



Information Note

Proposed Changes to Housing Benefit

Produced by the Tenants Information Service

Introduction

The Westminster government has in the emergency budget of the 22nd June 2010 proposed changes to housing benefit which could potentially have an impact on council and housing association tenants and the finances of council and housing associations.

The aim of the proposed changes is to reduce the amount that the Department for Work and Pensions spends on housing support through housing benefit – saving a projected £1,820 million by 2014/ 2015.

There are 6 key changes proposed, however only 3 of these changes would impact upon councils and housing associations. The other changes relate to the private rented sector. This Information Note covers only those changes which could impact on councils and housing associations.

If you would like information on the proposed changes to housing benefit for private sector tenants please get in touch with TIS and we will send further information to you. The Information Note will explain what the 3 changes are, and then highlight some of the key issues for tenants to consider.

Change 1: Increasing non dependents deductions

A non dependant is someone who normally lives with the person claiming Housing Benefit such as an adult son, daughter, relative or friend. When calculating housing benefit a deduction is made from the applicant's entitlement based on the income of each non dependent. The rate of this deduction has been frozen since 1999 but the Government has proposed they increase this by an as yet unknown figure. There is a sliding scale of deduction starting at £7.40 for an income of less than £120 to a deduction of £47.75 for an income greater than £382 per week. This change is due to be implemented in April 2011.

For example:

A tenant who qualifies for housing benefit has her 21 year son staying with her. Her son does not work. Currently the tenant's housing benefit is reduced by £7.40 as it is expected that the son will make a contribution. In the future it is expected that this figure of £7.40 will rise as it is expected that the son will contribute more.

Some issues to consider

- This could mean that tenants ask non dependents to leave home resulting in more pressure on housing waiting lists and increased homeless applications.
- It could also lead to an increase in rent arrears as it can often be difficult for the tenant to secure a contribution from the non dependent living with them.

Change 2: Reduction in Housing Benefit to tenants in receipt of Job Seekers Allowance for more than a year

It is proposed that tenants who receive housing benefit and also claim Job Seekers Allowance (*JSA is the main benefit for people of working age who are out of work or work less than 16 hours a week on average*) would see their housing benefit cut by 10% once they have claimed JSA for a period of 12 months. This change is due to be implemented in April 2013.

For example:

A tenant who qualifies for full housing benefit and claims Job seekers allowance for a period of 12 months would see their housing benefit cut by 10%.

Some issues to consider

- This could lead to an increase in rent arrears due to financial pressures on tenants.

Change 3: Limiting housing benefit payable to working age tenants by property size

It is proposed that tenants of working age who are occupying a larger property than required for their household size would have their housing benefit reduced to reflect this. It is proposed that this change will be implemented in April 2013.

For example:

A tenant who qualifies for housing benefit has a house with 3 bedrooms. Within the house there is the tenant, their partner and one child. They would *need* a 2 bedroom house and so when this change is implemented their housing benefit would be reduced to reflect this.

Some issues to consider

- This could lead to an increase in rent arrears as tenants struggle to make up the difference in the rent
- This could lead to increased demand for smaller properties as tenants' children move out

Next Steps

The proposed changes as explained above are due to be implemented at different times over the next 3 to 4 years with the Government hoping to save £1,820 million by 2014/2015.

With all the changes proposed the main concern is that they could lead to a reduction in tenants' incomes putting additional financial pressures on households with the lowest incomes.

This may result in an increase in rent arrears as tenants struggle to meet rent payments. If there was an increase in rent arrears this would lead landlords having less to spend on housing services and housing investment and more on arrears collection.

It is important that the tenants who fall within the changes outlined above have access to appropriate information, support and advice. Tenants and Residents groups should ask their landlord whether they hold information on tenants likely to be affected, and what support they plan to put in place to tackle this loss of income to tenants and any potential increase in arrears that may occur.

If you would like any further information on the content of this Information Note please get in touch with Tenants Information Service

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