| NCH | National Coalition for the Homeless |
| NEF | New Economics Foundation |
| OSW | Off the Streets and into Work |
| PRS | Private Rented Sector |
| PSE | Poverty and Social Exclusion Survey |
| REA | Rapid Evidence Assessment |
| SAR | Shared Accommodation Rate |
| SHEP | Single Homeless Enterprise Project |
| SHS | Scottish Household Survey |
| SMD | Severe and Multiple Disadvantage |
| TSO | Third Sector Organisation |

# Executive Summary

Forming part of the Joseph Rowntree Foundation's (JRF's) Anti-Poverty Strategy, this review assessed 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 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.

For the purposes of the study homelessness was defined broadly to include rough sleeping or living in buildings not intended or fit for human habitation, living in temporary accommodation for homeless people (e.g. a hostel or night shelter), or staying with friends or relatives because the person concerned has no home of their own (i.e. 'sofa surfing'). Further to this, the JRF's working definition of poverty was employed, that being "when a person's resources (mainly their material resources) are not sufficient to meet their minimum needs (including social participation)" (Goulden and D'Arcy, 2012, p.1).

## Poverty as a Cause of Homelessness

The prominence 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 a common denominator shared by the vast majority of homeless people in the UK and elsewhere.

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, 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 at present 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, but also complex interactions between these and micro-level factors such as individual vulnerabilities (e.g. ill health and/or substance misuse). 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.

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. 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.

## Homelessness as a Cause of Poverty

Existing evidence also makes it clear that the vast majority of homeless individuals in the UK, be they non-statutory ('single') homeless people or the heads of statutory homeless families, suffer from persistently low incomes, are workless, and reliant on welfare benefits. 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.

Particular concerns have been expressed about the prevalence of debt amongst formerly homeless households, especially those accommodated in the private rented sector. Moreover, anxieties about the impact of welfare benefit sanctions on homeless people are widespread given evidence that they, and young people and individuals with complex needs in particular, are affected disproportionately. The recent introduction of exemptions for rough sleepers and homeless people in supported accommodation from requirements that they seek or prepare for work in order to retain eligibility for welfare benefits has thus been welcomed.

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. 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 also indicates 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 often involves insecure short-term contracts. It remains unclear whether this situation is sustained, and if so for how long, 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.

## 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 (known as 'secondary' prevention) or those with prior experience of homelessness ('tertiary' prevention) can operate as 'buffers' protecting them from homelessness (or repeat instances thereof) even in the context of difficult structural conditions such as rising unemployment or worsening housing affordability. 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 broken, '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. 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 programmes have, in addition to other aims, attempted to ensure that people who do become homeless are not impoverished in the long term. Prominent examples include: employment, training and education programmes; Foyers; social enterprises; Emmaus communities; money management and financial inclusion initiatives; and personalised/individual budgets. 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.

All these initiatives, which intervene after people experience homelessness, report many positive psycho-social and other outcomes, such as improvements in self-esteem and the acquisition of skills, qualifications and/or work experience. A number are also said to generate substantial cost savings to the State and/or offer broader social returns on investment via welfare benefit savings, tax gains and/or savings in health and criminal justice provision, for example.

That said, 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. Furthermore, as noted above, service users that do obtain paid work are rarely much better off financially. In sum, it is incredibly difficult for such initiatives to make substantial inroads into poverty alleviation within the current structural context. Stakeholder expectations as regards their ability to do so should, thus, remain realistic.

## 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 it indicates that the vast majority of those who experience homelessness 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 of countering both homelessness and poverty, and breaking the links between them, but that secondary and tertiary 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 lift them out of poverty.

The review showcases a need for the homelessness sector to redirect its focus from 'income maximisation', often reflected in a preoccupation with ensuring that all benefits to which individuals are entitled are being received, to a more ambitious emphasis on poverty alleviation. This would direct attention to improving the accessibility of sufficiently well paid work or out of work benefits and/or strengthening of the wider welfare safety net (via provision of social housing and housing benefit, for example). Long-standing calls for improving the supply of affordable housing and the widespread application of a 'living wage' thus remain highly relevant; so too do efforts to combat the 'poverty premium', that is, the comparatively higher prices that 'poor' people pay for things like household utilities and consumer credit.

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 poverty alleviation 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 more robust longitudinal research monitoring the long-term experiences of homeless people and effectiveness of interventions.

# 1. Introduction

## 1.1 Background

It has long been recognised that poverty is a precursor to homelessness for most, but not all, of those who experience it (Fitzpatrick, 2005; Shinn, 2010). Even in the context of the UK's current (post)-recessionary economic climate, subject as it is to deepening welfare cuts, experience of homelessness continues to be heavily concentrated amongst the poorest and most disadvantaged sections of the population (Bramley *et al.*, 2013; Fitzpatrick *et al.*, 2012). Research has consistently demonstrated in the UK and elsewhere that people in poverty are more susceptible to homelessness than are citizens benefitting from greater financial and social capital if they encounter crises such as the loss of a job or relationship breakdown, for example (Bramley *et al.*, 2013; Fitzpatrick *et al.*, 2000; Hulse and Sharam, 2013).

It is also widely acknowledged that homeless people suffer from persistently low incomes and financial exclusion (Wallace and Quilgars, 2005) and, furthermore, that homelessness impinges upon their ability to secure a route out of poverty (Tunstall *et al.*, 2013). Homeless people typically face a number of barriers to accessing paid employment, relating not just to their housing status but also other vulnerabilities such as a lack of qualifications or prior work experience, ill health and/or substance misuse problems (NEF, 2008; Singh, 2005). Moreover, financial disadvantage often persists even after people are rehoused (Pleace *et al.*, 2008; Fitzpatrick *et al.*, 2010), in that many formerly homeless people continue to struggle with low incomes and debt in the long term (Busch-Geertsema, 2005; Crane *et al.*, 2011).

The causal relationship between poverty and homelessness is thus widely considered to be bi-directional, in that poverty is a key contributor to the incidence of homelessness, and homelessness impedes routes out of poverty. A number of interventions in the UK and in other developed countries have attempted to break these links whilst endeavouring to resolve individual experiences of homelessness. Some of these, such as Foyers and Emmaus communities, have been established in the UK (and elsewhere) for some time. Others, amongst them social enterprises and training programmes aiming to prepare homeless people for the workplace, are rather 'newer' features of the homelessness service landscape. Some of these initiatives have been formally evaluated; others have not (to date at least).

Drawing upon existing evidence from the UK and other developed nations, this report reviews what is known about the extent and nature of the bi-directional links between homelessness and poverty, and the effectiveness of interventions aiming to break them. The review was funded by the Joseph Rowntree Foundation (JRF) as part of its Anti-Poverty Strategy programme[1].

## 1.2 Objectives

The review has been guided by three primary objectives, these being to:

[1] See http://www.jrf.org.uk/work/workarea/anti-poverty-strategy.

1. Review theoretical explanations for, and empirical evidence regarding, the *extent and nature of causal links between homelessness and poverty*. It thus assesses the extent to which and ways in which:
   - poverty causes (or creates barriers to routes out of) homelessness, and
   - homelessness causes (or exacerbates) poverty.

2. Review evidence regarding the *effectiveness and costs of policy and practice interventions.* Accordingly, the review draws upon existing evidence to assess:
   - What 'works'? (i.e. Which (if any) interventions have been shown to be effective in preventing 'poor' people from becoming homeless and/or ensuring that people who experience homelessness are not economically disadvantaged in the long term)?
   - Why does it work? (i.e. Which (if any) programme components are most effective in preventing poverty, and how (if at all) are these affected by contextual factors?)
   - What is known about the costs of each intervention/ component and what evidence is there (if any) regarding their cost-effectiveness?

3. Make *recommendations* in light of the review's findings to inform the JRF's anti-poverty strategies for the UK and highlight implications for policy-maker and practitioner communities more generally.

## 1.3 Methods

A 'Rapid Evidence Assessment' (REA)[2] approach was employed to compile and critically assess relevant available evidence. The REA is defined by HM Treasury (2011, p.64) as "a pared down version of systematic review" employing the same general principles but in a lighter-touch manner. REAs involve electronic searches of appropriate databases, and some searching of print materials themselves, but not the exhaustive database and hand searching of journals and books required by full systematic reviews (HM Treasury, 2011). REAs are inevitably less comprehensive than their full systematic counterparts. Yet, after reviewing both approaches across a range of clinical study sub-disciplines, Watt *et al.* (2008, p.1038) concluded that "the essential conclusions of the rapid and full reviews did not differ extensively". The REA thus offers an invaluable 'pragmatic' approach to assessing existing evidence in the context of restricted time and financial resources.

Accordingly, academic and grey literature from the UK and other developed nations was searched for across a range of bibliographic databases[3]. The 'weighting' accorded to each publication was determined by its *relevance* (i.e. definitions of and degree of focus on associations between homelessness and poverty) and *scientific rigour* (i.e. robustness of data and analytical approach). The REA approach was employed flexibly, however, in that relevant but methodologically 'less than gold standard' studies were not automatically excluded from appraisal in the way they would typically be in a fully-fledged systematic review. Pawson (2006, p.135) cautions that it is unwise to exclude such studies from research syntheses, on the grounds that "an otherwise mediocre study can ... produce pearls of explanatory wisdom". For this reason, and given that a great deal of the

[2] REAs have become increasingly popular as a streamlined approach to synthesising evidence, typically for the purpose of informing policy-makers and practitioners' decisions relating to welfare services and policies (Khangura *et al.*, 2012). They have been successfully utilised across a range of social policy contexts within and beyond the UK in recent years, including amongst others: housing (Whitehead *et al.*, 2008; Price, 2010); education (Air UK, 2008; Welsh Government, 2012); criminal justice (Jolliffe and Farringdon, 2007; Perry *et al.*, 2009); health (Booth *et al.*, 2010); and equality (Priestly *et al.*, 2009).

[3] These included the Web of Knowledge, Social Sciences Citation Index, OPENSigle, PsychINFO,PsychEXTRA, and Google Scholar as well as freely available on-line bibliographic databases such as Homeless Pages (www.homelesspages.org.uk).

homelessness research in the UK (and arguably in most contexts outside the United States) has involved small-scale qualitative evaluations of variable quality (Fitzpatrick and Christiansen, 2006), all potentially relevant studies were appraised.

In addition, toward the end of the review period a series of telephone interviews were conducted with eight key informants, including representatives of central government, campaigning agencies, umbrella bodies and service providers across England, Scotland, Wales and Northern Ireland. These were conducted in order to 'ground' the review and seek key stakeholders' views regarding: firstly, the comprehensiveness of the review's analyses of the links between poverty and homelessness; and secondly, the feasibility and likely 'palatability' of recommendations[4].

## 1.4 Definitions

For the purposes of the review, and following standard practice within homelessness research and policy in the UK (Cloke *et al.*, 2010; Fitzpatrick *et al.*, 2000), a broad definition of the term homelessness was employed. According to this formulation, a person is understood to have experienced homelessness if they have: slept rough or lived in buildings not intended or fit for human habitation; lived in temporary accommodation for homeless people (e.g. a hostel or night shelter); or stayed with friends or relatives because they had no home of their own (i.e. 'sofa surfed'). Both statutory and non-statutory ('single') homelessness as defined under UK homelessness legislation[5] (Fitzpatrick *et al.*, 2009) was considered in the review.

Further to this, the JRF's working definition of poverty was employed, that being "when a person's resources (mainly their material resources) are not sufficient to meet their minimum needs (including social participation)" (Goulden and D'Arcy, 2012, p.1). So defined, 'resources' include both material possessions and finances, as well as in-kind goods, commodities and services; 'needs' refers to concepts such as subsistence, protection, participation and leisure (see Doyal and Gough, 1991). According to this definition, poverty renders individuals unable to meet the minimum needs that are deemed reasonable by the standards of the society in which they live (Goulden and D'Arcy, 2012; see also Fernandez Evangelista, 2010).

## 1.5 Report Outline

This report consists of five chapters. The next, Chapter 2, reviews empirical evidence and theory regarding the extent to which and ways in which poverty contributes to homelessness; Chapter 3 does the same for the contribution of homelessness to poverty. These are followed, in Chapter 4, with a synthesis of the evidence regarding the effectiveness and costs of interventions that aim to break the bi-directional links between homelessness and poverty. The report concludes, in Chapter 5, with a number of recommendations for stakeholders within and beyond the homelessness sector.

[4] These interviews addressed issues such as: whether there were any gaps in the evidence reviewed (e.g. details regarding new 'undocumented' initiatives; whether any potential barriers to the implementation of recommendations were anticipated; the means by which such barriers might potentially be overcome; and the likely receptivity of different audiences to the arguments presented.

[5] The parameters of the statutory and non-statutory groups vary across the UK under the devolved governments – see Fitzpatrick *et al.* (2012c) and Jones and Pleace (2010) for details.

# 2. Poverty as a Cause of Homelessness

This chapter reviews empirical evidence regarding, and theoretical explanations for, the extent to which and ways in which poverty causes homelessness. It begins with a brief overview of the empirical evidence regarding the association between poverty and homelessness. This is followed by an outline of the key theoretical debates put forward to explain the mechanisms and influence of this causal relationship. The chapter then reviews what is known about the way that the influence of poverty varies between places, affects different subgroups of the population, and evolves over time.

## 2.1 Empirical Evidence: A Consensus Borne

The empirical evidence is so consistent and compelling that few (if indeed any) commentators would refute the claim that poverty is a key contributory factor to homelessness, given the severe restrictions it places on the ability of those affected to mobilise the resources necessary to resolve a housing crisis. Some scholars go as far as to suggest that homelessness is an extreme form of poverty in and of itself (see for example Burt *et al.*, 2001; Toro *et al.*, 1995). Haber and Toro (2004) acknowledge that this conceptualisation is not equally satisfactory in every case, pointing out that in the Unites States young people who experience homelessness are 'predominantly poor' but that some originate from middle-class households after a serious breakdown in relationships within the parental home, for example. Similarly, a review of the population experiencing 'severe and multiple disadvantage' (SMD) in the UK noted that people from non-poor backgrounds can sometimes find themselves facing SMD, typically as a result of recreational drug use that has 'gone wrong' or some sort of personal trauma such as a bereavement (Fitzpatrick *et al.*, 2012a).

Those exceptions notwithstanding, the widely accepted maxim is that most (but not all) homeless people come from circumstances of poverty (Fitzpatrick, 2005). Accordingly, there is significant consensus within academic, policy-maker and practitioner circles that people with economic and other resources to draw upon can generally avoid homelessness even if they face other difficulties in life such as mental illness or addiction (see for example Parsell and Marston, 2012; Quilgars *et al.*, 2008). This view is borne out of research conducted over many years and in a wide range of contexts internationally (Anderson and Christian, 2003; Shinn, 2010). In the Unites States, for example, Shinn (2010) notes that the fact that housing subsidies virtually eliminate family homelessness is proof that poverty is at the root of homelessness, for families in that context at least. Analysis conducted as part of the comprehensive five-year longitudinal 'Homelessness Monitor'[6] confirms that the relationship is also clearly evident in the UK. It has confirmed that even during and in the wake of the recent recession homelessness has continued to be heavily concentrated within the poorest and most disadvantaged sections of the community whom lack the financial and social 'equity' that enable most people to endure personal crises without becoming homeless (Fitzpatrick *et al.*, 2012c).

[6] The (ongoing) longitudinal Homelessness Monitor has involved detailed statistical analysis of the scale, nature, and trends in homelessness across all four UK jurisdictions, together with interviews with representatives of local authorities and homelessness service providers and analysis of relevant legal and policy documents. It examines the impacts of recent economic and policy developments for four main groups of homeless people, these being: people sleeping rough; single homeless people living in hostels, shelters and temporary supported accommodation, statutorily homeless households; and potential 'hidden homeless' households (living in overcrowded conditions and also in 'concealed' and 'sharing' households) (Fitzpatrick *et al.*, 2012c).

The relationship is also apparent in recent evidence derived from analysis of general population surveys, specifically the Scottish Household Survey (SHS) and Poverty and Social Exclusion (PSE) Survey. Using these datasets – which contain records for 10,000 individuals between 2005 and 2012 (SHS) and 6,000 people in 2012 (PSE) respectively – Bramley *et al.* (2013) systematically examined relationships between incidences of homelessness, poverty, and factors associated with labour and housing markets, whilst taking into account ('controlling for') other socio-demographic factors known to be associated with differential incidence. They found that there was a consistently positive association between past experience of homelessness and individual level poverty indicators (being in financial difficulties, material deprivation, being in receipt of income-related benefits, etc.), and a consistently negative association with indicators of affluence (size of accommodation, higher council tax band, etc). They also identified associations between individual housing status (e.g. being a social rented tenant) and economic status (being unemployed or economically inactive) that are strongly indicative of low income. These findings, the authors concluded, "emphatically underline the centrality of poverty in the generation of homelessness" in Scotland and the UK more widely (Bramley *et al.*, 2013, p.18).

There nevertheless remains a lack of consensus, and empirical evidence, regarding the issue of how *long-standing* homeless people's experiences of poverty have been. There is little debate that the vast majority (indeed almost all) people are 'poor' at the point they are affected, but less agreement as to what proportion were *brought up* in impoverished households. Existing evidence on this specific issue is far from definitive, perhaps because of the difficulties inherent in assessing poverty levels retrospectively. It does nevertheless suggest that a sizeable proportion of the homeless population, most notably those with experience of the more 'extreme' forms of homelessness such as rough sleeping, grew up in economically disadvantaged circumstances. A UK-wide survey of the users of low threshold[7] services for homeless and other socially excluded groups, for example, highlighted widespread experience of indicators generally associated with childhood deprivation and trauma, such as not having enough to eat at home, physical abuse or neglect, and childhood homelessness (Fitzpatrick *et al.*, 2013a). Central here is the issue of intergenerational poverty (Flatau *et al.*, 2013; Shinn, 2010), and the question of whether, and if so what proportion of, homeless people are (or are not) affected.

There also remains some debate regarding whether homeless people, and in particular those facing the most extreme and/or multiple forms of disadvantage, are from the 'very poorest' sections of society or from working class families more generally, but there is a general consensus amongst stakeholders within homelessness and allied sectors that people from more affluent backgrounds are only very rarely affected (Fitzpatrick *et al.*, 2012a). Bramley *et al.* (2013) go as far as to suggest that the associations found in their analysis of UK general population survey data (see above) 'puts paid' to the 'myth of middle-class homelessness' much espoused in the UK media since the onset of the economic downturn (see for example Dutta, 2011; Thomas, 2013); so too the spurious notion that we are all a mere 'pay-check away from living on the streets' (see for example NCH, 2007, p.1).

Academics have been endeavouring to understand the nature of the causal relationship between poverty and homelessness for many years, not least because a better understanding of the causal mechanisms allows for a more informed grounding upon which policy and service interventions may be developed. In particular, the question of why it is that some economically disadvantaged households become homeless and others do not has proven to be a source of scholarly fascination (and frustration) for many academics internationally. The key academic debates surrounding this and associated questions regarding the causation of homelessness are reviewed below.

[7] 'Low-threshold' services are those that make relatively few 'demands' of service users, such as day centres, soup runs, direct access accommodation, street outreach teams, drop-in services, needle exchanges, etc. (Fitzpatrick *et al.,* 2013a).

## 2.2 Theoretical Approaches: Understanding the Causal Links

Attempts to account for the incidence of homelessness, and the role played by poverty in its causation, have generated a vast wealth of academic literature (Anderson and Christian, 2003). Most of the international literature on homelessness refers to poverty in some way or other (Sharam and Hulse, 2014), but the prominence given to poverty in these theoretical accounts has nevertheless altered as theories of causation have evolved over time. These are generally charted as shifting from: firstly, an emphasis on the (micro-level) *individual* characteristics and behaviours of homeless people; secondly, a focus on the role of (macro-level) *structural* factors such as poverty and unemployment; and thirdly, a more nuanced appreciation of the *interactions between* social structures and individual circumstances (for an overview see Fitzpatrick, 2005; Koegel *et al.*, 1995; Pleace, 2000).

In their earliest iterations these theories tended to attribute homelessness almost exclusively to the characteristics or personal 'failings' of the individuals affected, by focusing on the primacy and prevalence of issues such as ill health, substance misuse and dysfunctional family backgrounds within the homeless population (Blid *et al.*, 2008; Fitzpatrick, 2005). Accounts then became more focused on structural conditions, with the rise in homelessness in the Unites States attributed to a shortage in affordable housing and simultaneous increase in poverty, for example (Shinn and Gillespie, 1994; see also NCH, 2007). As Fitzpatrick *et al.* (2012c) explain, the credibility of such accounts declined as in the 1980s research repeatedly identified high levels of health and other support needs amongst subsections of the homeless population, especially street homeless people.

In response, individual-level factors were increasingly incorporated (back) into accounts of causality, albeit that the overall primacy of structural influences was generally maintained in what has since been termed the 'new orthodoxy' of homelessness causation (Pleace, 2000). In short, this asserts that structural variables such as poverty, housing shortages and unemployment create the conditions within which homelessness will occur and determine its overall extent (Edgar *et al.*, 2002); moreover, that people with personal problems are particularly vulnerable to these adverse social and economic conditions, thus explaining why there is a concentration of people with high support needs within the homeless population (Fitzpatrick *et al.*, 2012c).

A number of theorists thus emphasise that for a number of homeless people, vulnerabilities are often rooted in societal pressures associated with poverty and structural disadvantage (Fitzpatrick *et al.* 2012c; McNaughton, 2008; McNaughton Nicholls, 2009). Put another way, deterioration in *structural* conditions may be associated with increases in the prevalence of what are often viewed as *individual* vulnerabilities, such as mental health problems and/or substance misuse for example. In this vein, as Somerville (2013) observes, high levels of worklessness resulting from economic and industrial restructuring can lead to the kind of risk-taking behaviours (e.g. chaotic drug use) that McNaughton (2008) refers to as 'edge-work'. As McNaughton Nicholls (2009) explains, such 'transgressive' behaviour may represent a response to (and attempt to 'escape') the structurally constituted contexts that individuals live in, but one must also acknowledge that individual decisions and behaviours can potentially trigger homelessness. She emphasises that due account of agency must be taken if people experiencing homelessness and their circumstances, motivation and actions are to be taken seriously, that is, they should not be written out of accounts of causation for fear of apportioning 'blame' to or 'pathologising' homeless people. Such an analysis serves to emphasise the complexity of the relationships between structure and agency.

A number of recent theoretical developments have attempted, to various extents, to 'pin down' the role of poverty in the complex interactions between structural and individual factors. One such

example is the 'ecological developmental' perspective proposed by Haber and Toro (2004) which endeavours to take account of the way that 'resource losses' and various 'environmental disruptions' can interact to place individuals at greater risk of homelessness and associated poor outcomes. Highlighting a number of similar issues, Shinn (2007) describes the respective and inter-related roles of economic, social and human capital which also serve to highlight the influence of poverty and its articulation at the macro (structural) and micro (individual) levels (see also McNaughton, 2008). With regard to *economic* capital, Shinn (2007) notes that unemployment is widely heralded as being an influential contributory factor and cites research suggesting that children who grow up in poverty can lack the motivation to extricate themselves from that state as adults and have less individual or family wealth to draw on when encountering difficulties in adulthood. *Social* capital in the form of social support networks can, she notes, form a 'safety net' protecting people who 'fall on hard times' from experiencing homelessness. Conversely, deficits in *human* capital resulting from a lack of education and skills can place people at risk of homelessness, particularly in the context of economic restructuring where the demand for unskilled work is restricted.

The theoretical approach which arguably lends greatest clarity to the role of poverty in causing homelessness, and in understanding why it is that some poor people become homeless and others do not, is the 'critical realist' account advocated by Fitzpatrick (2005) (see also McNaughton Nicholls, 2009). Fitzpatrick (2005) explains that according to a realist perspective, social causation is contingent, that is, that poverty (or any other contributory factor) may have a 'tendency' to cause homelessness without 'actually' causing it in every instance, as other influences can intervene to prevent correspondence between cause and effect. This being so, the fact that homelessness does sometimes affect non-poor people indicates only that poverty is not a 'necessary condition' of homelessness; not that it cannot be one of a range of contributory factors.

Fitzpatrick (2005) goes on to explain that the risk (or 'weight of the weighted possibility') of experiencing homelessness is increased by complex feedback loops between poverty and other potential causal mechanisms. Meanwhile, 'benign' counteracting tendencies – which may include things such as personal resilience, protective social relationships or policy interventions such as housing allowances – can act as 'buffers' to the impacts of poverty (or other contributory factors) (Fitzpatrick, 2005). Employing this framework, poverty can thus be seen as something that may not be 'necessary' for homelessness to occur (albeit that it is a key contributory factor in most cases); but it is a long way from being 'sufficient', given the potential mediating influence of state intervention, social support networks and so on.

The critical realist lens reveals that the connections between poverty and homelessness will often be more complex than simply generating an inability to 'purchase' housing, but rather, may lie in the interaction between poverty and a range of other 'social dislocations' potentially associated with homelessness, such as relationship breakdown, domestic violence, mental health problems, and substance misuse (Bramley *et al.*, 2013). It also allows for the fact that no single factor is assumed to be logically prior to any other, thus the weighting of structural and individual causes – and the manifestation of poverty within these – may be quite different in individual cases (Fitzpatrick 2005; see also Fitzpatrick *et al.*, 2012c). Accordingly, the following section draws upon the existing evidence base to outline what is known about the ways in which this balance, and the influence of poverty specifically, varies geographically, demographically and temporally.

## 2.3 Variations in the Influence of Poverty

The following subsections review evidence regarding the ways that the nature of the relationship between poverty and homelessness varies between places, between people, and over time. The latter subsection reflects on the potential implications of the process of current welfare reform for the strength and manifestation of the relationship between poverty and homelessness.

### 2.3.1 Geographic variations: welfare regimes, housing markets and labour markets

The relationship between poverty and homelessness varies geographically, in large part due to the complex influences of, and interactions between, welfare regimes, housing markets and labour markets. International comparative research suggests that welfare regimes can have a profound influence on both the scale and nature of homelessness at the national level (Shinn, 2010; Stephens *et al.*, 2010). Stephens and Fitzpatrick (2007) posit that welfare regimes that produce high levels of poverty and/or inequality are likely to have particularly high levels of homelessness because of the relatively weak purchasing power of low income households. By way of illustration, they highlight the contrast between Sweden which has a welfare regime that produces relatively low levels of poverty and inequality, so too relatively low levels of homelessness, with the UK which has much higher levels of poverty and inequality and reports higher levels of homelessness.

Stephens and Fitzpatrick (2007) also note that welfare regimes producing high levels of poverty and/or inequality not only generate high levels of homelessness, but that this homeless population is made up predominantly of households facing access and affordability problems, rather than personal vulnerabilities such as substance misuse or mental illness; conversely, countries whose welfare regimes produce low levels of poverty/inequality and homelessness tend to have a greater proportion of individuals with support needs amongst the homeless population. They identify the United States as an example of the former scenario, and Denmark and Sweden as examples of the latter. Similar analyses were conducted, and conclusions drawn, by Shinn (2010) when comparing differential rates of lifetime homelessness in the United States and Europe.

Welfare regimes interact with housing markets in complex ways and these also shape the geographic expression of the relationship between poverty and homelessness. As Stephens *et al.* (2010) explain, housing allowances in the form of Housing Benefit and social housing play a critical role in income maintenance (and by extension the prevention of homelessness) in the UK by contributing to accommodation costs for households in the social rented sector and 'bottom end' of the private rented sector. That said, the supply of affordable housing is inadequate, especially in London and the south of England, hence if households living in tight housing markets lose their existing accommodation (e.g. as a result of relationship breakdown) they can find it very difficult to secure alternative affordable housing (Stephens *et al.*, 2010).

Labour markets are also influential. Stephens *et al.* (2010) conclude that the relationship between homelessness and labour market change could only be regarded as 'direct' in countries (e.g. eastern and southern Europe) and amongst those groups (e.g. recent migrants) with the weakest welfare protection. Even in these cases, Stephens *et al.* (2010) note, it is usually long-term worklessness or labour market marginality which appear to be influential rather than sudden labour market 'shocks' such as redundancy. Their analysis indicates that housing market conditions, on the other hand, can have a more direct impact on homelessness. The slackening housing market in many parts of Germany, for example, has contributed to a reduction in levels of homelessness even in the context of rising unemployment, and in England a strong emphasis on preventative initiatives is said to have

partially broken the 'link' between statutory homelessness and the housing market cycle (Busch-Geertsema and Fitzpatrick, 2008).

Bramley *et al.*'s (2013) recent analysis of SHS and PSE data (see above) further elucidates the influence and complexity of the relationships between housing markets, labour markets and the 'odds' of becoming homeless at regional and local levels. They conclude that housing markets are particularly influential, with risks for homelessness being greater in areas characterised by high housing market pressure. Local labour markets have a bearing too, with their influence being more marked in Scotland than in England, given lesser variation in housing market conditions in the former. Similar observations regarding the role of housing and labour markets in affecting the scale of homelessness, as well as the economic opportunities for those affected to secure a route out of homelessness, are made in the United States context by Alexander-Eitzman *et al.* (2012).

### 2.3.2 Demographic variations: household composition and individual circumstances

There is also persuasive evidence from across the UK, and internationally, that the nature of the relationship between poverty and homelessness varies in terms of demography, that is, between different subgroups of the homeless population (Shinn, 2010). For example, a major survey of statutorily homeless families in England demonstrated that this group typically experience homelessness after a crisis (e.g. relationship breakdown) because they have insufficient resources to compete in tight housing markets (Pleace *et al.*, 2008). There is, however, also a group of mainly single homeless people, particularly rough sleepers, for whom a 'poverty plus' argument applies (Fitzpatrick *et al.*, 2012a), in that they typically have long histories of social as well as economic disadvantage, including childhood trauma (Fitzpatrick, *et al.* 2011, 2013b). For this group, street homelessness is often a comparatively 'late' symptom of deep exclusion which is preceded by experience of substance misuse, institutional care (e.g. psychiatric wards or prison), and/or involvement in 'street culture' activities (e.g. begging, street drinking or street sex-work) (Fitzpatrick *et al.* 2013b). A similar pattern has been reported for young homeless people in the UK, especially 16 and 17 year olds, albeit that the complexity of their needs tends to be less extreme (Johnsen and Quilgars, 2009; Quilgars *et al.*, 2008).

Related to this, a growing body of literature has focused on the impacts of poverty and (often related) forms of trauma experienced during childhood on the risks of homelessness in later life (see for example Fitzpatrick *et al.*, 2013a; Koegel *et al.*, 1995; Schmidtz *et al.*, 2001; Quilgars et al., 2008; Vostanis and Cumella, 1999; see also McDonagh, 2011; Maguire *et al*., 2010; Ridge, 2011). Koegel *et al.* (1995) for example explain that the inability of many homeless people to function effectively in the competitive vocational and housing arenas stems from patterns and risk factors evident in childhood, such as experience of poverty, problematic role models, damaging psychological experiences, general household strain, and family dysfunction. These dynamics, they note, "work both directly and indirectly to produce risk for homelessness in myriad ways, shaping, influencing, and constrain the intra- and inter-personal resources that children may draw from as adults" (Koegel *et al.*, 1995, p.1647). Furthermore, as they and other commentators contend, these experiences tend to perpetuate one another, escalating the risk of risk-taking behaviours, damaging relationships and situational crises that may precipitate homelessness (Haber and Toro, 2004; Koegel *et al.*, 1995; McNaughton, 2008).

### 2.3.3 Temporal variations: economic conditions and welfare reform

Given the issues described above, it might be expected that the risk of becoming homeless, and likely composition of the homeless population, will vary over time as economic and other conditions change. A number of researchers have suggested that when social and economic conditions are relatively benign fewer people will become homeless but, as indicated above, that people with vulnerabilities will in all likelihood comprise a greater proportion of those who fail to secure housing (Shinn, 2010; see also Fitzpatrick and Christian, 2006).

In this vein, Fitzpatrick *et al.* (2012c, 2013b) note that the current process of welfare reform being undertaken by the Coalition Government will almost certainly have an impact on the scale and nature of homelessness. They draw particular attention to the likely influence of threats to the 'housing settlement' in the UK which has been described in some quarters as the 'saving grace' of the British welfare state on grounds that it appears to moderate the impact of poverty on low income households more effectively than do other European housing systems[8] (Bradshaw *et al.*, 2008). Fitzpatrick *et al.* (2012c, 2013b) note that the three main policy instruments underpinning this settlement – Housing Benefit, a large social housing sector allocated overwhelmingly according to need, and the statutory homelessness system – are all targeted for reform. These reforms, they argue, "will weaken the safety net that provides a 'buffer' between a loss of home, a persistently low income, and homelessness" and are therefore expected to drive increases in homelessness over the next few years (Fitzpatrick *et al.*, 2013b, p.30).

Fitzpatrick *et al.* (2012c, 2013b) note that it is still too early to provide a definitive assessment of the full impacts of welfare and associated reforms, but they and a number of key stakeholders in the homelessness sector highlight several issues of particular concern (see for example Crisis, St Mungo's and Homeless Link, 2012; Homeless Watch, 2013a; National Housing Federation, 2013; Sanders *et al.*, 2013). By way of summary, these include:

- the negative impact of Local Housing Allowance (LHA) caps[9] on the accessibility of the private rented sector to low income households, especially in areas where costs of housing are very high (most notably London);
- the extension of the Shared Accommodation Rate (SAR)[10] to Housing Benefit claimants under the age of 35 which severely restricts their access to the private rented sector;
- the imposition of benefit caps which have led to reductions in income from welfare benefits for many households – larger families and households in London and other high rent areas in particular;
- the introduction of limits in levels of eligible rent for households in the social rented sector, officially known as the Spare Room Subsidy (but more commonly as the 'bedroom tax')[11] which has caused some tenants to accrue rent arrears for the first time;

[8] It should be noted, however, that Tunstall *et al.* (2013) argue that whilst the 'saving grace' argument is a provocative one, existing evidence is not strong enough to declare it proven or unproven.

[9] These essentially involve basing LHA rates on those prevailing towards the lower end of the market (i.e. the lower 30th percentile levels) rather than (median) average rents, and in imposing maximum caps on rates in some areas of central London (Fitzpatrick *et al.*, 2013b).

[10] The SAR limits Housing Benefit entitlements to the amount of renting a room in a shared property. It used to apply to single people under the age of 25, but since 2012 has applied to all single claimants under the age of 35.

[11] The 'spare room subsidy' has involved a reduction in Housing Benefit entitlements for households deemed to 'under-occupy' council or housing association properties, on grounds that they have more bedrooms than they need. DWP has estimated that around 660,000 households across Great Britain would be affected, but with a disproportionate impact in Scotland, Wales and the north of England where there is a mismatch between the size of social housing stock units and need (Fitzpatrick *et al.*, 2013b).

- the planned rollout of Universal Credit, which is associated with increased 'housing cost contribution' requirements for households with non-dependents whom are not in work or with very low earnings;
- the introduction of pre-tenancy assessments with an affordability component by some housing associations;
- the escalation of the sanctions regime for Jobseekers Allowance (JSA) and Employment and Support Allowance (ESA) claimants, involving reductions in or loss of benefits if claimants fail to participate in specified compulsory 'work related activity', which are said to disproportionately affects homeless people[12]; and
- the ineffectiveness of the Work Programme for homeless people (and indeed many other vulnerable groups), most notably those furthest from being work-ready who require more intensive support, given the failure of advisers to sufficiently recognise and meet their needs[13].

Whilst the long-term impacts of these changes will not be evident for some time, there are indications that these developments may, individually and/or cumulatively, serve to strengthen the links between poverty and homelessness by exacerbating the financial insecurity of already vulnerable households and/or increasing the gap between income and housing costs. Stakeholders draw particular attention to, and express concern about, potentially severe impacts on two subgroups: young homeless people and individuals with complex needs.

With regard to the first of these, young homeless people are disproportionately affected by the reforms on multiple fronts. They are not only subject to greater restrictions in welfare entitlement than older citizens (see above) but are also more likely to be sanctioned than older claimants. DWP data, for example, indicates that young people accounted for nearly 30% of people claiming JSA in 2012, but around half of claimants who are sanctioned (Homeless Watch, 2013a). They are also structurally disadvantaged in the current (post)-recessionary labour market and associated high levels of youth unemployment (Grice, 2013; Podesta, 2013). Further to these issues, grave concerns have been raised about threatened cuts to Housing Benefit for people under the age of 25 (Fitzpatrick *et al.*, 2013b), recently formalised as an election pledge by the Chancellor of the Exchequer[14]. These, should they come into effect, will severely restrict the housing opportunities available to young people for whom remaining in the parental home is not a feasible (or safe) option (see for example Quilgars *et al.*, 2008).

In relation to the second of these groups, homeless people with complex needs, stakeholders note that they often fail to comprehend the consequences of their actions (or inactions) as regards engagement with work-related and other programmes, thus putting them at high risk of sanctions (DrugScope and Homeless Link, 2013; see also Griggs and Evans, 2010). Notably, recent evaluations

[12] Homeless Watch (2013a) for example report that whilst on average 3% of JSA and 2.7% of ESA claimants receive a sanction, one third of homeless people on JSA and nearly one in five on ESA are sanctioned. Homeless people are most commonly sanctioned because they have not attended a Job Centre Plus advisory interview or failed to follow formal instructions to find work.

[13] The flagship Work Programme was introduced in 2011 to address long-term worklessness amongst JSA and ESA claimants. It includes a stronger payment by results element than previous programmes, the amount that is paid to providers should depend on how far they are away from the labour market at the point of recruitment, and providers are free to design services that they believe will be effective in a 'back-box' delivery model (Crisis, St Mungo's and Homeless Link, 2012; Sanders *et al.*, 2013). See Crisis, St Mungo's and Homeless Link (2012) for an evaluation of its impacts on homeless people and Miscampbell (2014) for a review of the problems associated with such initiatives for vulnerable jobseekers more generally.

[14] An 'earn or learn' policy stance has recently been formalised as an election pledge by the Chancellor of the Exchequer, who has indicated that should the Conservatives win the 2015 general election they will remove Housing Benefit eligibility from under 25s as a primary means of achieving welfare spending cuts (BBC News, 2014).

of the deployment of sanctions conclude that they are sometimes applied inappropriately (Homeless Watch, 2013a; Webster, 2013), and the House of Commons Work and Pensions Committee (2014) recently called for greater application of discretion in their implementation on these grounds[15].

In response to such concerns, Central Government has recently granted exemptions from the sanctions regime to rough sleepers and homeless people in supported accommodation projects (Spurr, 2014). In July 2014, Jobcentre Plus advisors were granted discretionary power to temporarily exempt homeless claimants found to be in a 'domestic emergency' from requirements that they be available for work, actively seek work or participate in the Work Programme. Affected individuals have to prove that they are taking reasonable action to find accommodation, however. Early indications are that these exemptions have been welcomed by service providers within the homelessness sector (Spurr, 2014).

Also of note, a number of commentators highlight the geographical variability in the impact of welfare reforms, with some regions reportedly being 'hit harder' than others in terms of the average financial loss experienced by households and adults of working age (see for example Beatty and Fothergill, 2013a, 2013b). The worst affected regions include older industrial areas, a number of seaside towns, some London boroughs, and Northern Ireland, whilst a substantial part of southern England outside London and a number of rural areas in northern England are said to be less acutely affected. The concentration of negative impacts in deprived areas, Beatty and Fothergill (2013a) argue, will have knock-on consequences for local spending and employment, thereby exacerbating the gaps in prosperity between the 'best and worst' local economies across the UK.

## 2.4 Conclusion

The prominence of poverty in accounts of homelessness causation has varied over time, but there is now a strong consensus borne out of consistent and compelling empirical evidence that experience of poverty is a 'common denominator' shared almost universally by homeless people in the UK and elsewhere. It is also widely acknowledged that the role of poverty in homelessness causation is shaped by both macro-level structural conditions such as welfare regimes, labour and housing markets, and the interactions between these and micro-level factors such as individual vulnerabilities (e.g. ill health and substance misuse). Moreover, the effects of poverty can be mediated (arrested or exacerbated) by a number of factors such as the extent of welfare protection (which may be strong or weak), positive social support networks (which may be present or absent), and personal vulnerabilities and/or levels of social, economic and human capital.

Existing evidence suggests that the strong causal link between poverty and homelessness appears to have been maintained in the UK's recent (post)-recessionary economic climate, to date at least, with homelessness continuing to affect the most economically disadvantaged members of society. Whilst it is too early to be entirely conclusive about the impact of recent welfare reforms, a number of concerns have been expressed that they may in fact strengthen the links between poverty and homelessness by exacerbating the financial insecurity of many already vulnerable households, and thereby heightening their susceptibility to homelessness. Anxieties about the impacts of existing and proposed reforms on homeless people with (often insufficiently recognised) complex needs and young people are particularly acute.

[15] See also Crisis, St Mungo's and Homeless Link (2012) who similarly call for greater consideration to be taken of homeless people's vulnerabilities in associated assessments.

# 3. Poverty as a Consequence of Homelessness

Like Chapter 2, this chapter also examines evidence and explanations for associations between poverty and homelessness, but focuses on relationships operating in the reverse direction, that is, the extent to which and ways in which homelessness exacerbates poverty or limits the ability of those affected to secure a route out of poverty. The chapter provides an overview of the evidence that indicates convincingly that the vast majority of homeless people are 'poor', and that this continues to be true for almost all after they are rehoused. Literature exploring these associations is almost entirely empirical (rather than theoretical) in nature and this is reflected in the material covered in the following sections.

The chapter begins by reviewing evidence regarding levels of income, welfare benefit receipt and worklessness amongst members of the homeless population, and then outlines the barriers homeless people face when attempting to access paid employment. These sections are followed by an overview of evidence regarding the short- and long-term economic disadvantage experienced by formerly homeless people after they have secured settled housing.

## 3.1 Income, Welfare Receipt and Worklessness

International comparative research indicates that the vast majority of homeless people in Europe are workless (FEANTSA, 2007), albeit that the proportion of homeless people (and roofless people in particular) involved in paid work is higher in those countries where social protection is especially limited (e.g. Hungary and Portugal) (Stephens *et al.*, 2010)[16]. The UK is reflective of this general pattern, in that UK research has consistently demonstrated that almost all homeless people suffer from persistently low incomes and are reliant on welfare benefits (Wallace and Quilgars, 2005). Current out-of-work benefits in the UK are reported to be well below the 'minimum income standard', this being the cost of items and activities that members of the general public consider to be necessary for a decent standard of living, covering essential needs and allowing household members to participate in society (Hirsch, 2013). This being so, virtually all homeless people within the UK are, according to the JRF definition employed in this report (see Chapter 1), in poverty.

Levels of workforce participation vary quite markedly between different subgroups of the homeless population in the UK. The major study of statutory homeless families in England for example indicated that only 29% were in paid work, when the equivalent figure for adults of working age in families with children in the general population was 70% (Pleace *et al.*, 2008). Available data suggests that levels of workforce participation are much lower for single homeless people. For example, a study conducted by Opinion Leader (2006) involving interviews with 203 single homeless people in Newcastle, Birmingham and London revealed that only 2% were in full-time work; similarly only 4% of respondents to an internal survey of 1400 St Mungo's clients in 2009 reported being employed (St Mungo's, 2010).

There has to date been no specific study charting levels of homeless people's participation in the workforce historically, but evidence from St Mungo's internal service user surveys suggest that this may have reduced very dramatically over the last few decades, for single homeless people at least.

[16] Stephens *et al.* (2010) report that only a minority of roofless people work in any of the European countries included in their cross-national study (see above), but note that in Hungary, half of the roofless people surveyed in 2001 had some kind of income from work, and in Portugal over half (58%) of rough sleepers surveyed in 2005 had access to some income from casual work.

The agency noted that the workforce participation rate (4% in 2009, see above) was indicative of a substantial decline from the 86% and 10% figures recorded in equivalent surveys in 1983 and 1997 respectively (St Mungo's, 2010). Moreover, in the same 2009 survey, 26% of the agency's clients reported having been out of work for between five and ten years, 27% unemployed for more than a decade, and a further 15% that they had never worked (St Mungo's, 2010). Similarly, 27% of the 400 single homeless people involved in the FOR-HOME resettlement study in England had worked very little or not at all (and 30% had been intermittently employed) (Warnes *et al.*, 2010). Evidence from the large-scale quantitative 'multiple exclusion homelessness' (MEH) survey, conducted in seven cities throughout the UK, suggests that levels of lifetime worklessness are particularly high amongst homeless people with complex needs, for 49% of the 450 respondents reported that they had lived on (UK) benefits for most of their adult lives (Fitzpatrick *et al.*, 2013a).

That said, evidence drawn from a number of studies conducted or commissioned by service providers and campaigning bodies in the UK indicate that the vast majority of homeless people 'want to work' (BAOH, 2009). An OSW study drawing upon a survey of 300 homeless people, for example, reported that 77% wanted to work at the time of the research, and 97% wanted to work in the future (Singh, 2005). Similarly, 80% of the participants in the St Mungo's survey (referred to above) agreed with the statement that 'one of my goals is to get back to work' (St Mungo's, 2010). These ambitions appear to hold true for homeless people with complex needs also, with all the participants in a recent evaluation of a (small) Housing First pilot for homeless people with active addictions reporting that they aspired to (re)engage with the mainstream workforce, albeit that this was often seen as a long-term goal (Johnsen, 2013).

There is a widespread recognition, including from Central Government (DCLG, 2012), that homeless people with complex needs face greater hurdles in accessing paid employment than do other members of the homeless population whom are more likely to have qualifications and/or a recent work history (Jones and Pleace, 2010). A few commentators have suggested that for some homeless people, particularly the long-term or 'chronic' homeless who are furthest from the mainstream labour market, paid employment may in fact be an unobtainable goal (Steen *et al.*, 2012). On this issue, Busch-Geertsema (2005, p.275) suggests that 'relative integration' and 'relative autonomy' may be all that is realistically achievable for those who in all likelihood will remain excluded from "normal employment in the labour market and continue to struggle with restricted resources, not least because of health problems, addiction or advanced age".

On a different note, and linked to the points raised in Chapter 2 regarding the current direction of homelessness and wider social policy, concerns have been raised about the impact of welfare benefit sanctions on the financial wellbeing of homeless and formerly homeless people (DrugScope and Homeless Link, 2013; Jones and Pleace, 2010). Significant here are reports of sanctions leading to rent arrears, food poverty, debt and survivalist crime (Homeless Watch, 2013a). Concerns about these issues in the UK (see Chapter 2) echo those previously expressed at the EU level, with FEANTSA (2007) arguing that evidence about the use of sanctions across 16 EU countries indicate that they are not an effective policy measure for homeless people but rather risk further contributing to their economic exclusion. At present, the long-term impacts of benefit sanctions remain unknown, but are currently being examined in a major longitudinal study of the effectiveness and ethicality of welfare conditionality affecting homeless people as well as a range of other welfare recipient groups in England and Scotland[17].

[17] See www.welfareconditionality.ac.uk.

## 3.2 Barriers to Paid Employment

The barriers faced by homeless people seeking to access paid employment in the UK are well documented, largely as a result of internal evidence collated, or studies commissioned, by service providers and campaigning bodies working with single homeless people (see for example BAOH, 2009; Hough *et al.*, 2013; Opinion Leader, 2006; OSW, 2007; NEF, 2008; Singh, 2005; St Mungo's, 2010). By way of summary, the main barriers identified include:

- *Lack of stable housing*. It is generally accepted that stable accommodation is a necessary prerequisite for seeking and sustaining employment (Tunstall *et al.*, 2013), not least because of the physical hardship and dangers associated with street life (Ballantyne, 1999; Johnsen and Sosenko, 2012), but also because it necessitates a 'present orientation' which can make it difficult for those affected to set and work toward goals (Epel *et al.*, 1999). Furthermore, the rents and conditions in homeless hostels are reportedly 'not conducive' to paid employment (see below) (BAOH, 2009).

- *Welfare benefits system / work disincentives*. Financial disincentives to work, often referred to as the 'benefits trap', occur when there is little, or no, difference between the value of benefits received and the level of wages that many homeless (and other) people would earn from working after living expenses have been taken into account. These issues are particularly acute for homeless people living in hostels and other forms of supported accommodation (BAOH, 2009).

- *Vulnerabilities / support needs*. The prevalence of vulnerabilities relating to physical ill health, mental health problems and/or substance misuse within the homeless population are also well documented (see for example Fischer and Breakey, 1991; Fitzpatrick *et al.*, 2013a; Maguire *et al.*, 2010; McNaughton Nicholls, 2008; Quilgars *et al.*, 2008). It is widely acknowledged that these can severely impede their ability to find and hold down a job (Hough *et al.*, 2013).

- *Low educational attainment*. A large number of studies have documented the low levels of educational attainment amongst the homeless population. By way of example, a survey of homelessness service users in north-east England found that 45% had no qualifications, (compared to the UK average of 11%), and only half had regularly attended school (Harding *et al.*, 2011). These findings resonate with those reported in several other studies (see for example Fitzpatrick *et al.*, 2010, 2013a; Warnes *et al.*, 2010).

- *Limited or no work experience*. As noted earlier, a significant proportion of the homeless population has never worked or only done so very intermittently throughout their adult lives (see for example Fitzpatrick *et al.*, 2013a; Singh, 2005; St Mungo's, 2010). Given this fact, and the low educational attainment noted above, NEF (2008) estimate that of the approximately 125,000 homeless people in the UK only 20,000 could actually be considered 'ready for work'.

- *Criminal record.* A history of criminal convictions further restricts the employability of many homeless people. Three quarters of the respondents to Harding *et al.*'s (2011) survey of homeless service users reported having a criminal record, for example, and 46% of the users of low threshold services surveyed in the MEH study had served prison sentences (Fitzpatrick *et al.*, 2013a).

- *Poor self-esteem.* Research has consistently confirmed that homeless people suffer disproportionately from poor self-esteem and/or low levels of self-confidence (see for example Kidd and Shahar, 2008; Quilgars *et al.*, 2008). These can detrimentally affect aspirations and expectations, and have been shown to make some homeless people very reluctant to seek work and/or engage with work-focused support such as pre-employment programmes (Hough *et al.*, 2013; Johnsen and Sosenko, 2012; see also Johnsen *et al.*, 2008).

- *Discrimination*. A number of commentators report that employers can often view people with a history of homelessness in a stigmatised way, by associating their housing status with substance misuse and/or mental illness for example (Jones and Pleace, 2010; Lownsbrough, 2005).

- *Homelessness culture*. Although not universally accepted, some researchers claim that a 'culture' associated with homelessness (Ravenhill, 2008), and/or that the tendency for many homeless people to spend most if not all of their time with other homeless (and workless) people restricts their work-related opportunities and aspirations (see for example Luby and Gallagher, 2009; NEF, 2008; St Mungo's, 2010).

There are strong parallels between the barriers identified in the UK and those documented in the United States, Europe and Australia (Alexander-Eitzman *et al.*, 2012; FEANTSA, 2007; Steen *et al.*, 2012). The issue of 'welfare dependency' (and the 'benefit trap' in particular) is however identified as being especially acute in, if not unique to, the UK (FEANTSA, 2007; OSW, 2007). In attempting to explain how the benefit trap works, NEF (2008) apply the notion of 'loss aversion' from behavioural economics, this being the idea that people tend to weigh the prospect of losing something (such as welfare benefits) more heavily than being given the same amount (such as a salary). They go on to note that while financial rewards from work are rarely the primary motivation for considering paid employment, they are often the 'deal breaker', as "the perceived financial risks are predominantly against taking up work" (NEF, 2008, p.4). Detailed qualitative work conducted by Singh (2005), involving interviews and focus groups with more than 200 homeless people and interviews with 50 staff at homelessness organisations, indicated that it is not uncommon for staff to actively dissuade clients from working for this reason.

On a slightly different note, St Mungo's (2010) point out that the welfare to work transition is at present poorly aligned, with gaps of between four and five weeks between benefit entitlement ending and the first pay packet arriving. Such a delay, the organisation notes, not only acts as a major deterrent for the uptake of work, but also makes people vulnerable to homelessness during the intervening period. Delays encountered when an employee's contract ends or they lose their job for other reasons and need to reclaim benefits are equally problematic (St Mungo's , 2010). These challenges are particularly pronounced for people involved in seasonal work and/or those who are employed on intermittent short-term contracts, as is common for homeless and formerly homeless people who obtain work (see below) (Hough *et al.*, 2013; Johnsen and Sosenko, 2012).

Such problems are compounded by the fact that the 'better off in work' calculations done by advisors at Jobcentre Plus, Work Programme providers, or homelessness agencies are reportedly often inaccurate (Hough *et al.*, 2013). Furthermore, as noted in Chapter 2, emerging evidence suggests that the Work Programme is not meeting the needs of homeless people adequately. A study conducted by Crisis, St Mungo's and Homeless Link (2012) indicates that Jobcentre Plus advisors often fail to identify which participants are homeless; moreover, that Work Programme providers neither recognise the barriers to employment that homeless people face, nor deliver the personalised specialist support required to facilitate their access to paid work. Standards of services

are reported to be variable, and often poor. Nearly two thirds (64%) of homeless respondents did not feel any more optimistic about gaining employment despite their involvement in the programme, and one in five (22%) had been sanctioned (Crisis, St Mungo's and Homeless Link, 2012).

## 3.3 Experiences and Financial Implications of Paid Employment

Evidence regarding homeless peoples' experiences of paid employment, most notably the extent to which work lifts them out of poverty, is limited, and derives primarily from small-scale qualitative studies and programme evaluations (see Chapter 5) (e.g. Davies *et al.*, 2011; Hough *et al.*, 2013; Johnsen and Sosenko, 2012). This notwithstanding, the evidence available consistently highlights two things of note: first, that employment retention outcomes (i.e. the extent to which homeless people successfully keep paid jobs) are moderate at best; and secondly, that the acquisition of paid work will not necessarily lead to an improvement in financial wellbeing, and even if it does will in all likelihood only contribute to a marginal increase in income.

With regard to the first of these, Hough *et al.*'s (2013) study of 50 currently or recently homeless people moving into work showed that one third lost their job within the first six to 12 months of starting it. Similarly, Crisis' 'In Work Staying Better Off'[18] programme achieved six month sustainment rates of 80%, but this reduced to 26% at 12 months and 15% 18 months after beginning work (White, 2011). Poor employment retention rates such as these are typically attributed to the insecure (and often seasonal) work obtained; so too the kinds of barriers to gaining employment listed above, including for example lack of a suitable place to live, physical and mental health problems, insufficient skills; so too 'practical' barriers such as travel costs and a lack of suitable clothing (Hough *et al.*, 2013; Johnsen and Sosenko, 2012; Singh, 2005).

As regards the second issue, NEF (2008, p.4) conclude on the basis of economic modelling analysis[19] that after acquiring work "many people are either not better off in work, or only marginally so", because they typically end up in unskilled and poorly paid jobs (see also Hough *et al.*, 2013; Johnsen and Sosenko, 2012). Accordingly, an OSW (2010) evaluation of the 'Transitional Spaces Project'[20], for example, discovered that participants who found work were on average only £31 better off per week than they had been when on out-of-work welfare benefits. Furthermore, Hough *et al.*'s (2013) study of homeless and formerly homeless people's work experiences discovered that some were in fact worse off financially, thus the authors concluded that:

[18] The In Work Staying Better Off programme aimed to improve the sustainability of employment outcomes and achieve wage growth via coaching interventions combining motivational interviewing and task-focussed planning. The project targeted homeless people living in hostel or other temporary accommodation and those who had moved into permanent housing within the past year; all were employed or had become unemployed within the three months prior to recruitment (White, 2011).

[19] NEF's (2008) economic model was based on the theory of loss aversion (see above) and attempted to calculate the financial incentive that homeless people need to make starting work seem attractive and feasible. The research involved applying different loss aversion coefficients to three hypothetical scenarios, drawing upon insights drawn from behavioural economic analysts and supported by prior qualitative interviews with stakeholders.

[20] The Transitional Spaces Project aimed to promote employment amongst hostel residents via a coaching model focussing on both employment and housing 'solutions', together with specialist workshops offering support with budgeting and financial matters, motivational training, and advice about housing in the private rented sector. It intended to combat the 'silting up' of hostels and make hostel residents "more acceptable tenants to private landlords" (OSW, 2010, p.3).

> For some people, moving into work meant more money … However, for others, moving into work led to financial struggles and anxiety, as debts were accumulated and benefits were either not accessed or not sufficient to cover the costs of moving into work.
>
> (Hough *et al.*, 2013, p.4)

The acquisition of paid work is widely associated with many positive outcomes such as improved self-esteem, enhanced skills and/or reductions in involvement in crime or anti-social behaviour (Davies *et al.*, 2011; Luby and Gallagher, 2009; OSW, 2007); so too the constructive 'diversion' it and other less structured 'meaningful occupations' can offer from cultures and activities associated with substance misuse (Johnsen, 2013). Many stakeholders advocate the promotion of paid work on this basis. The existing evidence makes it clear, however, that paid employment will not automatically or necessarily provide homeless people with a route out of poverty in the current context. This is perhaps unsurprising, given that rates of in-work poverty are increasing, such that the majority of people in poverty in the UK are now (for the first time) in working households (MacInnes *et al.*, 2013). Debates around minimum and 'living' wages for working households in the UK have been reignited in this context (see for example Bennett, 2014; Lawton and Pennycook, 2013; Wills and Linneker, 2012; also Hirsch, 2013).

## 3.4 Experiences of Poverty Post-resettlement

A number of detailed empirical studies tracing the resettlement experiences of homeless people in the UK indicate that levels of worklessness and poverty continue to be high after (formerly) homeless households have accessed settled housing (see for example Crane *et al.*, 2011; Fitzpatrick *et al.*, 2010; Johnsen, 2013; Smith *et al.*, 2014; Warnes *et al.*, 2010). Notably, the large-scale longitudinal 'For Home' study[21], reported that most of the 400 single homeless participants remained highly reliant on social security benefits after being rehoused, and that even the 9% that were working had very low incomes (Warnes *et al.*, 2010). In fact, the incomes of 72% of the study's participants fell below the UK poverty threshold for a single adult. Moreover, three fifths experienced problems with budgeting and managing financially during the first six months after being rehoused. A total of 45% reported debts at the point of resettlement and this rose to 58% during the six months following resettlement, albeit that the average (mean) amount of debt decreased (from £3,899 to £2,536) over the same period (Warnes *et al.*, 2010).

Particular concerns have been expressed about the financial wellbeing of individuals rehoused in the private rented sector (PRS). The For-Home study revealed that rent arrears and debts were greatest amongst those individuals resettled within the PRS, given the higher rents associated with that tenure (Crane *et al.*, 2011; Warnes *et al.*, 2010). Furthermore, qualitative evidence from the longitudinal 'Sustain'[22] study involving 171 homeless people accommodated in the PRS indicated that the majority struggled to meet household costs and many went without food, lighting and heating on a regular basis (Smith *et al.*, 2014). Moreover, many got into debt in an attempt to meet general household or one-off costs, and debt levels generally worsened over the course of the 19 month study period. Low incomes meant that many formerly homeless people felt 'trapped' in what

[21] The longitudinal For-Home study examined the housing and welfare outcomes for 400 single homeless people who were rehoused from hostels or other transitional housing in England. It involved interviews with 400 individuals before they moved, after six months, and then 18 months.

[22] Employing a qualitative longitudinal methodology, the Sustain project tracked the wellbeing outcomes of 171 homeless households who were rehoused into private rented housing in England. Participants were interviewed within one month after moving into their private rented home, again six months later, and finally 19 months into their tenancy.

was often poor quality accommodation that did not meet their needs, because they were unwilling to expose themselves to further debt in order to finance a move (Smith *et al.*, 2014).

Similar outcomes have been reported elsewhere, with Hulse and Sharam's (2013) 'Families on the Edge'[23] project in Australia revealing that many formerly homeless families struggled to repay debt after being rehoused, and that they also used more emergency relief at the end of the 18-month study period than they had at the beginning. The researchers concluded that although the housing conditions of most families had improved, the degree of their financial impoverishment had worsened, such that "poverty was more entrenched and longer lasting than periods of homelessness" (Sharam and Hulse, 2014, p.306). Similar observations have been made in the United States, with Shinn and Baumhohl (1998) emphasising that homelessness prevention and the resettlement of homeless people does not automatically end poverty, promote economic self-sufficiency, or resolve the other issues that individuals affected may face (e.g. mental illness).

On a more positive note, the provision of support during and after the resettlement process has been shown to contribute to an improvement in financial circumstances, by ensuring that formerly homeless people receive all the benefits to which they are entitled and assisting them with budgeting, for example (Fitzpatrick *et al.*, 2010; Johnsen, 2013). Reductions in the misuse of alcohol and illicit substances reported by some formerly homeless people after acquiring settled housing has a similar positive effect on financial wellbeing (Fitzpatrick *et al.*, 2010; Johnsen, 2013). That said, even those benefiting from the kind of intensive, tailored, non-time-limited support offered by the Housing First approach, for example, report almost without exception that they struggle to cope financially after being housed (Busch-Geertsema, 2013; Johnsen, 2013; Johnsen and Teixeira, 2010; Pleace, 2011; Tsemberis *et al.*, 2004).

Unusually in the UK context (see Chapter 1), the resettlement studies cited above were all longitudinal. Even so, these have only tracked homeless people's experiences over an 18-24 month period, thus little is known about the impact of homelessness on financial wellbeing in the longer term. It seems unlikely that this will improve substantially in the medium- to long-term however, given that the vast majority of formerly homeless people remain workless and those who do have paid employment typically work in poorly paid low skilled jobs offering little prospect of wage increases.

## 3.5 Conclusion

Existing evidence makes it clear that in the current context the vast majority of homeless individuals in the UK, be they single homeless people or the heads of statutory homeless families, are workless, reliant on welfare benefits and suffer from persistently low income. This situation remains true for most after they have been rehoused, with particular concerns being expressed about the prevalence of debt amongst formerly homeless households, especially those in the PRS; so too the financial exclusion of those affected by welfare benefit sanctions.

Homeless and formerly homeless people face many barriers to accessing mainstream paid employment, and even if they succeed in gaining paid work typically continue to struggle financially. It remains unclear whether, and if so for how long, this situation is sustained, but significant

[23] The longitudinal qualitative Families on the Edge study traced the experiences of homeless families in Australia over an 18 month period. It involved a total of 152 in-depth interviews, in three waves, with the adults and some adolescent children in 57 families (Hulse and Sharam, 2013).

improvements in income seem unlikely given the limited wage promotion prospects associated with the low-paid 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. The following chapter reviews existing evidence regarding the effectiveness of various initiatives that aim to improve the (current and long-term) financial wellbeing of homeless and formerly homeless people.

# 4. The Effectiveness and Cost of Interventions

A number of initiatives have been developed within and beyond the UK in an attempt to break the links between homelessness and poverty, and/or to improve the financial wellbeing of people with experience of homelessness. Drawing upon available evidence, this chapter reviews the effectiveness of existing initiatives in achieving these aims. It must be noted at the outset that the evidence base regarding most such interventions is weak, given the tendency for many services to be small in scale and/or to remain unevaluated, or for many evaluations to be methodologically weak (Anderson, 2003; Fitzpatrick and Christiansen, 2006; Jones and Pleace, 2010). Few track outcomes for more than one year, for example, and outside of the Unites States only a small minority include an assessment of cost-effectiveness (Aldridge, 2008; CLG, 2012; Culhane, 2008; Flatau and Zaretzky, 2008). Further to this, without a control group or more sophisticated analyses than those conducted to date it is difficult to assess the added or relative value (or disvalue) of one intervention as compared with another.

Those issues notwithstanding, this chapter reviews the nature, effectiveness and costs of relevant initiatives. It comprises two main sections. The first provides an overview of the in-roads that homelessness prevention initiatives have made in terms of protecting financially disadvantaged people from homelessness. The second reviews a range of initiatives that have attempted to assist homeless and formerly homeless people to find a route out of poverty, including: employment, training and education schemes; Foyers; social enterprises; Emmaus communities; money management and financial inclusion programmes; and personalised/individual budgets. It should be noted that evidence regarding the effectiveness (and cost) of preventative initiatives relates almost exclusively to interventions targeting (potentially) statutory homeless households; in contrast, evidence on interventions targeting individuals who are already homeless relates primarily to non-statutory ('single') homeless people.

## 4.1 Intervening to Prevent Poverty Causing Homelessness

The issue of homelessness prevention has been elevated on the policy agenda in a number of developed countries in recent years, including the UK, and most notably in England where it has been vigorously pursued as a means of reducing levels of statutory homelessness since the early 2000s (Fitzpatrick *et al.*, 2012b). The most serious and sustained commitment to homelessness prevention is evident in Germany, however, where concerted efforts to drive down rent arrears-related evictions – the predominant cause of homelessness in that context – led to significant reductions in the scale of homelessness, and family homeless in particular. In Finland too, expanded access to housing, together with a concentrated response to family homelessness whenever it threatens, has virtually eliminated it as a phenomenon (Fitzpatrick *et al.*, 2012b). There has also been a shift toward a more preventative 'housing-led' focus in the United States, with a new Federal programme providing funds for short-term rental subsidies, financial assistance for moving costs, deposit payments, utility payments, and housing relocation and stabilisation services (Culhane *et al.*, 2011). Such developments, Culhane *et al.* (2011) argue, signal the emergence of a paradigm shift toward prevention-based approaches in that context.

It is possible to distinguish between three main types of homelessness prevention interventions, which are broadly classified by Busch-Geertsema and Fitzpatrick (2008) as: 'primary', 'secondary',

and 'tertiary'[24]. Primary prevention refers to activities that reduce the risk of homelessness amongst the general population or significant parts thereof, by for example influencing housing policy (as regards supply, access and/or affordability) and/or aspects of the 'welfare settlement' (that is, the availability of income benefits, housing allowances, employment protection etc.). Secondary prevention, in contrast, targets people deemed to be at risk of homelessness because of their characteristics (e.g. having experience of institutional care) or because they are facing situations which may potentially trigger homelessness (e.g. eviction, relationship breakdown, or institutional discharge). Tertiary prevention, according to this classification, includes measures targeting people who have already been affected by homelessness and often emphasises the minimisation of 'repeat homelessness', that is, the risk of recurrent episodes (Busch-Geertsema and Fitzpatrick, 2008). Evidence regarding the effectiveness of secondary and tertiary prevention measures in breaking the links between homelessness and poverty is reviewed below, followed by an account of the potential presented by primary prevention in achieving the same objective.

### 4.1.1 Secondary and tertiary prevention

Homelessness prevention initiatives in the UK and elsewhere have typically focussed on secondary and tertiary measures (Busch-Geertsema and Fitzpatrick, 2008; Parsell and Marston, 2012). The most common measures employed, as documented by Pawson *et al.* (2007a, 2007b), include:

- *Enhanced housing advice,* which assists households to access or retain private or social rented tenancies, and potentially involves liaison with private landlords and/or outreach services delivered in homes or community settings.
- *Rent deposit-type schemes*, which facilitate households' access to private rented tenancies.
- *Family mediation services*, aiming to reconcile young people with family members to prevent them leaving the parental home or to facilitate young peoples' access to family support to assist them with independent living.
- *Domestic violence victim support*, including sanctuary schemes enabling those who have experienced domestic violence to stay in their own homes, support to help those at risk make planned moves, floating support, and resettlement support.
- *Prison-based prevention services,* these being interventions aiming to identify and address offenders' housing problems at the beginning and end of prison sentences.
- *Tenancy sustainment services,* including a range of provision such as assistance with claiming benefits, budgeting and debt management, furnishing tenancies, accessing community resources and services, and/or helping individuals find 'meaningful occupation'.

Statutory homelessness figures in England dropped dramatically after such initiatives were first introduced in 2003/2004, despite the fact that their implementation coincided with a decline in housing affordability (Pawson, 2007; Pawson *et al.*, 2007a, 2007b). Concerns have been expressed that at least some of this apparent success in reducing statutory homelessness may be attributable to local authority 'gatekeeping' practices (Pawson, 2007), but a comprehensive evaluation of prevention implementation in England concluded that "is highly likely that a substantial part of the 50 per cent post-2003 drop in acceptances is attributable to homelessness prevention activities" (Pawson *et al.*, 2007b, p.8).

Busch-Geertsema and Fitzpatrick (2008) observe that the decline in levels of homelessness, particularly family homelessness, in England and Germany (see above), are testament to the potential influence that effective prevention can have in protecting (at least some) economically

[24] Note that Parsell and Marston (2012) employ a slightly different classification, albeit that they use essentially the same terminology.

disadvantaged people from homelessness, especially given that these were achieved in the face of 'unhelpful' structural trends in both countries: rising poverty and unemployment in Germany, and worsening housing affordability in England. Secondary and tertiary prevention measures thus appear, Busch-Geertsema and Fitzpatrick (2008) conclude, to go at least some way to mitigating the effects of structural conditions on low income households.

Secondary and tertiary prevention measures are also generally deemed to be cost-effective on grounds that every potential case of homelessness successfully prevented saves the State significant sums in terms of temporary accommodation and other costs associated with resettlement[25] (Busch-Geertsema and Fitzpatrick, 2008; Parsell and Marston, 2012; Pawson, 2007; Pawson *et al.*, 2007a, 2007b). Pawson *et al.* (2007b) highlight particular reductions in public expenditure associated with preventative interventions aimed at households who would otherwise be owed the main homelessness duty in England, especially in areas such as London where the unit costs associated with statutory homelessness acceptances 'far outweigh' homelessness prevention unit costs. CLG (2012) report that around £70 million of the total almost £345 million net expenditure on homelessness in 2010-2011 funded homelessness prevention services[26].

### 4.1.2 Primary prevention

Given the evidence reviewed above, it appears that secondary and tertiary prevention initiatives have capacity to reduce the incidence of homelessness (i.e. number of people that become homeless) and severity of impacts on those affected to at least some extent. Yet, scholars have for many years argued that if the links between poverty and homelessness are to be broken more extensively and sustainably, greater attention needs to be paid to tackling the structural factors that contribute to economic disadvantage and inequality in the first place, that is, to primary homelessness prevention (see above).

Parsell and Marston (2012), for example, point out that despite long-standing recognition of the pivotal role that structural factors play in homelessness causation (see Chapter 2), policy attention (in Australia, as elsewhere) has focussed on interventions aiming to address individual-level problems. What is needed, they argue, is investment in interventions that tackle poverty and the inadequate supply of affordable housing at the macro level. Parsell and Marston's (2012) plea resonates with repeated calls from academics operating in a range of Western contexts – including the UK (Anderson, 2004), Australia (Hulse and Sharam, 2013), and United States (Schmidtz *et al.*, 2001; Shinn, 2010; Shinn and Gillespie, 1994; Wasson and Hill, 1998) – that greater efforts be made to tackle macro-level structural factors.

Primary homelessness prevention aims, ultimately, to eradicate poverty and ensure that people have the financial resources they require to be competitive in the housing market (Parsell and Marston, 2012). Proponents generally highlight two main forms of primary prevention: first, the reduction of poverty (and inequality) at the societal level; and secondly, improvements in the availability and accessibility of affordable housing. Primary prevention can thus involve a range of housing, economic and other policy measures including but not limited to housing subsidies or allowances, minimum wage entitlements, income taxation and/or welfare transfers (Parsell and Marston, 2012). Although not definitive, existing evidence suggests that these can to at least some

[25] For example, Pawson *et al.*'s (2007a) analysis suggested that even where social support costs were omitted, net savings 'per household assisted' averaged £2,900 for a rent deposit/finder's fee scheme, between £623 and £1,255 for family mediation schemes, and £3,500 for a sanctuary (domestic violence victim support) scheme.

[26] In addition, £100 million was spent on temporary accommodation and the remainder of the total sum on the "administration of homelessness functions" (CLG, 2012, p.13).

extent counteract individual risk to homelessness, given the substantial reductions in family homelessness reported in Finland and the United States for example (see Fitzpatrick *et al.* (2012b) and Shinn (2010) respectively).

In sum, primary prevention represents what many would regard as the 'best' or 'ideal' means of breaking the links between poverty and homelessness, in that it offers protection from homelessness (and an array of wider socio-economic benefits) for a significant proportion of the general population. Its aims are ambitious and implementation would require significant buy-in across the political spectrum. It also raises the thorny ethical issue of 'false positives', such that some critics argue that public resources might be more appropriately targeted at those 'most' at risk of homelessness (see Shinn and Toohey (2001) for an overview of this debate). Concerns about 'gatekeeping' notwithstanding, secondary and tertiary prevention measures also have a successful track record in terms of protecting low income households from homelessness, but target resources at a much smaller group, that is, those at 'greatest' risk of, or with prior experience of, homelessness.

## 4.2 Intervening to Prevent Homelessness Causing Poverty

As noted in Chapter 3, experiences of poverty are often long-standing, with many formerly homeless people remaining impoverished even after they have obtained settled housing (Crane *et al.*, 2011; Hulse and Sharam, 2013; Sharam and Hulse, 2014; Smith *et al.*, 2014; Warnes *et al.*, 2010). In addition to the preventative measures identified above, a number of initiatives have attempted to break the links between homelessness and poverty, in amongst other aims, by ensuring that experience of the former does not contribute to or 'trap' people in the latter. Key amongst these are: employment, training and education schemes; Foyers; social enterprises; Emmaus communities; money management and financial inclusion initiatives; and personalised/individual budgets. An overview of the characteristics of each, and evidence regarding their effectiveness in poverty alleviation, is provided below.

### 4.2.1 Employment, training and education schemes

Housing policy in the UK has repeatedly stressed the importance of employment as offering a route out of both homelessness and poverty (Clarke, 2010; Tunstall *et al.*, 2013; see also Aldridge *et al.*, 2012). Many homeless people utilise or have used mainstream employment services such as Jobcentre Plus and Flexible New Deal, but these are widely reported to be ineffective for homeless people on grounds that the jobs offered are often inappropriate and the programmes insufficiently sensitive to the needs and circumstances associated with homelessness (Singh, 2010; St Mungo's, 2010; see also Hough *et al.*, 2013; Miscampbell, 2014). Generalist employment programmes have been criticised in other European contexts for the very same reasons, thus this issue is not unique to the UK (FEANTSA, 2007; OSW, 2007).

In response to these problems, service providers within the UK homelessness sector have developed a range of specialist employment-focussed services, some of which target very specific subgroups of the homeless population, such as central and eastern European migrants (Johnsen and Sosenko, 2012), ex-service personnel (Johnsen *et al.*, 2008), and teenage parents (Quilgars *et al.*, 2011) to name but a few examples. Jones and Pleace (2010, p.84) note that the homelessness 'education, training and employment sector' has become an increasingly significant aspect of service provision, for single homeless people especially, and that it is characterised by "innovation, diversification and experimentation". They differentiate between four main types of such services, including:

meaningful activity services; specialist homelessness education, training and employment projects; employer engagement programmes supporting companies to offer work placements to homeless people; and direct employment services wherein homelessness agencies train and recruit former service users as paid employees (Jones and Pleace, 2010; see also Ireland, 2010).

As Tunstall *et al.* (2013) have previously observed, the evidence base regarding the effectiveness of such initiatives is weak, in part because of the limited number of evaluations conducted (Jones and Pleace, 2010; Quilgars *et al.*, 2008) and the small size of many of the projects involved; so too the fact that many are reliant on poor quality monitoring data given difficulties associated in tracking service users after they have gained employment and/or stopped using support services (Johnsen and Sosenko, 2012; Luby and Gallagher, 2009).

Many of these evaluations conclude that education, training and employment programmes 'work' on grounds that they help service users overcome at least some of the barriers to employment noted in Chapter 3. Most report positive outcomes in terms of engaging service users in education and training, albeit that these are not always quantified. Luby and Gallagher (2009) for example, note that 'a high proportion' of individuals using Crisis' SmartSkills programme 'progressed onto adult learning', while the vast majority of the people using the agency's pre-employment programme for central and eastern European migrants reported gaining qualifications as a result of their involvement (Johnsen and Sosenko, 2012). Similarly St Mungo's report that in 2012/13, 505 (84%) of the 604 clients who worked with on their 'Pathways to Employment' programme utilised the training and learning support provided (St Mungo's, no date)[27]. Relevant evaluations also provide consistent qualitative evidence that such programmes contribute to positive 'soft' outcomes such as improved self-esteem, confidence and motivation, for example; also that they positively impact on other areas of service users' lives by reducing levels of participation in anti-social behaviour or substance misuse, and/or strengthening social support networks (Davies *et al.*, 2011; Hough *et al.*, 2013; Johnsen, 2013; Luby and Gallagher, 2009; White, 2011).

That said, employment acquisition and retention outcomes for most such programmes are modest at best, and in some instances, poor. For example: 40% of participants in Crisis' pre-employment programme for homeless central and eastern European migrants gained paid work within the three year pilot period (Johnsen and Sosenko, 2012), but the job outcomes rate recorded for the Single Homeless Enterprise Project (SHEP) was only 18% (Davies *et al.*, 2011), and a mere 2% of individuals involved with St Mungo's 'Pathways to Employment' programme in 2013/14 moved into paid employment (plus a further 4% into voluntary work)[28]. Similarly, Luby and Gallagher (2009) report that even with the intensive personalised support provided as part of the SmartSkills programme, progression to paid employment is 'relatively low'. Employment retention rates recorded by employment-focussed programmes are also typically low, as noted earlier in Chapter 3.

Evaluations of such programmes do not always succeed in collecting data on service users' incomes after they acquire paid work, but the (limited) evidence available indicates that these tend to be low (see also Chapter 3). Of those service users obtaining work after engaging with Crisis' pre-employment programme for A8 and A2 migrants, for example, 22% earned the minimum wage and a further 66% between the minimum wage and £10 an hour; only a small minority (5%) earned more than £10 an hour (Johnsen and Sosenko, 2012). Whilst not providing details regarding the proportion of service users achieving different wage levels (or averages thereof), the SHEP evaluation (see above) indicates that some did achieved slightly higher wages, reporting that "all clients who gained

[27] See also www.mungos.org/services/recovery_from_homelessness/pathways_employment, accessed 3/2/14.
[28] See www.mungos.org/services/recovery_from_homelessness/pathways_employment, accessed 3/2/14.

employment got jobs above the minimum wage, ranging from £6 to £14.23 per hour" (Davies *et al.*, 2011).

Almost all the evaluations of such programmes offer detailed recommendations as to practices which appear to increase the likelihood of their 'working', including, for example: the provision of personalised support from knowledgeable workers; specialist apprenticeships; continuation of support after jobs are found; and having supportive, flexible and 'available' managers (Broadway, 2013; Hough *et al.*, 2013; St Mungo's 2010). It is generally reported that these employment programmes are most effective, that is, are most likely to lead to the acquisition and retention of paid work amongst those service users with low support needs whom are closest to being 'work ready' at the point of recruitment (Johnsen and Sosenko, 2012). Such outcomes are more difficult to achieve with homeless people with high support needs, albeit that they are highly likely to derive significant psychological and other benefits from participating in such programmes (see above).

Recent years have witnessed a number of attempts to calculate the costs of facilitating homeless people's access to paid employment. This has provided some, albeit limited, evidence that such initiatives do have capacity to generate cost savings for the exchequer via a reduction in the welfare benefit bill, increased revenue from taxation and so on. For example, ORC International (2006) calculated that helping 125 homeless people into proper and stable employment each year can save the economy as much as £5.6 million, or £45,000 per client, each year. More specifically, for those out of work for more than five years the cost of getting them back to work has been calculated as being between £12,000-£14,000; for those who have been out of work for less than two years the equivalent figures are £4,000-£6,000 (St Mungo's, 2010). In a similar vein, White's (2011) evaluation of the 'In Work Staying Better Off' project concluded that the provision of coaching combined with motivational interviewing represented value for money, as the average cost per client by the end of the project was £141.24, this reportedly being approximately one third of the costs incurred per client using Jobcentre Plus and other employment programmes.

There have also been some analyses of the broader social return on investment associated with employment, training and education programmes. Business in the Community (2012), for example, calculated that its 'Ready for Work' programme which engages UK businesses to support disadvantaged groups (including homeless people) by providing work placements and post placement support generated a total of £3.2 million in benefit to society over a five-year period. This was said to comprise: reduced re-offending savings (34%), Supporting People savings (21%), benefits savings (33%), tax and national insurance gains (7%), and health savings (4%) (Business in the Community, 2012).

On a related issue, BAOH (2009) calls for the piloting of financial incentives to help overcome the 'loss aversion' described in Chapter 3, that is, the perceived financial risks of taking up employment. This was inspired by analyses conducted by NEF (2008), which estimated that it costs the Government £26,000 per year to support a homeless person who could be working, that is, someone who is 'work ready'. NEF (2008) estimated that there are around 20,000 such individuals, and that on average an additional £20,000 would need to be paid over a four-year taper to encourage people back to work and help them stay in work. The cost of paying such an incentive could, NEF (2008) argue, deliver a cost saving in the region of £1.7 billion over four years.

### 4.2.2 Foyers

Having emerged in post-war France, and evolved in the UK since the early 1990s, Foyers are regarded as key responses to youth homelessness (Quilgars *et al.*, 2008). Foyers represent "an

integrated approach to meeting the needs of young people during their transition from dependence to independence by linking affordable accommodation to training and employment" (Anderson and Quilgars, 1995, p.2). The logic underpinning the emergence of Foyers in the UK pointed to the link between youth unemployment and homelessness and the need to break the 'no home, no job' cycle through a holistic response[29]. The model, which takes varied forms within and beyond the UK[30], has now spread across Europe, to Canada and the U.S. and more recently to Australia.

Foyers were originally envisaged to cater for 'low need' groups, who require assistance moving from dependence to independence, but do not have complex needs and require intensive support (Quilgars *et al.*, 2008). Over time however, it has increasingly been acknowledged that young people with higher and more complex support needs have been admitted (Quilgars *et al.*, 2008; Steen and MacKenzie, 2013) and indeed that there is some incentive (based on funding streams) for Foyers to target young people with higher needs (Lovatt *et al.*, 2006). Understanding the effectiveness of Foyers in breaking the link between poverty and homelessness would require 'controlling for' the characteristics of young people who enter Foyers, and this is not currently possible with the evaluation evidence and data/monitoring available.

As is true for most of the other interventions described in this chapter, there is a paucity of evidence on the outcomes of Foyers (Quilgars *et al.*, 2008; Steen and MacKenzie, 2013), the lack of data regarding the long-term employment and income outcomes for former Foyer residents being particularly notable. Evidence available from evaluations conducted in the UK and further afield does nevertheless indicate that Foyers can have a positive impact on the transitions of young people through homelessness, providing stable accommodation and a base from which young people can acquire life skills and manage the transition to more independent forms of living. Housing outcomes are generally very good and the model is often deemed to be 'highly successful' on these grounds (Lovatt *et al.*, 2006, p.162). In a recent review of output data from five UK Foyers, for example, Steen and MacKenzie (2013) found that on average 90% of ex-residents were in stable housing both on exit from the Foyer and 12 months after leaving the service (the other 10% leaving the program early due to disruption or non-engagement). Positive housing outcomes have been reported elsewhere, including in the U.S. and Australia (see for example Cameron, 2009; Common Ground Community and Good Sheppard Services, 2009). A number of evaluations also highlight positive psycho-social outcomes such as an increase in confidence and sense of 'ontological security' (Grace *et al.*, 2011; Smith and Browne, 2006; see also Quilgars *et al.*, 2008), albeit that there have been some reports that the model does not work well with young homeless people who have mental illnesses, nor those with psychological or physical barriers to employment or education (Grace *et al.*, 2011).

[29] It is worth noting that the drivers underpinning the development of Foyers in the UK differed from those prompting the model's inception in France. In France, Foyers provided "accommodation at a distance from the parental home, collective living and an element of social control" (Lovatt *et al.*, 2006, p.156) for young workers moving from rural to urban areas, with a view to supporting employers and their employees and providing some education on citizenship and life skills. Unlike in the UK, providing integrated job-focused training and education was never central to the Foyer movement in France (see Lovatt *et al.*, 2006).

[30] There is widespread variation in the form and structure that Foyers take, as individual projects are shaped by local needs and available funding streams (Lovatt *et al.*, 2006). Indeed, this has led to the adoption of a different and looser terminology – 'Foyer-like models' – to refer to a range of models that hold in common a focus on integrating secure accommodation with a program of job skills, training and living skills (Steen and MacKenzie, 2013). Dimensions along which Foyer-like models vary include: size; whether accommodation is single-site or dispersed; whether staff live on-site; staff/resident ratio; whether or not (and if so for how long) 'alumni' can access outreach support after leaving; and the extent to which the Foyer links a resident's tenancy to their willingness to meet the requirements of the service, engage with support, attend training and/or meet the contractual terms of the agreement between staff/resident.

Evidence regarding employment and income outcomes is sparse, though there is rather more on education/training outcomes. In the Australian context, Steen and Mackenzie (2013) found that around 90% of ex-Foyer residents were in education and training both on exit and 12 months after leaving service. They were unable however, to gather reliable data on employment figures of Foyer leavers. Smith and Browne's (2006) longitudinal study of 126 Foyer residents in the North, Midlands and South of England offers some of the most robust evidence available. In addition to noting previous Foyer research that highlighted the low level of benefit income residents subsist on in supported accommodation (Smith, 2004), they gathered primary data on both the recorded employment outcomes and income of young people after exit from the service[31]. Focusing on education and employment status, Smith and Browne (2006) report that at second interview, 61% of ex-residents were engaged in either full- or part-time work (44%) or full- or part-time education (17%), and of those working (full- or part-time) nearly half were also engaged in full- or part-time education (13 of 27). At the third interview the pattern remained similar, with nearly half of men and half of women in work or education or work and education. They describe that some work situations were very stable, with 31% of ex-residents still in the same employment as they had been at the second interview. Of the seventeen who were unemployed, two were engaged in part-time education; women not in work were mainly looking after children and three men were self-employed.

Moving on to consider the income of ex-residents, Smith and Browne (2006, p.9) comment that at second interview the "incomes of most young people were low whether they were working or not; they were poor either because of low wages or low benefits". At that stage of the study, a minority (one in five) reported debts or housing arrears. A total of 62% were claiming Housing Benefit. In the third and final interview, incomes reported by the remaining participants diverged further, with half reporting incomes of £80 a week or less, a further quarter had incomes up to £150, and the top quarter incomes between £160 and £450. Furthermore, at this stage those on low incomes and/or relying on benefits were more likely to be in debt than the other participants.

Available evidence does point to a negative relationship between Foyers and employment. In their review of UK Foyers, Steen and MacKenzie (2013) describe how as residents begin to work, benefits are reduced so they must pay more of their earned income in rent, which tends to act as a disincentive to employment. They emphasise that this could be particularly problematic where young people were seeking to work part time or casually to gain work experience and go so far as to cite some cases in which young residents were forced to resign from employment due to the higher rents they would incur. This work disincentive has also been noted by Lovatt *et al.* (2006) though Steen and MacKenzie (2013) importantly note that the issue of transition from welfare to work is not necessarily a greater issue in Foyers than other programs. It must also be noted that the outcomes of UK Foyers are inevitably heavily influenced by local housing markets and employment conditions (Smith, 2004).

In sum, a review of available evidence suggests that Foyers may realistically play only a minor role in breaking the link between homelessness and poverty, or more modestly, alleviating poverty among young people with experience of homelessness. While they appear to have a positive impact on the transitions of young people through homelessness, they are an insufficiently powerful tool to achieve the more ambitious aim of alleviating poverty, both while residents are in the Foyer (when benefit incomes remain low) and (based on limited available evidence) after exit. The broader structural challenges that young people face, especially those with support needs, may prove

[31] As is often the case with research of this nature, attrition was problematic: 49% of the original sample completed a third interview around a year/year and a half after the first and the authors hypothesise that those interviewed for a third time were the most stable participants, that is, those mainly in social housing tenancies (Smith and Browne, 2006).

resilient to the impact of programs like Foyers, particularly in a context of high youth unemployment and, in any case, high rates of in-work poverty (MacInnes *et al.*, 2013).

### 4.2.3 Social enterprises

There has been much enthusiasm within UK policy maker and practitioner circles as regards the promotion of social enterprises, especially those with a training or employment focus, in the homelessness sector (Teasdale, 2010) – in large part in response to their endorsement at central government level (CLG, 2006, 2007, 2008). There has been much debate regarding definitions of social enterprise (Cziske *et al.*, 2012; Teasdale, 2012), but the 'official' definition typically employed in the UK is that they are "business[es] with primarily social objectives whose surpluses are principally reinvested for that purpose" (DTI, 2002, p.8). Teasdale (2010) identifies seven types of overlapping social enterprise approaches or models operating in the UK homelessness field, each differentiated by their structural attributes and/or the degree of emphasis placed on 'social' versus 'economic' objectives, as illustrated in Table 1.

**Table 1: Models of social enterprise in the homelessness field**

| *Model* | *Description* | *Example* |
|---|---|---|
| Revenue generator/ mission awareness raising | Social enterprise as an income stream or means of raising awareness for TSOs. The trading activity is not central to social goals, income is diverted to other parts of the organisation. Thus, social enterprise is an activity – trading to fund social purpose, rather than an organisational type | Salvation Army War Cry |
| Contracted service provider | Homelessness-related organisations delivering government contracts | Shelter |
| Accommodation providers charging for beds | Providers offering places to homeless people. Revenue is usually derived wholly or in part through housing benefit paid by the State | St Mungo's |
| Participation-based community | Alternative safe living spaces for homeless people offering a holistic lifestyle within a supportive environment. Revenue is derived through a mix of trading and housing-related benefits | Emmaus |
| Employment provider | Social enterprises whose primary objective is to allow homeless people to earn an income. Employment (or self-employment) may be a temporary stepping stone to the mainstream labour market or long term (sheltered) | Big Issue |
| Training and work experience | Social enterprises providing homeless people with the chance to gain qualifications and/or work experience with the aim of moving them into the labour market | Crisis cafe |
| Hybrid | Social enterprises combining two or more of the above models | Big Life Company |

(Source: Teasdale, 2010, p.26)

Teasdale (2010, p.30) argues that the promotion of social enterprise as a route to employment for homeless people has not been evidence-based but rather founded upon "hypothetical assumption and anecdotal evidence". The limited evidence that exists is strongly suggestive of the fact that social enterprises can and do provide financial and other benefits to society at large (Clarke *et al.*, 2008; see also the section on Emmaus communities below) and that they have potential to help homeless volunteers develop work experience, skills and qualifications (Teasdale, 2010). Evidence indicates that they are unlikely, however, to have any direct impact on the financial situation of

homeless people whom generally work as volunteers and are not directly involved in trading activity[32] (Teasdale, 2010; see also Clarke, 2010).

Teasdale (2010) also cautions that social enterprises are generally not well suited to homeless people with complex needs, in large part because such projects have to balance competing social and economic goals (Dart, 2004), thus individuals with complex needs are often (and perhaps inevitably) regarded as 'unprofitable' to work with. Moreover, the ability of social enterprises to meet the wider social support needs of such individuals will, Teasdale (2010) argues, depend on the future priorities of State agencies and/or other funders and the contracting mechanisms employed.

Similar conclusions were drawn by Tanekenov (2013) after assessing the extent to which social enterprises with a training and/or employment emphasis 'empower' homeless people by enhancing their 'capabilities' (Sen, 1992; see also Fernandez Evangelista, 2010). He concluded that contrary to political expectations and the assertions of some proponents of the social enterprise model, social enterprises tend to be more effective at strengthening homeless peoples' 'social and emotional' capabilities (e.g. enhanced self-confidence, self-respect and positive self-perception) and 'intellectual and creative' capabilities (e.g. pursual of personal interests or 'spiritual' development) than in promoting their 'economic capabilities' (e.g. work skills). Tanekenov (2013) also concluded that positive empowerment outcomes were more effectively achieved by social enterprises with an overtly 'social' emphasis as opposed to a 'business' focus, that is, that positive impacts were more evident in those projects with an ethos resembling that of traditional charitable organisations, rather than social enterprises *per se.*

### 4.2.4 Emmaus communities

Emmaus is an international movement that began in France in 1949 and is now associated with more than 300 residential communities in 36 countries (Clarke *et al.*, 2008). The first community in the UK was developed in 1992. Emmaus is sometimes described as a 'way of life' rather than a homelessness 'intervention', and is underpinned by a philosophy of collectivism, self-reliance and social solidarity (Lawlor, 2012). Residents, known as 'companions', live and work together. To join a community, companions must relinquish non-housing-related welfare benefits, address any addiction problems, and be willing to work full time 'to the best of their ability' (Clarke *et al.*, 2008; Lawlor, 2012). Housing Benefit contributes toward the costs of providing accommodation (Teasdale, 2010). Companions receive full board (accommodation and food), a small weekly 'allowance' of between £32 and £40, and a further £6-£10 that is saved on their behalf and may be taken if/when they leave. The communities aim to be self-sustaining, and income is generated via a range of social enterprise activities including for example the recycling and sale of donated furniture, clothing and/or white goods (Lawlor, 2012). Emmaus communities are said to appeal to a number of homeless people, particularly older single homeless men with relatively low support needs who want and are able to cope with work, and whom enjoy communal living (Boswell, 2010; Clarke, 2010; see also Bretherton and Pleace, 2012).

There have been only a very small number of formal evaluations of Emmaus communities in the UK (see for example Clarke *et al.*, 2008; Lovatt *et al.*, 2004; also Lawlor, 2012). These highlight a number of beneficial outcomes such as the acquisition of skills, enhanced sense of purpose, a sense of belonging, improved feelings of self-worth, and adoption of 'healthier lifestyles'. Emmaus

[32] Sales of the Big Issue street magazine can be regarded as an exception, as vendors do generate income from each magazine sold. The sums obtained from such activities are however minimal, and begging is often regarded as a more 'lucrative' activity by members of the street population (Johnsen and Fitzpatrick, 2008; Kennedy and Fitzpatrick, 2001).

communities have been credited with providing a valuable reprieve from 'chaotic' hostel and/or street life, and with offering 'life-changing' experiences for many companions (Clarke, 2010; Lawlor, 2012). They have also been shown to offer substantial cost savings, with Lawlor's (2012) forecasted social return on investment analysis indicating that the average Emmaus community in the UK generates £2.5 million in savings, this representing more than £104,000 per community, and more than £5,000 per companion.

The financial benefits of living in an Emmaus community for individual companions, however, are described by Clarke (2010, p.95) as 'insignificant', given that they only receive a 'pocket-money level wage'. She notes that they may in fact be worse off financially if they had previously been in receipt of the higher-paying benefits such as Incapacity Benefit or Disability Living Allowance (Clarke, 2010). That said, one Emmaus community has calculated that the in-kind support it gives to companions equates to a salary of £16,536 in the first year and £17,004 in subsequent years, this being substantially more than a minimum wage earner[33] (Lawlor, 2012). If this is taken into account it could thus conceivably be argued that Emmaus communities alleviate the impacts of economic and material poverty of companions whilst they are in residence, albeit that they have very little if any financial 'autonomy' at the time (Johnsen, 2010).

Evidence regarding rates of move-on into independent living and subsequent employment is severely limited, in large part because the Emmaus ethos advocates a 'light touch' approach to data collection (Lawlor, 2012)[34]. The data available suggests that only 6% of UK Emmaus companions move into paid employment upon leaving (Lawlor, 2012), and those who do generally acquire poorly paid jobs in industries such as labouring and catering (Clarke, 2010). Evidence regarding the ability of Emmaus communities to make substantial in-roads to poverty alleviation in the medium- to long-term after companions leave is thus lacking.

For this reason, Johnsen (2010) questions the extent to which Emmaus communities actually foster homeless peoples' long-term financial independence in the manner claimed by Emmaus community proponents (see for example Boswell, 2010). Moreover, she questions how well placed residential communities are to cultivate the skills required for the 'normal' labour force where collegial relationships and work cultures are very different. For these reasons, Johnsen (2010) urges advocates of Emmaus communities to exercise caution before endorsing the model as an effective means of empowering homeless people and fostering their financial independence until the evidence base relating to these outcomes is much more comprehensive.

### 4.2.5 Money management and financial inclusion initiatives

Consideration of financial wellbeing, and the in-house provision of or referral to money management and debt advice programmes, are now widely regarded as integral components of the assessment and care plans devised when homeless people engage with mainstream support services such as hostels and/or tenancy sustainment programmes. The goal of 'income maximisation' is central to most such plans, and typically involves ensuring that service users receive all of the welfare benefits to which they are entitled and helping them to budget and/or reduce debt. Working toward this goal may also involve supporting homeless people to engage in employment, training and education programmes (see above) as appropriate.

[33] This is equivalent to £7.95 an hour, rising to £8.18, well above the minimum wage at the time the research was conducted, this being £6.08 (Lawlor, 2012).

[34] It should be noted that there is substantial variation in approach to move-on between individual Emmaus communities, with some emphasising independent living as the ultimate end-goal but others 'holding dear' the view that living in an Emmaus community long-term is a valid life-choice (Clarke, 2010).

Recognition of the fact that a mismatch between financial service products and the needs of homeless (and other low income) households can compound poverty and social exclusion has also prompted increased focus on the wider 'financial inclusion' of homeless people in recent years (Wallace and Quilgars, 2005). This has led to enhanced efforts to facilitate homeless people's access to bank accounts and debt management services, and to improve their financial 'literacy' more generally (Wallace and Quilgars, 2005).

There have been no focused evaluations of the effectiveness of money management and financial inclusion programmes conducted to date. That said, numerous broader programme evaluations (of various supported accommodation and resettlement schemes for example) report that assistance with money management and debt alleviation are almost always appreciated by homeless service users, and that they often (but not always) attribute any improvement in financial wellbeing (at least in part) to the support offered by staff in these areas (see for example Johnsen, 2013; Quilgars *et al.*, 2008, 2011). It should be noted, however, that many homeless or formerly homeless people (also) attribute improvements in their financial wellbeing to reduced expenditure on alcohol and/or illicit drugs (see for example Johnsen, 2013; Fitzpatrick *et al.*, 2010). That issue notwithstanding, it is at present not possible on the basis of existing evidence to state with confidence what impact money management and financial inclusion services have on poverty alleviation.

### 4.2.6 Personalised/Individual Budgets

Personalised (or individual) budgets are a relatively new initiative that aim to support 'entrenched' rough sleepers to move and remain off the streets by allocating a budget (typically in the range of £1,000-£3,000) which they can spend on anything they deem will help them move into and sustain accommodation. Access to the budget and the development of an 'action plan' is facilitated by a support worker (see Brown, 2013; Hough and Rice, 2010). This model aims to maximise the choice and control in care planning given to rough sleepers, in line with a broader 'personalisation' agenda that has emerged in health and social care settings (Homeless Watch, 2013b; see also McDonagh, 2011).

Personalised budget pilots across England (Homeless Watch, 2013b; Hough and Rice, 2010), and more recently Wales (Brown, 2013), have shown positive results in relation to stable accommodation outcomes, and a broader range of impacts including psycho-social outcomes (increasing self-esteem and self-confidence), addressing alcohol and substance misuse, improving engagement with support workers and health services, and reconnecting with family (Brown, 2013; Hough and Rice, 2010). Moreover, although there is no robust evidence on the cost-effectiveness of personalised budgets, some available evidence suggests that they offer value for money, with allocated monies tending to be underspent by budget holders (Brown, 2013; Hough and Rice, 2010).

Despite evidence of positive housing related and broader outcomes, there is no evidence that personalised budgets contribute to alleviating or reducing poverty among those involved. Such approaches are likely to improve people's financial circumstances in that they involve tailored, one-to-one support from project workers who can help service users access benefits and manage their income, and to the extent that they help tackle alcohol and illicit substance misuse. Although no studies have tracked the impact of personalised budgets over the long term, evaluations to date indicate that those who benefit from them, including by accessing and maintaining accommodation, continue to experience financial hardship. Indeed, Hough and Rice (2010) cite problems with benefits as one factor precipitating a person involved in the City of London personalised budget pilot abandoning their accommodation.

## 4.3 Conclusion

In reviewing evidence regarding the effectiveness of interventions that aim to break the links between poverty and homelessness, this chapter has shown that effectively targeted secondary and tertiary homelessness prevention measures can act as a 'buffer' protecting low income households who are at risk of homelessness, thus reducing its overall incidence. It is nevertheless widely believed that for the links between poverty and homelessness to be more effectively broken, 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.

The chapter also reviewed a number of initiatives that attempt, in addition to other aims, to improve the short- and long-term financial circumstances of people who have become homeless. The majority report very positive psycho-social outcomes for service users and arguably equip them to be more competitive in the labour market by helping them acquire skills, qualifications and/or work experience. A number report substantial cost savings to the State also. It seems likely, however, that such initiatives are only successful in mitigating experience of poverty in a small minority of cases, as none has a particularly successful track record in terms of assisting homeless and formerly homeless people to acquire and retain paid work.

Homeless and formerly homeless people with high support needs face especially significant barriers to participating in the mainstream workforce. Existing evidence indicates consistently that even those homeless people that do succeed in accessing paid employment are rarely much if any better off financially as a result. Though the positive psycho-social and other outcomes attributed to the interventions considered here are all, of course, valuable gains in and of themselves, it seems on the basis of evidence available that they are rarely strong enough 'tools' to lift homeless and formerly homeless people out of poverty in either the short or longer term within the current structural context. Stakeholder expectations as regards their ability to do so should, thus, remain realistic.

# 5. Conclusion

This review of evidence regarding the links between poverty and homelessness confirms that the relationship between these two 'social ills' 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, whether they are single homeless people or the heads of homeless families. Furthermore, whilst evidence regarding the financial and other long-term circumstances of people with experience of homelessness is limited, that which exists shows consistently that the vast majority suffer from persistently low income in the long term, whether receiving out-of-work benefits or in paid work.

Efforts to break and/or weaken the bi-directional relationship between poverty and homelessness take a variety of forms. *Primary prevention*, which combats the structural factors that contribute to economic disadvantage and inequality, appears to offer the most effective means by which to counter both homelessness and poverty and reduce the links between them. Primary prevention seeks to reduce the risk of homelessness amongst the general population by improving housing supply, access and/or affordability, and/or by reforming aspects of the 'welfare settlement' (e.g. the availability/generosity of income benefits, housing allowances, employment protection etc.).

In this vein, the evidence presented can perhaps be read as showcasing the need for a shift away from the current preoccupation with 'income maximisation' (see Chapter 4) towards poverty alleviation more generally (and ambitiously). Such a shift would facilitate routes out of poverty, 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). Calls for improving the supply of affordable housing, which have a long history in the UK, thus remain highly relevant – particularly in a context where welfare reform risks heightening many households' vulnerability to homelessness.

Also of relevance is widespread support for the living wage campaign which has traction across the political spectrum, albeit that many aspects of the operationalisation of such a venture still need to be debated (see Lawton and Pennycook, 2013). Such efforts are necessary if employment is to offer a genuine route out of poverty for homeless people (and indeed the broader population), as policy intends. There is also a need to 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 flexibly to casual and part time work, in a way that it currently does not.

Existing evidence suggests that *secondary and tertiary prevention* initiatives can also act as effective 'buffers' protecting those households who are most at risk of experiencing (or re-experiencing) homelessness. These include a range of measures including but not limited to housing advice, rent deposit schemes, and assistance with budgeting and/or debt management. Employed individually or in combination, these can improve the financial stability of homeless and formerly homeless people and/or help them negotiate crises without succumbing to homelessness (or repeat incidences thereof).

It seems, however, that poverty is more intractable and difficult to resolve than is homelessness – largely because poverty tends to be chronic and cumulative in nature, homelessness rather more episodic. A *range of project-level interventions* have attempted to improve the financial wellbeing (and other circumstances) of homeless and formerly homeless people (e.g. employment, training and education programmes; Foyers; social enterprises etc.). These report a number of very positive psycho-social and other outcomes, and are thus valuable on this basis alone, but existing evidence

suggests that they are rarely strong enough 'tools' to lift homeless and formerly homeless people out of poverty in the short or longer term – or not in the current structural context at least.

It is too early to be definitive about the impacts of welfare reform, but there is widespread consensus that recent and proposed reforms will strengthen rather than weaken the links between poverty and homelessness. Concerns about the potentially severe effects on homeless people with complex needs and young people are particularly acute given fact that inappropriately applied sanctions not only risk leaving the individual in question in (even greater) poverty, or even destitute, but also heighten the risk that they will return to a situation of homelessness. The recent introduction of exemptions for rough sleepers and homeless people in supported accommodation from requirements that they seek or prepare for paid work is thus a welcome development.

Finally, the review has highlighted a need for more effective monitoring of the long-term impacts of various initiatives on homeless and formerly homeless peoples' financial wellbeing (and indeed other outcomes), because evidence regarding these is, at present, weak. Future research should ideally track individuals' experiences longitudinally for much longer than the usual one-to-two years. Further examination regarding the presence and longevity of poverty in homeless people's backgrounds, including assessment of the prevalence and nature of intergenerational poverty, would also strengthen the existing evidence base and thus provide a firmer grounding for the development of interventions that aim to break the links between poverty and homelessness.

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