

SUBMISSION FROM SCOTTISH FEDERATION OF HOUSING ASSOCIATIONS (SFHA)

Background

SFHA has been campaigning since October 2010 for a fairer system of Housing Benefit and against the proposed cuts which will do so much damage to Scotland's housing association sector and to the tenants who live in our homes. We have responded in detail to all of the UK Government's consultations on welfare reform, taking every opportunity to highlight why we need a welfare system in the UK. SFHA is a member of the Scottish Campaign on Welfare Reform and has also been campaigning jointly with all UK housing association federations throughout the passage of the Welfare Reform Bill.

For us it is simple: in an economy which expects the majority to support themselves through earnings, state intervention is required to provide a safety net for those whose income is threatened. The primary threats to income are: unemployment; relationship breakdown; illness; ageing; pregnancy/childcare responsibilities. Threats to income impact on the quality of people's daily lives but the first and foremost danger is to the roof over their heads. Every citizen has a basic human right to shelter.

SFHA agrees that the existing welfare system is in need of radical reform. However, successful reform requires extensive debate with all of the key players, careful consideration of the detail and sufficient investment to ensure fairness. We have been astonished by the speed with which the decision was made to introduce the new Universal Credit, by the pace of the passage of the Welfare Reform Bill and by the amount of detail that is being left to secondary legislation.

The Bill is scheduled for Royal Assent on 8th March when it will become law. We therefore welcome the establishment of the Welfare Reform Committee and will be happy to advise, as required, on the impacts of welfare reform and the mitigating measures that we would wish Scottish Government either to take or to seek to influence elsewhere.

Summary of Our Concerns

In addition to those outlined above in respect of pace and inadequate scrutiny, we have specific and very serious concerns about the following housing related aspects of the Welfare Reform Bill:

- the introduction of an **under-occupation penalty** through both clauses 11 (housing costs element of Universal Credit) and 68 (Housing Benefit) – also referred to as the “bedroom tax”, against which we have lobbied vigorously;
- the potential for the UK Government to break the **relationship between housing costs subsidy and actual rents**, which could be introduced via secondary legislation related to clauses 11 and/or 68;
- the potential impact of the overall **benefits cap** on the housing costs element (clauses 93 & 94);

- the impact of Universal Credit, including the housing costs element, being paid direct to the tenant, which would **end the tenant's right to choose** to have housing costs paid direct to their landlord;
- the introduction of a new provision in clause 102 (inserted at the Commons Report Stage) permitting **deduction of Housing Benefit (and other benefit)** overpayments from earnings.

Impacts

We have undertaken and published our own [impact assessment report](#) which has been previously circulated to the Health & Sport and to the Infrastructure and Capital Investment Committees, which details the various anticipated impacts of the Welfare Reform Bill upon housing associations and co-operatives and their tenants.

- Across the changes to Housing Benefit, Universal Credit and other benefit reforms, as many as **1 in 5 tenants in our sector** may have their incomes adversely affected, with some very substantial income losses for some tenants.
- some case examples illustrating where “suitably sized” alternative accommodation in the private rented sector will actually cost the public purse more than leaving the tenant deemed to be under occupying in the social rented sector.
- The Welfare Reform Bill will undoubtedly **increase rent arrears, personal indebtedness and homelessness**, all amongst some of the most vulnerable people living in our communities.
- This will in turn **increase the operating costs** of housing associations and co-operatives as they strive to help people sustain their tenancies.
- The Bill also has the potential to **reduce the revenue income of housing associations and co-operatives**. This will impact on their ability to maintain existing homes and to repay loans taken out to build much needed new affordable homes – at a time when there are already 335,000 households on Scottish housing association and co-operative housing lists.
- The Bill also threatens to work against many objectives of Scottish Government policy, including the commitment to have every unintentional homeless household in settled accommodation by 2012. The increased pressure on the incomes of both tenants and social landlords could also make meeting the target of eradicating fuel poverty by 2016 even more challenging.

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