

UK housing benefit changes threaten mass evictions

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Open season has been declared on housing benefit recipients who live in private rented accommodation.

The New Year saw one of the largest landlords in Kent, Fergus Wilson, who, together with his wife, owns nearly 1,000 properties, announcing that not only will he no longer rent his houses to benefit recipients but also plans to evict 200 tenants. In June last year he gleefully reported, “Life could not be better” as, “For every £1 we are making in rent we are making another £1 capital gain.”

Claiming that he prefers European migrants to single mothers as tenants, he describes his moves as “purely economic,” as he is a businessman. Landlords like to use a rent guarantee insurance, which is designed to cover the rent if the tenant stops paying. But this is unavailable if tenants are receiving housing benefit. Figures from the National Landlords Association show that the number of private landlords renting to tenants on benefits has halved to just one in five.

Kevin Green only started his property empire in 2000 and now has 700 properties around South Wales—mostly bought at a knockdown price from hard-pressed families facing repossession. Putting himself forward as a saviour he says, “We stop the repossession and we help them into other properties. When we get in touch, they are facing eviction. We are saving their bacon.”

He is also considering the status of his benefit tenants and will not accept any more.

Even the chief executive of online lettings company Rentify questioned the financial wisdom of the move against benefit claimants. George Spencer said, “We urge all landlords to consider the implications of such blanket bans. Not only could they significantly limit your chances of finding new tenants, they could also lead to public outcry, a backlash against landlords and

further regulation.

“Under the current housing benefit system, the amount a tenant can receive is based on the cheapest 30 percent of properties in the area. This means that one-third of homes in your area should be affordable to those on benefits.”

Stressing the opportunities for landlords to cream off their rent, he continued, “If your property is in that bracket you should have a large market of benefits tenants available to you... there are still many things landlords can do before bringing in a ban on benefits tenants. And each case must be judged on its individual merits.”

The proposed switch to the new Universal Credit, which will replace six means tested benefits with one monthly payment by the Department for Work and Pensions, has caused this unease—as the previous rich pickings from benefits to landlords will see rents paid directly to tenants.

While these landlords are only pursuing their tenants financially, there is evidence suggesting more strong-arm tactics are on the increase. The housing charity Shelter reports that complaints by tenants have increased by 47 percent in five years. They say there were 500,000 people currently claiming housing benefit in the private sector, many of whom were at risk as rents rise and benefits are squeezed:

“It is an awfully large number and includes pensioners and people in work who can't afford their rent. This could affect any area where future rents really outstrip inflation and where there is a lot of pressure on the rental market.”

The increasing rents and resulting evictions will see a form of social cleansing where tenants are forced to leave the areas of towns where higher rents can be charged. It will mean the emergence or consolidation of

housing benefit ghettos where the rents are the cheapest and where facilities are least suited to the families forced to live there.

Benefits already fall short of the total rent charged so many families have to choose between a roof over their heads or heating and food. Posing housing benefit as a lifestyle choice, Prime Minister David Cameron disingenuously claimed, “Today it is still possible to leave school, sign on, find a flat, start claiming housing benefit and opt for a life on benefits. It’s time for bold action here. We should ask, as we write our next manifesto, if that option should really exist at all.”

Many previously working tenants who have fallen out of work and now claim benefit are relieved that the rent is paid to them, as they are able to hide the fact from landlords and carry on living in their homes. The difficulty of buying a home without a large deposit and stable income leaves home ownership out of reach for many working class families. The governor of the Bank of England, Mark Carney, warned that millions of homeowners have to be prepared for interest rate rises:

“Think about the mortgage you are taking on, the debts you are taking on. You are taking at least a 25-year mortgage, maybe a 30-year mortgage. Are you going to be able to service that mortgage five years from now, 10 years from now, if interest rates are higher? Or are you counting, even subconsciously, on the price of your house keeping going up and if something happens an ability to sell it quickly and not facing the consequences of not being able to pay?”

A report compiled from Freedom of Information requests from local councils exposes the much vaunted “Right to Buy” policy regarding council housing as representing poor value for money to both local authorities and taxpayers. It in fact benefits landlords at the expense of tenants. The scheme, which was started by the Conservative government of Margaret Thatcher in the 1980s and has been rejuvenated by Cameron recently, is responsible for the sale of two million homes from council-housing stock. Not only does this take the properties out of social housing and lead to councils losing rental income, but it also costs the councils more in housing benefits. Approximately 36 percent of council houses sold are now in the hands of private landlords who charge far more in rent.

In Tower Hamlets, London (where four children in ten live in poverty), they charge an average of £212

weekly for rent while a council tenant is paying £121 weekly. Tenants on benefits in council or housing association accommodation have already been hit by the effects of the “bedroom tax,” where housing benefit is cut if the home is judged to have a spare bedroom.

Council housing stock is never replaced. Between 1998 and 2011, over 85,000 homes were sold and only 880 were completed as replacements in London. There are now 4.3 million people renting privately, and a million more will join them in the next few years. The fastest-growing group of private tenants are not students leaving university, but people between 35 and 44, often with children.

Millbank in Westminster is one of England’s first council estates, comprising of a series of red brick blocks on wide tree-lined streets built in the early 19th century in answer to the outcry over the slum conditions many families were living in. Out of the 561 flats, more than half are now privately owned. At least 31 percent of Westminster council homes sold under the right to buy are now in the hands of landlords.

Hundreds of billions of pounds were spent to bail out the banks. In contrast, the refusal of governments to contemplate a low-cost, good-quality alternative to private rented homes increases the pressure on the most vulnerable. Cameron proclaimed at the Tory Party conference last year as his solution to the economic crisis, “We’ve capped welfare. We’ve capped housing benefit. We’ve insisted on new rules so that if you reject work, you lose benefits.”



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