



Rental allowance for Service families

Executive summary

The Future Accommodation Model (FAM) is considering how accommodation will be provided to serving personnel in the future. One option being considered for those families who wish to remain mobile is the introduction of a rental allowance to allow them to rent a home privately. Army families have raised a number of concerns about this proposal and this paper outlines their concerns.

The key concerns are:

- Removal of the informal patch support network with resulting negative impact for families and additional burden on official welfare channels.
- Insufficient supply of suitable rental properties, particularly ones that will accept pets.
- Concern about ability to be able to afford to rent privately, with changes in entitlement resulting in officers having to pay more to secure the same type of housing.
- Lack of time and ability to source a home.
- Lack of security of tenure, resulting in potential for families to move during the posting with resulting impact on schooling, spousal employment and finances.
- Concern about whether Army families will be able to access good and outstanding schools, when it may be difficult to find and afford rental properties in the catchment areas.
- Concern about how the most vulnerable families will be supported, including Foreign & Commonwealth families and those with additional needs.
- Concern that an allowance can be easily cut.

Introduction

AFF's Big Survey 2016 consulted families about the future of Army housing and the potential options of FAM. When presented with the likely FAM options, only 4% chose a private rental allowance as their preferred accommodation provision.¹ This was consistent across all ranks. It was also the least popular option for future accommodation in the MOD FAM Survey (10%).

Isolation

Numerous families commented that patch life is a crucial component to addressing the impact and difficulties of mobile Service life. The patch provides a formal and informal support network to families both in times of deployment and training as well as the day-to-day issues that arise for mobile families, bringing empathy and practical support. The significance of this support cannot be underestimated.

AFF Big Survey 2016:

- 59% of respondents said the loss of a military community was either a negative or a very negative aspect to renting privately.²
- 67% of families said they felt the removal of patch life would have a significant or some negative impact on dealing with frequent moves or postings.
- 77% said it would have a significant or some negative impact on coping when their soldier deploys on operations or exercises, with 51% of these stating it would have a significant negative impact.
- 69% said the removal of patch life would have a significant or some negative impact on dealing with their soldier's long hours.

We also asked Army families who had lived in SSFA (Substitute Service Families Accommodation), i.e. where families have been offered rental due to lack of SFA availability, about their experiences.

Several families commented that, although they could often benefit from a better quality house than SFA, this came at a cost. These included having poor support and maintenance of the property from the landlord, not being allowed pets, the landlord selling their property during the posting period, only being allocated an address shortly before moving making it difficult to apply for schools and being a distance from the soldier's workplace.

In addition, many commented on the impact of not living in a military community, leaving them feeling isolated and unsecure, sometimes living in a civilian community that did not understand the issues and challenges of military life.

"We have previously lived in Substitute Service Families Accommodation (SSFA). It was difficult to integrate to an already established community, particularly when they are aware you are not there permanently. In addition to feeling detached from the community, there was also a feeling of detachment from the unit when my spouse was deployed. They made many efforts for which I was grateful, but the geographical distance establishes an automatic sense of isolation."

Supply

Our families like living close to work and feel that being able to do so mitigates some of the issues around working hours and deployment. The MOD FAM survey agrees with 71% of

¹ 6,618 responded to this question

² 6,308 responded to this question

Army personnel stating they would prefer to live in SFA because of the location/commuting distance.

FAM proposes a 40-minute commute in line with the average civilian journey. In areas where property is expensive or in short supply, we anticipate that many of our families will have no choice but to live on the outer limits of the 40 minutes to access suitable properties. A 40-minute commute from Catterick Garrison could mean a family living in Wetherby or Sunderland; a 40-minute commute from Aldershot could mean a family living in Basingstoke or Epsom³. This is likely to lead to the requirement for a second car and 65% of respondents in AFF's Big Survey said the need for a second car was either a negative or a very negative aspect to renting privately.⁴

Families also highlighted the potential problems for those with a disabled family member. SFA can be adapted; however, will families easily find private rental properties in their posting area with suitable adaptations for their disability?

Additionally, they expressed their concern that the influx of significant numbers of military personnel into the private rental market in an area will force an artificial rise in rental prices, both for them and for the local civilian population, forcing our families further afield. These concerns were shared by delegates at the Armed Forces Conference in 2016 and supported by a report by West Suffolk looking at the impact the US Airforce personnel had on house prices around their bases⁵. With the government currently implementing a number of initiatives designed to place a higher tax burden on those who can afford to own an additional property and rent it out, owning and renting out a property is becoming more unattractive. The National Landlord Association commented that landlords "will be forced up a tax bracket as a result of the changes or potentially forced out of business, [and] their tenants will be faced either with higher rents or the struggle to find another home in an already pressured housing market⁶."

The Redfern Review 2016⁷ highlighted that one of the causes of a decline in home ownership was a lack of housing supply. In addition, the Royal Institution of Chartered Surveyors (RICS)⁸ stated in October 2016 that the UK was suffering from a critical rental shortage, with 1.8 million more households looking to rent.

A recent BBC article⁹ emphasised the issues that local authorities are experiencing in sourcing suitable accommodation for their local homeless families, stating they are using private rental accommodation.

Pets

76% of respondents in AFF's Big Survey said they felt that a landlord refusing to allow them to have pets in a rental property was either a negative or a very negative aspect to renting privately.¹⁰

³ www.zoopla.co.uk

⁴ 6,308 responded to this question

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www.westsuffolk.gov.uk/Business/RAF_Lakenheath_and_Mildenhall/upload/USAFEimpactsFinalreport160303.PDF

⁶ www.landlords.org.uk/news-campaigns/news/nla-budget-response-no-news-still-bad-news-landlords

⁷ www.redfernreview.org/

⁸ www.bbc.co.uk/news/business-37547912

⁹ www.bbc.co.uk/news/uk-38016728

¹⁰ 6,308 responded to this question

Figures from the Defence Infrastructure Organisation (DIO) indicated that around 66% of Service families living in SFA have pets. Not being allowed a pet in a private rental property would therefore present a substantial problem for Army families.

Affordability

FAM has not yet indicated the level of subsidy a rental allowance would provide, but the MOD has assured AFF that if they rent an equivalent property to their entitlement, they will not see an increase in cost. However, if the rental cost is set to the equivalent of CAAS Band A, many families will see a rise in cost as only 9% of families will be paying Band A prices at the end of CAAS transition. A recent report by Savills¹¹ in November 2016 stated that rents across the UK were set to rise considerably faster than house prices over the next five years, with rental prices rising 19% by 2021. These rises would have a substantial impact on Army families. Will the MOD pledge that any housing allowance will rise with inflation?

In addition, for those families that move from an entitlement based on rank to one of need, who wish to rent a similar property to their current entitlement, they will see an increase in rental costs.

A recent BBC article¹² highlighted the difficulties civilian families are experiencing with letting agents, who are insisting they earn a significant amount of money to be permitted to rent a property through them. This includes a case of a mother with a full time job who was told she would need to earn at least £38,500 to be able to rent through letting agents. If Army families are subjected to minimum earning thresholds to be able to rent a property, this could cause significant difficulties for them, further exacerbated by the low and stagnant salaries of Army personnel and often a lack of a second spousal income due to the mobile nature of Service life.

In addition, many letting agents require tenants to provide a guarantor to meet their rental cost if they are unable to do so, particularly with tenants with low incomes or a poor credit history. FAM is yet to confirm whether the MOD will act as a guarantor for those families in this position.

Sourcing

In AFF's Big Survey 2016, Army families expressed apprehension with the suggestion that they would have to source their own accommodation. This was further backed up by the MOD FAM survey with 48% of respondents stating they would prefer to live in SFA because of the convenience of allocation. Families cited the issues of searching for a rental property being time consuming and potentially difficult if they did not live near their new posting area. They highlighted that the ability to make a good rental decision usually takes time, preparation, foresight and planning - none of which are available to most military families, who live with the Armed Forces' constant changing of plans and schedules and tours and placements.

“Moving is a very difficult time for families especially when your soldier isn't always around to help. Having to find your own property will add to the stress of moving and can cause more problems for people. Having an army quarter saves us all the hassle of looking for a home and doing mountains of paperwork viewings and money up front.”

¹¹ www.bbc.co.uk/news/business-37864258

¹² www.bbc.co.uk/news/uk-38016728

The MOD is using Rightmove as its main tool for sourcing and AFF is concerned about the reliance on this data as online discussions have highlighted, often these properties go very quickly or are already rented out by the time they appear online.¹³

Security of tenure and regulation

AFF is concerned that renting privately will result in Army families facing the possibility of a landlord selling or ceasing to rent a property during a posting, forcing the family to find an alternative home. With Army families already subject to a highly mobile lifestyle, to have to endure another move within a posting cycle would add to the stress of a family already moving home frequently.

86% of respondents in AFF's Big Survey stated that lack of guarantee of tenure during a posting was either a negative or a very negative aspect to renting privately.¹⁴

"In five years in a hiring, we moved three times due to landlords selling properties and had to endure endless viewings while both of us working full time."

The Wiltshire Citizens Advice Annual Review 2014/15 noted that the private rental sector is still relatively weakly regulated for an industry of its size, leading to families having issues with difficult landlords and sufficient repairs and maintenance.

Schooling

Currently, families are given a minimum of 90 days' notice of their new address. Families are concerned how FAM proposals will affect their children's education, highlighting that rental properties are often only available at fairly short notice, which could result in difficulties in securing an address in advance to be able to apply for schools.

In the recent Blue Star Families Report 2016¹⁵, US military families expressed concern that the recent cuts in their housing allowance may negatively impact military children's education as they are less financially able to rent or purchase homes in areas with high quality schools, especially if posted to an area with a very high cost of living. A report by the London School of Economics in 2012 highlighted that schools at the top of league tables can attract a house price premium of 12%, relative to a school at the bottom of the tables.¹⁶

AFF is concerned about how FAM will take this into account to ensure that military children, who are already impacted by multiple education settings due to Service mobility, will not be further penalised by being unable to obtain or afford a rental property in the catchment of good local schools.

Foreign & Commonwealth families

AFF is concerned that Foreign & Commonwealth families may experience additional difficulties in obtaining a rental property due to the Government's Right to Rent scheme, which requires landlords to undertake more considerable checks to ensure their tenants have the right to be resident in the UK. An investigation by the Joint Council for the Welfare of Immigrants (JCWI)¹⁷ found there was evidence that landlords may discriminate against those with a complicated immigration status, or those who could not provide documentation immediately.

¹³ www.reddit.com/r/AskUK/comments/2rm1f6/renting_do_all_properties_end_up_on_right_move/

¹⁴ 6,308 responded to this question

¹⁵ <https://bluestarfam.org/wp-content/uploads/2016/12/ExecutiveSummary-Survey16-Finalpages.pdf>

¹⁶ <http://blogs.lse.ac.uk/politicsandpolicy/school-house-prices-gibbons/>

¹⁷ www.jcwi.org.uk/blog/2015/09/03/right-rent-checks-result-discrimination-against-those-who-appear-%e2%80%98foreign%e2%80%99

Trust in new system

Families highlighted that it is currently difficult to raise rental prices of SFA, but that the MOD could easily cut an allowance; something that has already been seen with the US military cut of their housing allowance.

“The current system works for me and I do not trust the MOD to introduce the new system in such a way that does not result in a loss of money for the Service personnel. I appreciate the proposed system sounds fairer and better but as with all proposed MOD changes cost cutting takes over and the Service personnel lose out. Pay As You Dine being a prime example.”

AFF View

The proposal of a rental allowance was the least popular option for providing future accommodation in both AFF’s Big Survey and the MOD FAM Survey. Until issues such as a lack of security of tenure, concern over the ability to source and afford a suitable property and the impact of a lack of the patch support network are addressed; AFF and Army families will remain highly sceptical that this option will provide the necessary support required to enable Army families to remain mobile.