



150 YEARS OF HELPING HOMELESS PEOPLE: 1860-2010

Benefit cuts will cost double what they save

The fallout over cuts to housing benefit means the state will spend double what they will save according to London homeless charity Providence Row.

Chancellor George Osborne is currently predicting that the cuts will save £1.7bn nationally although research shows that evictions as a result of these cuts could cost up to £3.4bn, burdening the state with an extra £1.64bn per year.

As a result of the cuts to housing benefit, around 82,000 households in the capital alone will face eviction. Many of these people will move to cheap, crowded accommodation whilst others will face a winter on the streets.

In either case, the cost to the NHS will be high. Providence Row chief executive Jo Ansell said, "The effects of overcrowding and homelessness on people's health should not be underestimated. For homeless people no access to local GPs often means minor illnesses become major ones and leads to expensive treatments at A&E departments."

The cuts will also mean more costly emergency accommodation. Single homeless people are rarely eligible for social housing and rely on the private rental sector but the lack of affordable rentals will see them staying in hostels for longer. It costs over £400 per week to house one person in a hostel and that bill looks set to rise.

The greatest cost, however, will be to the individuals who lose their housing benefit. London mayor, Boris Johnson, estimates that people who receive housing benefit will be around £20 worse off per week. But the cost is not only monetary. Jo Ansell said, "We have serious concerns about the mental health of people that will be made homeless by the new measure. Even a short period of homelessness can result in severe psychological distress and feelings of isolation."

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Notes to editors

- Costs and savings of cuts from *Homeless Link's Evidence: Social Security Advisory Committee Public Consultation on the Housing Benefit (Amendment) Regulations 2010*.
- 82,000 households facing eviction according to London Councils.
- £400 per week to house one person in a hostel includes catering costs at an East London hostel. Costs vary considerably depending on people's support needs and can be as high as £700-800 per week for those who require more care.
- 35% of people that slept rough in London last year were experiencing mental health problems according to Broadway's *Street to Home Annual Report* April 2009-March 2010.

- Providence Row's services include hot breakfasts, showers, advice on housing and benefits as well as reconnection to people's local area or home country.
- To tackle the causes of homelessness it helps people with mental health issues and addictions as well as hosting a needle exchange; the Meaningful Occupation department provides activities such as an in house volunteering programme and digital media classes.

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