

WRITTEN EVIDENCE SUBMITTED BY CENTREPOINT AND ST BASILS (RRB34)

RESPONSE TO THE CALL FOR WRITTEN EVIDENCE ON THE RENTERS (REFORM) BILL

Summary:

- Centrepont and St Basils welcome the introduction of the Renters Reform Bill and its aim to deliver a fairer and more secure private rented sector by removing Section 21 no fault evictions and simplifying tenancy structures through the removal of Assured Short hold Tenancies.
- However, we wish to make the Committee aware of an important unintended consequence of the planned proposals to a critical accommodation model for young people transitioning into employment, who have experienced homelessness, known as Stepping Stone Accommodation.
- We believe that, unless there is a minor amendment to the Bill, the Stepping Stone Accommodation model would be seriously compromised and the pathway from homelessness into employment would be made more difficult for some of our most vulnerable citizens.
- Stepping Stone Accommodation is not supported housing, nor is it key worker accommodation, meaning that there are no grounds within the Bill that will enable the model to continue operating once the legislation is implemented.
- Stepping Stone Accommodation is value for money: for every £1 spent on the model, there is a £14 return to the public purse; while over 5 years, the benefits of the model average out at between £70,000 and £92,000 per individual.

Centrepont is the leading national charity working with homeless young people aged 16 to 25. We are a registered social housing provider, a charity enterprise and a company limited by guarantee. Established nearly 50 years ago, we provide accommodation and support to help homeless young people get their lives back on track.

Every year, alongside our partner organisations, we work with over 16,000 young people, providing tailored support to help them address their support needs, with a particular focus on health, learning, housing and employment. In doing this, we aim to help young people to explore their aspirations, achieve their goals and lead meaningful lives.

St Basils is the largest provider of services for homeless young people in the West Midlands, providing services to some 4000 young people each year. It delivers the Youth Hub Services for Birmingham City Council, which is a single access gateway for young people that aims to provide a successful transition to adulthood. St Basils is an innovative provider of care and support for homeless young people, and looks proactively to pioneer new ventures to tackle the problem of homelessness in new and different ways.

As part of Centrepont's and St Basil's work to support young people with experiences of homelessness, both organisations have developed programmes aimed at enabling those who would otherwise struggle to gain long-term independent housing to access genuinely affordable accommodation. This has been achieved through

Centrepont's Independent Living programme and St Basil's Live and Work scheme respectively. In developing these programmes, Centrepont and St Basils have coined the term Stepping Stone Accommodation to describe their respective models.

Stepping Stone Accommodation

Stepping Stone Accommodation, such as Centrepont's Independent Living and St Basil's Live and Work programmes, provides genuinely affordable housing to young people who would otherwise struggle to access tenures in the private and social rented sectors. In doing this, Stepping Stone Accommodation enables tenants to transition to employment, move away from using benefits and pay their rent through their earned income.

Rates of rent for Stepping Stone Accommodation are sub-market, meaning that they are deflated below LHA or social rent levels. In Independent Living, this means that young people living in Peckham's Reuben House development only pay a third of their annual salary towards their rent. Similarly, young people living in phase 1 of St Basil's Live and Work programme pay rent deflated to below LHA (£45 per week), while young people living in St Basil's Phase 2 development pay just below LHA and social levels (£75 per week).

As a condition of their tenancies, tenants living in Stepping Stone Accommodation have to be in work or an apprenticeship. These conditions ensure that operators of Stepping Stone Accommodation, likely to be registered providers of social housing, receive regular sub-market rent payments. Moreover, they enable tenants to save money, plan for the future and, subsequently, access long-term and independent accommodation in the wider housing market.

Stepping Stone Accommodation tenancies are limited to 3 years. This enables tenants to experience the impact of working and paying rent through their earned income, as well as the financial planning that this requires, while not trapping them in artificially deflated rents indefinitely. These shorter tenancies also promote a consistent flow of move through opportunities for young people who are ready to live independently but cannot do so due to a lack of private and social rented sector housing. The current form of tenure used in Stepping Stone Accommodation is generally Assured Short-hold Tenancies (ASTs).

Stepping Stone Accommodation does not necessarily need to be limited to young people. Centrepont, St Basils and their partners believe that the model can be used to support any group that would otherwise find it difficult to access long-term independent accommodation in the wider housing market. These are groups that are characterized by types of vulnerability, such as health inequalities or socio-economic disadvantages, who require support to access housing, but do not need the kinds of support most commonly associated with supported accommodation.

Stepping Stone Accommodation definition

The following definition was developed through two rounds of consultation with Centrepont, St Basil's, YMCA England and Wales and the NHF, as well as local YMCA's and NHF members:

1. Stepping Stone Accommodation tenancies are time limited, aimed at enabling tenants to make and sustain the transition to employment, pay their rent through their earned income and access long-term and independent accommodation in the wider housing market.
2. Tenants in Stepping Stone Accommodation have to be in work or an apprenticeship as a condition of their tenancies.
3. There is a flexible grace period for tenants who fall out of work or an apprenticeship that is applied at the landlord's discretion and on a case-by-case basis.
4. Within this grace period, tenants must be looking to return to work or an apprenticeship.

5. Maximum periods of stay should be no longer than 3 years and should be sufficient to enable tenants to attain employment experience, pay sub-market rents through earned income and pursue long-term accommodation elsewhere.
6. Rates of rent for Stepping Stone Accommodation are sub-market, meaning that they are deflated below LHA or social rent levels.
7. Potential tenants of Stepping Stone Accommodation will be assessed by landlords to have a designated level of independent living skills before being offered a tenancy.

Support for Stepping Stone Accommodation

Organisations providing Stepping Stone Accommodation have received considerable support, grants and funding from local and national government and private organisations and donors:

- **Central Government Support:** St Basil's phase 2 self-contained accommodation: £3.2 million was provided for the conversion and refurbishment of existing properties. Homes England contributed 60% and the Local Authority 25%.
- **Regional government support,** through the Trailblazer Devolution Deal in the West Midlands, DLUHC and Homes England will work with the West Midlands Combined Authority to develop an expansion pilot of Stepping Stone Accommodation based on St Basil's Live and Work model across the West Midlands. Centrepoin has also benefited from Greater London Authority support and funding towards their new Independent Living development (Reuben House) in South London.
- **Local Authority support** in areas such as Barnet, Lambeth, Manchester City Centre and Southwark has enabled Centrepoin to lease land at competitive rates and develop Independent Living properties.
- **Philanthropy and Donations:** Centrepoin has a £30M fundraising target for the creation of 300 new Independent Living homes in London and Manchester. To date the charity has managed to secure in excess of £6m towards that target. A further £5M has already been pledged as part of a match funding proposal from one of Centrepoin's key donors. Due to the success of the programme to date, it is expected that additional funding will be received as and when more developments are opened.

This support has enabled organisations such as Centrepoin and St Basils to work towards ambitious targets of developing hundreds of new Stepping Stone homes in the next few years in areas including London, Manchester and the Midlands.

Not to include legal grounds to safeguard Stepping Stone Accommodation is at odds with the above Policy decisions. In particular, it would damage the Trailblazer Devolution Deal in the West Midlands where DLUHC and Homes England will work directly in the expansion of Stepping Stone Accommodation.

The effectiveness of Stepping Stone Accommodation

Proof of concept schemes have been tested by Centrepoin's Independent Living and St Basils' Live and Work. This evidence demonstrates that Stepping Stone Accommodation saves public money by enabling young people to sustain work and move on into the private rented sector:

In 2017, it was estimated that these benefits, accumulated over 5 years, average out at between £70,000 and £92,000 per individual on the full Live & Work scheme.

Moreover, estimates show that for every £1 that went into Stepping Stone Accommodation, there is a £14 return to the public purse.

Staff working in Centrepoin’s Independent Living Programme suggest that Stepping Stone Accommodation has the potential to “change the story for young people experiencing homelessness”, and that when young people access Stepping Stone Accommodation they “feel a sense of relief, safety and security” as “especially if they have been through the supported housing system, having their own key for their own front door is huge for them”. In suggesting this, staff highlight that Stepping Stone Accommodation gives young people who would otherwise be unable to access their own independent accommodation, the opportunity to have “their own space and privacy, and really focus on what they want from life”.

Case study, the Independent Living Programme:

Nathan was unable to access affordable housing until a local housing officer referred him to Centrepoin. After contacting Centrepoin, Nathan was offered a home through the Independent Living Programme and became one of the first young people to live in Centrepoin’s ground-breaking Reuben House development.

Whilst living at Reuben House, Nathan was able to benefit from reduced rates of rent, amounting to a third of his salary. This, subsequently, enabled Nathan to begin saving a significant proportion of his earned income – something that, he states, allowed him to “think about making a life, instead of just living month to month and getting by”. Through this, Nathan argues that he was able to develop a financial plan and, for the first time in his life, achieve financial stability.

Nathan has now moved out of his Independent Living accommodation, using the money he was saving by living at Reuben House to put down a deposit on a 1 bed shared ownership flat.

Recent Centrepoin analysis shows that, per annum, youth homelessness costs the country an average of £8.5billion. Approximately 70 per cent of this total is lost because young people facing homelessness are less able to meaningfully contribute to national economic output (estimated at £5.4 - 6.0bn annually). This occurs in two ways: a) short-term loss from unemployed young people not contributing to societal economic output and b) lost long-term productivity — these losses represents the opportunity cost of what young people could have achieved had they not faced the challenges of homelessness.

It is, therefore, vital that the Government does not restrict innovative programmes, such as Stepping Stone Accommodation, aimed at enabling young people who have experienced homelessness to successfully transition into independence. Stepping Stone Accommodation provides young people with the almost unique opportunity to access employment and develop themselves, without the pressure of paying ever-increasing rates of rent. In this way, Stepping Stone Accommodation may be described as such:

“An ancillary entity within the wider housing ecosystem that not only provides accommodation to young people, but offers the experience of independence while enabling tenants to develop themselves and their careers.”¹

¹ Kerridge, T., Somewhere to Call Home: improving young people’s access to safe secure and affordable housing, 2022

Stepping Stone Accommodation and the Renters (Reform) Bill

While Centrepont and St Basils are very much in support of Renters Reform – particularly in respect of the removal of Section 21 no fault evictions, we are concerned that the removal of short term tenancies risks the sustainability of the Stepping Stone Accommodation business model.

- The Renters (Reform) Bill will end fixed term tenancies, meaning that Registered Providers of Stepping Stone Accommodation will no longer offer 3 year tenancies.
- Moreover, Registered Providers will only be able to end tenancies on legal grounds such as rent arrears or anti-social behaviour.

Both of these changes would mean that tenants living in Stepping Stone Accommodation could remain in their properties for as long as they wanted at sub-market rents. Furthermore, it would limit turnover of tenants and, subsequently, mean that types of Stepping Stone Accommodation would fail. To safeguard Stepping Stone Accommodation, we require an amendment to the Renters (Reform) Bill that provides legal grounds to end Stepping Stone Accommodation tenancies.

Work with DLUHC to date

A working group consisting of representatives from Centrepont, St Basils, YMCA England and Wales and the National Housing Federation (NHF) have worked closely with DLUHC civil servants to address the issues discussed in the preceding section. In doing this, the working group met with DLUHC civil servants responsible for the Bill to explore how Stepping Stone Accommodation could fit within the Renters (Reform) Bill and ensure that Registered Providers of this accommodation remain able to apply mandatory and discretionary grounds for possession.

As a result of these meetings, DLUHC civil servants proposed that Stepping Stone Accommodation could fit within three grounds (5D, 5F & 18) – all of which would, in their perspective, accommodate for: a) the need to ensure that residents are in or are actively looking for employment/an apprenticeship, and b) the requirement that residents do not stay in their accommodation for longer than the maximum period of stay (3 years). These grounds are listed below:

- **Ground 5D – End of employment requirements:** *Note, this is a mandatory ground.*

“The landlord seeking possession is a private registered provider of social housing, the tenancy agreement includes a requirement connected with the tenant’s employment and the tenant no longer fulfils that requirement.”

- **Ground 5F – Supported Accommodation:** *Note, this is a mandatory ground.*

“The dwelling-house was supported accommodation when the tenancy was granted and any of the following applies—

- (a) the tenancy was granted for the purpose of providing the tenant with support services for a limited time in order to enable the tenant to be able to live in other accommodation in the future and the period for which those support services were to be provided has ended;
- (b) a person other than the landlord provides or provided support services to the tenant, but—
 - (i) the support services have come to an end or the person is not fulfilling their obligations under the arrangements for the provision of those services, and

- (ii) where the dwelling-house is not managed accommodation, the landlord has used reasonable endeavours to find another person to provide support services to the tenant but has not been able to do so;
 - (c) where the accommodation or support services were funded wholly or partly by someone other than the landlord or the tenant—
 - (i) that funding is no longer being provided,
 - (ii) where the dwelling-house is not managed accommodation, the landlord has used reasonable endeavours to identify alternative funding but has not been able to do so, and
 - (iii) it would not be reasonable for the landlord to continue to provide accommodation or for the person who provided support services to continue that provision without that funding;
 - (d) the tenant does not need the level of support services that are provided at the dwelling-house;
 - (e) the tenant does not need any support services;
 - (f) the support services that are provided at the dwelling-house do not meet the tenant's needs;
 - (g) the dwelling-house has physical features intended to enable persons with needs for particular support services to live more independently than they could do so without those features and those physical features are not needed by the tenant;
 - (h) the dwelling-house is physically unsuitable for a person with the tenant's needs for support services to live in.
- **Ground 18 – Supported Accommodation:** *Note, this is a discretionary ground.*
“The tenancy is of supported accommodation and the tenant has unreasonably refused to co-operate with the person providing support services with regard to those services.”

Centrepont and St Basils are committed to working with DLUHC Ministers and Civil Servants to find a solution to the issues relating to Renters (Reform) and Stepping Stone Accommodation. We are broadly satisfied with the ground relating to employment as DLUHC have highlighted that they have sought to structure this ground for possession as a clear test – meaning that, if an operator of Stepping Stone Accommodation were to use this ground to seek possession of a property, it would be the responsibility of a judge to assess whether the case, as presented, met the test set, and grant (or refuse) possession accordingly. This means that the operator would have to make the case that the tenant is no longer meeting the requirement related to their employment as designated in the explanatory notes².

While DLUHC have assured us that these grounds are flexible enough to accommodate for Stepping Stone Accommodation, we remain concerned that the explanatory notes related to Ground 5D suggest that the ground is “for key workers” and those “in a specific profession or income bracket.” Stepping Stone Accommodation is for those who would otherwise be unable to live in the wider housing market, and is, thus, a means through which residents can improve their earned income and build sufficient resources to sustainably access private rental, or other types of, tenures. It would be helpful if the list of examples were expanded to include a category

² Renters Reform Bill Explanatory Notes, DLUHC, November 2023

relevant to Stepping Stone Accommodation – i.e., *housing for those transitioning into independent accommodation or housing for those who are unable to access the wider housing market.*

Moreover, we would like to emphasise our particular concern relating to the possibility of Stepping Stone Accommodation being incorporated within Grounds 5F & 18. We do not consider Stepping Stone Accommodation to fit with the grounds on Supported Housing for the following reasons:

- 1) Ideologically it differs from supported housing, in that both forms of provision have different aims: In supported housing the aim is to support “*groups who require help to live independently or to move towards living independently in mainstream housing*”³; whereas in Stepping Stone Accommodation the aim is to enable people who are already assessed as capable of living independently to make and sustain the transition to employment, pay their rent through their earned income and access long-term and independent accommodation in the wider housing market. In this way, the Stepping Stone Accommodation model aims to help tenants economically, rather than support them to gain independent living skills.
- 2) We also firmly believe that Stepping Stone Accommodation is unlikely to meet the supported housing definition which has a requirement to offer “*care, support and supervision*”, a test that has been lifted from pre-existing legislation.⁴ The test/threshold for evidencing the “*level of support/supervision*” is much higher than provided in the Stepping Stone Accommodation schemes.⁵ Forms of Stepping Stone Accommodation, such as Centrepoin’s Independent Living and St Basil’s Live and Work, will only provide tenancy sustainment, akin to general needs providers, through their dedicated housing officers. The housing officers may also support tenants via signposting into work and employability options if the tenant’s current employment fails. This is not sufficient to meet the threshold for supported housing.
- 3) We do not consider Stepping Stone Accommodation to meet the proposed definition of “*move-on accommodation*” within the supported housing definition. This is because Move-on accommodation can be considered to be a sub-set of supported accommodation; this is usually either commissioned in the traditional sense via local authorities, or linked to a local authorities housing strategy as dispersed accommodation for those exiting supported accommodation. This is evidenced in the explanatory notes, wherein it is stated that: “*Sub-paragraph (1) specifies that a court is required to award possession if the tenancy was originally granted as supported accommodation and the landlord can demonstrate that any of the following conditions apply: a. The accommodation was provided as “move-on accommodation” for the purpose of enabling the tenant to transition to alternative accommodation and the period for which that support was intended to be provided (including any agreed extensions to that period) has ended.*” However, Stepping Stone Accommodation does not fit within the definition of supported housing, nor does it provide any support, meaning that it cannot be incorporated within this category.
- 4) Moreover, we believe that the above comments also apply to “*managed accommodation*” as it is defined in the Renters (Reform) Bill.⁶

³ Renters (Reform) Bill: explanatory notes, DLUHC. P.68

⁴ Renters (Reform) Bill, DLUHC. P.70

⁵ Examples of the level of support required for supported accommodation, as well as the impact of this on grounds for possession, can be found on page 70 of the explanatory notes.

⁶ Renters (Reform) Bill, DLUHC. P.75

There is a further perceived risk that in rebranding Stepping Stone Accommodation as supported housing, the scheme may be forced into future legislative reform targeted at supported housing in order to fit this ground; whilst we fully support the regulation of supported housing, to potentially include Stepping Stone Accommodation within this regime will take away the flexibility of the current model.

In this way, we are not confident that these grounds could be used to ensure that there is a steady flow of residents staying in and benefiting from Stepping Stone Accommodation.

Proposed grounds for Stepping Stone Accommodation

In addition to meeting and working with colleagues from DLUHC to examine how existing grounds within the Renters (Reform) Bill could accommodate for Stepping Stone Accommodation, the working group also sought to develop proposed grounds that could be incorporated within the Bill. The following outline of the proposed grounds for Stepping Stone Accommodation was developed through two rounds of consultation with Centrepont, St Basils, YMCA England and Wales and the NHF, as well as local YMCA's and NHF members.

Ground	Mandatory / Discretionary	Notice period	Information	Rationale
Stepping Stone Accommodation	Mandatory	2 months	<p>“A social landlord must have granted the tenancy as Stepping Stone Accommodation.</p> <p>This ground can be used when the Stepping Stone tenancy was intended for a defined period of time and that has come to an end, or the project aims no longer meet the tenant’s needs</p> <p>The landlord must warn the tenant that that the ground may be used and the defined period of time after which the ground may be used in the tenancy agreement.”</p>	<p>Limits the use of Stepping Stone Accommodation and associated ‘time-bound’ tenancies to social landlords</p> <p>Requirement to warn tenant and citing the term after which ground can be used gives tenant security/certainty. Also ensures objective determination of ground, thus enabling mandatory possession</p> <p>Two months’ notice is akin to current s21 process and should afford tenant sufficient time to seek alternative accommodation</p> <p>Similarly to supported housing, some Stepping Stone projects are subject to grants/funding; landlords need to reserve protection if projects end or project aims change</p>

Ground	Mandatory / Discretionary	Notice period	Information	Rationale
Stepping Stone Accommodation	Discretionary	4 weeks	“The ground will be restricted to social landlords who are providers of Stepping Stone Accommodation and can only be used where the tenant is not in work and is not actively seeking to access further employment opportunities and/or not engaging with the landlord.”	<p>Tenants in Stepping Stone Accommodation have to be in work or an apprenticeship as a condition of their tenancies.</p> <p>There is a flexible grace period for tenants who fall out of work or an apprenticeship that is applied at the landlord’s discretion and on a case-by-case basis.</p> <p>Within this grace period, tenants must be looking to return to work or an apprenticeship.</p>

Recommendations

Centrepoint and St Basils believe that, unless there is a minor amendment to the Renters (Reform) Bill, the Stepping Stone model will be seriously compromised and the pathway from expensive supported accommodation into employment would be made more difficult for some of our most vulnerable citizens.

This amendment should incorporate the proposed grounds discussed in the previous section of this document, ensuring that Registered Providers of Stepping Stone Accommodation can gain possession of Stepping Stone properties when a) residents are not in employment/an apprenticeship or actively seeking employment/an apprenticeship and b) the defined tenancy period (3 years) comes to an end. The amendment should also make it clear that only Registered Providers of Stepping Stone Accommodation, likely registered social landlords, can use these grounds.

We are, therefore, re-emphasising the call for this amendment from organisations including the West Midlands Combined Authority, Chartered Institute of Housing and National Housing Federation, as well as St Basils and Centrepoint. This call for an amendment has been made in briefings shared with members of the committee individually and is reiterated here.

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