

Welfare Reforms



UK Government changes to the welfare system are due to be introduced over the next few years. There are significant implications for tenants and social landlords.

Independent research, commissioned by the Scottish Federation of Housing Associations (SFHA) highlights the potential impact of these proposed Welfare Reforms (June 2011).

Key findings from research

Benefit reforms will hit some of the poorest people in society the hardest.

1 in 5 tenants will see their incomes reduce.

Over 30,000 people currently 'under occupying' their home will have their benefits cut.

Measures are likely to cost Housing Associations as much as £24.5 million in lost revenue per year

This fact sheet summarises the concerns raised and explains how the SFHA research shows tenants, landlords, and the wider community will be affected.

Welfare Reform

The welfare reforms announced to date include:

- Housing Benefit deductions for claimants that have non-dependents living with them
- A cap on Housing Benefit based on the under-occupancy of socially rented homes
- Changes to working tax credit (including a drop in help with childcare costs)
- Reassessment of Incapacity Benefit and Severe Disablement Allowances

- The replacement of all working age benefits with a Universal Credit
- Replacement of Disability Living Allowance with Personal Independence Payments.
- Localised Council Tax benefits and Social Funds

Some of these changes have already been implemented, while others are intended to be introduced in the future. However, the changes to the benefits system will affect tenants, landlords and a wide range of people.

Housing Benefit Deductions for households with non - dependents

Households where the tenant is in receipt of housing benefit, but shares their property with a non dependent adult in employment , for example a son or daughter, will see their benefits cut. The reduction will be linked to the earnings of the non dependent.

The SFHA report that approximately 20% of households receive payments from non-dependents. This is most likely to affect people whose children have grown up but have not left home.

Under-occupancy

Tenants that are under occupying their property will, on average, have their Housing Benefit deducted by £11 a week. The SFHA estimates that this might cost Housing Associations and Housing Co-ops between £18 million and £24.5 million of lost revenue per year.

People that are living in a house that is too big for their needs will be penalised and will often

have no options to rectify their situation. There are not enough one bedroom properties in Scotland for the number of people that require them. Research has shown that 62% of tenants need one bedroom properties, but only 34% live in this kind of property.

Single adults, single parents and households comprising of two adults are the most likely to be affected.

Working Tax Credit and Child Tax Credit

SFHA estimate that 15% of housing association tenants are in receipt of Working Tax Credit, and 12% receive Child Tax Credit. Most of these households will see their benefits reduced resulting in loss of income.

Incapacity Benefit and Disability Benefits

Around 18% of housing association / co-operative tenants receive incapacity benefits. Welfare reform will see 2% of these tenants lose this benefit completely (DWP estimates).

The Government hope to reduce expenditure on Disabled Living Allowance by 20% by 2013/2014.

Universal Credit

Housing benefit to be paid to the individual and not directly to their landlord

The introduction of a Universal Credit will replace existing working age benefits and will mean tenants will have their benefit paid directly to them on a monthly basis. This is expected to have serious consequences for landlords and tenants. The SFHA believe that this poses a risk to landlords' rental income and they also suggest this may affect the confidence that banks and building societies have in the sector.

Estimates suggest that an additional 5% of tenants might fall into arrears, meaning

increased arrears management costs for social landlords.

Impact of Welfare charges

The welfare reforms, according to the SFHA, will have profound implications for many people. Young people and those facing homelessness, in particular, could be seriously affected by the benefit changes.

Tenants may also find it more difficult to sustain their tenancies as a result of the benefit changes.

Preparing for change

The Scottish Federation of Housing Associations is lobbying Westminster to make changes to many of the proposed welfare reforms.

The SFHA are also encouraging landlords to **act now** in the interests of their tenants, before some of these reforms take effect.

What can tenants do about this?

- Support the SFHA's Housing Benefit Campaign - register your support at www.sfha.co.uk
- Read the SFHA research paper published May 2011 (available on line)
- Ask your landlord what they are doing to prepare for Welfare Reform. Remember, these reforms will affect Council landlords and their tenants too

