

## Pay to Stay

### Chloe Fletcher, NFA Policy Director

So the government has announced that Pay to Stay, the current voluntary policy where social landlords can charge “high income social tenants” (HIST) higher rents if they so wish, will be made mandatory from April 2017. Not only that but the government is also proposing dramatically lowering the thresholds where someone is considered to be a “high income social tenant” from the current earnings threshold of £60,000 per annum to a proposed household threshold of £30,000 outside of London and £40,000 in London. The NFA does not believe that this is a sensible way to implement this policy.

The NFA thinks that the proposed thresholds are much too low and will in fact capture households who are receiving some form of welfare benefit. These households, on anybody’s common sense definition, are not “high income households”. We also think the scheme will be overly bureaucratic, administratively burdensome and of little financial benefit to either the Treasury or social landlords in many parts of the country and will be detrimental to incentives to work or increase earnings in the most expensive parts of the country.

The other big issue for us at the NFA is a matter of principle; Housing Associations will be able to keep any additional monies raised through the implementation of this policy whereas councils will not. The principle of councils being able, through their democratic accountability, local consultation procedures and the self-financing settlement, to set their own rental policies and keep the income to pay for the housing service is being trampled on. Councils should be able to decide if they wish to implement this policy and then to retain any additional income to benefit the council housing service in their locality.

However as the government seems wedded to making this policy mandatory we have suggested the thresholds are significantly increased and they include a first line principle which exempts anyone currently receiving any form of benefits from being affected by increased rents. There is also a compelling argument to exclude all of those landlords operating in areas where social rents are close to, or at the same level as, market rents as the cost of identifying potential high income social tenants will not be balanced out by an increased rent.

We have also made the point that a single person earning £30,000 a year has a very different level of disposable income to a couple both earning £15,000 a year with two or three children to look after and have therefore suggested that earnings disregards are set to take into account of the needs of the household and regional differences in things like child care costs alongside sensible tapers to reduce the dis-incentives to work or earn more in some parts of the country.

Finally our members are concerned that they do not have the systems or ability to collect earnings information from tenants, let alone other members of the household. Our members would be reliant on HMRC to share data and there are concerns over how often

that data might need to be updated as many tenants are in and out of work or self-employed where earnings can vary wildly from month to month. It would make much more sense if the government introduced this in the same way as the Child Benefit changes and put the onus on the households themselves to self-declare and the HMRC to check. We just hope that the government is still in listening mode.