

The reality of Housing Benefit cuts

1. Housing Benefit exists to pay the rent of households who could not afford to do so otherwise. Cutting the benefit so that it no longer reflects what it costs to keep a roof over people's heads will lead directly to hardship and increased homelessness.
2. The proposed changes will put a severe strain on some of the poorest and most vulnerable households across the country, have significant implications for community cohesion, increase rather than remove barriers to work and adversely affect local authorities, specialist housing providers and social and private landlords.
3. The cuts therefore will not generate the level of cost savings envisaged as costs will accrue in other areas, particularly dealing with homelessness and providing temporary accommodation, with a knock on effect on other public services as households struggle.
4. We appreciate that in the current economic climate spending, including on benefits, must be scrutinised and targeted. But if the Government is serious about reducing the Housing Benefit bill it needs to understand and address the underlying reasons for the rise, namely the years of successive increases in market rents, deliberate Government policy to house people in the private sector rather than building more social housing and an understandable increase in claimants from those affected by the recession.
5. For several years Crisis and other agencies have used the Private Rented Sector to prevent and resolve homelessness, particularly for single people. These cuts will make this very difficult while at the same time increasing homelessness.

Crisis recommends: real reform not these crude and hasty cuts

1. The Government should reconsider these cuts, deemed 'draconian' by even Boris Johnson and breaking the Coalition's pledge to be fair and protect the vulnerable.
2. Local Rent Officers should instead be encouraged to use existing powers to negotiate with landlords and to challenge where rents are unacceptable.
3. At a bare minimum measures must be brought in to mitigate the impact of the cuts in the worst affected areas and for the most vulnerable households.
4. Housing Benefit does need real reform, in particular to remove the barriers it creates to work and to better support housing stability. It does not need these crude and hasty cuts.
5. In order to reduce the Housing Benefit bill long-term there needs to be a dramatic increase in the supply of all types of housing, particularly social rented.

About Crisis

Crisis is the national charity for single homeless people. We are dedicated to ending homelessness by delivering life-changing services and campaigning for change.

For further information, on Crisis' response to the Government's cuts and our proposals for alternatives please contact:

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Homelessness ends here

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**Free inside: your essential
guide to Housing Benefit**

MYTHS BUSTED
SEE PAGE 2 FOR DETAILS

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FREE

BENEFITS SHOCKER

Some people really need our support

After years of being fed myths about undeserving benefit claimants, politicians have said they are "amazed" to discover that the welfare system in fact keeps millions of decent people from hardship and homelessness. Responding to the news, backbencher George Parr MP said: "I hadn't considered it like that before. It seems that if we make these big cuts to Housing Benefit some perfectly decent and pleasant people who happen to be old, disabled or unemployed will really struggle to keep a roof above their heads and many will end up homeless."

Despite this, the Government seems determined to go ahead with its proposals to cut Housing Benefit for millions of households. The plans are being opposed by homelessness charities who say the impact could be devastating.

FACTFILE

- The June Emergency Budget announced £1.8bn of cuts to Housing Benefit.
- The first wave does not need primary legislation and will come in from 2011. They include changes to the way that Local Housing Allowance (Housing Benefit in the private rented sector) is calculated and caps on the amount that can be claimed. The Government's own figures show 940,000 households will be affected, facing average losses of £624.
- The second wave does require primary legislation and should come into force from 2013/14. They include breaking the link between Housing Benefit and local rents and cuts to Housing Benefit for some unemployed claimants, whether or not they have been looking for work.

Myth:

Like the rest of us, people on Housing Benefit will just need to budget more carefully

Fact:

1. Nearly half of those on LHA already face a shortfall between their benefit and the rent, of an average of £23 per week, meaning tough choices between rent, food heating or getting into debt.

2. As Job Seekers' Allowance (JSA) for example is only £64 per week, people are highly unlikely to be able to cover further losses.

Myth:

Housing Benefit claimants can live where they like, while poor working households don't have that choice

Fact:

3. Many claimants actually are poor working households who still cannot afford to cover the cost of their rent because of low wages.

4. Claimants already often struggle to find properties they can afford as only 22% of landlords say they will let to Housing Benefit claimants.

Myth:

The cuts will only really affect people living in mansions in the centre of London

Fact:

5. There is an issue with a very small number of big households living in large properties in central London but there are existing powers to tackle these which should be used more.

6. Nationally 98% of households' benefit entitlement is already below the caps, set between £250 per week for a 1 bed property and £400 per week for a 4 bed.

7. Though losses will be highest in London, all local authority areas will be affected by the first wave of cuts from Cornwall to the Highlands.

8. Poorer people will become ever more concentrated in areas with lower rents risking ghettoisation, an increased burden on public services and real implications for mixed communities.

9. Reducing Housing Benefit rates will make it harder for people to find or keep work, disrupt children's education and damage local communities.

Myth:

All Housing Benefit claimants are unemployed

Fact:

10. Only 22% of the households affected by cuts to LHA are unemployed.

11. 1.6 million people receiving Housing Benefit are pensioners and others are disabled or have caring responsibilities.

12. People in low income work also claim Housing Benefit, though many of them often find themselves little if at all better off working.

13. The way Housing Benefit works is a big barrier to moving back into work but these cuts will actually increase disincentives and make it harder not easier.

Myth:

HOUSING BENEFIT BILL IS "OUT OF CONTROL"

Fact:

14. As a proportion of total government spending on benefits and tax credits Housing Benefit has stayed stable at 14% for the last 20 years.

15. Between 97/98 and 07/08 the average private sector rent rose by 63% reflecting the rise in house prices, which is the main reason the bill has grown.

16. More recently in the economic downturn the number of claimants has risen by 700,000 as people lose their jobs and are forced to work reduced hours.

Myth:

Cuts will give taxpayers better value for money

Fact:

17. These cuts will be a false economy as levels of homelessness and other social problems will rise. The increase in temporary accommodation costs alone is predicted to be £120m per year with significant impacts on other public services and spending.

18. A Crisis study estimated that the annual cost of homelessness per person is between £9,000 and £41,500 per year, depending on the individual.