



# VIEWS

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## A few manifesto suggestions – welfare reform

– *Sam McGrady, Director, DTP*



In this second blog examining the key housing related issues in the forthcoming General Election, I want to look at welfare reform and how it is impacting on the sector. This policy area, along with measures to tackle under supply of new housing, demands the attention of all political parties putting themselves forward for election.

Two recent policies in particular are having an effect on many of the social housing providers we work with: restrictions on access to Housing Benefit for the under 35s (via the Local Housing Allowance cap limit) and a similar scenario for sheltered and supported housing. Registered providers are telling us that these key elements of government welfare reform have resulted in unintended negative consequences. The harm is being felt both by the benefit recipients and the organisations providing them with affordable housing. And in most cases, there is a north/south divide, with those in the north and midlands being much more adversely affected as LHA levels are generally much lower there than in the south, and therefore present a bigger differential in relation to social rents.

One aspect of reforms affecting single younger people with no children is proving particularly problematic and we would go as far as to say the plans should be scrapped. Under the change, Housing Benefit entitlement for the under 35s is now restricted to the shared accommodation rate (the upper age limit was previously 25). This means significantly limiting housing choices for this group. Having a home of their own – even a simple one-bedroom flat – is therefore no longer an option for most of those who rely on this benefit. It would only be an option if the tenant was able to make up the difference from their own income – which is a rarity.

Most providers we speak to say this has been a disastrous policy. It is also making elements of some providers' stock portfolio unviable. One stock transfer RP we advise has told us they have even been demolishing flats which had previously been let to single, often younger, tenants. They simply no longer have enough of the kind of tenants who can afford this kind of home – now the benefits they are in receipt of don't cover the rent. Other RPs are looking at change of use for such properties, or in some cases even considering reducing their rents to the LHA level (with the consequential hit on rental income this will mean).

What is needed from whoever wins the election is a formal and compassionate review of the impact of these reforms. It cuts to the heart of issues of basic living standards and the right to safe and affordable housing.

The impact is being felt the most by those who need it most – namely young people who do not have stable families who they can fall back on for their accommodation needs. As the charity Homeless Link has pointed out, staying at home is often not an option – with many homeless young people fleeing violence or abuse or trying to find their feet after leaving the care system. Discretionary exemptions do exist, but it is often difficult and time consuming for this group of tenants to navigate their way through the system.

The government's review of how supported and sheltered housing should be funded is also causing uncertainty and problems for the sector. Its consultation document on this issue proposes the capping of Housing Benefit payments for supported housing tenants at Local Housing Allowance rates. Previously, all rent for those in supported housing was covered by Housing Benefit – with local authority budgets meeting the costs of additional care and support.

Again, this hits at some of the most vulnerable in society – in this case the elderly, those with mental health issues, the homeless and the disabled.

However, the lack of clarity is also hitting supported housing providers' ability and willingness to invest in much-needed new provision. There is already an estimated national shortfall of supported housing places of 17,000. Without clarity and direction from whoever forms the next government on this issue, this will only worsen.

The government's consultation document proposes that local councils will get top up funds to make up for the gap caused by reduced Housing Benefit payments. But the providers of supported accommodation who we speak to say they don't believe it will result in the necessary funds being made available; as the funding won't be ring fenced, there is a real fear that councils will simply use the funding to plug other gaps in their budgets. Many RPs have already put developments on hold until they have had the necessary clarity from government. That certainly won't come before June 8 – however a resolution to this issue must be a priority for any incoming administration.

The new government must also take immediate action to address the sharp rise in homelessness across the country. Practical, responsive and easy to implement measures are needed. A start might be to offer longer tenancies – perhaps three years – aimed at reducing the amount of homelessness created when 12 month tenancies come to an end.

These are the housing issues which those at the sharp end say must be addressed. As with any election campaign, these concerns will compete for attention in the coming weeks with other matters of state. The solutions which are proposed, and those which are ultimately implemented, will be watched closely by all those working in our sector. Their impact will be felt by those in receipt of our services. There is much at stake.