

# Voices from the frontline...

## Housing Benefit: shared accommodation rate

### Introduction

The Scottish CAB Service forms the country's largest independent advice network. Citizen advice bureaux (CAB) are the key frontline service that hundreds of thousands of people turn to and they deal with over half a million new issues every year. As welfare changes begin to affect clients, CAS is producing briefings in our series *Voices from the Frontline*. These provide personal experiences of welfare reforms as they take effect in households across Scotland. Through these briefings, citizens advice bureaux will show the impact of welfare changes on the frontline.

### Summary

From January 2012, Local Housing Allowance claimants aged between 26 and 35 have had their payments based on a room in a shared property rather than a self contained one bedroom property. In practice, this means that claimants of this age who want to live on their own have had their housing support significantly reduced. Case evidence from bureaux shows that this change has had a serious impact on thousands of people in Scotland based purely on their age. These claimants are faced with a difficult choice between trying to find very limited alternative accommodation and trying to make up the shortfall in their rent through other benefits. For many, neither option is tenable. Many may therefore face arrears and possible homelessness.

### The Shared Accommodation Rate

Local Housing Allowance (LHA) was introduced in 2008 to provide Housing Benefit entitlement for tenants renting private sector accommodation in England, Scotland and Wales. The amount of LHA awarded depends on the number of bedrooms deemed to be required by the claimant, and where they live.

If the claimant is single and aged under 25, the category of property considered appropriate is a bedroom in shared accommodation. This effectively means that younger claimants are entitled to lower payments based on the premise that they have lower living costs, may be able to rely on parents for support, and/or that they are more likely to share.

From January 2012, the age threshold for the shared accommodation of LHA increased from 25 to 35. This means that single claimants up to the age of 35 will have their LHA based on a room in a shared property rather than a self contained one bedroom property. There are exceptions for some disabled claimants, certain people who have previously been homeless, and ex-offenders who could pose a risk to the public.

The change will reduce the amount of support they are entitled to by up to £2,800 per year. This is likely to affect 4,400 people across Scotland who will lose an average of £22 per week<sup>1</sup>, with the majority of those affected living in Edinburgh or Glasgow. Scottish Government analysis shows that rooms in shared accommodation are significantly constrained in many areas of Scotland which means that many of those affected will struggle to find alternative affordable accommodation.<sup>2</sup> Many may therefore face arrears and possible homelessness.

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### Evidence from citizens advice bureaux

Based on evidence from citizens advice bureaux across Scotland, clients affected by this change have reported a number of issues:

- Many clients have been left facing significant shortfalls in their rent
- A number of clients experiencing reductions in payments have illnesses or disabilities that made it both difficult to make up the shortfall in the rent and to share with other people.
- A number of clients have faced arrears and possible eviction as a result of the change

### Rent shortfalls

Case evidence on the change shows that clients can be left with significant shortfalls in their rent:

- ▶ An East of Scotland CAB reports of a client under the age of 35 whose Local Housing Allowance has reduced from £98 to £59 per week. This leaves the client with a rent shortfall of £244 per month to make up from his sickness benefit payments. The client has made an application for discretionary housing payment and is concerned that he will quickly run into arrears without it.
- ▶ An East of Scotland CAB reports of a 30 year old client whose Local Housing Allowance has reduced from £80 to £58 per week. The client has lived in private rented accommodation since 2008, but has been out of work for the last year. The client faces a shortfall in his rent of £69 per month.
- ▶ An East of Scotland CAB reports of a 27 year old client who has been told that her Local Housing Allowance payments will reduce. The client lives in a two bedroom private rented property and is in receipt of Income Support on the grounds of illness. Due to the reduction, the client now faces a £180 shortfall in her rent each month.

### Claimants with illnesses/disabilities

A number of clients experiencing reductions in payments have illnesses or disabilities that made it both difficult to make up the shortfall in the rent and to share with other people. These clients did not meet the criteria for exemptions to the change.

- ▶ An East of Scotland CAB reports of a 33 year old client who has claimed Incapacity Benefit for 11 years and who claims Local Housing Allowance for a one bedroom private rented property. The client has received a letter stating that LHA for single people aged 25 to 35 will be reduced to the shared accommodation rate. The client is unable to make up the shortfall and is not able to live in shared accommodation due to his bi-polar disorder.

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- ▶ An East of Scotland CAB reports of a 30 year old client who has been notified that her Housing Benefit will reduce from £103.85 to £66.92 per week from January 2012. The Council has offered a discretionary payment to make up the shortfall, but this will run out at the end of March. The client has borderline personality disorder and would find it impossible to share accommodation and very difficult to leave her flat after seven years. She claims DLA and Incapacity Benefit and relies heavily on her GP and community psychiatric nurse for support.

### **Arrears and possible eviction**

Without a change in circumstances, many claimants may face arrears and possible eviction. These events have been postponed for many through temporary discretionary housing payments, but this may only delay the inevitable.

- ▶ A West of Scotland CAB reports of client whose landlord was threatening to evict her because of rent arrears. The client has mental health issues and is in receipt of Employment and Support Allowance (ESA). The arrears have occurred because the client is now only in receipt of the shared room rate for Local Housing Allowance. The bureau have completed a discretionary housing payment application for the client while the landlord has agreed to delay further action to allow the application to be processed.
- ▶ An East of Scotland CAB reports of 28 year old client who has been very adversely affected by the changes to Local Housing Allowance. The client had been homeless for two years after her business failed and her health deteriorated. The client worked again in 2011, but her health forced her to stop and claim sickness benefits. The local authority advised that she was unlikely to be offered social housing, but that they would pay the deposit on a private rented flat if she could find one. The client moved into a tenancy at the end of December 2011, but was told that the changes to LHA in January now meant that there would be a shortfall in Housing Benefit and Council Tax Benefit of £90 per week. The client's only income comes from ESA and she cannot afford to make up the shortfall.
- ▶ An East of Scotland CAB reports of a client who says that he has not eaten for a week after his JSA payment was sanctioned and his Housing Benefit was reduced. The client received a two week sanction to his JSA claim after he had forgotten to bring his diary to an appointment. The client's ongoing situation was already difficult due to the local housing allowance rules for people under 35 years old. He has several month's rent arrears and is in fuel poverty as he has been using his JSA award to minimise the rent shortfall. The client has already had three crisis loans this year, so cannot make another application, and he has been told that he does not meet the criteria for a hardship payment. The client stated that he will not receive any money for a further five days and that he was in physical pain from lack of food. The bureau arranged for a food parcel referral for the next day while the client will be able to get some food from his sister to last until tomorrow.

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### Conclusion

Case evidence from bureaux shows that this change has had a serious impact on thousands of people in Scotland based purely on their age. These claimants are faced with a difficult choice between trying to find very limited alternative accommodation and trying to make up the shortfall in their rent through other benefits. For many, neither option is tenable.

Case evidence shows that there are possible ways to mitigate the impact of the change. In some instances, local authorities are providing discretionary housing payments to help claimants make up the shortfall, while in other cases, landlords may agree to lower the rent. In order to mitigate the impact of the change, local authorities can provide support to those most affected by the change, while landlords should be flexible in rent in order to help good tenants stay in their homes. The following case shows an example of where the reduction in payments was mitigated and the client stayed in their home.

- ▶ A West of Scotland CAB reports of a client who was advised that she would be getting £350 in local housing allowance whereas she is actually receiving £283. This is due to the changes in entitlement for clients under the age of 35 that came into place in January. The client's prospective landlord is willing to drop the rent he is charging to £300 per month, while the bureau is seeking a discretionary housing payment to make up the difference. The landlord stated that he is happy to do this as he feels the client will make a good tenant.

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<sup>1</sup> Scottish Government, *Evidence on the impact in Scotland of increasing the shared accommodation rate age threshold to 35*. June 2011

<sup>2</sup> Ibid.