

**BRIEFING TO THE SOCIAL DEVELOPMENT COMMITTEE ON
THE LOCAL HOUSING ALLOWANCE IN NORTHERN IRELAND &
DWP HOUSING BENEFIT REFORM PROPOSALS**

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GENERAL COMMENTS REGARDING LOCAL HOUSING ALLOWANCE (LHA)

1. There has been no research into the implementation and impact of LHA locally and without this it is difficult to comment on whether there is a need to reform the scheme.
2. In our experience, LHA has had a positive impact on most claimants in comparison to the previous Local Reference Rent system. There are however some claimants who are experiencing shortfalls.
3. The experience of single people under 25 has been largely been negative due to the Shared Rate¹. According to the Housing Executive approximately 60% of LHA claimants who experience shortfalls are under 25. In some areas the rates are not reflecting local market rates leaving significant shortfalls and acting as a barrier to accessing accommodation for this client group. Even where accommodation is secured, after 52 weeks a claimant's rate will be adjusted to match the current Shared Rate. This can cause hardship and even homelessness where the Shared Rate reduces but the rent does not.
4. Claimants with a disability who need for an extra room to enable a carer to stay over or for storing special equipment can no longer get extra financial assistance. This is having a negative impact on some.
5. The NI Assembly's decision not to introduce direct payments to tenants has avoided a lot of the problems being experienced currently in Britain.

¹ Excluding people leaving care who are under 22 years old and those with a severe disability premium

DEPARTMENT FOR WORKS & PENSIONS (DWP) HOUSING BENEFIT REFORM PROPOSALS

In December the DWP issued for public consultation “Supporting people into work: the next stages of Housing Benefit reform”. According to the Department for Social Development (DSD) “the paper considers how Housing Benefit should be reformed to deliver a simpler and fairer system of housing support which supports work incentives and pays a fair rate of benefit while protecting the tax payer”. It also sets out the long term ambition for Housing Benefit. The DSD has invited comments, not on the proposals as they relate to Britain, but on the relationship between housing and housing benefit locally. The following comments are based on the DWP proposals which we have considered in a Northern Ireland context.

PROPOSALS FOR IMMEDIATE CHANGE

DWP PROPOSAL	HOUSING RIGHTS SERVICE RESPONSE
<p><i>DWP is concerned that Housing Benefit expenditure is rising. It has concluded that higher rents are distorting the system. It is therefore proposing a number of options including the following:</i></p> <ol style="list-style-type: none"> 1. To remove the most expensive properties from the LHA rate calculation (as happens with the Local Reference Rent scheme which LHA is replacing). 2. To review Broad Rental Market Areas (BRMAs) and set rates within smaller areas. 3. To review how Housing Benefit and non Housing Benefit properties are taken into account when calculating LHA. 	<ul style="list-style-type: none"> • We have no evidence that higher rents are driving up LHA rates locally. We believe that this problem is probably more relevant to central London. HRS does not therefore support the introduction of this proposal in NI. • With larger BRMAs some LHA claimants are benefiting and some are not. We are not convinced that changing BRMAs will necessarily change this situation. We do however believe that the Shared Rate is being skewed because of BRMAs but feel this could be addressed without changing the BRMA. • We suggest a thorough analysis of how LHA rates are set. This would provide a better understanding of how the shared room rate is calculated. In particular, the sample of rents that are included in the calculation and how reflective they are of the entire BRMA.

DWP PROPOSAL	HOUSING RIGHTS SERVICE RESPONSE
<p><i>DWP is concerned that the current size criteria do not allow for additional pressures that some families face – such as the needs of disabled people to have space for a carer to stay overnight, or the needs of single parents who have shared custody of children. It is therefore proposing to:</i></p> <ol style="list-style-type: none"> 4. Adjust the LHA size criteria by raising the age at which a young person qualifies for a separate bedroom from 16 to 18. 5. Use the money saved to e.g. <ul style="list-style-type: none"> • provide for an extra bedroom where there is an established need for a non-resident carer; and/or • provide for an extra bedroom to help parents who need to care for non-resident children if there is evidence that working households can do so? 	<ul style="list-style-type: none"> • We don't object to this in principle, on the basis that it will free up money to assist other vulnerable people. We would therefore have support for this provided the money saved as a result is ring fenced to ensure its availability for other vulnerable claimants. • The proposal to provide extra space if required by a disabled claimant is acknowledgment that this problem exists for LHA claimants. Therefore, the size criteria should be amended immediately to address this recognised anomaly. • We support this measure as many parents are denied access to children because of restricted space.

PROPOSALS FOR A LONG-TERM VISION FOR HOUSING BENEFIT

Easing the Transition into Work

DWP PROPOSAL	HOUSING RIGHTS SERVICE RESPONSE
<p><i>DWP recognises that the transitional period into work, where wages may fluctuate or be uncertain, is the most difficult one for many claimants to cope with. To address this the DWP consider that this transitional period is one where they need to give people greater certainty and want to make sure that Housing Benefit provides it. DWP is therefore proposing to replace existing arrangements with a Transition into Work Payment, this will involve the following:</i></p> <ol style="list-style-type: none"> 6. Fixing Housing Benefit entitlement for three months at the rate in payment immediately before the claimant moved into work. 7. Ignoring most changes in circumstances, including changes in the amount of wages received. 8. Reviewing the customers' circumstances under the usual entitlement rules at the end of the three months. 	<ul style="list-style-type: none"> • We view the 3 month extension of this as a positive step and believe that all Housing Benefit claimants returning to work should qualify for the Transition into Work payment. • We recommend that reviews into entitlement should be undertaken during the three months as opposed to at the end of three months. This will help to avoid delays that can occur in processing Housing Benefit assessments.

Fixed Period Awards

DWP PROPOSAL	HOUSING RIGHTS SERVICE RESPONSE
<p><i>DWP wants to tackle complex Housing Benefit rules that require claimants to report changes in circumstances whenever they occur so that payments can be recalculated. DWP propose to build on the example of the tax credit system and introduce a system of fixed period awards for Housing Benefit. DWP are seeking views on how that fixed period may work in practice in terms of:</i></p> <p>9. The main features of such a scheme to secure maximum impact whilst avoiding any perverse incentives and minimising risk to those whose income falls significantly.</p>	<ul style="list-style-type: none"> • We welcome the need for an overhaul of the current complex system. Fixed period awards offer a way of simplifying and speeding up the administration of Housing Benefit. However, we have serious reservations about mirroring the Tax Credit system. This has in some cases caused serious overpayments. • We suggest the inclusion of a cushion / threshold as a means of determining the changes in income that must be reported in the fixed term period. • In light of the serious problems that occurred bedding in the tax credit system we would urge the DWP to initially pilot fixed period awards.

Miscellaneous

DWP PROPOSAL	HOUSING RIGHTS SERVICE RESPONSE
<p><i>DWP is concerned that Housing Benefit, in some cases, may be subsidising tenants to live in poor quality accommodation which does not meet modern standards of energy efficiency or carbon footprint. It is proposing options that could improve the quality of accommodation occupied by those on Housing Benefit including:</i></p> <p>10. Linking Housing Benefit entitlement to the property meeting certain standards.</p>	<ul style="list-style-type: none"> • We do not support this proposal. LHA was introduced to promote choice. Linking it to property standards could actually restrict choice and discourage private landlords from letting to Housing Benefit claimants. • It could result in the tenant experiencing significant shortfalls or possible eviction (e.g. where a tenant's entitlement to Housing Benefit commences during the tenancy term and the property doesn't meet required standards).

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| | <ul style="list-style-type: none">• The Private Rented Sector has high proportions of particular section 75 groups living in unfit housing.² We therefore, have serious concerns about the potential adverse impact that this measure will have on these already vulnerable groups. |
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² The NI Condition Survey 2006 highlights that the most vulnerable sections of society (i.e. the lone elderly particularly over 75; the unemployed; people who are sick / disabled and households with low income) were living in disproportionately high numbers of unfit housing.