



# Update on Welfare Reform impact on Manchester

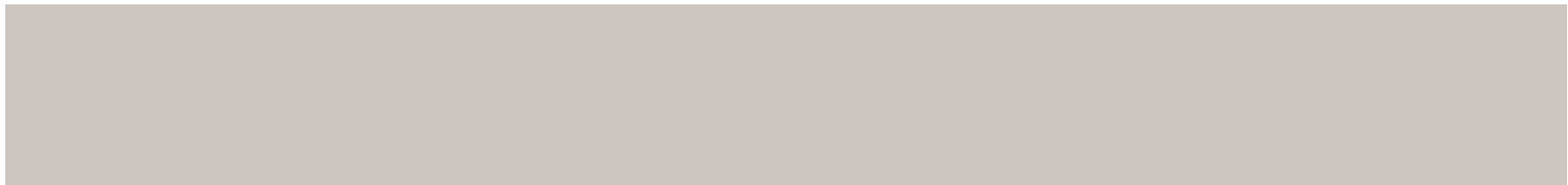
**Economy Scrutiny Committee 4 Sept 2013**

P Beardmore – MCC Strategic Housing

## Contents of Presentation

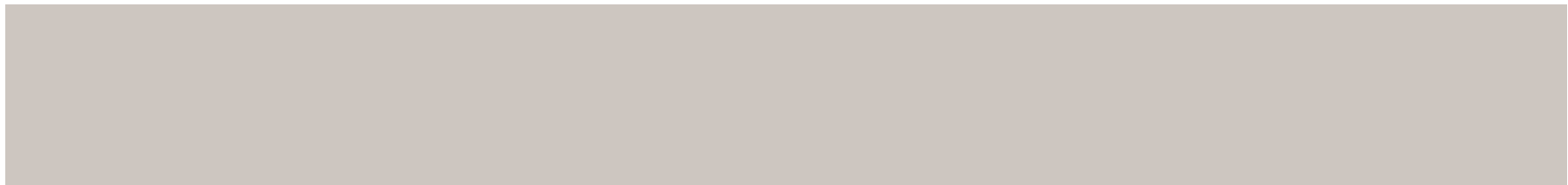
This presentation will cover the impact of  
Welfare Reform on

- Housing businesses
- Private/rented sector and neighbourhoods
- Lettings and mobility



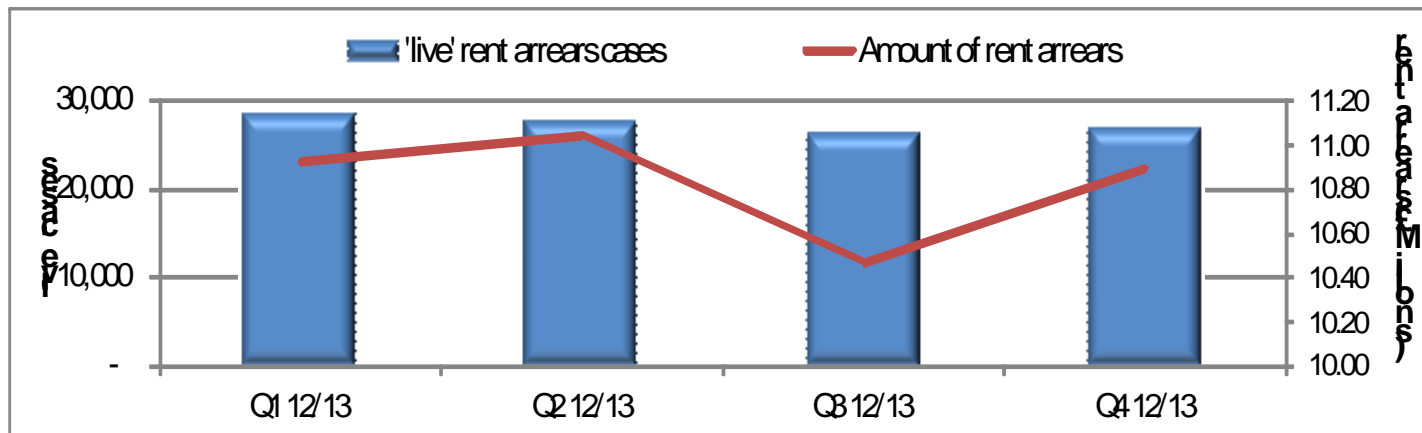
## Numbers affected by Bedroom Tax

- Social housing “Under Occupiers” affected by bedroom tax have reduced since 1 April by around 1,000 to 12,100.
- This is in part Revs/Bens identifying and dealing with those who needed an extra bedroom for an overnight carer
- ...and the late legislative changes that allowed us to add an extra bedroom in respect of disabled children or fostering.
- Also no doubt a number of tenants have downsized or found other solutions



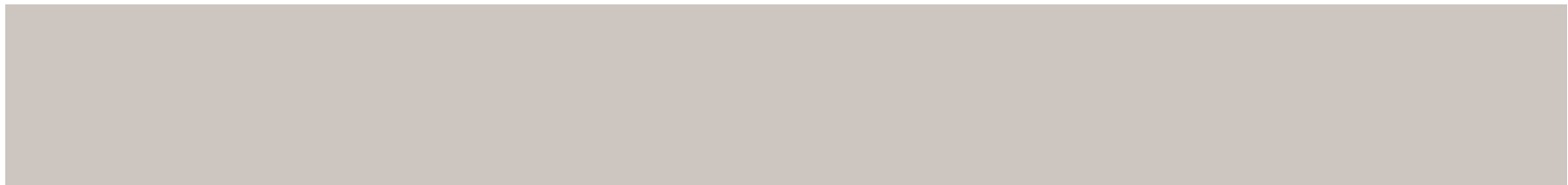
## Collecting Rent payments 2012/13

- It was a priority to maximise rent collection in the Council housing stock. We achieved a collection rate of 99.8% in 2012/13
- Rent Arrears rose in 2012/13 in the Council stock by 0.08%
- Rent Arrears in 2012/13 in the RP stock achieved a slight reduction in rent arrears of 0.3% ( Q2 to Q4)



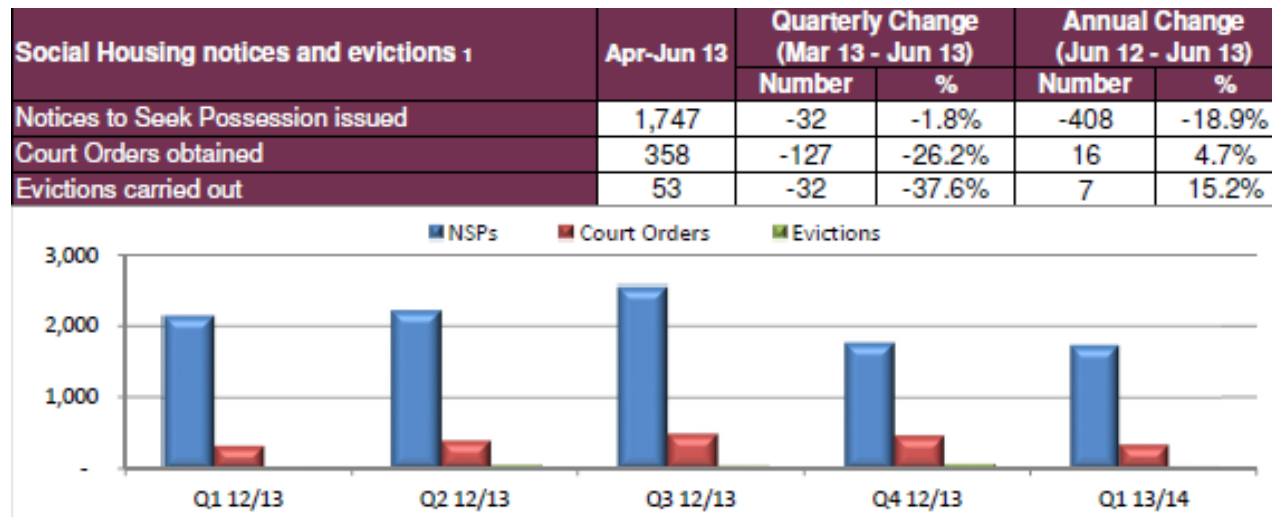
## Collecting Rent payments 2013/14

- Early indications from the first 17 weeks of this financial year – very different picture
- Council rent debit received directly from Housing Benefit reduced by 4.2%.
- Gross Council rent collection fell by 1.3% - some RPs report higher % amounts
- Percentage of rent collected from “under occupiers” was 93.0%



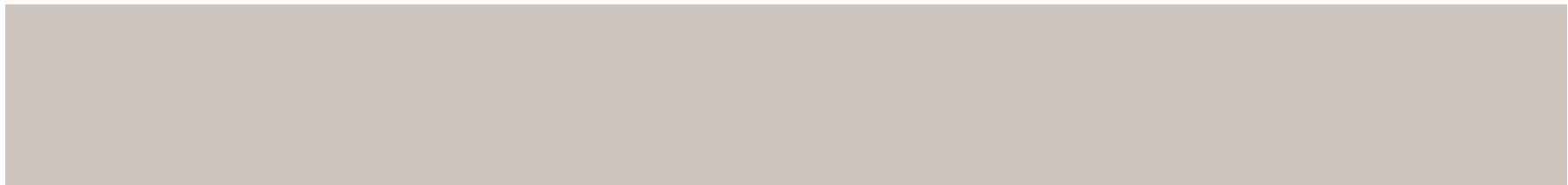
## Legal Action by RPs 2012/13

- Trend is a currently a reduction
- Currently all RPs report reluctance to take legal action on arrears arising from welfare reform changes, but very careful monitoring of behaviour of tenants taking place



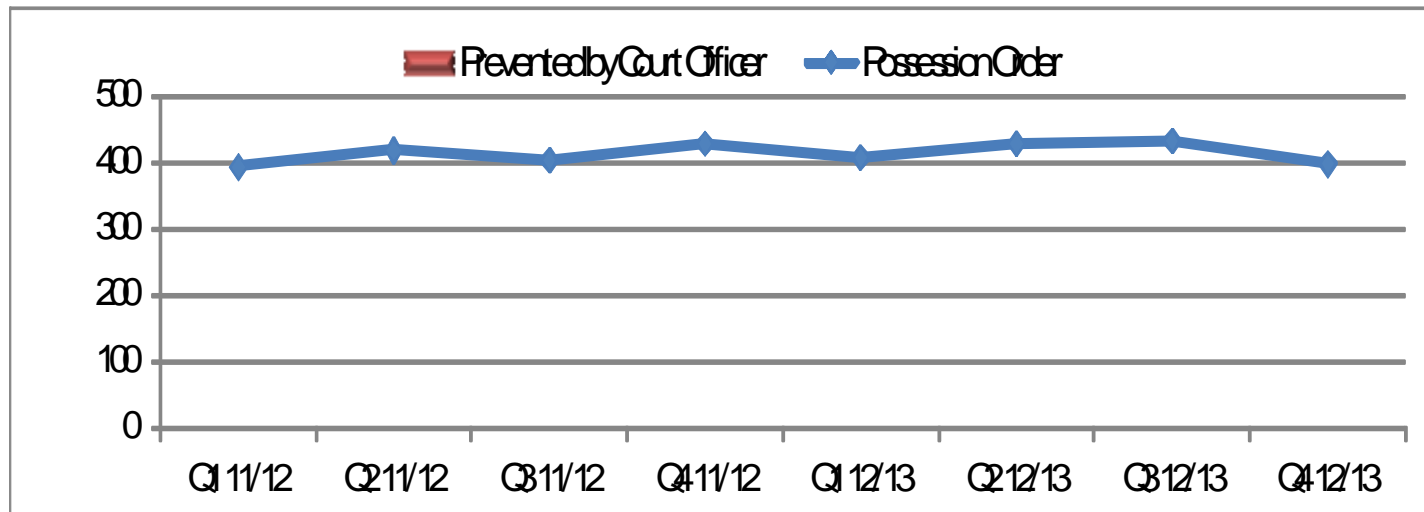
## Direction of Travel – Universal Credit

- Universal Credit starts Autumn 2013
- The DWP and CIOH continue to work on Direct Payment pilots
- Confirmation that Housing Benefit admin grant will be paid in full until end 2015
- Confirmation of national implementation of the Claimant Commitment and enhanced jobsearch support across all Jobcentres



## Possessions in the private rented sector

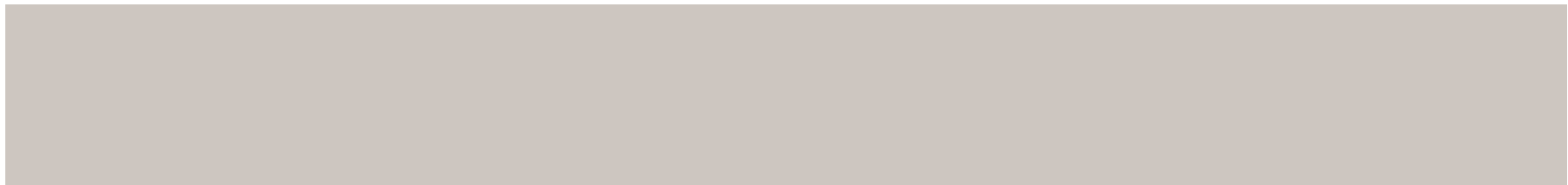
- Major changes to Local Housing Allowance in the private rented sector occurred April 2012
- To date there is no evidence of an increase in possession proceedings





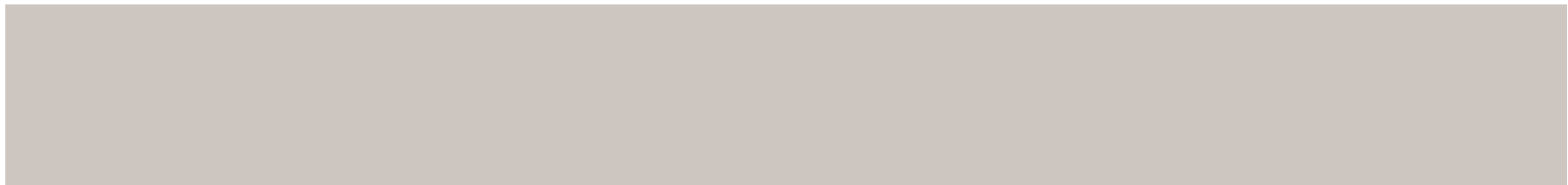
## Private Rented Sector Impact

- Number of Local Housing Allowance claimants has increased by 2.6% citywide over 2012/13
- Some migration from higher rent areas to lower rent areas taking place
- Chorlton, Didsbury and Hulme areas reduced by 15-21%
- Gorton and Moston increases of 7-10%
- % of private rental properties advertised online for LHA rate or less has reduced from 17% to 13%



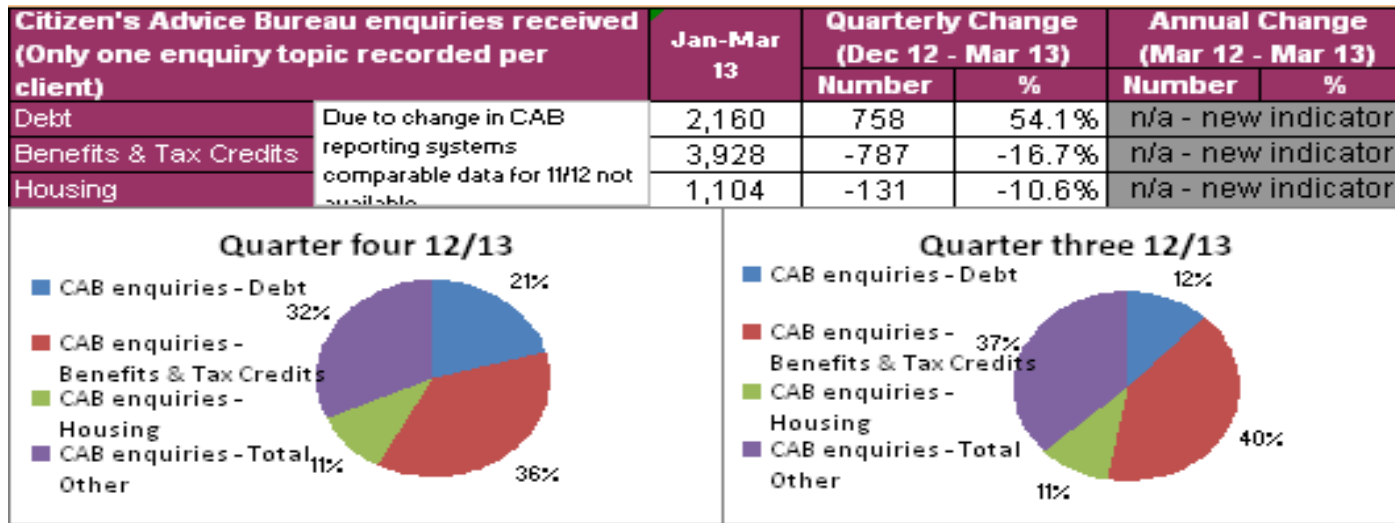
## Private Rented Sector

- Increase of over 2000 claimants who now qualify for shared room rate only. Largest impact in Crumpsall, Longsight and Moss Side
- 300 private renters are benefit capped – particularly BME households in Central SRF and Cheetham/Crumpsall



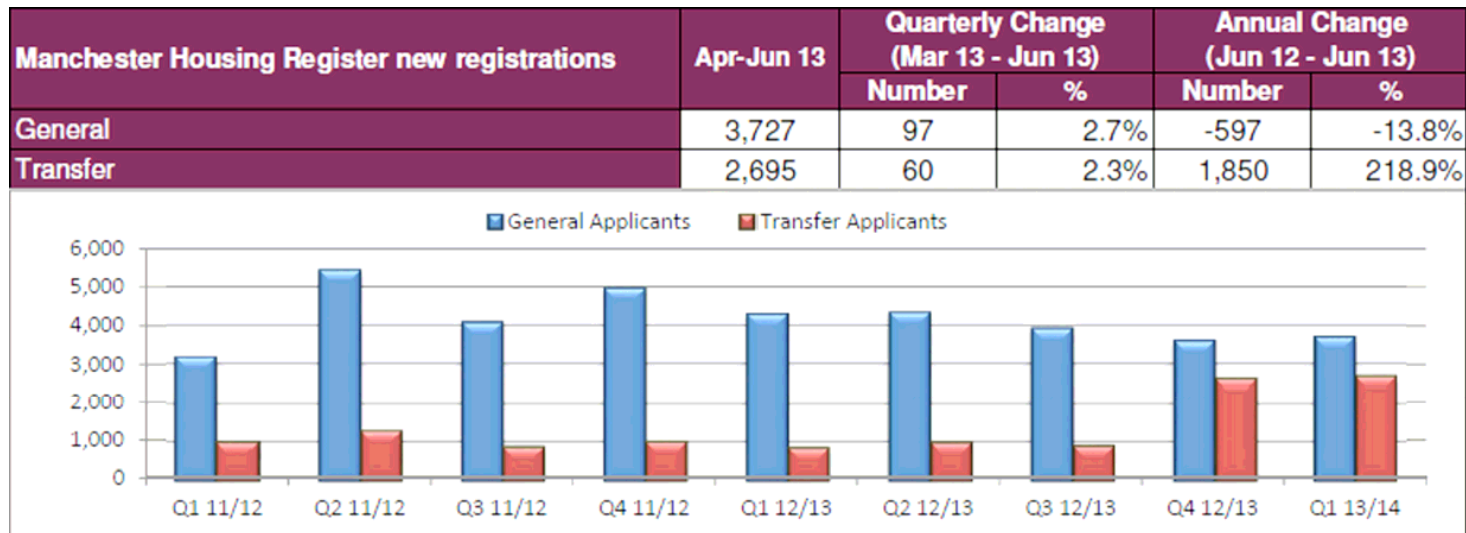
## Citizens Advice enquiries

- Increase in requests for advice on debt issues rose by 54% in Jan to Mar 2013 to become 21% of all enquiries
- Same number of debt enquiries were maintained April to June 2013
- All Registered Providers report increased levels of enquiries for assistance



## New Registrations for Rehousing ( Demand)

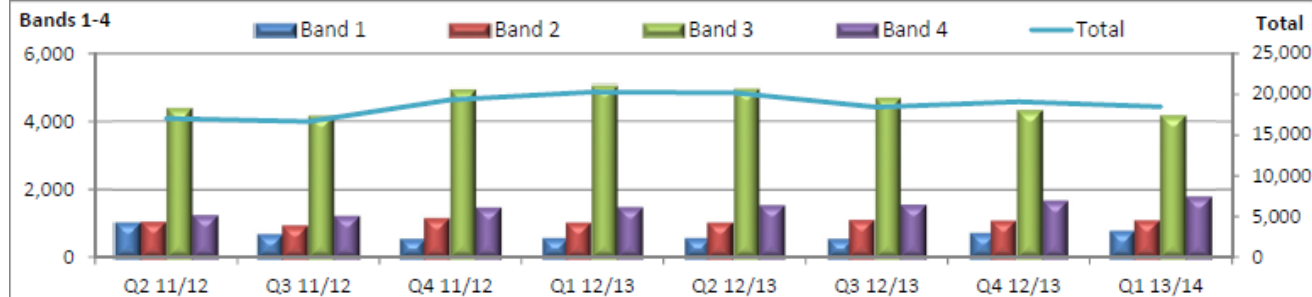
- Trend for increase in social housing applicants continues ...rate running at about 28,000 applications for this year
- Very marked increase in requests for transfers since January continuing into Q1



## Live applications To Manchester Move (Demand)

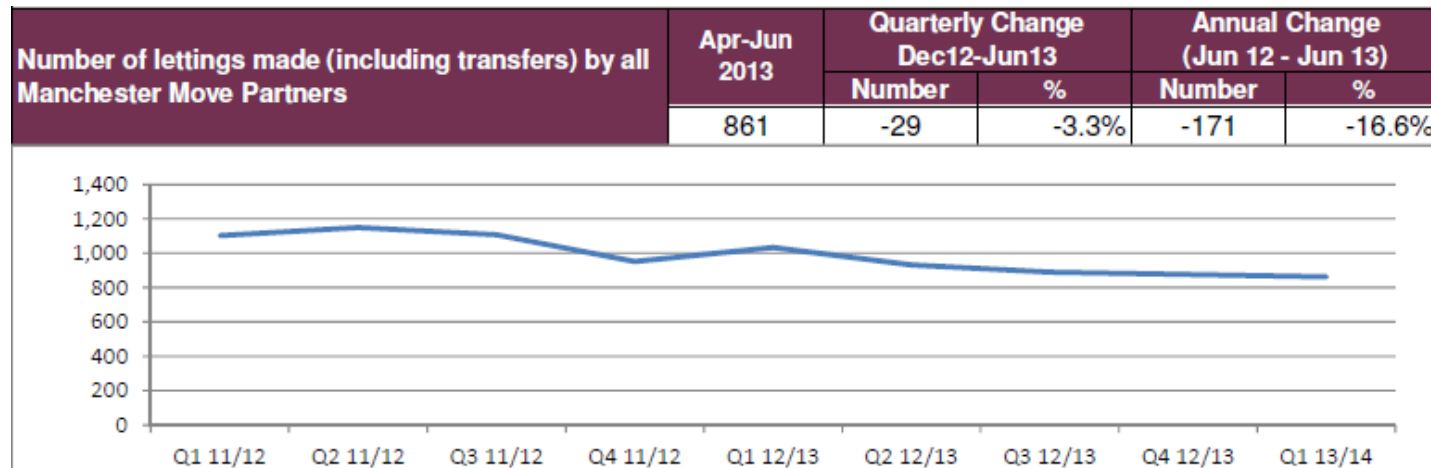
- Manchester Social Housing Register has remained broadly constant at c 19,000 applicants in the past year
- Increase in applicants in urgent need is not been caused by requests from “under occupiers” to downsize but by regeneration

Live applicants on Manchester Housing Register	Apr-Jun 13	Quarterly Change (Mar 13 - Jun 13)		Annual Change (Jun 12 - Jun 13)	
		Number	%	Number	%
Band 1: urgent need	812	68	9.1%	223	37.9%
Band 2: reasonable preference & community award	1,116	10	0.9%	67	6.4%
Band 3: reasonable preference only	4,187	-151	-3.5%	-869	-17.2%
Band 4: community award only	1,804	112	6.6%	313	21.0%
<b>Total (All Bands inc. 5, 6a, 6b)</b>	<b>18,466</b>	<b>-630</b>	<b>-3.3%</b>	<b>-1,823</b>	<b>-9.0%</b>



## Numbers of Social Housing lets ( Supply)

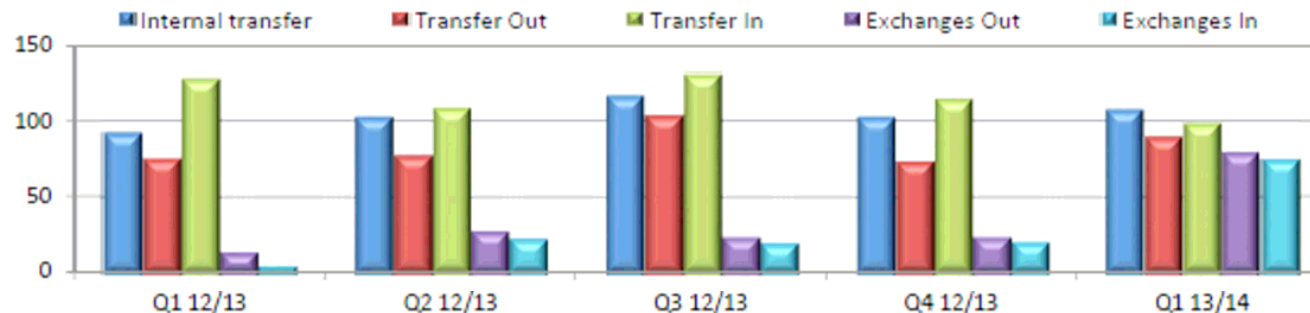
- Trend for reduction in turnover of lets has continued – falling faster than stock numbers have reduced
- The trend is looking marked... for 2012/13 turnover reduced from c 4300 to c 3800
- Dilemma of offering supply to welfare reform downsizers whilst coping with homelessness and housing need



## Transfers and Exchanges

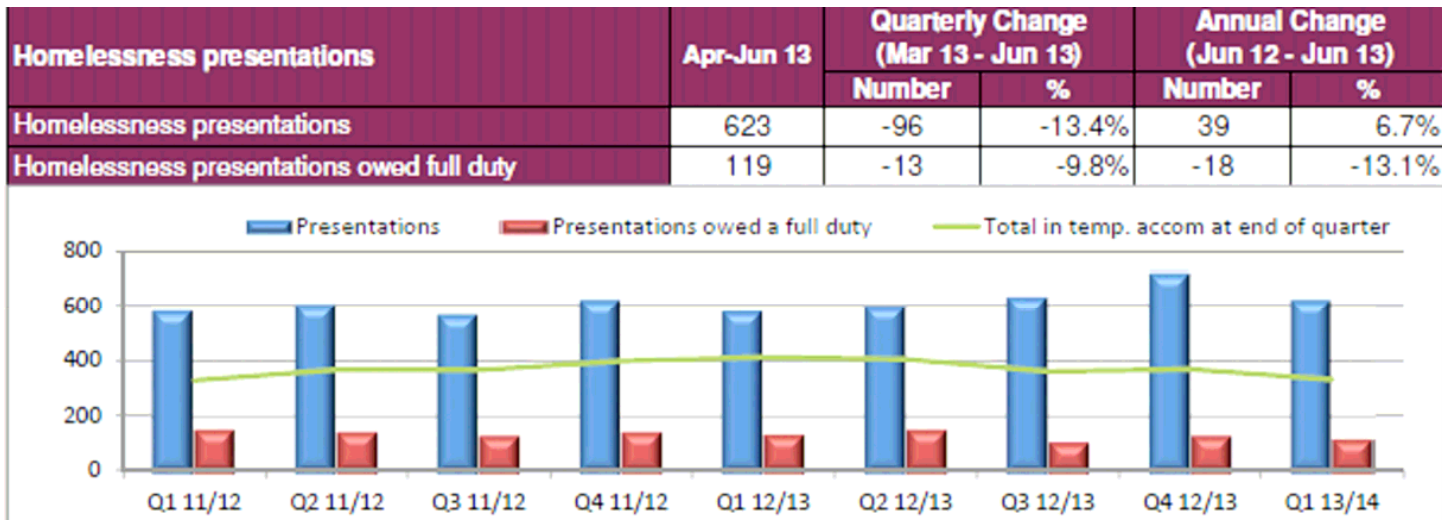
- This is the preferred mitigation option by RPs so will be subject to continued efforts and monitoring
- Volumes of exchanges and transfers have increased over the past year – due to the efforts of landlords to help tenants affected by bedroom tax

Social housing transfers and exchanges 1	Apr-Jun 13	Quarterly Change (Mar 13 - Jun 13)		Annual Change (Jun 12 - Jun 13)	
		Number	%	Number	%
Internal Transfers	108	5	4.9%	15	16%
Transfers Out	90	16	21.6%	14	18%
Transfers In	99	-16	-13.9%	-29	-23%
Exchanges Out	80	56	233.3%	66	471%
Exchanges In	75	54	257.1%	70	1400%



## Homelessness Presentations

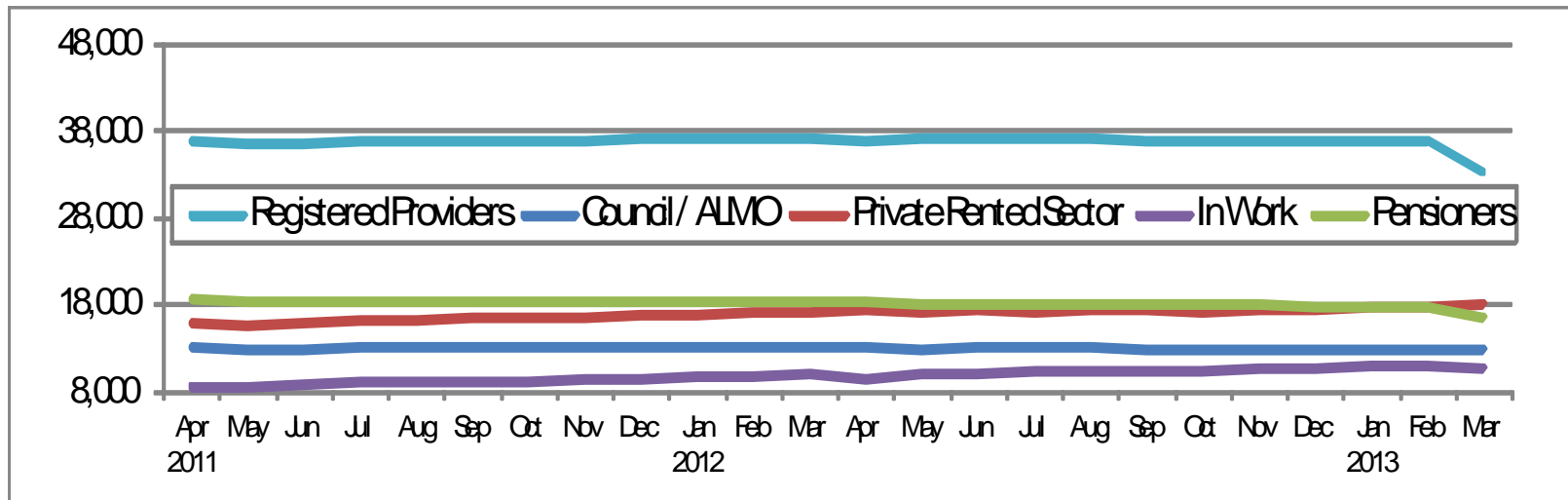
- Annual trend in homelessness presentations shows small increase by 6.7% compared to the previous year
- Decrease in those owed the full homelessness duty
- Number housed in temporary accommodation is falling
- The impacts of legal action against tenants who develop arrears this year may affect the number of presentations





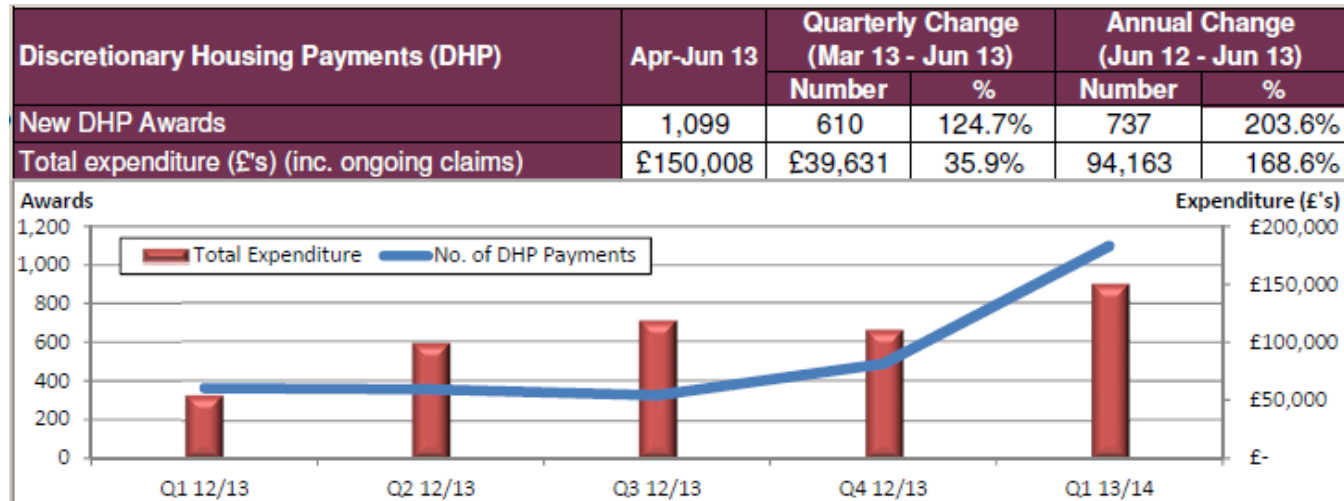
## Housing Benefit Claimants

- 7.6% increase in 2012/13 in claimants who were working. It will be critical to monitor this with the onset of both Universal Credit and welfare reform.
- Anecdotal evidence suggests that large percentage of those in work may lose entitlement to Housing Benefit altogether because of the under occupancy charge



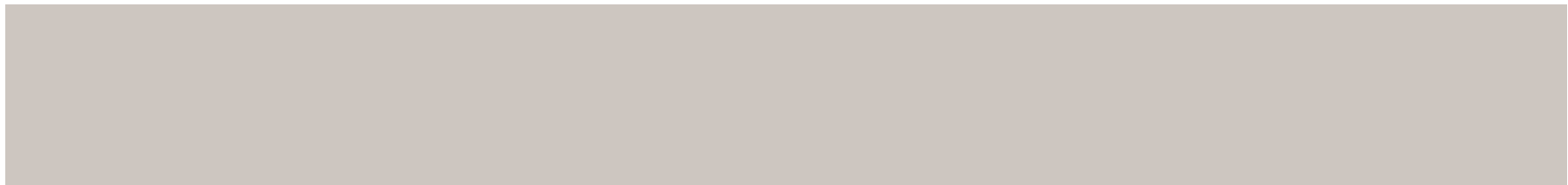
## Discretionary Housing Payments ( Social Housing)

- Increase in awards in Q4
- Total in 2012/13 only c1100
- 1099 applications for Discretionary Housing Payment have been made via Registered Providers up to 30 June. Almost all these applications are related to bedroom size issues
- DHP is only normally available for a period of 1 year



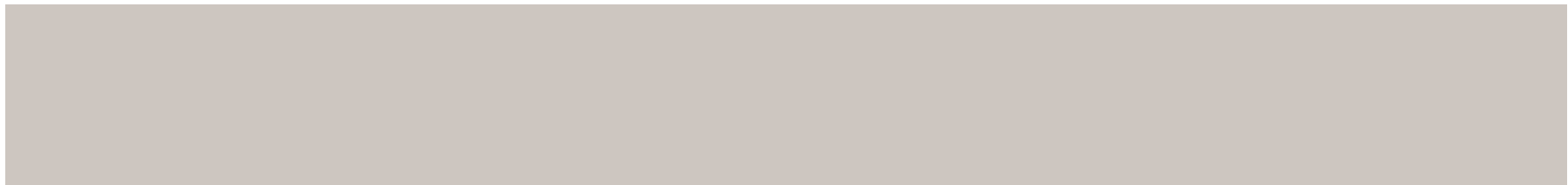
## Increasing use by Council of private rented market; Let's Help You website

- New link to encourage use of Private Rented Sector
- There is a Let's Help You web link from the Councils rehousing system
- 70 landlords have registered to use the service
- 147 properties have been advertised of which 74 are currently active
- Currently registering 1800 views per week



## The Registered Providers' overview

- Most Providers have managed to contact most tenants - though a few tenants have not engaged
- So far, 80-85% of tenants have indicated that they will remain in their homes, though we expect this to change
- So far, Providers report that between 50 and 70% of affected tenants are currently reported to be paying the rent they now have to find themselves, though this this is also likely to change
- Everybody is watching and waiting!



# Welfare Reform Update



# Welfare reform: the main impacts on Northwards

- Reduced rent collection
- Increased rent collection costs
- Cost of supporting and informing tenants
- Costs of increased tenancy turnover
- Emergency help to alleviate extreme hardship

# Some numbers

- **Current estimate is that £0.5m of the total £2m reduced housing benefit due to bedroom tax won't be collected (could be more, unlikely to be less)**
- **2 extra rent caseworkers = £35k this year**
- **1 extra money advice worker and overall management of the welfare reform response = £80k**

# Some numbers continued..

- **2 extra rehousing officers = £53k**
- **1.5 new tenancy advisors seconded from MCC = £35k**
- **£5k set aside for hardship fund**
- **£0.5m extra void costs**



# Some more numbers

- Tenancy terminations are up 23%: all larger homes
- 60 households have downsized so far
- 206 more are looking to downsize
- 75% of these need a 1 bed home
- 1 bed homes are becoming available at the rate of 6 per week
- Less demand for larger homes: more likely to be let to people in lower bands
- Discretionary housing payments and exemptions: £104k to date (2/3 DHP; 1/3 exemptions)

# The human impact

- **Significant staff resources are going into working with tenants to understand and deal with the impact**
- **Some people are finding themselves hit by a number of changes: cases can be complex**
- **Still to come: the Benefit Cap and Universal Credit**