

Everyone should have a home

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Policy Officer

**Housing Benefit/ Local Housing
Allowance**

Shelter

Housing Benefit/ Local Housing Allowance

Overview

Outline of the main Housing Benefit reforms that will be taking place:

- Local Housing Allowance
- Payments Direct
- Housing Benefit Sanctions

Evaluation material from the pilot or Pathfinder authorities

Some sources of further information

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Why reform housing benefit?

- Too complex
- Too bureaucratic
- Too long to process
- Affordability – local reference rent left many with shortfalls to make up to be able to pay their rent
- Disincentives to work

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The UK Government's Agenda

- Reduce barriers to work
- Ensure people on low incomes can afford a decent home which meets their needs
- Give tenants more choice
- Extend tenants personal responsibility for paying their rent
- Provide a better, quicker service based on simpler, clearer rules
- Make fraud more difficult to commit

Building Choice and Responsibility: A Radical Agenda for Housing Benefit, 2002

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Background to the changes

New system piloted in 18 local authorities

9 started in Nov 2003 – Feb 2004 (including Edinburgh)

A further 9 in April 2005 (Including Argyll & Bute)

Will be rolled out to cover all deregulated private sector tenancies from **7 April 2008**

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Local Housing Allowance (LHA) replaces the local reference rent to determine the amount of housing benefit payable.

How much a claimant will get will depend on:

- Household size

- The area that they want to live in

- Any savings/ income

- Non dependents in the household

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Household Size

Based on how many bedrooms the household will require:

One bedroom allowed for every:

Adult couple

Other adult over 16

Any 2 children under the age of 10

Any 2 children of the same sex under the age of 16

Any other child

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Broad Rental Market Areas

Example: Edinburgh July 2007 (weekly rate)

	North	South	East	Central
Shared accom	£63	£63	£63	£76
2 room	£106	£106	£106	£118
3 room	£138	£138	£138	£156
4 room	£167	£167	£167	£196
5 room	£225	£225	£225	£269
6 room	£265	£265	£265	£314
7 room	£288	£288	£288	£346

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Changes Between LHA pathfinders and national scheme

Determination of LHA amount

To be based on median of sample rents rather than the mean

Excesses – to be capped at £15 per week

Carried over from the existing Housing Benefit system:

Non-dependent deductions

Savings/ Earnings

Age – single room rent restrictions for single people under 25 yrs

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Payment Direct

In the new system the choice over whether benefit is paid to landlord or tenant is removed. In the majority of cases benefit will be paid to the tenant.

Payment can be made to landlord only when the tenant is assessed as vulnerable to not paying their rent

- Medical/ Addiction issues
- Learning disabilities
- History of financial difficulties/ homelessness
- 8 weeks rent arrears

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Housing Benefit Sanctions

Benefit entitlement can be removed from households that have been evicted for anti-social behaviour and then refuse to engage with support designed to address that behaviour.

Will be piloted in 8 English local authorities starting in 2008.

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Evaluation of the Pathfinders

Impact on Claimants

Overall better off than those in non-LHA control authorities.

Amount paid increased by 25% over study period compared to 5% in controls

Proportion having to make up short fall decreased from 58% to 39% (smaller drop in controls – 60% to 52%)

Overall average excess of £6 but wide variation

Single Room Rent – Average shortfall fell for single under 25s fell also, from £30 to £27

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Evaluation of the Pathfinders

Payment Direct

Overall over 80% of tenants receiving benefits payments directly

Varied from 76% to 95% - suggesting different interpretation of the vulnerability criteria.

Some difficulties in opening a bank account for some claimants

Apparently little effect on rent payments/ arrears

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Evaluation of the Pathfinders

Shelter evaluation

Introduction of LHA has not significantly increased affordability. Around 35% of properties advertised within LHA level. Although again wide variation between authorities.

Proportion of rents within Housing Benefit amounts declining in both LHA areas and controls.

Rent Inflation

11.1% in LHA areas; 3.1% in controls...LHA driving up rents?

Property types

Proportion of properties affordable to LHA claimant reduces for larger properties.

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Evaluation of the Pathfinders

Processing Times – does the new system get applications processed quicker?

Definitely been improvements in recent years in processing times across in LHA and control authorities

Greater improvements however in the LHA areas

	Baseline 03/04	June 05	% Improvement
LHA Areas	51 days	35 days	31.3%
All LAs	58 days	44 days	24.1%

Source: DWP

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Conclusions - Bit of a mix!

Some improvements?

- Clearer system

- More money for claimants

- Improvements in processing times

Some work still to be done?

- No improvements in work incentives

- No improvements in housing choices

- More transparency for setting the LHA/ determining vulnerability

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Evaluation of the Pathfinders

But you may draw different conclusions?????

For further info:

<http://www.dwp.gov.uk/housingbenefit/lha/>

<http://england.shelter.org.uk/policy/policy-963.cfm>

<http://www.citizensadvice.org.uk>

Also Edinburgh City Council and Argyll & Bute web sites

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