

Shelter

On the right path?



The interim
findings of
Shelter's
research into
the Housing
Benefit
Pathfinders

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Pathfinders**

From the Shelter policy library

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Acknowledgements

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Summary

In November 2003, the Government began piloting a new system for paying Housing Benefit (HB) in nine local authority HB Pathfinder areas¹. The key reforms were the introduction of a flat-rate Local Housing Allowance (LHA) in place of the Local Reference Rent², and a strong presumption that benefit should be paid to the tenant, rather than directly to the landlord.

When the Government first consulted on these reforms, a number of concerns were raised, particularly about the impact of removing the choice of direct payments to landlords. Many believed this would result in tenants accruing rent arrears, placing them at risk of homelessness.

This report shows that, to a large extent, these concerns have not been realised; something that is clearly to be welcomed. This is mainly due to the LHA being set at realistic levels and the efforts made to ensure that advice and support is available to tenants in the Pathfinder areas. It will therefore be essential to ensure that this is replicated when the scheme is rolled out nationally. It will also be important that the geographical inconsistencies in HB rates are addressed.

Shelter is also concerned that significant problems remain in the HB system. Chief among these concerns, as this report and the Government's own research shows, is that young people continue to suffer particular hardship due to the effects of the Single Room Rent³, which restricts their access to suitable accommodation and often means they face significant shortfalls between the amount of HB paid and their rent. This is an issue that should be addressed when the Government publishes its Housing Benefit Reform Bill later this year.

1. Blackpool, Brighton and Hove, Conwy, Coventry, Edinburgh, Leeds, Lewisham, north east Lincolnshire, and Teignbridge.
2. This is an average rent that is used to cap the amount of HB paid in all areas outside the nine Pathfinder areas.
3. The SRR is a restriction that reduces HB for single people, often limiting it to rent for one room in a shared house.

Methodology

Shelter's research objective was to discover what impact the Pathfinder schemes have had on:

- the adequacy of HB levels
- access to the private rented sector for HB claimants
- rent levels
- housing problems and the risk of homelessness.

The following methods were used in the research:

- a database of 8,365 privately rented properties advertised in four HB Pathfinder areas (Brighton, Conwy, Edinburgh and Leeds) and in three control areas
- telephone research among landlords identified from the database
- an analysis of Shelter's client database to compare activity in the HB Pathfinder areas with the rest of the country
- analysis of feedback from contacts in the Pathfinder areas – including Shelter staff, landlords, claimants, and welfare advice professionals.

The database of 8,365 properties was started before the Pathfinder schemes began and has been updated at regular intervals since. It is referred to throughout this report as 'this study's database'.

Key findings

The real value of HB varies between areas

This study's database shows that the proportion of private properties with rents within the maximum possible payment of HB varies widely between markets. This means that the value of HB differs significantly depending on where a claimant lives.

The HB Pathfinders have not caused this; it was evident before the schemes began. However, these variations have persisted and even grown slightly, since they were introduced.

The widest variation in affordability for claimants our study found was between Conwy, where in January 2005 just eight per cent of properties were advertised at rents at or below the maximum amount of HB, and Edinburgh, where it was 65 per cent.

In all areas of the study, two groups – young single people and larger families – faced particular difficulties finding suitably sized properties whose rent did not exceed the maximum possible HB allocation.

Many landlords bar HB claimants

Close to one in four of the property advertisements in our study barred HB claimants. The proportion denying access to people claiming HB was higher in the Pathfinder areas than in control areas, and appears to have increased slightly since the schemes were introduced.

Advertisements for properties suitable for young single people, and larger families, are particularly likely to deny access to HB claimants.

Many properties that appear to be open and affordable to HB claimants are not in fact accessible. Half the landlords who did not exclude HB claimants in their advertisement still refused to let to HB claimants when called by our researcher.

Rent inflation has not occurred

Although there have been increases to rents in some of the HB Pathfinder areas since the schemes were introduced, when compared with control areas there has been no significant rise overall. The concern that a published flat-rate LHA would cause rapid rent inflation has not been realised.

Processing times are no better

The flat-rate LHA is based on household size rather than actual rents, which means there is less need for individual assessment of cases. This was expected to lead to significant improvements in HB processing times.

However, this hope has not yet materialised, with the Pathfinder authorities performing no better than the national average.

At the time of our last report (published in June 2004) the Pathfinder areas appeared to be lagging behind improvements in processing times elsewhere. But this discrepancy has eased in recent quarters – five of the nine areas have seen improvements since the schemes began. These improvements are in line with the average for all local authorities.

It is likely that features of the existing system, such as the Verification Framework, have been hampering progress in this area⁴.

Paying benefit to tenants has not significantly increased the risk of homelessness

In a few isolated cases, paying benefit directly to tenants has caused rent arrears to build up and placed them at risk of becoming homeless. However, despite a slight increase in such cases at about the time the schemes were introduced, the proportion of Shelter's clients experiencing HB problems in the private rented sector has remained largely unchanged in the Pathfinder areas.

There is also evidence that some landlords are demanding benefit is paid directly to them as a condition of renting to HB claimants.

It is possible that inadequacies in the vulnerability assessment process, which enables some tenants to retain landlord payments, mean problems such as rent arrears are being stored up for the future in some HB Pathfinder areas.

Advisers at Shelter, and particularly at Citizens Advice, have also noted that many HB claimants have had practical difficulties opening bank accounts. Strict rules on personal identification, such as the need for photo ID, are a common cause of these difficulties.

4. See *Policy briefing: Housing Benefit*, Neuburger, Long, Shelter 2005 for more on the administration of HB.

Introduction

Policy context

The Government's reforms to Housing Benefit (HB) are designed to reduce barriers to work and increase tenants' choice and personal responsibility for their rent. The nine HB Pathfinder schemes have now been underway for more than a year. They have three main features.

- The Local Housing Allowance (LHA) defines the amount of HB awarded to a household. It is determined by household size and placed in the public domain. In contrast, the existing system is based on the rent payable on a property, with the amount of HB paid restricted by the Local Rent Reference (LRR) for the area.
- In the Pathfinder areas, if the LHA is higher than their rent, tenants can keep the difference. If it is lower, as with the existing system, tenants must pay the shortfall.
- HB is generally paid directly into a tenant's bank account. Local authorities can have rent paid to landlords of vulnerable tenants or where there are rent arrears. Under the existing system, tenants are able to choose whether they want their payments made directly to their landlord.

The Department for Work and Pensions' (DWP) Five Year Strategy aims to introduce the LHA for all HB claimants who rent privately, and to pilot schemes in the social rented sector, by March 2008. A Housing Benefit Reform Bill is likely to be introduced to pave the way for this in late 2005.

What's wrong with the existing system

Shelter welcomed the Government's aim of promoting choice for HB claimants and creating a fairer, simpler, and more transparent system for private renters.

In the financial year 2002/03, we advised about 8,000 people experiencing problems with their HB. We also advised many more who experienced problems concerning rent arrears, possession and finding accommodation where HB was a contributory factor. The root cause of many of these problems is inefficiencies in processing HB. This is the reason why many landlords refuse to let to HB claimants.

Additionally, 58 per cent of households renting privately must cover a shortfall between their HB and their rent, not including reductions through means testing. This can cause financial hardship for many, and acutely affects young single people who are subject to the Single Room Rent (SRR). Nearly 87 per cent of those whose benefit is restricted by the SRR faced a shortfall. On average the shortfall was £35 a week in 2002, according to research commissioned by the DWP.⁵

5. *Research into the Single Room Rent regulations*, Harvey, Houston, DWP 2005.

Shelter's concerns about HB Pathfinders

The future success of the HB system is a key concern for Shelter because it helps almost four million low-income households, including most of Shelter's clients, pay their rent⁶. Shelter welcomes the intention to reform HB, but, with other organisations, we raised a number of concerns about features of the HB Pathfinder schemes at the time of the consultation⁷, as listed below.

- HB will still not be enough to meet the rent in many cases, and shortfalls and hardships, particularly for young single people, will remain.
- The market areas used to calculate the flat-rate LHA are too large and can lead to inequities for tenants.
- Paying HB directly to tenants may add to or cause financial difficulties for them.
- Landlords will remain reluctant to let to people and families claiming HB. Some may even withdraw from this part of the market as a result of not receiving HB directly.
- The right to review the decisions of DWP-employed rent officers should remain.
- The process of identifying and assessing who should be allowed to retain direct payment of HB to their landlord should be consistent and adequate.
- The Government should consult fully on the roll-out of the scheme across the private rented sector nationally, following completion of the full two-year period of the nine original HB Pathfinders.
- The social rented sector operates in a different way from the private sector, and the results of the private rented sector schemes cannot be applied to it.

Other available research on HB Pathfinders

The DWP commissioned a large evaluation of the HB Pathfinders in 2003. The study has a wide remit and its objectives include assessing the impact of the Pathfinders on:

- the housing choices tenants make
- incomes received by tenants
- fraud
- employment incentives
- administration of benefits
- rent levels and supply of private rented accommodation.

The DWP has so far mainly published data gathered from tenants and landlords prior to the implementation of the schemes. The one published report to use data from within the HB Pathfinder period indicates a relatively smooth transition to the new HB system in the nine local authorities. The DWP research team acknowledges that it is too early to use these results to judge the overall success of the schemes.

6. *Survey of English Housing 2003/04* shows that about half a million of these are private renters.

7. *Standard local housing allowances: Representation to the social security advisory committee*, Shelter June 2003.

Detailed research findings

Affordability

This section uses this study's database to examine what proportion are affordable for people claiming HB. Affordable properties are defined as those advertised with a rent at or below the maximum HB awarded for that type of property in that area.

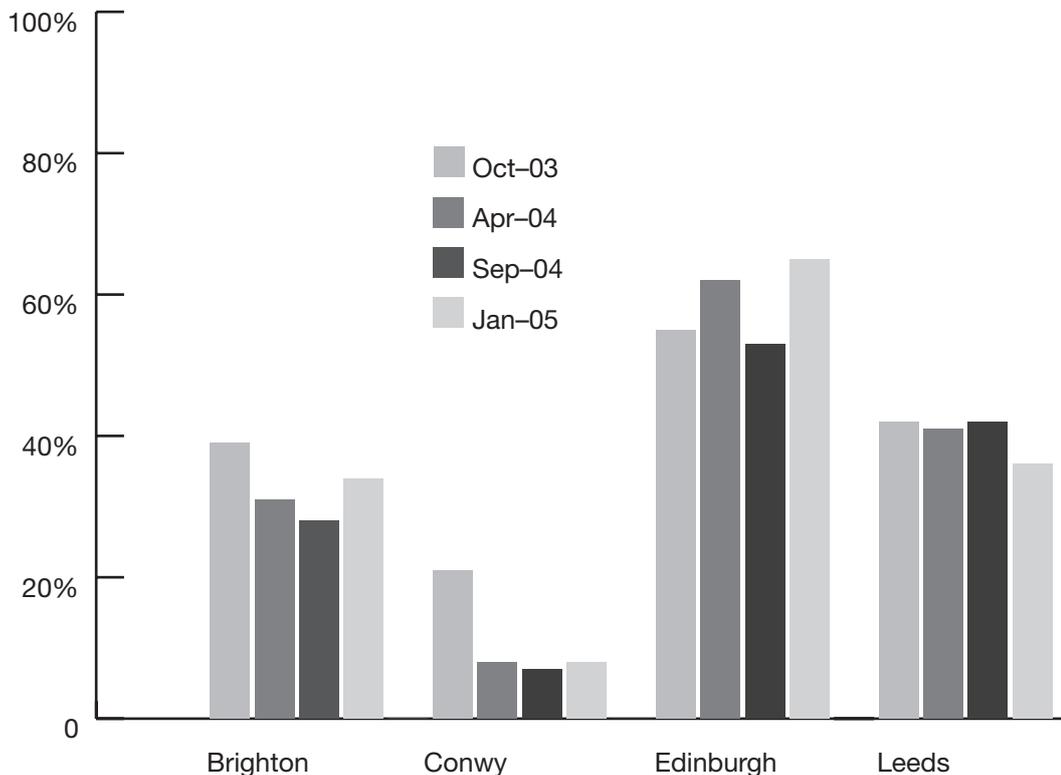
In the Pathfinder areas, the maximum possible level of HB is based on published LHA rates. In the control areas, the LRR is used.

Both are calculated in the same way, with a rent officer taking the mid-point of the highest and lowest rents from a sample of local advertisements, having removed the cheapest and most expensive properties. In a market with an even distribution, this should mean that about half the properties of each size fall within the maximum amount of HB paid.

The most striking finding shown by Chart 1 is that there are significant variations by area in the proportion of properties that are affordable for people claiming HB. More than half the properties advertised in Edinburgh, for example, are offered at rents that fall within the highest possible award of HB. However, in Conwy fewer than one in 10 are affordable.

With the exception of Conwy, Chart 1 does not indicate any significant impact on affordability for people claiming HB in the Pathfinder areas. Conwy did not have a high level of affordable properties for HB claimants in the first place. However, since the scheme began the number of affordable properties has halved. The 'Rent inflation' section on page 16 examines the reasons for this more closely.

Chart 1: Proportion of advertisements with rent at or below the maximum amount of HB paid – HB Pathfinder areas October 2003 – January 2005



Bases: Brighton 2,395; Conwy 768; Edinburgh 1,001; Leeds 984; all areas 8,365

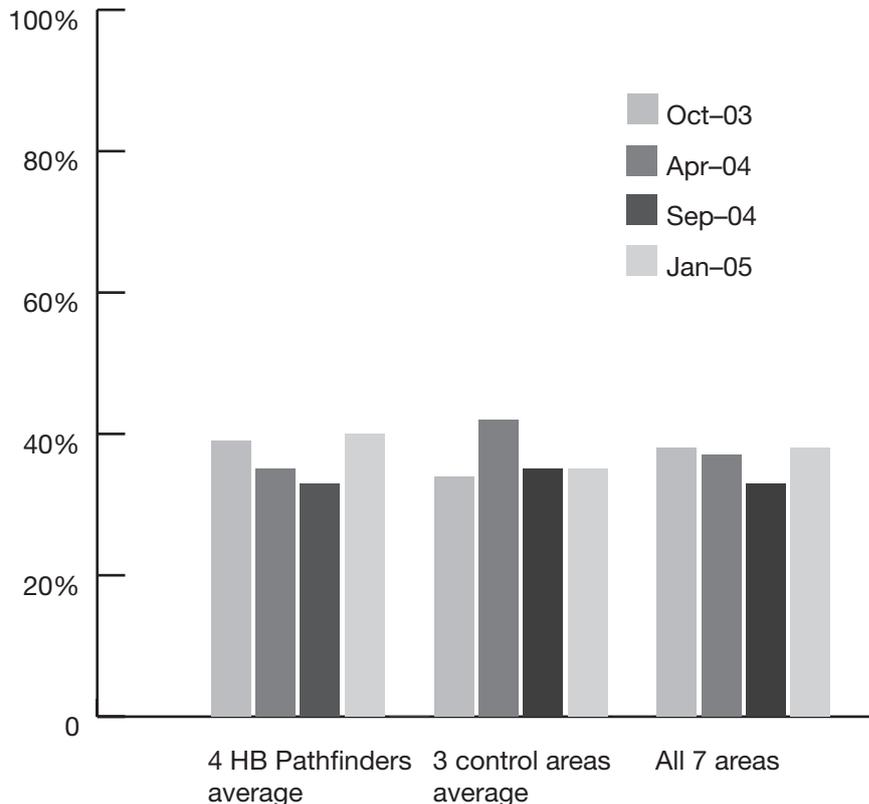
Conwy case study

In Conwy, shared properties, and the largest homes with four or more bedrooms, were in short supply, accounting for little more than 10 per cent of all the properties available to let. Of the 86 properties of these sizes that were found, only four were offered at rents within the LHA paid for that type of home.

Even if households were able to pay an additional £80 a month from income other than HB to meet the rent, fewer than one in five were affordable.

Chart 2 shows that despite these variations, the proportion of affordable properties in the four HB Pathfinder areas is very similar to the three control areas. So, there are no overall signs of a 'Pathfinder effect' on affordability. This is not surprising because LHA is calculated in much the same way as LRR.

Chart 2: Proportion of advertisements with rent at or below the maximum amount of HB paid – HB Pathfinder, control, and all area averages, October 2003 – January 2005

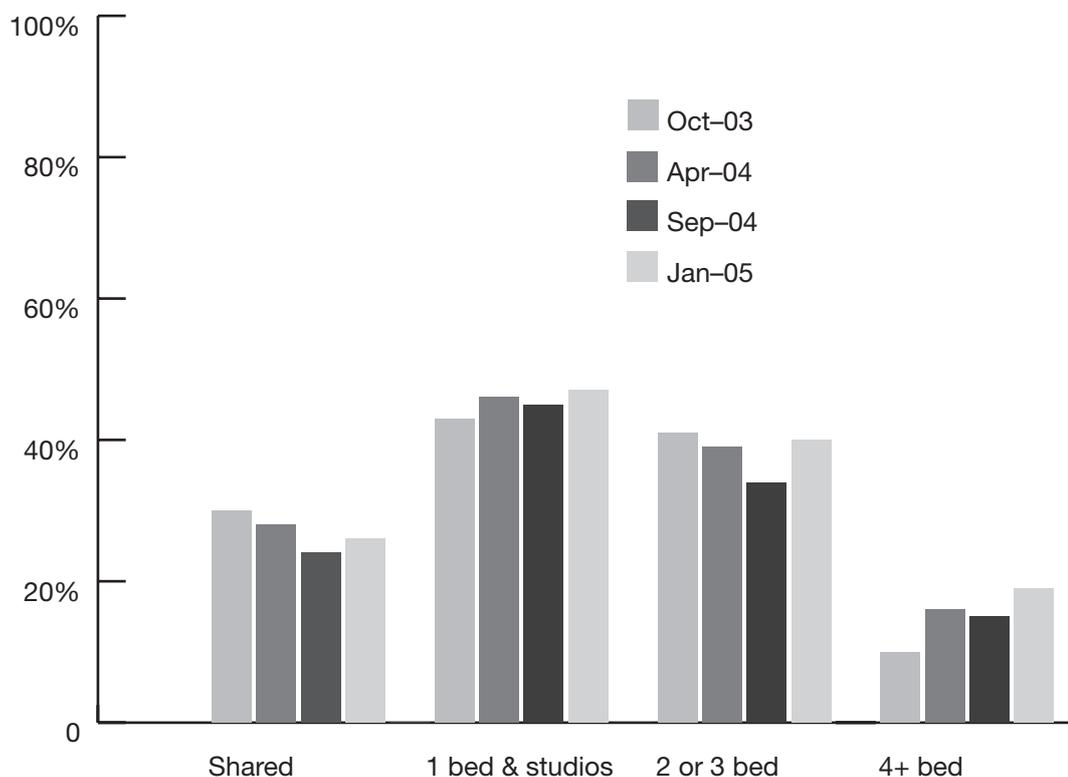


Number of advertisements used: HB Pathfinders 5,148; control areas 3,217; all areas 8,365

Chart 3 compares proportions of different-sized properties advertised at rents affordable to HB claimants between October 2003 and January 2005. It shows that properties suitable for larger families, with four or more bedrooms, were the least likely to be affordable. It also shows that shared properties, on which the SRR is based, were on average less likely to be affordable.

This demonstrates clearly that HB claimants under 25 years old, and those in need of shared properties, are likely to experience limited choice in the private rented market. As stated on page 8, DWP-commissioned research shows that the SRR limit on HB for young single people continues to cause them particular difficulties in accessing suitable housing.

Chart 3: Proportion of property advertisements with rents at or under amount of HB paid – by size of property



Base: 8,365 advertisements

Refusal to rent to HB claimants

This section looks at advertisements that exclude HB claimants, with restrictions such as 'no DSS' or 'professionals only'.

This study's database allows a comparison of the proportion of advertisements with such restrictions in HB Pathfinder areas with control areas.

The first set of data was collected before the schemes began, allowing a before and after comparison.

Landlords and agents placing these restrictions in their advertisements do not represent the full extent of the practice of not letting to HB claimants. This is made clear in the 'Follow-up research with landlords' section on page 15, which deals with landlords and agents who had no stated restriction in their advertisements but still refused take on claimants when contacted by our researcher.

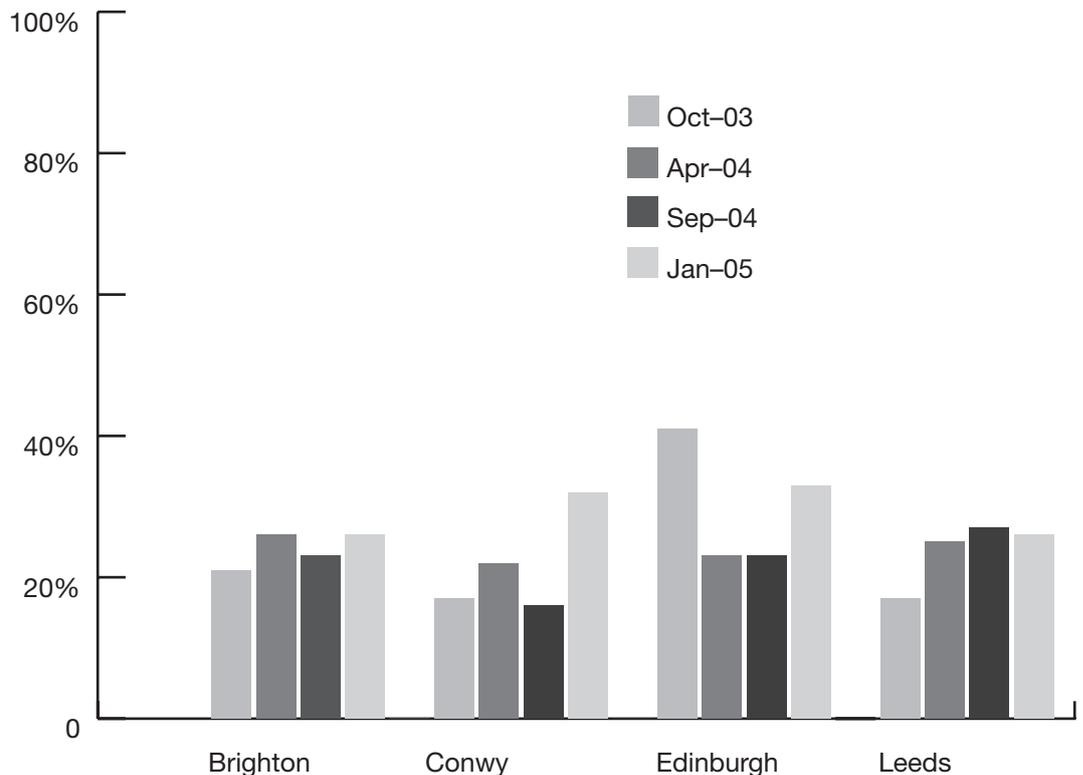
However, the findings are still a good indicator of local landlords' attitude to letting to HB claimants.

Before the schemes began, Shelter was concerned that ending direct payment of HB to landlords could lead to a reduction in the number of landlords willing to accept HB claimants.

Chart 4 shows the percentage of advertisements barring HB claimants in the four Pathfinder areas studied, at four points in time since October 2003. (The schemes started in February 2004 in these four areas.)

Slight upward trends in the proportion of advertisements with restrictions are revealed by Chart 4 in three of the four HB Pathfinder areas: Brighton, Conwy, and Leeds. The rate in Edinburgh, which was very high, at four in 10 in October 2003, dropped when the Pathfinder began. It has risen back to one in three in the latest set of results.

Chart 4: Proportion of advertisements denying access to claimants in Pathfinder areas, October 2003 – January 2005



Bases: Brighton 2,395; Conwy 768; Edinburgh 1,001; Leeds 984

Chart 5 shows the average proportion of advertisements in each of the four Pathfinder areas that barred HB claimants. It compares this data with similar averages for the three control areas. Averages for advertisements barring HB claimants in all Pathfinder and control areas studied combined are also shown.

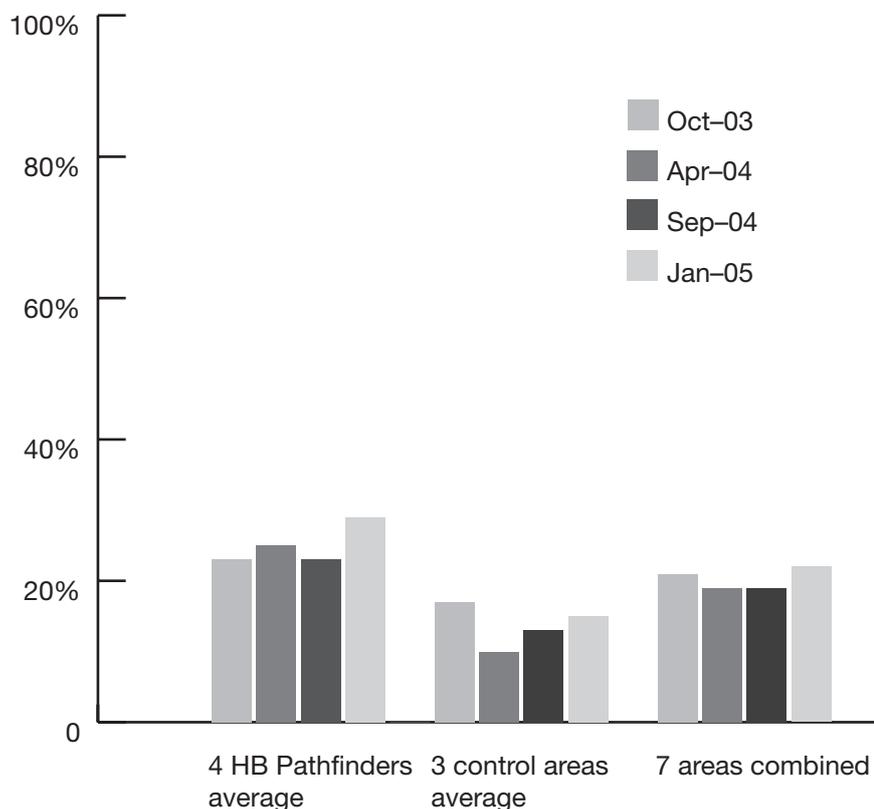
Although the average occurrence of advertisements barring HB claimants has tended to be slightly higher in the HB Pathfinder areas, Chart 5 shows that there has not been any significant upward trend in comparison with the control areas.

Advertisements for shared properties are the most likely to deny access to people claiming HB. About half the advertisements for shared properties covered by the study did this. However, there has been an improvement in this rate since the study began in October 2003.

Overall, the Pathfinders have not had a significant impact on the level of advertisements denying access to HB claimants, despite increases in three of the areas covered by the study since the schemes began.

The proportion of landlords barring claimants has remained high – one in every four properties monitored by this study was off limits to people on benefits. Despite signs of improvements in some areas, single people under 25 remain most likely to face difficulties accessing the private rented sector.

Chart 5: Proportion of advertisements denying access to claimants in Pathfinder areas, October 2003 – January 2005



Bases: Pathfinders 5,148; control areas 3,217; all areas 8,365

Follow-up research with landlords

Information from our Housing Aid Centres and other agencies also strongly suggests that many landlords who do not advertise a bar on HB claimants often refuse to let to this group in practise. This part of the research estimates the extent of this practice.

Using advertisements from the database, and other sources, we contacted 71 landlords and agents who had affordable properties available and did not state 'no DSS' or similar in their advertisements.

The landlords were spread over three areas: Brighton and Lewisham, which have HB Pathfinders, and Bristol, which does not.

Shelter's research assistant assumed the role of an HB claimant and asked if properties would be available to let. Landlords' responses fell into one of three groups:

- 'Yes, HB claimants are welcome'
- 'Not sure and/or extra information or guarantees are needed'
- outright refusal to let to HB claimants.

Table 1: Telephone calls to landlords advertising properties that appear to be open and affordable to HB claimants (February 2005)

Do not let to HB claimants	33 (46%)
Unsure/extra deposit/ references, etc required	27 (38%)
Yes, HB claimants welcome	11 (16%)
Total contacts	71

The results shown in Table 1 are very similar to findings from a similar exercise conducted before the schemes started. They show that about half the properties that appear from their advertisement to be accessible and affordable to people claiming HB are not, in practice, open to them. Fewer than one in five (16%) welcomed claimants without asking for additional assurances, such as deposits, credit checks or for rent to be paid directly to the landlord; or without seeming unsure.

Brighton case study

At first glance, bedsits and rooms in shared houses appear plentiful in Brighton. More than 500 were found and added to the database at the four points in time that feature in Chart 5.

But only 89 of these were being offered at rents that could be covered by the maximum amount of HB. And 30 of them barred HB claimants on their advertisements. Telephone calls to landlords suggested that only about half the affordable properties in the local press that appear to be open to HB claimants actually are, once the landlord is contacted.

This means that only about 30 of the 500+ shared properties in Brighton were accessible and affordable for HB claimants. If people were able to make up the shortfall on their rent from other income, approximately another 30 came into reach.

Additional comments

The following points were noted by Shelter's research assistant while contacting the 71 landlords by phone.

- Many private landlords who accepted HB tenants would prefer to receive HB directly from the local authority. This is seen as the best way to avoid any 'hassle' or delays.
- Most landlords who accepted HB claimants as tenants had fears about the processing time of HB applications.
- Prejudice against HB claimants was noted – the tone of many conversations changed at the mention of HB.
- In many instances, lettings agencies that managed properties for landlords did not have a blanket policy of 'no DSS'. Instead, it was the decision of the individual landlords themselves.

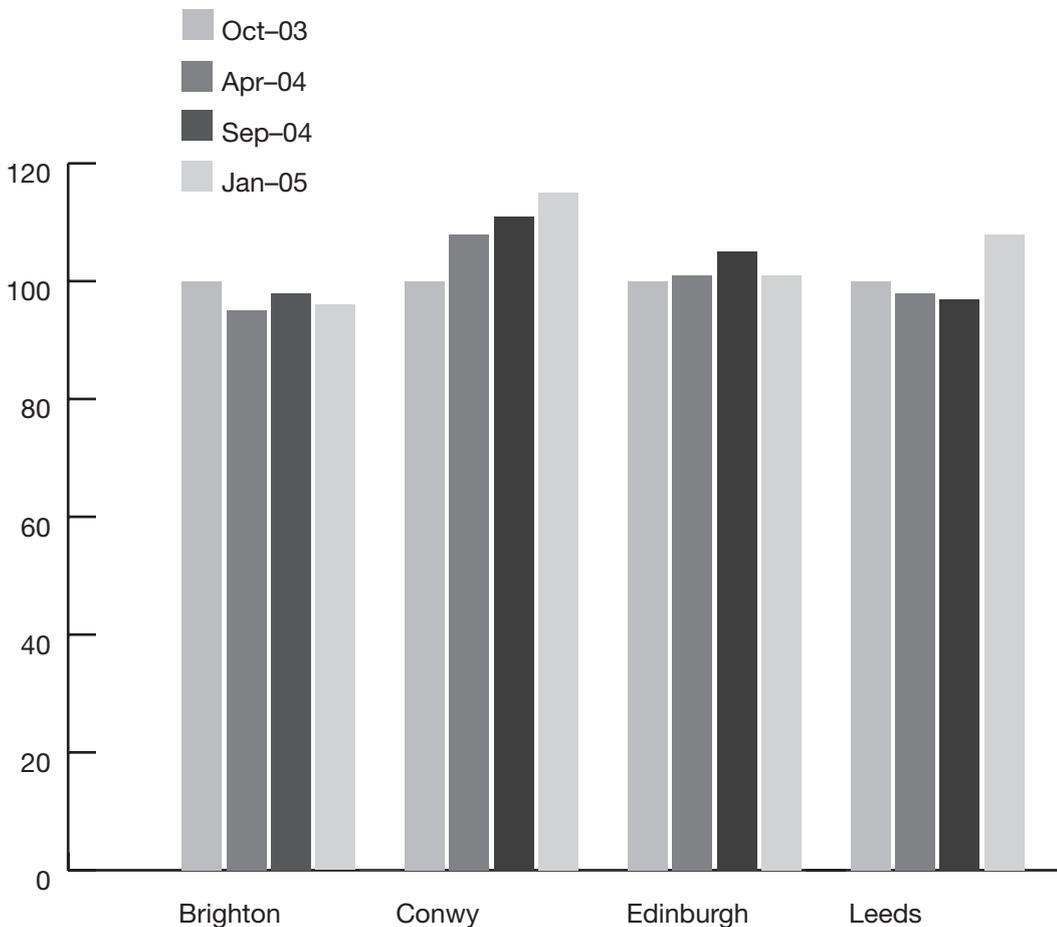
Rent inflation

This section uses this study’s database to examine changes in rent levels in the HB Pathfinder and control areas starting before the schemes began, in October 2003.

The figures are calculated by averaging the changes in rents in each property size. This is then weighted to minimise the effect of the small number of certain types of property advertised.

Chart 6 sets the rent level in October 2003 at 100 per cent and tracks the change in average rents in each HB Pathfinder area at three points in time since then. It shows that only Conwy has seen a constant upward trend in rent levels since the schemes began. Leeds has seen an increase in the most recent time period, but there has been no rise in average rents in Brighton or Edinburgh.

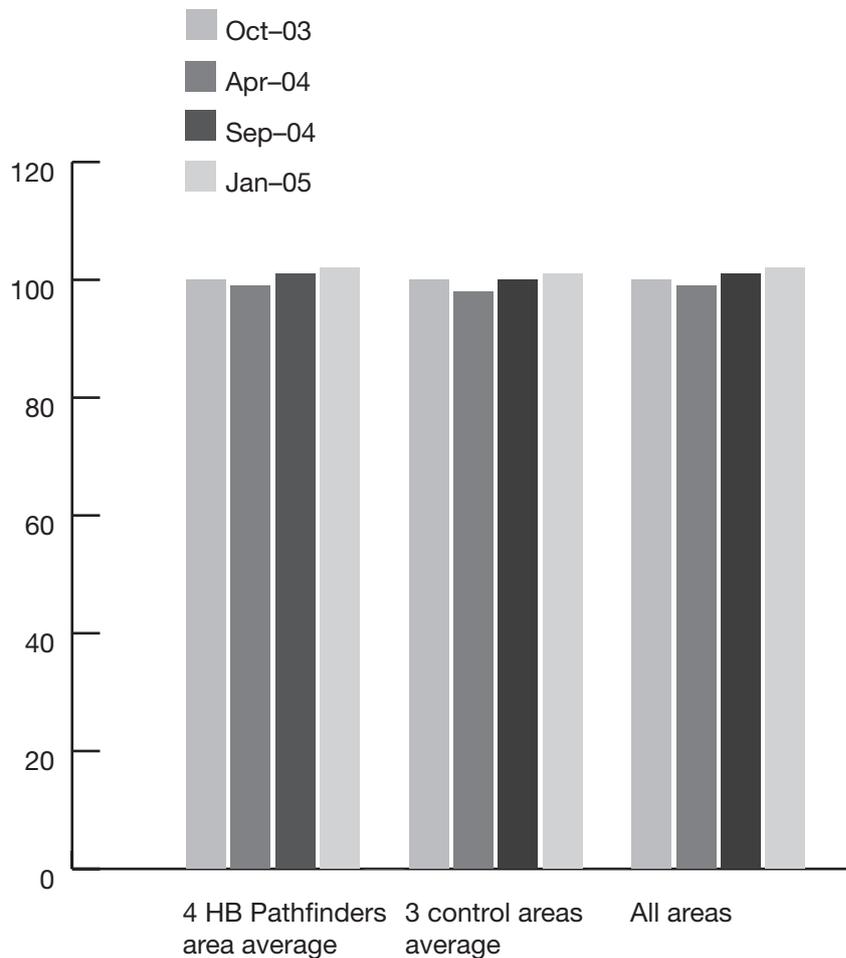
Chart 6: Index of changes in rents, HB Pathfinder areas, October 2003 = 100



Bases: Brighton 2,395; Conwy 768; Edinburgh 1,001; Leeds 984

Chart 7 shows that when compared with control area averages, the HB Pathfinders have not had an inflationary effect on rents.

Chart 7: Index of changes in rents, HB Pathfinder and control area average, October 2003 = 100



Bases: HB Pathfinders 5,148; control areas 3,217; all areas 836

HB processing times

Many of the problems with the HB system are rooted in the time it takes to process new claims and changes to existing claims. Recent figures published by the DWP show that administration has improved in many local authorities. But many claimants are still forced to run up debts while waiting for their HB to be processed and, if the landlord is unwilling to wait for their rent, they risk losing the home they have only just moved into.

This is also the reason why many landlords refuse, or are reluctant, to let to people claiming HB, as examined on page 13.

The reforms in the Pathfinder areas should have resulted in improvements in processing times. In particular, the removal of the need for cases to be referred to a rent officer for individual decisions on the amount of HB entitlement should have led to improvements.

However, our analysis of HB performance data, taken from the DWP website, shows that these improvements are largely yet to be seen. This data should be viewed as a guide because it covers all HB claims – social sector included. Data on HB

processing times from local authorities is not available for the private rented sector alone.

Table 2 compares the average processing times for HB in all nine local authorities with the Pathfinder schemes. The first column shows this data from the third quarter of 2003, before the first schemes started. The second column shows the latest available figures, from the first quarter of 2005.

The table shows that performance has varied between the nine authorities since the introduction of the schemes. There has been significant improvement in processing times in Edinburgh. Modest improvements have been delivered in five other areas: Blackpool, Conwy, Lewisham, north east Lincolnshire, and Teignbridge. But processing times have slowed in three areas, although the increase in processing times in Leeds was due to IT problems.

Table 2 also shows that the median processing times for all local authorities have improved by two days over the corresponding time period.

If Leeds and Edinburgh are excluded, progress in the HB Pathfinder areas appears to be close to the overall average.

Table 2: Average number of days taken to process new HB claims by HB Pathfinder local authorities

	Quarter 3 2003	Quarter 1 2005	Change Q3 2003–Q1 2005
Blackpool	21	19	-2
Brighton	31	39	+8
Conwy	34	30	-4
Coventry	53	54	+1
Edinburgh	83	45	-38
Leeds	34	69	+35
Lewisham	40	34	-6
North east Lincolnshire	43	38	-5
Teignbridge	38	31	-7
All local authorities median	35	33	-2

Source: HB Quarterly Performance statistics, DWP website

Shelter's clients in the HB Pathfinder areas

This section uses two indicators from Shelter's client database to assess the schemes' impact on the number of housing problems found by our clients in all nine Pathfinder areas.

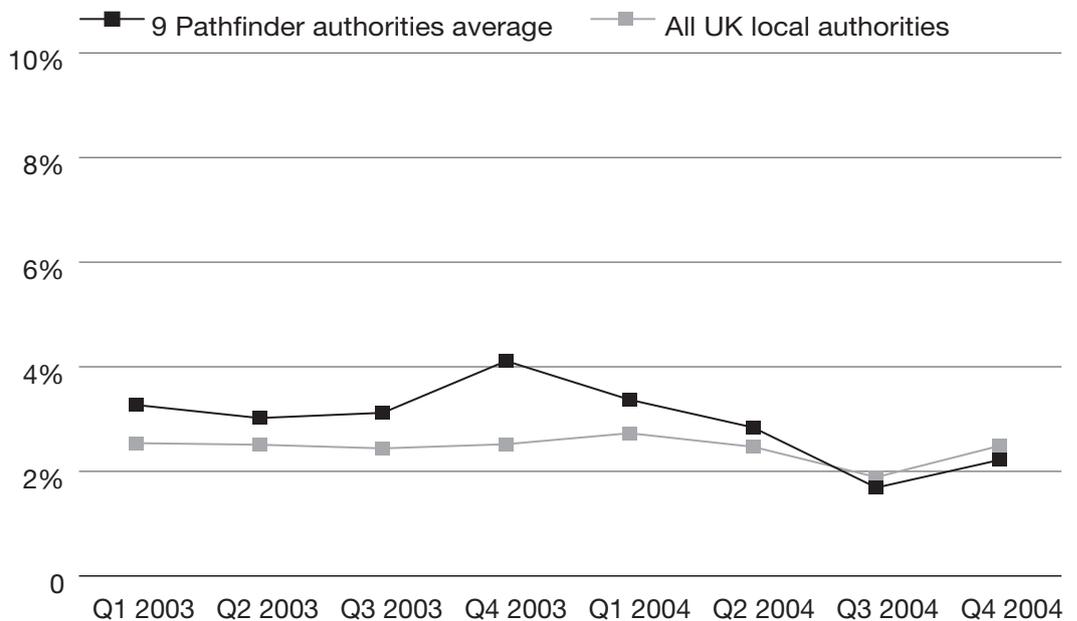
The first measure is a general one – the proportion of clients living in the private rented sector with any kind of housing problem. The second is more specific – the proportion of clients living in the sector seeking assistance with a HB problem.

The proportion of clients in private rented accommodation experiencing problems in the Pathfinder authorities has remained fairly constant over the past two years. The trend is similar to that across the country as a whole. This indicates that the Pathfinders have had no significant impact on the numbers of clients seeking advice from Shelter.

Chart 8 shows the trend in the second measure – the proportion of Shelter's clients living in privately rented accommodation and seeking advice on HB-related problems. The trend in the Pathfinder areas has again remained close to that seen nationally. There was an increase in cases in the Pathfinder areas at about the time the schemes were first introduced. But this quickly dropped back to levels close to the national average, and has remained at a similar level since.

Overall, therefore, the HB Pathfinders have not had any significant impact on the number of Shelter's clients renting privately and experiencing problems caused by HB.

Chart 8: Private renters with an HB problem as a proportion of Shelter's clients



Anecdotal evidence from HB Pathfinder areas

Over the past year, people claiming HB, advice professionals, landlords, and Shelter staff have sent their views and experiences of the schemes to Shelter's Research team. Views have been sent through a variety of channels including a dedicated email address (hbpathfinder@shelter.org.uk).

This section highlights the main themes arising from this evidence.

Overall, the schemes are functioning well and the number of clients with problems caused by the new elements is low:

'The most notable feature of the scheme so far has been the almost complete lack of work generated by it.'

Shelter, Teignbridge

'The Pathfinder scheme seems to be running well in Brighton. It was well publicised and is easy to understand. We haven't heard much about the schemes from our clients, and, aside from some isolated incidents, we haven't encountered any major problems caused by the scheme itself.'

Advice agency, Brighton

Direct-to-claimant payments are causing some concern

'The majority of our clients would prefer to have their Housing Benefit paid direct to their landlord and not being able to do this has caused problems for some people later in their tenancies, with some people struggling to get the LHA to their landlord.'

Independent advice agency, Brighton

'Although we haven't yet seen a significant number of cases of clients in danger of losing their home, we know that a large proportion of claimants who were referred to CAB for advice on retaining direct payment have not taken this up. Our concern is that a hidden group of tenants who are likely to encounter difficulties paying their rent will emerge.'

Shelter, Conwy

'Tenant direct payment causes the debts of many of our clients. We use landlord direct payment as a route out of debt for our clients, so are dismayed by the LHA.'

Advice agency, Leicester

Many landlords have threatened to withdraw from the market, because of direct to tenant payments, and some have done so:

'I have other tenants on benefit. But I will not accept this fiasco again.' **Landlord, Leeds**

'X letting agency is no longer accepting any HB claimants. Another landlord with a significant amount of properties is doing the same.'

Shelter, Conwy

A minority of landlords are using the reforms to exploit their tenants:

'X rents his flat from a private landlord and receives more in HB from the council than the rent that is charged. The landlord is saying that he should get all of the HB from the council, and is getting aggressive and threatening about this.'

Shelter, HB Pathfinder area

The major problems with the existing system remain in the HB Pathfinder areas:

‘The Verification Framework has a bigger detrimental effect on Housing Benefit than anything else. Pathfinder or no Pathfinder... there is still a preponderance of ‘no DSS’ adverts in the local papers.’

Shelter, Teignbridge

The main problem for low-income tenants – finding a place that is affordable and accepts people claiming HB – has not improved at all. In fact, landlord attitudes towards claimants seem to have hardened and the LHA is well below market rents in the vast majority of cases.’

Shelter, Conwy

The vision of choice and empowerment for tenants using HB is far from realised and certain groups remain particularly disadvantaged:

‘No increased choices have been created – there is simply not enough accommodation available for this to occur.’

Shelter, Teignbridge

‘It is incredibly difficult for young single people on HB to find a home in Conwy. The local authority is making landlords improve the condition of their Houses in Multiple Occupation, which of course we support, but this is driving rents up so far above the LHA. Choice is extremely limited.’

Shelter, Conwy

‘Where two friends under the age of 25 share a two-bedroom flat, each is entitled to the Local Housing Allowance rate for sharers, but the LHA for a two-bedroom flat is quite a bit more than double the sharers’ rate. If the landlord looks at the LHA and thinks ‘that’s what the rent should be’, then there is always going to be a shortfall to pay.’

Independent advice agency, Brighton

Conclusion

This research shows that many of the concerns expressed when the HB Pathfinders were set up have not materialised. The evidence reveals that removing the choice of direct payments to landlords has not led to an increase in homelessness, although some of the anecdotal evidence still gives us cause for concern. Likewise, the reforms have not, so far, led to a widespread increase in rents.

However, the research also shows that worryingly large numbers of landlords continue to refuse to let to HB claimants. It also confirms that young people in particular are continuing to suffer due to the impact of the SRR and that the reforms have not addressed wider systemic problems in the HB system.

The problems identified in this study are indicative of concerns about the private rented sector as a whole.

- HB claimants are forced to look outside mainstream sources for their homes, creating a situation where there is one market for them and another for other tenants.
- Demand for affordable properties outstrips supply, giving landlords little incentive to set competitive rents, keep their properties in a good state of repair or use formal tenancy agreements.
- Tenants needing help with their housing costs have no real choice or power to negotiate, often being forced to accept poor quality or overcrowded homes.
- Young people and larger families are particularly likely to face difficulties in finding a secure and affordable privately rented home.

Shelter will continue to monitor these issues and will publish a final report on the Housing Benefit Pathfinders in 2006.

Bad housing wrecks lives.

We are the fourth richest country in the world, and yet millions of people in Britain wake up every day in housing that is run-down, overcrowded, or dangerous. Many others have lost their home altogether. Bad housing robs us of security, health, and a fair chance in life.

Shelter believes everyone should have a home.

We help 100,000 people a year fight for their rights, get back on their feet, and find and keep a home. We also tackle the root causes of bad housing by campaigning for new laws, policies, and solutions.

We can only do this with your help. Please support us.

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