



Welfare reform...

...impact on the Private Rented Sector



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This session:



- Briefly outlines some key elements of welfare reform
- Impact on Private Sector landlords and tenants in in PRS
- Key concerns



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2



Welfare reform – the main elements



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Setting the scene



Aims of welfare reform:

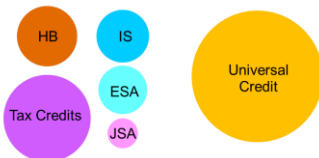
- Controlling welfare spending
- ‘Incentivising’ people to work
- Simplifying a complex system of benefits for people of working age



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Working age benefits: old & new



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Main changes – a summary (1)



In the private rented sector:

- LHA reforms: rent capped at 30th percentile - April 2011
- Extended shared accommodation rate to under 35s - Jan 2012
- LHA rates set annually - April 2012
- LHA indexed to CPI (not RPI) - April 2013

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Main changes – a summary (2)



- Social sector size criteria ('bedroom tax') – April 2013
- Non-dependant deductions
 - Frozen April 2001-March 2011
 - Unfreezing in 3 stages from April 2011- April 2014
- Overall benefit cap - April 2013
- Universal credit (including direct housing payments) - Oct 2013-Oct 2017

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Main changes – a summary (3)



- Localised council tax benefit - April 2013
 - LAs to set own rules within:
 - Overall 10% reduction
 - Protection for pensioners and vulnerable people
 - 10% burden to fall on working poor and 'less popular' groups?

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Universal credit in practice



- Reduce structural complexity
- Administered centrally
- Transition will be gradual Oct 2013- Oct 2017
 - 1)New claims 2)Change of circs 3)Existing claims
- Initial claim either on-line or by telephone
- Limited local office back up

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Welfare reform – the bigger picture



- Local authorities already cutting grants to voluntary sector
- Community Legal Service funding for welfare benefit advice ends April 2013
- LA HB departments reducing/ running down



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Impact on PRS

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Bedroom Tax



Housing Benefit reduced for social tenants deemed to be under-occupying

- 14% of rent for one bed
- 25% of rent for two or more beds

Tenants options:

- Transfer to smaller property
- Stay and pay
- Find work or increase hours
- Rent out "spare room"



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12

Impact



- More social tenants becoming live in landlords
Concerns about overcrowding and creation of unregistered HMO's.
- Lack of property to transfer to within social sector might mean social housing looks to private sector for a solution
- Potential increases in levels of possession action as tenants falls into rent arrears

Benefit Cap



- Total amount of benefit capped for working age claimants not in work
- £350 single people
 - £500 couples or single parents
- Includes HB, working age benefits
 - HB/LHA deducted to bring benefit under cap includes temporary accommodation

Impact



- Builds on LHA cap to make PRS even less affordable for larger families/ renting in expensive areas
- Possible increase in possession action/ homelessness
- Increase in overcrowding

Discretionary Housing Payments



Increased DHP pot

DWP draft guidance steers LAs towards spending on

- disabled people in adapted property
- Foster carers
- Less money for general needs or to cope with change of circumstances
- Concerns that DHP will be spent on topping up TA

Direct payment under UC



- PRS Landlord concerns about switch from LHA payment from HB dept to housing payment as part of UC from DWP
- Loss of local relationships/ communication channels
- Concerns over admin/ IT systems
- Loss of discretion to pay landlords direct in order to sustain or retain tenancies

Direct Payment under UC



- Move from fortnightly to monthly payment for most customers
- Vulnerability "categories" determining direct payment to landlords still to be decided
- DWP investing £145 million in "budgeting product" for some claimants but no detail yet

Other challenges



- Council Tax changes- lack of information from LAs?
- Many details of UC still not decided/ announced
- Possible slippage re implementation dates
- Possible end of HB/LHA for some under 25's?

CIH can help



- Free policy papers and practical guides
- Income health checks and service reviews
- In-house training
- Welfare reform impact tool
- Facilitation of partnership working
- Executive and team briefings
- Visit www.cih.org/welfare-reform or welfare-reform@cih.org to find out more
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