

## Housing Development Briefing Note

**To:** Housing Improvement Board  
**Person to Contact:** Jennifer MacMahon, Strategic Housing Officer  
**Date:** 27<sup>th</sup> March 2017  
**Tel No:** 7721  
**Subject:** Removal of eligibility for housing costs for young people 21 and under - The Universal Credit (Housing Costs Element for claimants aged 18 to 21) (Amendment) Regulations 2017

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### Background

From the 1<sup>st</sup> April 2017, young people aged 18 to 21, who make a new claim for universal credit within a council where universal credit has been fully implemented, will have the housing element restricted. Full roll-out of UC will be in June 2018 in West Dunbartonshire, however any potential tenants moving from an area of full UC will continue to have their housing element restricted.

### Main Issues

The main concerns therefore are that this new piece of legislation has the following impacts:

- increased youth homelessness levels and an increase in rent arrears for landlords; and
- young tenants affected by the change accrue rent arrears and risk eviction or abandoning their tenancy; and
- a further restriction of the Housing Options for young people, as a mainstream Council tenancy becomes unaffordable for some; and
- young people possibly due to financial hardship living in unhealthy and potentially unsafe accommodation

The DWPs rationale for this change is that it will encourage young people to seek education, training or employment and only rely on benefits when necessary. However, housing benefit for young people who are eligible at present is a lifeline in terms of being able to pay their rent and not being in employment is not a lifestyle choice. More young people will find themselves unable to sustain their tenancy as arrears accrue, with either abandoned properties or eviction being the outcome.

There are the following exemptions to this new rule:

- those facing physical or mental health issues;

- instances where it is inappropriate for individuals to live with their parents due to a threat of violence or other reasons;
- those with dependent children;
- care leavers;
- those in temporary accommodation; and
- Young people who have been working for the previous 6 months prior to the claim.

Whilst these exemptions are welcome, there is a concern that young people may not want to admit if they fall into one of these groups, actions therefore need to be taken to ensure that any young person is fully aware of the implications of failing to provide full answers in any application for UC.

While there is a strong equalities argument against the introduction of the new restrictions, these regulations will be in force as of 1<sup>st</sup> April 2017. It is likely that local authorities and housing associations will be negatively impacted in terms of increased youth homelessness levels and rent arrears. Young people will also be impacted on a personal basis in terms of being forced to remain in accommodation which could be perceived to be unsafe.

Even where a return to the family home is an option, there are financial implications as families on benefits face a non-dependent reduction in their housing benefit. This occurs when an adult friend or family member lives in a house with someone on housing benefit (and other related benefits). The claimant will then have their housing benefit reduced. The housing benefit is reduced by a set amount based on the income of the non-dependant. This applies whether that person is contributing to the rent or not.

The proposed change also undermines the Scottish Governments' Homelessness Prevention and Housing Options agenda and the Council's own 'More Than a Roof' strategic approach, as a mainstream Council tenancy becomes unaffordable for some. Young single people are already affected by the shared room rate element of the local housing allowance. This restricts young single people from having their own tenancy in the private sector, unless they can make up the short fall in rent. Therefore, there will be very little options available to young people other than staying in the family home.

This legislation may also encourage young people to stay at home where they are at risk if they think will not be eligible for housing benefit. Although there are exceptions to the rule, including young people at risk, many young people may not want to discuss it. Although the statutory instrument was published in early March, we still await guidance which will include who has the duty to make the decision on risk and around the other prescribed exemption areas. It is hoped that this power will lie with the housing authorities though at present no guidance has been issued as to how these exceptions to the rules will be assessed.

In addition to this, a report published by Crisis in October 2015<sup>1</sup> states that there are very low numbers of 18 to 21 year olds in receipt of housing benefit and the saving for the government are therefore very low.

<sup>1</sup> <http://www.crisis.org.uk/data/files/publications/Housing%20costs%2018-21%20removal%20FINAL.pdf>

## **What it means for West Dunbartonshire**

The potential impacts outlined above will have an effect in West Dunbartonshire, where we already have the highest levels of youth homelessness in Scotland and significant issues in term of high level of rent arrears.

### **Actions being taken:-**

- One of the aims of our homelessness strategy, More than a Roof, is to increase the focus of our homelessness prevention activities, with specific measures being taken to reduce the numbers young people presenting as homeless;
- More than a Roof also includes actions aimed at exploring more innovative ways of housing young people and protecting them from the impacts of welfare reform, by for example look into shared tenancies;
- Discretionary housing payments currently mitigate the most visible aspects of welfare reform, however without entitlement to Housing Costs, the Council will be unable to award DHP.

### **Recommendations:-**

The Housing Improvement Board should consider tasking officers with the following further actions:-

- a. Carry out financial projections looking at the number of young tenants affected. (colleagues in Revenues and Benefits have already undertaken action to identify the number of tenants aged 18-21 in receipt of HB to get an indication of the potential impact). (Ryan Chalmers/Jennifer MacMahon)
  - b. Ensuring that staff are fully aware and trained in the benefit changes and that actions are taken to ensure that young people receive proper advice and are fully assessed in terms of eligibility for housing benefit and the housing element of Universal Credit. (it would be beneficial for this to be in place by April 2017 due to the possibility of a new tenant moving from an area of full UC roll out). (Ryan Chalmers/Jennifer MacMahon)
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