

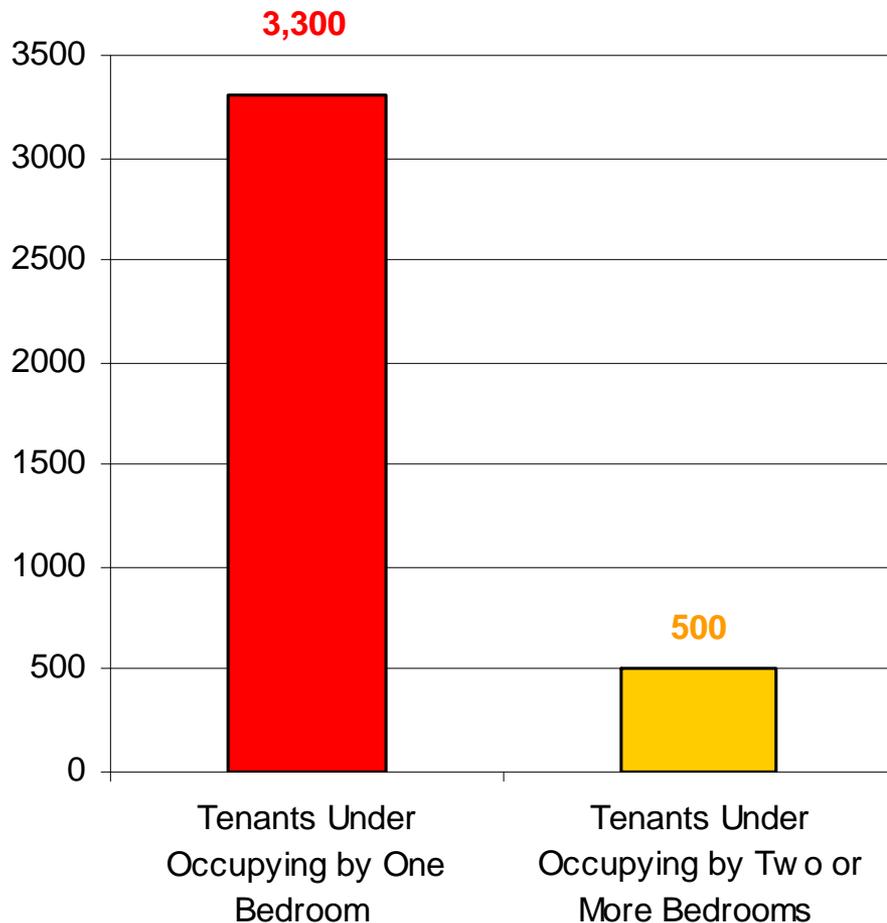
Managing Arrears Arising from Housing Benefit Under Occupation Restrictions

**Health, Wellbeing and Housing Policy
and Review Sub-Committee
23 April 2013
Jennifer Hunter
Income, Rents & Tenancy Manager**

Summary

- Impact of under occupation
- Mitigation for tenants affected by arrears
- What tenants are intending to do
- Summary of Committee decision from 16 April

Impact of Under Occupation



3,800 Council tenants are believed to be under occupying their homes

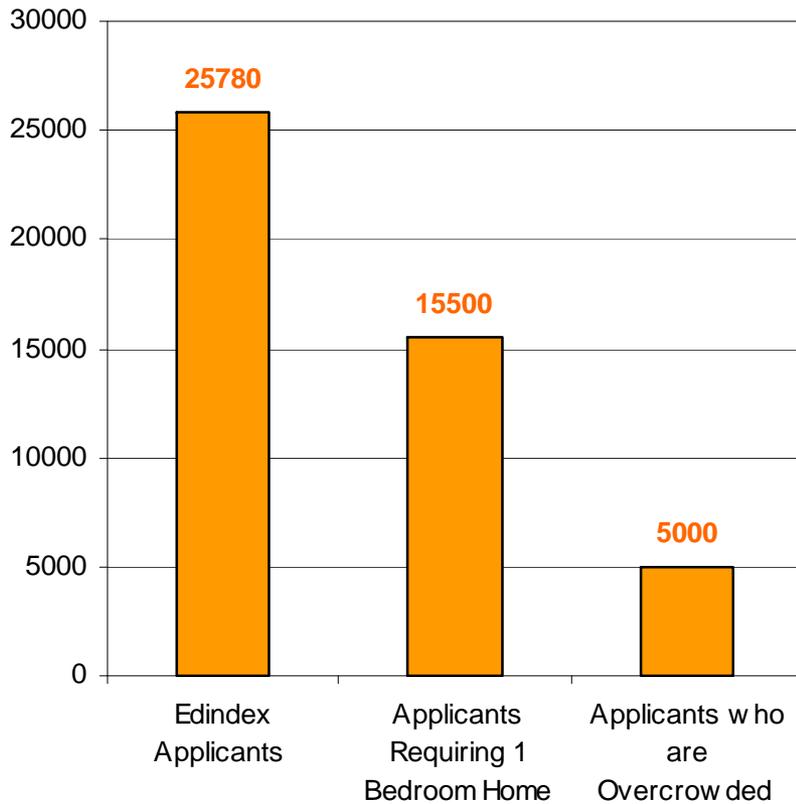
Tenants will lose between £13.60 and £27.70 per week

1,000 under-occupying tenants were already in rent arrears before 1 April 2013

Source: City of Edinburgh Council



Housing Demand



25,780 Edindex applicants

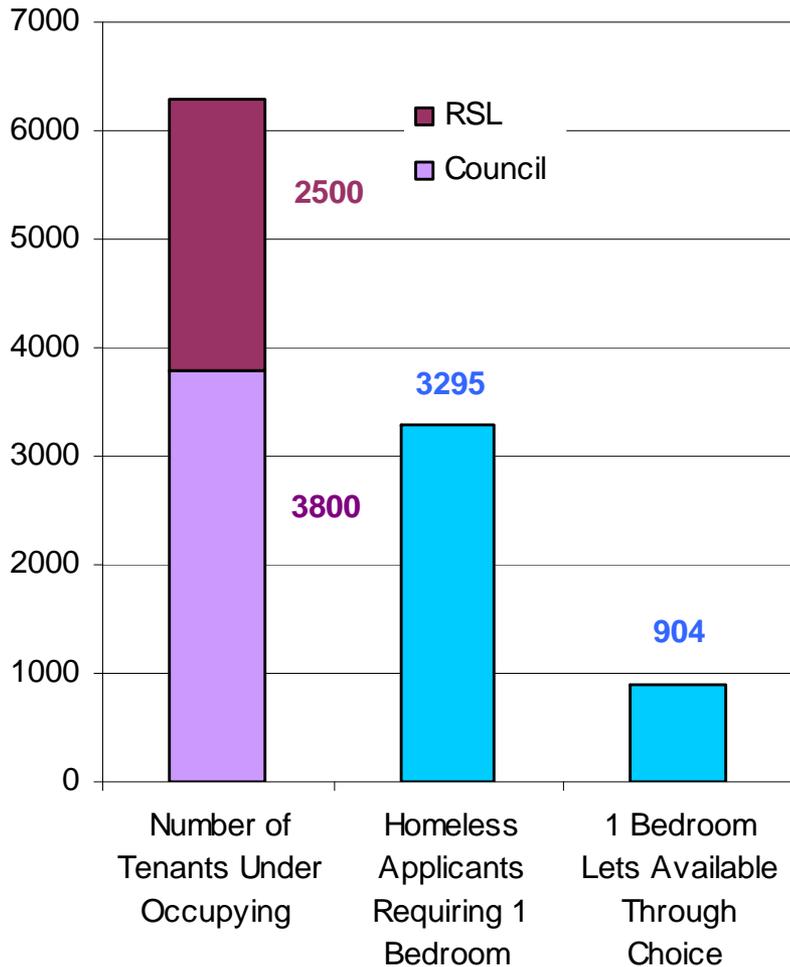
15,500 of these applicants require a one bedroom home

About 5,000 of these applicants class themselves as overcrowded

Source: City of Edinburgh Council



Mismatch of Supply and Demand



15,500 of these applicants require a one bedroom home

6,300 Council and RSL tenants are under occupying

3,300 people homeless households requiring 1 bedroom each year

Over 900 1 bedroom homes were available to let through Choice in 2011/12

Source: City of Edinburgh Council



Remodelling Housing Stock

Experience elsewhere

- Knowsely Housing Trust and Leeds Council developing plans to reclassify bedrooms
- Response to low demand for 2 and 3 bedroom homes

Risks for Edinburgh

- All stock would have to be reclassified to ensure equitable rent policy
 - Result – reduced rental income by £6.7 million
- Or
- Increase rents across all properties
 - Significant rental increases for one bedroom homes

Evictions as a Last Resort

Several Scottish Councils have passed motions preventing eviction where under occupying tenants are doing all they can to avoid falling into arrears

Risks

Sending conflicting message to tenants

Loss of rental income from those who are already paying part of their rent (up to £4 million)

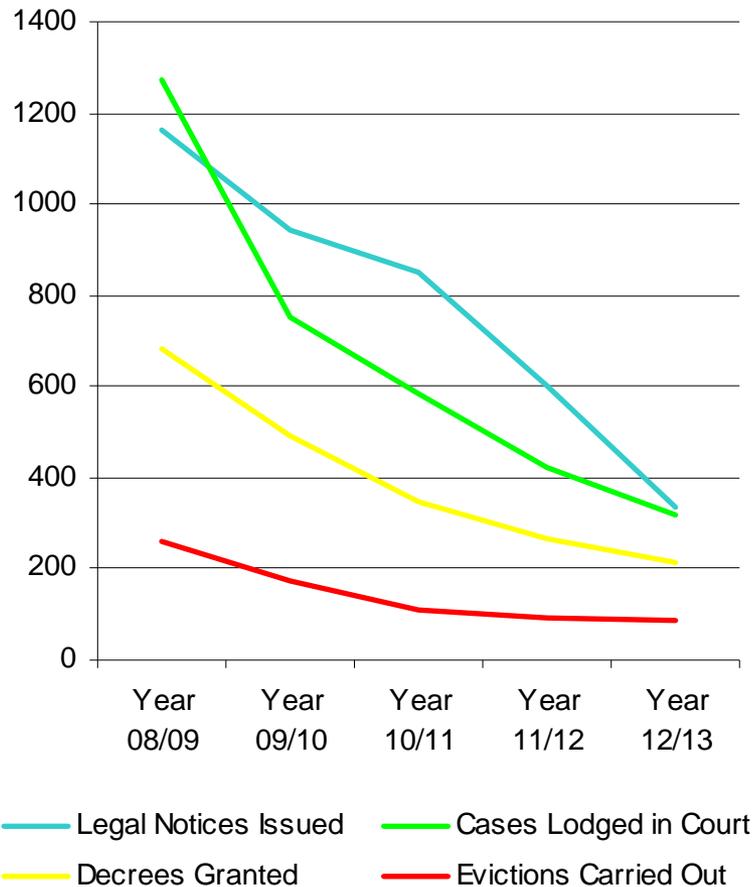
Lack of clarity on cause of arrears



Current Rent Arrears Process

- Small Balance 1st Action – 2 weeks arrears
- Warning 2nd Action – Balance continuing to increase
- Pre Notice Action – Arrears situation not resolved by 8 weeks of arrears
- Notice of Proceedings
- 28 days Notice Valid/Request for Court Date
- 1st Court Calling
- Court Decisions
- Decree Awarded

Court Action and Eviction Rates are Falling



Legal action is only taken after all other options have been exhausted

Legal notices have reduced by 71%

Cases lodged in Court have reduced by 75%

Decrees granted have reduced by 68%

Evictions have reduced by 67%

Source: City of Edinburgh Council



Help for Tenants

Current approach

- Sustaining tenancies – managing arrears
- Minimising evictions wherever possible
- Advice and support for tenants

Under-occupation

- Targeted information and advice before 1 April
- Budgeting advice
- Discretionary Housing Payments
- Housing Options including House Exchange

Help for Tenants – Additional Safeguards

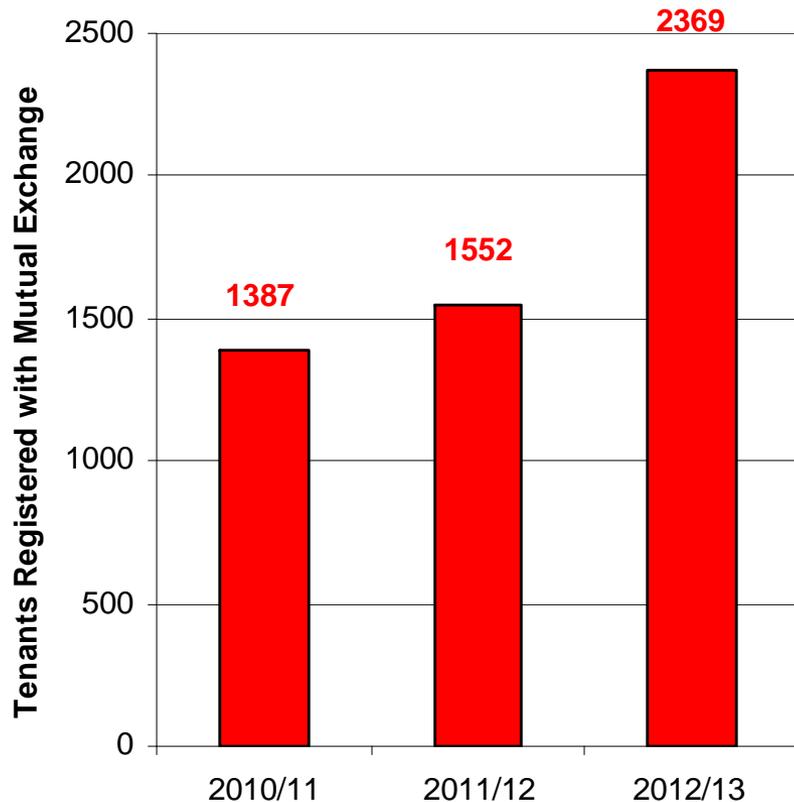
- Reduced payment rate for those in arrears
- Housing options advice embedded into arrears process
- Allow tenants to move where they have arrears
- All new tenants under-occupying referred to advice on managing rent payments and budgeting

More Tenants considering a Mutual Exchange

Applications for House Exchange increasing

Approximately 2,400 Households registered with House Exchange at end of 2012/13

230 Exchanges in 2012/13



Source: City of Edinburgh Council

Discretionary Housing Payments (DHPs)

DHPs are used to support Housing Benefit claimants to cover housing costs

Usually a short term award to help people while they resolve their situation

Available to social and private tenants

Draft policy to Corporate Policy & Strategy Committee 14 May

DHPs may be paid to eligible people in the following circumstances

- Where the property has been significantly adapted for a disabled person or people within the household;
- Where kinship carers' Housing Benefit has been reduced because of a bedroom being used by, or kept free for, a kinship child or children;
- Where a child will have a significant birthday within one year from 01 April 2013 which would entitle the household to an extra bedroom;
- Where a claimant or their partner is within one year of pensionable age from 01 April 2013;
- Where a member of the household requires an overnight carer;
- Where a household is affected by the Benefits Cap;
- Where the claimant or their partner is pregnant and the birth of the child will increase the household's bedroom entitlement.

Supporting Tenants who are Affected

Housing Options

Budgeting Advice

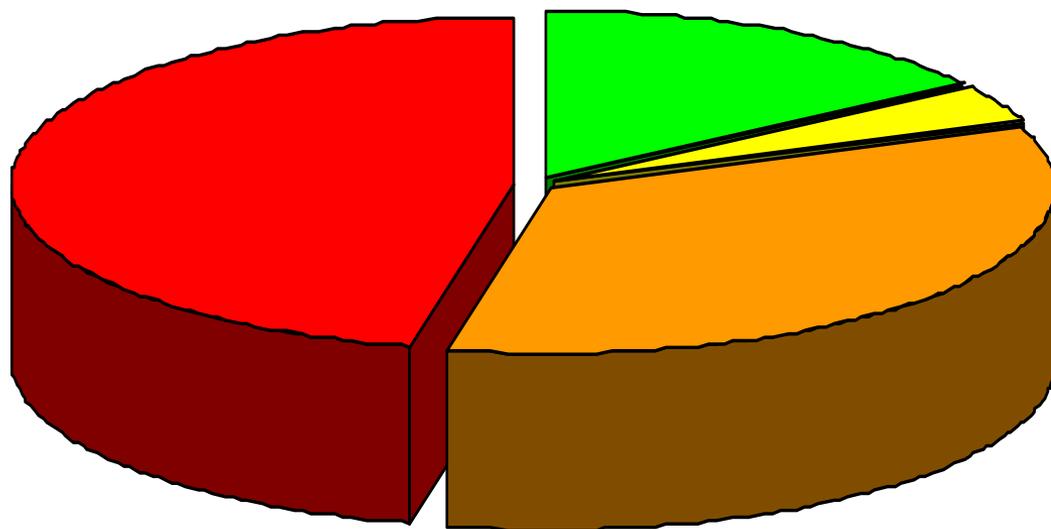
Allowing Tenants with Arrears to Move to Another Council Home

Reduced Arrears Repayments

Discretionary Housing Payments

Early Arrears Intervention

How are Tenants Planning to Deal with Changes?



47% of tenants plan to stay in their current home

16% want to move to a smaller home

3% would consider taking in a lodger

34% are undecided

- Move to a Smaller Home
- Take in a Lodger
- Undecided
- Stay in Current Home

Source: City of Edinburgh Council

Corporate Policy & Strategy Committee Decision 16 April

- a) Tenants subject to the under-occupancy charge had done all they reasonably could to avoid falling in to arrears, then all legitimate means to collect rent arrears should be utilised except eviction.
- b) establish a joint working group to include elected members, officials from Housing and Revenues and Benefits, Registered Social Landlords and tenants representatives.
- c) to support calls by local campaigns to scrap the Bedroom Tax.
- d) to call for a further report on decisions made by other councils in England and Scotland to re-designate bedrooms, providing information on the rationale and impact of these decisions.
- e) encourage Edinburgh's Registered Social Landlords to adopt a policy of not evicting tenants for bedroom tax arrears.
- f) work constructively with the Scottish Government to discuss issues affecting Edinburgh as a result of the welfare reform changes.
- g) to call for a report on the implications of the Govan Law Centre's guide on "Challenging your bedroom tax decision".

For Discussion

Breakout session in four groups

- How do we ensure tenants affected get the help and support they need?
- How do we minimise risk to all tenants?