



The Chartered Institute of Housing

# HOUSING 2011 CONFERENCE



## Housing 2011 Session Information

# Welfare reform: the biggest challenge to housing?

The Emergency Budget of June 2010 and October 2010 Spending Review introduced reforms to personal housing cost support that by the end of this parliament are expected to deliver a saving of around £2.8 billion annually. Around two thirds of these savings will fall on the private rented sector – the only sector currently experiencing growth and the majority of these changes have already started to take effect from April 2011. But even these changes are less radical than the proposal to abolish housing benefit and combine all out-of-work payments into a single ‘universal credit’ from October 2013.

### KEY FACTS

- In 2008/09 expenditure on housing benefit was £17.18 billion more than three times the total spent on the police.
- The DWP’s own impact assessment shows that 1.2 million PRS tenants claiming the LHA (100% of the LHA caseload) will lose an average of £12.00 per week from the April 2011 changes.
- In London over 17,000 claimants are expected to lose an average of £81 per week as a result of the national LHA caps.
- In the social sector the deductions from HB for working age tenants that under-occupy are expected to affect around 670,000 households when it is introduced in 2013/14 with average losses expected to be about £13 per week.



The Chartered Institute of Housing

# HOUSING 2011 CONFERENCE



## Housing 2011 Session Information

### BACKGROUND

The Coalition's top priority is to eliminate the budget deficit by 2015. To achieve this target it must attack the main areas of government expenditure of which social security is the largest item. Given that health, education and retirement pensions (the largest social security item) are protected and that housing benefit is the second largest and fastest growing social security item it is inevitable that it would face drastic cuts.

Just under two thirds of the housing benefit cuts (circa £1.76 billion) fall on the private rented sector through changes to the local housing allowance (LHA). From April 2011 the purchasing power of the LHA will be restricted to the bottom 30% of the market, subject to national caps that will have a severe effect in London. From April 2013 LHA rates will be up-rated through CPI instead of being based on actual rents – a dangerous precedent for all sectors of rented housing.

In the social sector, from April 2013, working age households that under-occupy will face a deduction from their housing benefit: a measure that will particularly badly affect areas of low demand such as the North West.

All of these changes will form the baseline for help with housing costs within the new universal credit.

### OTHER INFORMATION

Impact of housing benefit reforms, CIH, November 2010  
<http://www.cih.org/policy/AnalysisofHousingBenefitChanges-Nov10.pdf>

Protecting your income stream, CIH/HouseMark, April 2011  
<http://www.cih.org/policy/fpp-ProtectingYourRentalStream-Apr11.pdf>

The Impact of Welfare Reform Bill measures on affordability for low income private renting families, Shelter/CIH, March 2011  
[http://england.shelter.org.uk/\\_data/assets/pdf\\_file/0007/334726/Impact\\_of\\_Welfare\\_Reform\\_Bill\\_measures\\_on\\_affordability\\_for\\_low\\_income\\_private\\_renting\\_families.pdf](http://england.shelter.org.uk/_data/assets/pdf_file/0007/334726/Impact_of_Welfare_Reform_Bill_measures_on_affordability_for_low_income_private_renting_families.pdf)

### UPDATE

From October 2013, all new working claims for personal housing costs support will be part of universal credit (and housing costs for pensioners will be covered by pension credit). Universal credit will combine and replace all of the current income-related working age benefits (JSA/ESA/IS, tax credits and HB) into a single payment administered centrally by the DWP. The main advantages are that it will radically simplify the current complex structure of benefits and will help ease the deepest part of the poverty trap.

However, there are major concerns for the sector around the administrative challenges delivering the system not least the breathtaking speed of change. Although the structure of benefits will be simplified the new benefit will be highly complex and the centralised administration will make it remote from claimants. And the unified payment will mean that (if not in the short-term) payment of the housing costs element will be to the tenant. The combined payment will also be subject to the household cap of £500 *including* housing costs.

#### This is a Pact session

**Developing the Housing Pact 2011 – Our commitment to deliver the best possible outcomes for communities**



Building on the successes of the 2010 Pact, we will:

- Identify the priorities we want local and national government to address
- Make commitments to specific housing practice

Through four main themes which reflect the challenges and opportunities being faced:

- The housing advantage
- New ways of working
- Setting our own course
- Money

To be presented to the Housing Minister at the end of the conference.

Be part of the session, vote on the CIH Stand, or tweet to [#housing2011](#).



Follow the latest on Twitter [#housing2011](#)