

Until there's a home for everyone

**Holding on to a home:
The impacts and implications of
welfare reform**

Hilary Burkitt

Shelter

Local housing allowance reforms in London



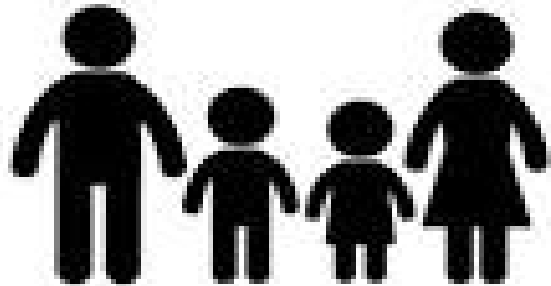
Changes to Local Housing Allowance

- **LHA rates reduced to from 50th to 30th percentile.**
LHA rates cover bottom 30% of local properties for each property size.
- **LHA caps introduced.** Caps set for each property size. Where caps are lower than 30th percentile rate, claimants get capped rate.
- **Annual uprating of LHA changed.** From market rent to CPI, with yearly rise capped at 1%.

Impact and implications



What it means for
individuals
affected



Impacts for housing
markets...and beyond



About the research



Longitudinal
qualitative
research

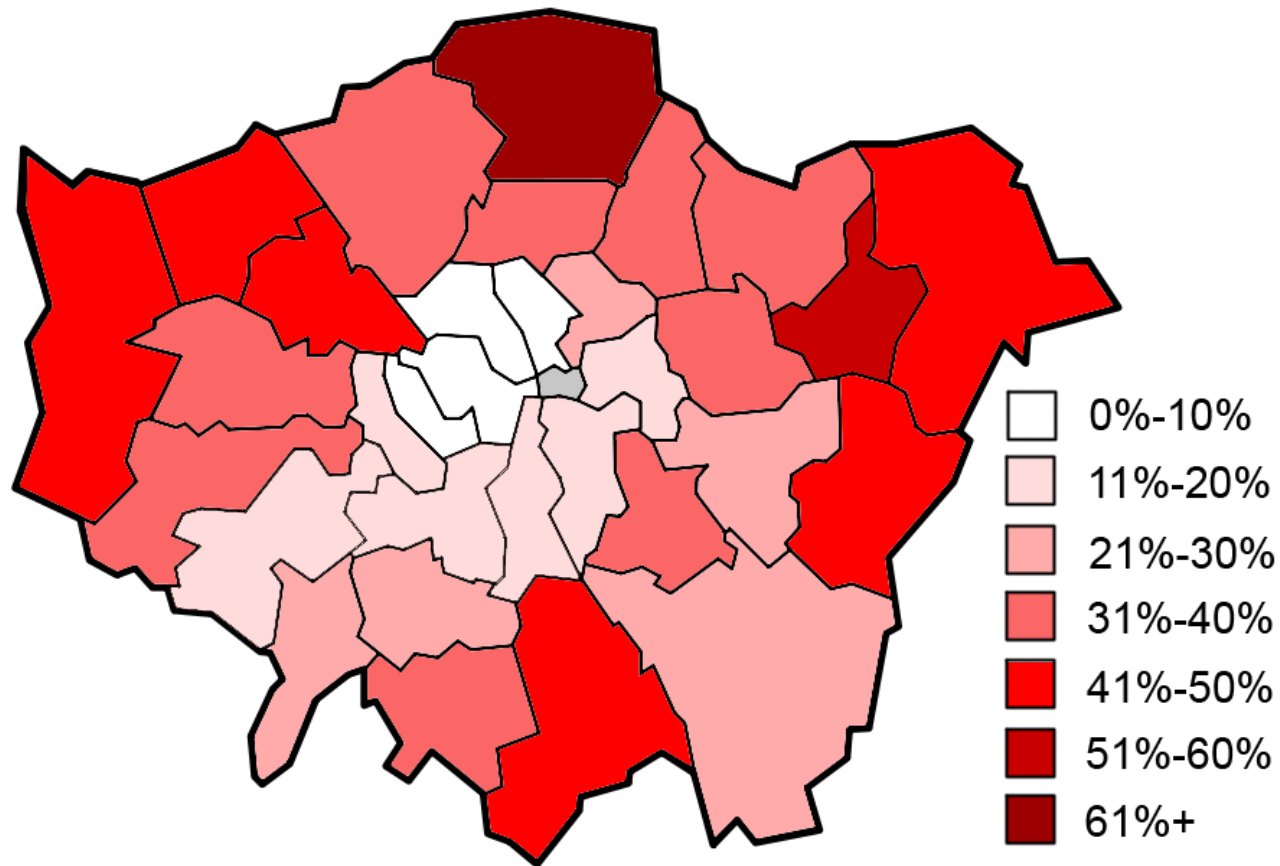
Quantitative
analysis



Research Challenges

- ⌘ Qualitative:
 - ⌘ Complexity
 - ⌘ Lack of awareness
 - ⌘ Impacts not immediate
- ⌘ Quantitative
 - ⌘ Projecting impacts/implications
 - ⌘ Data limitations

Competition in the private rented sector



Proportion of 2-bed PRS properties occupied by LHA claimants by borough

Local Housing Allowance



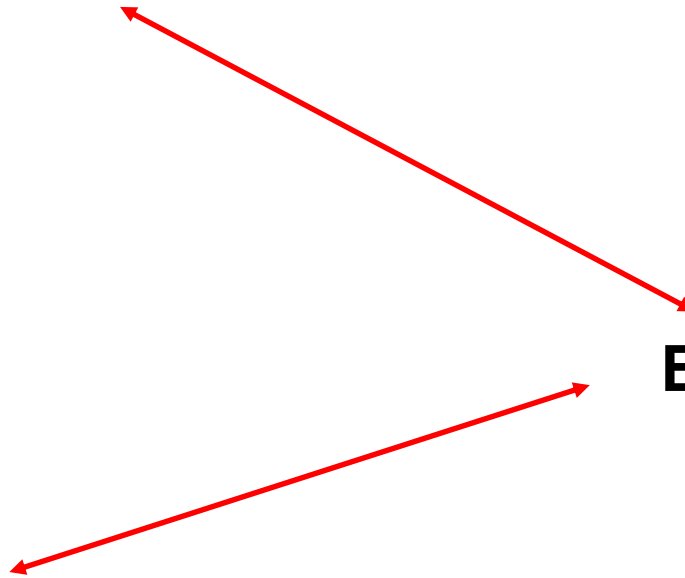
Housing Decisions

Local Housing Allowance

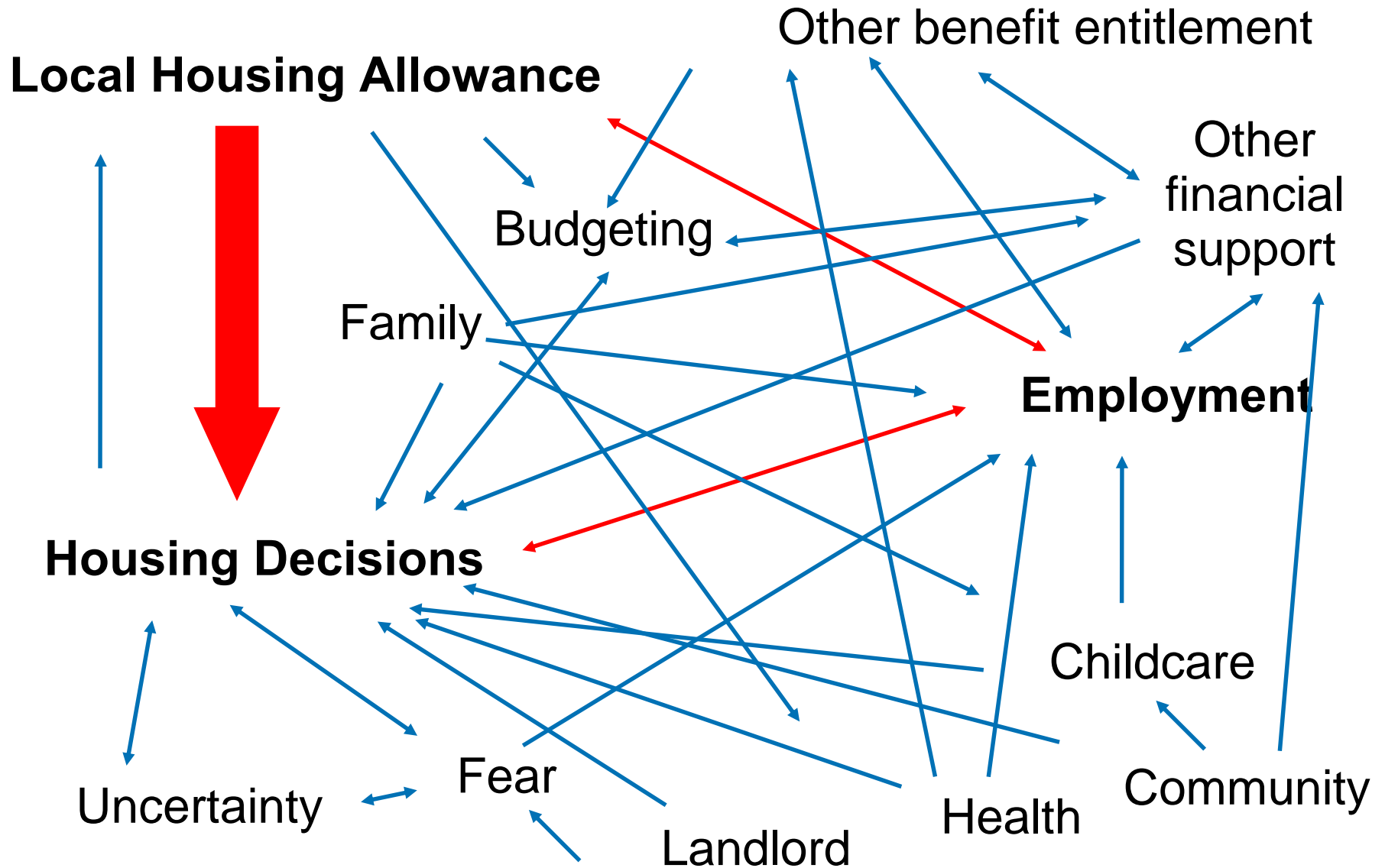


Housing Decisions

Employment



Shelter



Case Study: Shelley - single mother working part-time

October 2012

Receives notice LHA will be reduced, but not notified of scale of reduction

April 2013

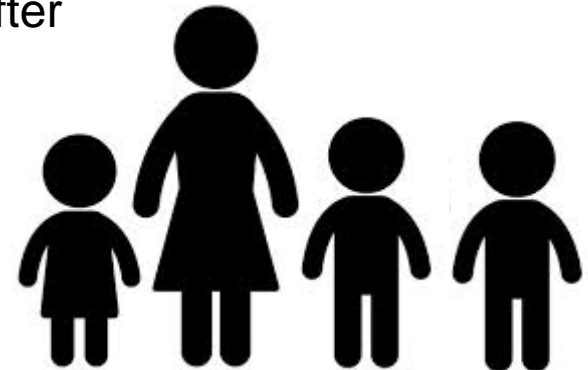
LHA reduced by over £150 per month. Shelley is expecting a baby

July 2013

Landlord increases £200pm, increasing shortfall to £350pm. Unable to keep up with rent payments and served with eviction notice.

September 2013

Child is born. Still under threat of eviction. Fears only housing options are outside London and away from family support. uncertain about opportunities to return to work after maternity leave.



Case Study: Hassan and family

June 2012

Hassan had to give up his business owing to serious health problems. He lives in a flat with his wife and son in Westminster and receives disability benefits

December 2012

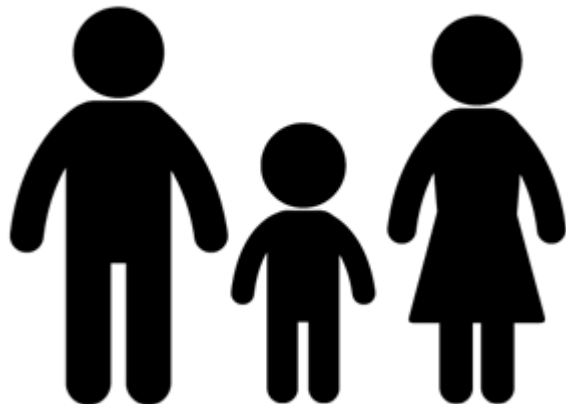
Hassan tells his landlord that his LHA will be substantially reduced. His landlord serves him notice, delayed until after Hassan has an operation

May 2013

LA tries to negotiate with landlord to reduce rent but is unsuccessful. Flat is no longer suitable for Hassan due to stairs

June 2013

Family are moved to temporary accommodation outside the borough, far from son's school and hospital



15

**“I just want my own
front door that no one
can take from me
again”**

Can reducing/capping LHA impact rents?

- ⌘ Can tenants really exert influence given wider competition?
- ⌘ Reduces government incentive to intervene to improve affordability in market

Responses from landlords

“He just wants me out basically....It’s not just me that he’s doing it to, there’s 6 other properties in this area that all belong to the same landlord and he’s kicking us all out. It just seems like it’s benefit cleansing, it’s the only way I can talk about it, because every one of his properties that have got benefits people in are all going through eviction.”

“When he was putting up the rent I did sort of negotiate with him, ‘cause he did say ‘would you be able to afford a £100?’ and I was like ‘no’. So he just put it up by £50.”

How does LHA reform impact household finances and incentives to work?

- ⌘ Loss of disposable income inevitable – and can push families below poverty line
- ⌘ Impact indiscriminate (in/out of work, disabled etc)
- ⌘ No additional financial work incentive unless housing costs low enough to 'float off' housing benefit.
- ⌘ Even full-time jobs at London Living Wage often insufficient to 'float off' housing benefits when paying typical private rents.

How are individual households coping?

- ⌘ Discretionary Housing Payments helping – for now
- ⌘ Worse off in work?
- ⌘ Managing household budgets:
 - ⌘ Prudent financial decisions?
 - ⌘ Or unsustainable cutbacks on essentials?

“I’ve run out of people to ask for lending money and now basically food is provided on a 3 daily basis from our local church.”

Conclusions

- Families worse off, less secure
- Impacts are hard to predict, often hard to measure
- Implications still emerging
- Need for review of LHA rates and interaction with other welfare policies
- Focus on solutions