

London Tenants Federation

The Welfare Reform Team
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21.04.05

Re: Response to Consultation – A new deal for welfare: Empowering people to work

The London Tenants Federation (LTF) is an umbrella body bringing together borough wide council tenant federations and organisations across London. It does not supersede any of the individual borough wide organisations, but rather brings them together on common issues. Its remit is to exchange and share information and to respond collectively where there is consensus. The LTF has been in existence in its current form for three and a half years. It maintains regular contact with tenants and residents organisations of about two thirds of London Boroughs.

The LTF response to this consultation focuses on the question in Chapter 6 relating to Housing Benefit; specifically ‘How should Housing Benefit be adapted to meet our welfare reform objectives in the social housing sector?’

The LTF has had concern about proposed housing benefit reform since it was set out in the Department for Work and Pension’s (DWP) ‘Building Choice and Responsibility: a radical agenda for Housing Benefit’ in 2002 and expressed its concerns in a letter to Chris Pond MP in July ’03. It has discussed the reform proposals at numerous of its meetings and invited speakers from Shelter and the ALG to discuss the research carried out into the pilot schemes in the private sector.

The LTF supports the notion of simplifying the housing benefit system, through changes such as those listed in paragraph 11 of Chapter 6. However, it feels that the differences between the private rental market and social housing are too great to apply proposals of a Local Housing Allowance and direct payment of benefit to the tenants in the social rented sector. It feels that the objectives of the reform, of fairness, choice, transparency, personal responsibility, financial inclusion and reduced barriers to work, cannot be met in the social housing sector by these 2 particular proposals.

The LTF’s specific concerns relating to these 2 proposals are:

1. **Lack of social housing.** There is enormous lack of social rented housing in London, so effectively there is no choice within the social housing sector.

Over 60,000 homeless households are living in temporary homes in London and 301,000 are registered on London council waiting lists. In general new social housing tenants are allocated a property that meets their current family size needs. There is no element of choice related to this and indeed a change in allocation of homes based on income rather than need would be unfair.

2. **Overcrowding.** 150,000 London homes are overcrowded and 61,000 are severely overcrowded. Much of London's overcrowding is now focused in the social rented sector. Many of those living in overcrowded homes in the social rented sector are registered on housing lists for a transfer to a larger property. The suggestion in the Chapter 6 of the consultation, that tenants might 'rent a larger property' as a result of the introduction of a local housing allowance (LHA) is simply unachievable in London.

The LTF fears that the application of the LHA could actually make the problem of overcrowding in the capital worse. In order for a family to see more money in their pockets, tenants could choose the option of living in overcrowded conditions. Research that has been carried out by the Association of London Government and De Montfort University demonstrates a detrimental impact on the health and educational achievement of those living in overcrowded homes, particularly on children.

There are also equality issues that must be considered. There are high statistics for black and minority households living in overcrowded homes in London. Census data shows higher proportions of overcrowding in black and minority ethnic households. 12% of white British households lack one room or more, whilst the figure is over 35% for BME groups and as high as 62% for Bangladeshi households.

Clearly the possibility of increasing this problem in the capital is something that must be avoided rather than encouraged.

3. **Choice or coercion?** The lack of social housing in London combined with high housing costs has seen an increase in housing policies relating to 'choice' – including choice based lettings and encouragement of tenants to move outside London. If the 'choice' is based simply on ability to pay, it becomes coercion. If the LHA does not meet the cost of rents in high rent and high property value areas, the policy could result in coercion of social housing tenants to move from their homes and communities in London. This would work contrary to national and regional policies relating to sustainable and stable communities. It could potentially increase the number of exclusively wealthy or very poor areas, exacerbating postcode poverty.
4. **Impact on elderly tenants.** The failure by governments to address the lack of social housing in the capital through construction of more homes has resulted in a recent and particular focus on tenants living in homes that are 'under occupied'. Most of these homes are rented by elderly tenants. Often their flat will have been their family home perhaps for 30 or 40 years. The introduction of a LHA would have a very harsh impact on such tenants, forcing

them to move from their family homes. The LTF feels this would not only be unfair, but again would work contrary to national and regional government aims to achieve stable and sustainable communities.

5. **High rent levels.** High cost of social rented housing results in more tenants needing to claim housing benefit. The majority of social housing tenants are unable to meet the cost of their rent without claiming housing benefit. In London the figure is 60 – 75% of tenants, the figure varying from borough to borough. The government's rent setting policy, which in part reflects property values, will continue to have a detrimental impact on these figures. By 2011/12, tenants in some London boroughs can expect to be paying an additional £30 a week in rent. A study carried out by the Association of London Government found that every £1 a week rent increase, results in an additional 750 London tenants being forced out of work and into benefits. A change in the governments rent setting policy would have a much greater impact on financial inclusion and reducing barriers to work than proposals in this consultation document.

6. **Potential increases in rent arrears, homelessness and threatened homelessness.** The introduction of a LHA combined with insufficient council housing in the capital has the potential to increase levels of rent arrears, threatened and actual homelessness, particularly if the LHA does not cover the cost of a tenant's rent.

The suggestion of paying housing benefit directly to tenants would increase the risk of rent money being used to pay for other things. This is evidenced by the 2004 study carried out by London and Quadrant Housing Trust and Circle 33 Housing Group, which found that paying housing benefit directly to tenants resulted in rocketing arrears bills.

LTF Support Worker