Briefing Paper on the impact of forthcoming changes to Housing Benefit and Local Housing Allowance

April 2011
Introduction

Over the last year the government has announced significant changes to housing benefit and local housing allowance. The government’s own estimates show that the changes will result in an annual reduction of £2,810 million of government help with housing costs, £2,745 million of which will be made from savings to housing benefit.

The impact of these changes to housing benefit will affect tenants, social and private landlords, and strategic housing authorities across the UK.

The first of these changes are introduced on 1 April 2011. Others will follow in subsequent years, with the full reform programme due to be completed in 2017.

There have been several changes to implementation dates and specific details since they were originally announced, and it is likely that there will be further changes to come.

This briefing is designed to give you accurate and up to date information on the changes to housing benefit and local housing allowance. It will help you to plan how to assess and mitigate the impact of the changes for your own business and local area.

CIH has carried out extensive modelling and analysis of the potential impacts on your business and customers. Some of these findings have persuaded government to amend their original announcements. In the main, a sizeable impact will still be felt, and our findings help to quantify this.

The CIH position

CIH has been making the case for housing benefit reform since the publication of the 2008 Welfare Reform Green Paper. Our focus has been on developing ideas for reform that could control rising expenditure and make housing benefit more effective in achieving its policy objectives. We published our proposals for short-term and long-term reform in response to the 2009 Housing Benefit Green Paper. Whilst we accept the need to control expenditure we have been very clear that the reforms announced by the government are not the right approach. They will destabilise households and communities, and hit low income households hard during the recession precisely when they are most in need of support and when adverse consequences are likely to be most damaging.

Tens of thousands of households will be hit hard in the pocket or even be completely priced out of the communities where they are currently living and working. And all this is without consideration of the overall effect these changes will have when combined with significant cuts and changes to funding for advice, support and social housing development across the UK.
We are broadly supportive of the government’s plans to restructure out of work benefits for claimants and replace them with the Universal Credit, but we have strong concerns that reforms to housing benefit and Support for Mortgage Interest will form the baseline for the new benefit and result in sharply reduced levels of support for housing costs in the new system.

CIH has worked extensively with government, the media, housing providers and a variety of other stakeholders to raise the awareness of the potential impact of the changes, and we will continue to do so. We have successfully ensured that housing benefit is high on the agenda for politicians across the political spectrum as the regulations and laws to implement these changes are developed and debated. Issues around fairness to consumers and the impact on sustainable communities have been well aired, but many of the changes are still coming.

We will continue to seek changes to the announced reforms whilst supporting practitioners to deal with the effects of implementation.

**Summary of the main changes**

There are nine primary changes to housing benefit, identified in the two tables below. Nine of the changes result in government savings (table 1) and there are three new items of expenditure (plus one item of saving abandoned) (table 2). According to HM Treasury’s own estimates, by 2015 the annual savings proposals will outweigh the expenditure proposals by more than a factor of 50.

Note that one proposal announced in the June 2010 Budget - to reduce housing benefit by 10% for people claiming Jobseeker’s Allowance for more than 12 months - has been abandoned.

**2011-12 LHA changes and transitional protection**

The LHA changes (£15.00 addition, 30th percentile and LHA caps) all take effect immediately for new claims starting on or after 1st/4th April.

Existing claimants are entitled to transitional protection from the 30th percentile and LHA caps (but not the £15.00 addition) until at least January 2012 or the date on which their LHA comes up for review (usually the anniversary date of their original claim) if this is later. If the claimant qualifies for protection, subject to the loss of the £15.00 addition, their LHA rate will be frozen.
## Table 1: Changes which result in reductions in Government expenditure

<table>
<thead>
<tr>
<th>Change</th>
<th>Date introduced</th>
<th>Tenure directly affected plus numbers affected and average loss</th>
<th>Annual saving to government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Set the standard interest rate at which Support for Mortgage Interest is paid in line with the Bank of England average mortgage rate</td>
<td>October 2010</td>
<td>Owner occupiers and leaseholders</td>
<td>£65m by 2014/15¹</td>
</tr>
<tr>
<td>Set the Local Housing Allowance at the 30th percentile of local rents (instead of the 50th percentile at present)</td>
<td>April 2011 for new claims. Existing claimants are protected until January 2012 or LHA review date if this is later.</td>
<td>Private rented sector 775,000 (83% of LHA caseload) affected</td>
<td>£425m by 2014/15²</td>
</tr>
<tr>
<td>Capping the maximum weekly LHA payable for each property size, and applying a four-bed limit: £250 per week for one-bed, £290 for two-bed, £340 for three-bed, £400 for four-bed and larger properties</td>
<td>April 2011 for new claims. Existing claimants are protected until January 2012 or LHA review date if this is later.</td>
<td>Private rented sector 21,000 (2% of LHA caseload) of which 17,000 in London</td>
<td>£65m by 2014/15¹</td>
</tr>
<tr>
<td>Increased non-dependant deductions. Previous ten year freeze more than reversed over three years with future increases linked to prices</td>
<td>April 2011 (27% increase), with similar sized increases in 2012 and 2013¹</td>
<td>Social rented sector and private rented sector</td>
<td>£340m by 2014/15¹</td>
</tr>
<tr>
<td>The £15 that LHA tenants can keep if they live in housing that is cheaper than LHA rates is abolished.</td>
<td>April 2011 for new and existing claims</td>
<td>Private rented sector 438,000 (47% of LHA caseload)</td>
<td>£550m by 2014/15³</td>
</tr>
<tr>
<td>Increasing upper age limit for shared accommodation rate (single room rate) from 25 to 35 years old</td>
<td>January 2012 new and existing claims</td>
<td>Private rented sector</td>
<td>£215m³</td>
</tr>
<tr>
<td>Future LHA increases to be linked to consumer prices index (CPI) instead of real rental market evidence</td>
<td>April 2013</td>
<td>Private rented sector</td>
<td>£390m by 2014/15³</td>
</tr>
<tr>
<td>Limit working age entitlement to reflect family size</td>
<td>April 2013</td>
<td>Social rented sector</td>
<td>£490m by 2014/15³</td>
</tr>
<tr>
<td>Limit total out of work benefits support (JSA/ESA, child benefit, child tax credits council tax benefit &amp; HB) payable to a household to £500 per week (any excess is shaved off HB first)</td>
<td>April 2013</td>
<td>Social &amp; private rented sector</td>
<td>£270m by 2014/15⁵</td>
</tr>
<tr>
<td>Help with housing costs paid as part of Universal Credit for working age households, and as part of Pension Credit for non-working age households</td>
<td>October 2013 for new claimants, Phased in from April 2015 for existing claimants</td>
<td>Social &amp; private rented sector</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>£2,810 million</strong></td>
</tr>
</tbody>
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¹ DWP July 2010 Explanatory Memorandum to Social Security Advisory Committee
² Budget 2010 ‘Red Book’ June 2010, Table 2.1 lines 29-36
³ Note non-dependant deductions for CTB claims are increasing by 24% at the same time
⁴ DWP July 2010 Explanatory Memorandum to Social Security Advisory Committee
⁵ HM Treasury & DWP October 2010, Spending Review 2010 policy costings
Table 2: Changes which result in increased government expenditure

<table>
<thead>
<tr>
<th>Change</th>
<th>Date introduced</th>
<th>Directly affects</th>
<th>Annual cost to government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support for Mortgage Interest temporary rules extended (reduced waiting period of 13 weeks and increase in maximum eligible loan from £100,000 to £200,000)</td>
<td>Temporary rules were due to expire in January 2012, extended to January 2013</td>
<td>Owner occupiers and leaseholders</td>
<td>£110m during 2012/13(^6)</td>
</tr>
<tr>
<td>Housing Benefit: not introducing reductions for long-term jobseekers</td>
<td>Originally proposed to be introduced from April 2013</td>
<td>Social and private rented sector</td>
<td>£115m by 2014/15</td>
</tr>
<tr>
<td>Increased discretionary housing payments</td>
<td>October 2010</td>
<td>Social and private rented sector</td>
<td>£40m from 2013/14(^1)</td>
</tr>
<tr>
<td>Additional bedroom for carers can be covered by HB</td>
<td>April 2011</td>
<td>Private rented sector</td>
<td>£15m from 2011/12(^2)</td>
</tr>
<tr>
<td><strong>Total maximum annual net cost</strong></td>
<td></td>
<td></td>
<td><strong>£170m in 2014/15</strong></td>
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</table>

There has been discussion about the likelihood of payment of housing costs for social sector tenants being made to the tenant instead of the landlord (except in cases of vulnerability) when the Universal Credit is introduced. The Government gave its assurance in the Welfare Reform White Paper that the facility to make payments to landlords will still be available at the point when Universal Credit is introduced. However, ministers and DWP officials have given a very clear indication that in the medium to long-term landlord payment will become the exception rather than the norm.

**Further information and commentary on the changes**

The Department for Work and Pensions has published two assessments of the impact of the changes to be introduced in 2011.

- The first was published alongside the Budget in June 2010, and considers the numbers of people to be affected and quantifies the savings and costs involved (for both households and the government). Please note that some of the figures will be incorrect because implementation dates have since changed.

- The second is an equality impact assessment of the reforms announced in the June Budget.

CIH and Shelter published analysis of linking LHA increases to CPI rather than RPI.

The Social Security Advisory Committee published their assessment of the 2011 reforms.

\(^6\) Budget 2011 ‘Red Book’ Table 2.1
The likely implications of the changes

1. Change from 50th percentile to 30th percentile

- This change will mean that Local Housing Allowance (LHA) rates will be calculated on the 30th percentile of local market rents rather than the mid point. This means that in each market area if there were 100 properties available for letting of the appropriate size, the LHA will be based on the 30th lowest rent of those 100 properties. In other words they have (in theory) access to the bottom 30% of the market instead of the bottom 50% at present.

- Tenants in private rented housing who can claim LHA will have access to fewer properties in their area where their full rent could be covered by their benefit.

- Tenants who cannot find a property priced in the first 30th percentile will have to make up the difference in rent. CIH has estimated that the average additional cost for a family in a 3-bed house in England is £475 per year. CIH had published a summary table by region and broad rental market area.

- DWP estimates that 775,000 people will be affected across the UK. In 81 local authority areas the average loss will be £10.00 or more per week. These 81 areas account for 162,960 households (17% of the LHA caseload). In a further 108 authorities (caseload 249,750, 26.6% of the total) the average losses are between £8 and £10 per week. In 354 authorities (81% of the LHA caseload) the average loss is £5.00 or more per week.

- Although London will experience some serious effects (71% of claimants will face a £17 per week loss), it is important to remember that the heaviest impacts of the 30th percentile measure are not confined to London. Other counties seriously affected are: Cambridgeshire, Berkshire, Buckinghamshire, Essex, Greater Manchester, Hertfordshire, Nottinghamshire, Oxfordshire, Surrey and Sussex.

What can you expect?

Local Authorities with a strategic housing role may see:

- Movement of low income tenants from more expensive rental market areas to cheaper ones
- Households struggling to access private rented accommodation
- Increased hardship, shown by greater demand for debt and counselling services, and rising arrears
- Concentration of tenants in receipt of LHA in cheaper, poorer quality private rented housing
- Greater demand on homelessness and housing options services
Potential impact on temporary and/or bed and breakfast accommodation if tenants evicted are considered intentionally homeless

Greater levels of overcrowding

Increased number of applications to the housing register

Landlords becoming less prepared to let to known benefit claimants

Landlords making more stringent income checks on potential tenants

Increased applications for discretionary housing payments.

Social landlords may see:

Higher demand for social housing from tenants who currently live or intended to live in PRS accommodation.

2. Caps on the maximum LHA payable by property size

This change means that tenants in the private rented sector and in receipt of LHA will be able to claim a maximum amount for each property size, with an overall limit set at the cap for four-bedroom property. Previously there were no caps on properties with up to four bedrooms; instead housing benefit was payable up to the LHA rate for appropriate sized accommodation and capped at the rate for five-bedroom property.

DWP estimates that 21,000 households will be affected, 17,000 of which are in London. The average weekly loss in affected areas is likely to be £74 per week. More expensive areas of South East England are also affected by this change, and other areas are affected by the cap on benefit for 5+ bedroom properties.

The number of areas affected could increase over time. It is unclear at this stage whether the caps will be up-rated as average rental prices change. If the caps are not up-rated or the index used fails to reflect rent increases then the number of housing markets affected will increase.

The caps apply over and above the 30th percentile limit (ie the cap could be lower than the 30th percentile rent), so within the broad market areas for LHA rates claimants will have less than 30% of the market available even by Government’s own definition. The published rent officer figures for the 30th percentile show that the caps will currently restrict the availability of accommodation to less than 30% of the market for some property types in 17 out of the 33 London boroughs. The affected boroughs are concentrated in the centre, north and west, and the greatest impact is on larger properties. In many neighbourhoods within the affected boroughs there will be no properties that are affordable.
What can you expect?

Local Authorities with a strategic housing role may see:
- Movement of tenants from Central London to outer and eastern boroughs
- Changes in demand for services including schools and health
- Increased levels of overcrowding
- Increased demand for cheaper properties
- Increased applications for discretionary housing payments.

Social landlords may see:
- Higher demand for social housing from tenants who currently live or intended to live in PRS accommodation.

3. Increasing non-dependent deductions

- Deductions from the claimant’s eligible rent where other adults live with the claimant but are not part their family for benefit purposes (typically the claimant’s own adult children who are either working or claiming in their own right) are set to increase dramatically. The level of deductions has been frozen since 1999. These freezes are to be reversed – so there will be a 27% increase in April 2011 and increases of a similar size in April 2012 and April 2013. Thereafter rates will increase annually in line with prices.

- Tenants sharing their home with other adult(s) will need to collect more money from the other adult(s) to contribute towards the rent, or make up the difference from their own money. The rates of deduction are particularly severe where the adult occupier earns more than £200 per week (nearly everyone in full time work). In many cases the deduction level will be such that it will disqualify the tenant from housing benefit altogether even where the tenant is on a qualifying passport benefit (e.g. income support, pension credit).

- These changes will be an incentive for tenants to encourage their children to leave home and a disincentive to voluntary sharing. They will hinder tenants’ own ability to deal with under-occupation and will result in a particularly harsh dilemma: if the tenant allows the occupier to stay they could lose all of their housing benefit, but if they ask them to leave private tenants (and social tenants from April 2013) could get hit with a reduction because they are under occupying.

- CIH estimates that increasing non-dependent deductions for housing and council tax benefit will affect around 213,000 households in total. Of these some 160,000 tenants will be on housing benefit, of which all but 18,000 will face increased deductions in both their HB and CTB.
What can you expect?

Social landlords may see:
- Increased demand for independent housing from people who previously shared.
- Higher incidence of adult children being asked to leave the family home due to financial strain or disagreements over liability for payments.
- Tenants being less willing to care for their elderly parents in their own home.
- Increased risk and incidence of slowly increasing arrears.
- Need for additional staff and communication resources to collect shortfall from tenants.
- Increased pressure from HB departments on landlords to conduct tenancy audits and notify of changes.

Local Authorities with a strategic housing role may see:
- Higher demand for debt counselling services.
- Higher demand on homelessness and housing options services.
- Potential impact on temporary and/or bed and breakfast accommodation if tenants evicted are considered intentionally homeless.
- Increased applications and demand from young people.
- Increased transfer applications and bidding via CBL.
- Private landlords becoming more reluctant to let to families with older children who are approaching age 18.
- Increased applications for discretionary housing payments.

4. Increasing upper age limit for Shared Accommodation Rate (single room rate) from 25 to 35 years old

- From January 2012 any single person (with no children) under the age of 35 will only be entitled to benefit to cover the cost of shared accommodation. DWP expects that increasing the age from 25 to 35 will affect 88,000 people.

- The difference between rent for shared accommodation and one bedroom independent accommodation is significant. The DWP’s impact assessment shows that the average loss for claimants in receipt of maximum housing benefit will be around £38.00 per week.

- Although shared accommodation is common in London and other cities, some housing markets have very limited provision, which means people affected by this change will have few housing options available to them.

Local Authorities with a strategic housing role may see:
- Increased applications for social housing from single people aged 25-35.
- Increased homeless presentations by single people aged 25-35.
Increased conversions of self-contained properties to Houses in Multiple Occupation by private landlords
Increased applications for discretionary housing benefit from single claimants aged 25-35.

Social landlords may see:
- Increased demand for one bed and bedsit accommodation, including from young low-income working people
- Increased requests from local authorities to provide accommodation for single people who would not usually be considered priority need - perhaps intermediate rent properties rather than social rent.

5. Change to using CPI to up-rate benefits rather than RPI
- From April 2013 onwards the 30th percentile LHA rate will be set by uprating April 2012 LHA rates in line with CPI inflation: in other words LHA rates will no longer be based on real local market rents.
- Over the period 1991-2009 rent increases outstripped CPI in every single year with the sole exception of 2099. If this trend continues, the change will mean that the purchasing power of the LHA will gradually be eroded. The effect will be to shrink the 30% of the market that is at least theoretically available to tenants claiming the benefit. In the long term there will come a point at which the cheapest property which is available in a given market area is more expensive than the full LHA rate.
- By 2023 two bedroom houses in 34 per cent of local authorities outside of London will be unaffordable for people claiming Local Housing Allowance, including working households on low incomes and those unable to work such as pensioners, carers and people with disabilities. The impact is not restricted to expensive rental markets. See CIH/Shelter analysis.
- There is a link between areas which will become unaffordable and those regions with the biggest proportion of claimants in work and the highest rates of employment. Meanwhile, regions that remain affordable in 2023 – the North East, North West and Yorkshire and Humber – are those with the above average rates of economic inactivity and unemployment. This suggests that benefit claimants will be forced to live in areas which further exclude them from the labour market.
- Tenants who do not (or cannot) move to a cheaper home will gradually have to make up more of the rent from other sources of income.
What can you expect?

Local Authorities with a strategic housing role may see:
- Movement of low income tenants from more expensive rental market areas to cheaper ones
- In high cost regions (i.e. the greater South of England) accommodation affordable to benefit claimants will become increasingly confined to isolated low cost islands which may become a magnet for benefit claimants in the surrounding areas
- Households struggling to access private rented accommodation
- Increased hardship, shown by greater demand for debt and counselling services, and rising arrears
- Concentration of tenants in receipt of LHA in cheaper, poorer quality private rented housing
- Greater demand on homelessness and housing options services
- Potential impact on temporary and/or B&B accommodation if tenants evicted are considered intentionally homeless
- Greater levels of overcrowding
- Increased number of applications to the housing register
- Landlords becoming less prepared to let to known benefit claimants
- Landlords making more stringent income checks on potential tenants
- Increased applications for discretionary housing payments.

Social landlords may see:
- Higher demand for social housing from tenants who currently live or intended to live in PRS accommodation.

6. Limiting housing benefit payable to working age tenants, by property size

- From April 2013, working age tenants who are occupying a larger social rented property than required for their household size will have their housing benefit restricted to the amount payable for a property that matches their household size. Size restrictions already apply to private sector tenants claiming housing benefit.

- DWP estimates that this will affect 670,000 social tenants, which will rise to 760,000 by 2020 due to increases in pension age.

- It seems likely that this measure will have a significant regional impact because under-occupation rates are likely to be higher in the midlands and the north of England.

- Tenants will be expected to notify of changes within the year as household members move out. This is likely to result in an increase in verification checks and housing benefit overpayments.
What can you expect?

Social landlords may see:
- Higher demand from existing tenants for smaller properties - increased transfer applications and bidding via choice based lettings
- Increased risk and incidence of slowly increasing arrears
- Need for additional staff and communication resources to collect shortfall from tenants
- Increased pressure from HB departments for landlords to conduct tenancy audits and notify of changes
- Housing associations’ income streams become vulnerable and ability to borrow money cheaply is affected - less funding for development, financial inclusion schemes, employment schemes
- Reduced ability to allow people to under-occupy for estate management reasons
- Increased child densities
- Increased number of larger properties becoming available for new/relocating tenants.

Local Authorities with a strategic housing role may see:
- Higher demand for debt counselling services
- Higher demand on homelessness services
- Potential impact on temporary and/or bed and breakfast accommodation if tenants are evicted for rent arrears and are considered intentionally homeless
- Increased transfer applications and bidding via CBL
- Increased applications for discretionary housing payments.

6. Limiting total benefit payable to non-working households of working age
- From April 2013, no working age household where nobody is employed will be able to claim more in out of work benefits each week than the average income for working households. Benefit entitlement will be capped at £26,000 per year (£500 per week), and any entitlement over that will be docked from housing benefit payable (or from other out of work benefits if there is no housing benefit left to deduct from). Benefits included in the overall cap include: JSA/ESA, child benefit, child tax credit, council tax benefit and housing benefit.

Example: An unemployed couple with five children are entitled to the following benefits*: JSA £105.95, child benefit £73.90, child tax credit £255.45, council tax benefit £24.00. Their weekly rent is £90.70 per week.

Excluding housing benefit their total out of work benefits amount to £459.30 per week. Therefore the maximum housing benefit they can receive will be £40.70 per week (£500.00 - £459.30). They will have pay any shortfall from their other out of their other benefits.
Of all the proposed changes, the benefit cap is likely to produce the most dramatic shortfall between households’ rent and benefit entitlement. The DWP estimates that about 50,000 households will be affected by the measure, losing an average of £93 a week, with 15% of those affected losing more than £150 a week.

The benefit cap will fall disproportionately on families in London and South East England, where housing costs are higher. Larger families are more likely to be affected than smaller families, but this will in part be dependent on their location and eligibility for LHA.

Local Authorities with a strategic housing role may see:
- Increased demand for debt advice from larger non-working families in rented accommodation
- Increased homelessness presentations and demand for housing advice
- More private landlords refusing to house benefit-dependant households
- Increased applications for discretionary housing benefit.

Social landlords may see:
- Families with three or more children struggling to pay their rent.
- Increased ‘voluntary’ overcrowding
- Increased demand for transfer to smaller properties
- Some requests to house one household in two properties so rent can be paid
- Increased demand for support to access employment from tenants with larger families.

7. Increasing amounts available for discretionary housing payments

- Funds available for discretionary housing payments (money payable to housing benefit claimants beyond their normal benefit entitlement in cases of hardship) will be £30m in 2011-12 and £60m from 2013-14 (increased from the current level of £20m).

- More money is available than before to help offset the impact of housing benefit reforms, but this equates to about £8.30 per year per case. In England this would support around 60,000 households who face the maximum loss from the 30th percentile change for one year (leaving nothing for social sector claimants). This is equivalent to just 1.5% of the entire caseload. The total increase in spending is less than 2.5% of the total package of housing benefit cuts.
What can you expect?

Local Authorities with a strategic housing role may see:

- Increased number of applications for discretionary payments
- More demand on the funding pot than is available
- Increased number of disputes around the use of discretion with pressure to make awards for ‘deserving’ cases
- Increased number of claimants with time limited awards to help make the budget spread further
- Increased demand on advice services to help with such applications – tenants who previously managed their own benefit claims will be disempowered because most will need the help of an advisor to claim discretionary payments.

Social landlords may see:

- Increased number of tenants seeking support with applications for discretionary payments
- Increased number of tenants who are uncertain about their income
- Less certainty around how much of a tenant’s rent will be supported by housing benefit
- Need to help tenants plan to move house at the end of a discretionary payment award.

Next steps for social landlords

It is important to think about how the reforms could impact on your business and your tenants, and plan accordingly.

- Do you know who your tenants are and their current circumstances?
- How many tenants already have non-dependent deductions from their benefit?
- How many tenants of working age are under-occupying?
- How many tenants will be subject to the overall benefit cap? (start by identifying families with 3 or more children)
- How many tenants would be affected by a move to direct payments?
- What is the potential level and likelihood of increased arrears?
- Are your procedures and resources for rent collection able to cope with more people with small shortfalls on their rent payments?
- Does your transfer procedure / choice based lettings system give sufficient priority to households wanting to downsize?
- How are you going to communicate the changes to your tenants?
- How can you develop and extend support and advice services to help people deal with the changes?
- Will your front-line staff be fully trained and conversant with changes and geared up to deal with potential problems with emphasis on preventative work, for example financial inclusion, financial capacity building and measures to prevent households from falling into poverty?
- Do you have links to specialist debt advice as well as to credit unions and community banking?
Can your management and repairs services turn voids around quickly to improve movement and transfer of households into appropriate sized properties?

How will your estate management and sustainability of estates change if benefit claimants are no longer able to under-occupy?

Do you have sufficient and effective proactive measures to reduce ‘under-occupation’, perhaps through preferential measures for down-sizing transfers within the allocations scheme?

How would your development programme be affected if larger families could not afford to rent your larger properties?

Do you need to change your development programme to cater for changing patterns of demand as tenants previously in the private rented sector increasingly look for social housing?

**Next steps for strategic housing authorities**

It is important to think about how the reforms could impact on your business and your housing market, and plan accordingly.

- Do you have sub-regional and regional housing market analysis to examine the effects of potential migration of people to less expensive areas?
- How many people claim LHA in the private rented sector in your area?
- How will the changes affect claimants in the private rented sector?
  - Will the property caps affect your area? How many properties?
  - How different is the 30th to 50th percentile? How many properties are now out of reach?
  - Is there a big spread of rents? If so, the impact of the move to CPI will be greater
  - What is the cumulative impact of all these changes?
  - Are there households with no housing options in either sector (e.g. larger non-working families)?
- What do private landlords in your area think about the changes, and how might their letting behaviour change?
- Does your transfer procedure / CBL system give sufficient priority to households wanting to downsize?
- What additional resources might your housing options service need to deal with projected increased demand?
- Are your procedures for discretionary housing payments appropriate?
- How might demand for social housing change because of changes to local housing allowance? Are you communicating this to social landlords – they may be able to change their development programme?
CIH – working for you

CIH has worked with government, politicians and other partners in the sector to continue to raise the profile of the impact of these changes on tenants and housing organisations.

In September 2010, we gave written and oral evidence to the Social Security Advisory Committee on the changes to the Local Housing Allowance, which was extensively used in their final report. We also gave evidence to the Work and Pensions Committee and were quoted extensively in their December 2010 report.

In March 2011, CIH published a joint report with Shelter on the impact of welfare reform bill measures on affordability for low income private renting families. This report received good coverage in the national media, including interviews on BBC London News and BBC Radio Sussex and an exclusive feature published in The Observer.

CIH has directly supported over 20 housing organisations to help them understand these changes and plan for the impact the reforms will have on their business and their tenants. We have provided extensive briefing to MPs and Lords, and our impact modelling has been used to inform debate around the proposals.

We have secured some small gains. In February 2011, the government announced that its original proposals to reduce housing benefit for those receiving job seeker’s allowance would be abandoned. In addition, our work supported the government’s decision to harmonise the dates of introduction of housing benefit changes.

The mainstream media campaign informed by our evidence has succeeded in raising awareness of these changes and their impact on the housing sector, tenants, and residents, with coverage on BBC national news, BBC radio, the Times, and the Observer. CIH will seek to keep the issues facing the sector in the public eye, so both housing professionals and tenants know how to prepare for the changes and how they will be affected.

In the longer term, we will seek to influence the direction of the Welfare Reform Bill currently in parliament, and to shape regulation where legislation is not required to implement change.

CIH can help housing organisations and strategic housing authorities to model the detailed impact of the changes on their business and implement strategic planning. We also have a comprehensive programme of training on a variety of topics related to housing benefit.

For more information visit:
- ConsultCIH
- CIH Housing Benefit services
Get involved

We are keen to hear your thoughts. We are particularly interested in your views on longer term reform and would like you to share your observations on the impact of the changes in your area, on your tenants and your business. CIH members who have done their own modelling and calculations of the impact on housing businesses and tenants are invited to share this information with CIH in order to help us build up a fuller picture.

If you would like to comment please contact: policyandpractice@cih.org or call the CIH Policy and Practice team on 02476 851777.

About the Chartered Institute of Housing

The Chartered Institute of Housing (CIH) is the professional body for people involved in housing and communities. We are a registered charity and not-for-profit organisation. We have a diverse and growing membership of over 22,000 people – both in the public and private sectors – living and working in over 20 countries on five continents across the world. We exist to maximise the contribution that housing professionals make to the wellbeing of communities. Our corporate priorities include:

- shaping housing and community agendas;
- equipping the profession for today and tomorrow;
- delivering excellence for all our customers;
- striving to be world class; and
- uniting a global housing community

CIH services and activities

CIH provides a wide range of services available to members, non-members, organisations, the housing sector and other sectors involved in the creation of successful communities. Our main services and activities are:

CIH Membership
CIH Policy
CIH Research
CIH Practice
CIH Publications
CIH Training
CIH Events
CIH Education
CIH Distance Learning
CIH Careers
CIH Organisational Development
How to contact the Chartered Institute of Housing

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