

Housing Benefit Briefing April 2012

Tax cuts for the rich...Housing Benefit cuts for working age 'social tenants'

From April 2013 the coalition government is introducing "size criteria" for new and existing Housing Benefit claimants who live in the 'social rented' sector – Council and Housing Association tenants. Fearing the political fallout from news of old age pensioners being pressured out of their homes, they have excluded them from the changes, so *it will only apply to working age tenants who receive HB*.

This "size criteria" means applying the system which already exists for claimants in the private rented sector, who receive local housing allowance. These changes have been called the 'bedroom tax' because any recipient of HB who has more bedrooms than they are deemed to 'need' will lose:

- 14% of their HB if they have one bedroom 'too many', or
- 25% of their HB if they have two or more bedrooms 'too many'.

This will mean an average cut in benefit of £12 for the 14% reduction, or £22 for the 25% cut. How many bedrooms you are supposed to 'need' is based on the 'bedroom standard' which was introduced in 2003.

Prior to the coalition government coming to power 'under-occupation' was judged to be where there were 2 or more bedrooms above the standard. Hence 'overcrowding' in 'social housing' was estimated to be 10% by the **English Housing Survey** in 2010-11. However, the coalition is applying the 'bedroom standard' in a rigid way, such that 40% of social housing is 'under-occupied', though those who are retired and those who do not receive HB will not be affected. If you are a working age recipient of HB you will be made to pay for any 'spare' bedrooms.

According to the 'bedroom standard' each individual or couple living as part of the household are 'allowed' one bedroom each, with these exceptions:

- a child aged 15 or under would be expected to share with one other child of the same gender;

- a child aged 9 or under would be expected to share with one other child of 9 or under, regardless of gender.

A document from the **Department of Work & Pensions** (an "impact assessment" of the changes carried out for the government) explains that the measure is being introduced in order to:

- "contain growing Housing Benefit expenditure"
- "encourage greater mobility within the social rented sector"
- "make better use of available social housing stock"; and
- "improve work-incentives for working age claimants".

The main motivation for these changes lies with the first and the fourth of these. The *government is attempting to drive tenants into smaller accommodation and/or into work, in order to cut spending on HB*.

The DWP document says that it is "unfair to allow tenants in the social rented sector to enjoy more spacious accommodation than they could justify if they were on housing benefit in the private rented sector". They don't mention, however, that housing benefit for private tenants is much higher than for 'social tenants' owing to rents being nearly double those in the social sector.

An "economic incentive"

The DWP says that the change provides "an economic incentive for tenants to move to smaller properties where their accommodation is considered larger than necessary to meet their needs". *In reality this means pressuring poor people by the "economic incentive" of not having enough money to live on! When you are on the breadline £12-22 a week less can be the difference between getting by or getting into debt, or maybe going without a meal on some occasions.*

In contrast, of course, the government has just

announced a tax cut for people on £150,000 a year. This sums up their real priorities.

So you want to move...but you can't?

In real life you cannot starve people into smaller accommodation where none exists nor easily into jobs where they are scarce and unemployment is 2.65 million. The DWP recognises that there is a "mismatch" of 'needs' and homes of the 'right' size.

"In many areas this mismatch could mean there are insufficient properties to enable tenants to move to accommodation of an appropriate size even if tenants wished to move...".

So even in the case of somebody who has asked for a move to a smaller property, if their Council has no alternative available for them, the tenant will still be penalised. The government rejected a proposal from the House of Lords that in such a case the tenant should not suffer a cut. They rejected all Lords amendments and have insisted that all such tenants should suffer a cut in HB regardless.

In reality the policy cannot achieve its stated aim of "better use of available social housing":

- a) because of the mismatch between the types of accommodation available and the 'needs' of people as determined by the 'size criteria', and
- b) because retired tenants are not affected.

The majority of 'under-occupation' in 'social housing' exists in properties in which retired people live. For instance the Swindon Housing Needs Assessment carried out in 2006 showed that 56% of "under-occupation" was in homes with retired tenants. It is probably no different today.

On your bike?

The DWP tells us that if there is no alternative accommodation available for a tenant who wants to move, then

"In these circumstances individuals may have to look further afield for appropriately sized accommodation, or move to the private sector, otherwise they shall need to meet the shortfall through other means such as employment, using savings or by taking in a lodger or sub-tenant."

Compare these proposals with the government's mollycoddling of the rich who must not be taxed too much for fear of 'driving' them out of the country, whilst the poor who cannot get by as a result of a government

cut must "look further afield"; that is look to move out of their area, leaving their family network behind as well as the home that they have made. Perhaps this is the modern equivalent of Norman Tebbit's injunction to the unemployed in the 1980's to "get on your bike like my father did" to find work.

They suggest that where a tenant hasn't got the money to pay the difference between their rent and the HB they receive, Councils can give them money from the Discretionary Housing Payment scheme. However, they know full well there is very little of this money available.

The most absurd of their suggestions is for tenants to move to the private sector where the rents are much higher.

"Some claimants may decide to relinquish their tenancy in the social rented sector and move into the private rented sector. The numbers are likely to be small (*the understatement of the year*), but their movement from the social rented sector will free up social sector accommodation for others who may themselves be living in the private rented sector or in Temporary Accommodation."

In the unlikely event of somebody somewhere doing this it would cost the government more in higher HB!

According to the Strategic Housing Market Assessment for Swindon (draft November 2011) the average weekly cost for private rented accommodation was £107 (one bed), £126 (two bed), £160 (three bed). The equivalent for Council accommodation was £62, £63 and £69.

The DWP estimates that 680,000 tenants will be affected by this change; 32% of HB claimants of working age living in 'social housing'. They say that 530,000 are likely to lose the lower amount and 150,000 the higher. This estimate looks somewhat dubious when their own figures tell us that 260,000 people would have to vacate a 3 bedroom house to 'downsize' to one of the 'right' size. Some of these will perhaps have one child (qualifying for 2 beds), but the proportion of couples whose children have left their 3 bedroom home is likely to be quite high. So the 22% figure for those who will lose 25% of their HB seems questionable, especially since they say that 42% of claimants who will suffer a cut are couples without children.

Mobility?

The government and the DWP have complained that there is "very little movement of tenants in the social rented sector". They refer to the English Housing Survey of 2008/9 which showed that "only" 8% of social sector tenants had been living at their current address for less than a year. In contrast, the figure in the private rented sector was nearly 37%. Over 40% of tenants in the

social rented sector had lived at their current address for more than 10 years. So what? Why would somebody who has security of tenure and a rent they can afford (with or without the help of HB) want to keep on moving? For most people, even owner-occupiers, a house is a home, not an investment. Long gone are the days when owner occupiers used to regularly move to increase the value of their 'assets' resulting from house price inflation.

What the DWP neglects to point out is that the figure for owner occupiers having lived in their current address for more than 10 years is much higher, 59%. The average time in their current home for 'social renters' is 11.7 years but for home owners it is 16.7. For private renters it is 3.7 years though 54% of them have been in their current place for less than a year. One of the reasons for the high level of moves in the private rented sector is, of course, that most tenancies are very short-term and where private rented accommodation dominates you have largely transient tenants rather than stable communities. Short term tenancies enable landlords to keep on putting the rent up.

Extra costs for Councils

The DWP paper admits that these new rules will mean extra costs for Councils, which is to say for the tenants through their rent. They will face additional costs

- to run schemes to enable affected tenants in the sector to move within it;
- more voids with greater levels of transfer;
- costs involved in collecting the rent from tenants where there is a shortfall between the HB and the rent they have to pay;
- action taken in relation to tenants who fail to make up the shortfall;
- additional cost for Councils administering the changes.

However, there will be no extra money for Councils to compensate for these extra costs. Most Councils and Housing Associations did not support these changes because they know that they cannot move their tenants about like pawns and they do not have the necessary matches anyway. Moreover, they are worried about an increase in arrears resulting from the HB cuts as tenants struggle to find the extra money.

'Bedroom standard'

It has to be said that the 'bedroom standard' introduced by the previous government is too prescriptive, taking no account of real life needs. Whilst young people who are single might be happy with one bedroom, to say that the 'right size' for a couple is the same, is ridiculous. The

usual life cycle for a couple is that most of them have children at some stage. When they grow up they leave home, leaving the family with 'spare' bedrooms. But, of course, the parents want somewhere for their grown up children, or wider family members to stay when they visit. They can't do that if they are stuck in a one bedroom home. Moreover, you may well want another bedroom for your partner if they have flu or develop a chronic illness which becomes more common with age.

If the tenants have lived in their house for a long time it is their home, invested with emotional attachment. They have lived their lives there. They have shared it with a partner who may have died. They have worked on it and spent money on it. If they are a gardener they will have done much work on the garden. If you move to a smaller place then you probably have too much furniture or you might have to buy smaller furniture. Nobody should be forced to move from their home.

If the 'bedroom standard' was rigidly applied (and not just for HB) then a young couple put into a one bedroom property would be likely to face *two or three moves in the course of their lifetime*. As soon as they have one child they are deemed to be in 'over-crowded' conditions and would have to be found a two bedroom property. Subsequent children could mean they would have to be moved to a three bedroom house. Then when their child/children left home they would be considered to live in 'under-occupied' accommodation and would have to move back into a one bedroom place. This would be nonsensical not to mention disruptive of their lives.

The 'bedroom standard' also inhibits older people who might like to move to a smaller place from doing so. If you are in a three bedroom house most people who want to move, be they single or a couple, would be happy to 'downsize' to a 2 bedroom house but they are not likely to want to be crammed into a one bedroom flat. So if these people are only deemed to qualify for one bedroom accommodation then they are likely going to stay in their 3 bedroom house. The demand for 2 bedroom houses in Swindon is shown by the fact that under the 'Homebid' system the highest number of 'bids' per available property is for 2 bed houses.

In 2001, what was then the Department of the Environment, Transport and the Regions, commissioned research on 'under-occupation'. It discussed the question of incentives. Some local authorities offer a sum to old people (Swindon used to do this) who want to move from a family house to a smaller property or sheltered accommodation because they cannot cope with a large house. The money helps with the expense of moving, or new furniture which might be needed. The report for the DETR however, showed that the number of such people moving was "a tiny fraction" of those 'under-occupying'. It found that most people who wanted

a move wanted a 2 bedroom house or bungalow.

If couples only qualify for one bedroom then this worsens the prospects of young people living with their parents or family, unable to afford or get a mortgage after the 'credit crunch' and the housing crash. The latest figure we have been able to find, for September 2010, shows that 2,203 of the 6,161 on the list at that time, were either staying with parents or family. Whilst there is no age profile of this number the chances are that most of them will be young people.

Moving for disabled people is even more problematic. Their home may well have had all manner of aids and adaptations fitted. Moving would require further expense in a new property.

Finally, it's worth pointing out that the highest level of 'under-occupation' is amongst owner-occupiers – 49% according to the English Housing Survey. In fact if you applied the 'bedroom standard' in the way that the government is for HB, 85% of owner occupied homes are 'under-occupied'. There will be no penalising of anybody here, of course, even though, historically house ownership has been heavily subsidised by past governments.

Shortage of Council Housing

The changes that the government is introducing are unjust and discriminate against 'social tenants'. Tenants are not pawns to be moved around at the whim of a bureaucratic dictat. The government is in effect blaming us for the mismatch between available accommodation and 'needs', be it real needs or the artificial and inflexible 'bedroom standard'. Yet the shortage of council housing is the result of politicians who from the time of Thatcher have sold off Council housing on the cheap through the 'Right to Buy' (7,500 have been sold in Swindon) and refused to build new ones to replace those lost. That is why there are 4.5 million people on the waiting lists nationally, around 1.8 million households. In Swindon there are 5,512 households on the waiting list characterised as "in need" or "in urgent need" of housing, to which is added 959 in the same categories waiting for a transfer.

The housing crisis we face in Swindon and nationally cannot be tackled without returning to a Council house building programme on a sufficient scale to put the waiting lists into reverse. Today, for an increasing number of people, especially the young (often weighed down with education debts, and struggling to find a job), buying a house is not a realistic prospect.

Campaigning against the changes

Since these changes don't come into effect until next April we have time to campaign against them. **Swindon Tenants Campaign Group** is asking tenants, local Councillors, trades unionists and anybody who can see the injustice of financially penalising tenants for a housing shortage for which they are not responsible, to write to the Council Leader and our local MPs, pressing them *to demand of the government that they withdraw these proposed changes.*

You can email our MPs at:

robert.buckland.mp@parliament.uk

justin.tomlinson.mp@parliament.uk

or write to them at:

1 Milton Rd, Swindon SN1 5JE

You can email the Council Leader at:

rbluh@swindon.gov.uk

or write to him at:

R.Bluh, Swindon Civic Offices, Euclid St, Swindon SN1 2JH

If you get a response let us know what it is.

Exceptions

There will be exceptions for some tenants of working age, for instance, if you need a carer to stay overnight then you will be 'allowed' another bedroom.

The detail of the implementation of the changes will be known in May when the government publishes a guidance document. As soon as this is available we will update this briefing.

Join Swindon Tenants Campaign Group

If you are a Council tenant in Swindon why not join Swindon Tenants Campaign Group and help us campaign for the interests of tenants.

It costs just £2 if you are unwaged, £5 waged. Please send a cheque made out to STCG to: STCG, c/o 37 Denholme Rd, Swindon SN3 2DN

If you want to be kept informed about what we are doing you can join our email list. Email us at stcg@btinternet.com or drop us a line, or ring us – see details at the top of the front page. We are also keen to hear from you about issues and problems in your local area.