



**Here
& There:**

One year on –
the Bedroom Tax hits home

This report details the experience of six housing associations in central/southern England tackling the impact of the Reduction of the Spare Room Subsidy policy more commonly known as the ‘Bedroom Tax’. This reduces entitlement to Housing Benefit for residents in social housing who are deemed to under-occupy their homes because they have more bedrooms than their household requires. The policy was introduced on 1 April 2013 and this report is based on complete data from the first year.

The Bedroom Tax was brought in by the Welfare Reform Act 2012, with the stated aims of both reducing the benefit bill and making better use of the available bedrooms in the social housing sector. The government wanted to encourage residents who were not using all of their rooms to move into smaller homes so that larger families in need could move in.

If there is one spare bedroom 14% is deducted from entitlement, with 25% deducted if there are two or more spare bedrooms. Tenants are expected to fund the difference from income that legislation otherwise sets aside in its calculation for basic living costs, such as food and fuel.

This report follows on from earlier reports published by Aragon Housing Association (Should I Stay or Should I Go? 100 Days of the Bedroom Tax) and Grand Union Housing Group (Can’t Stay, Can’t Go).



Executive summary

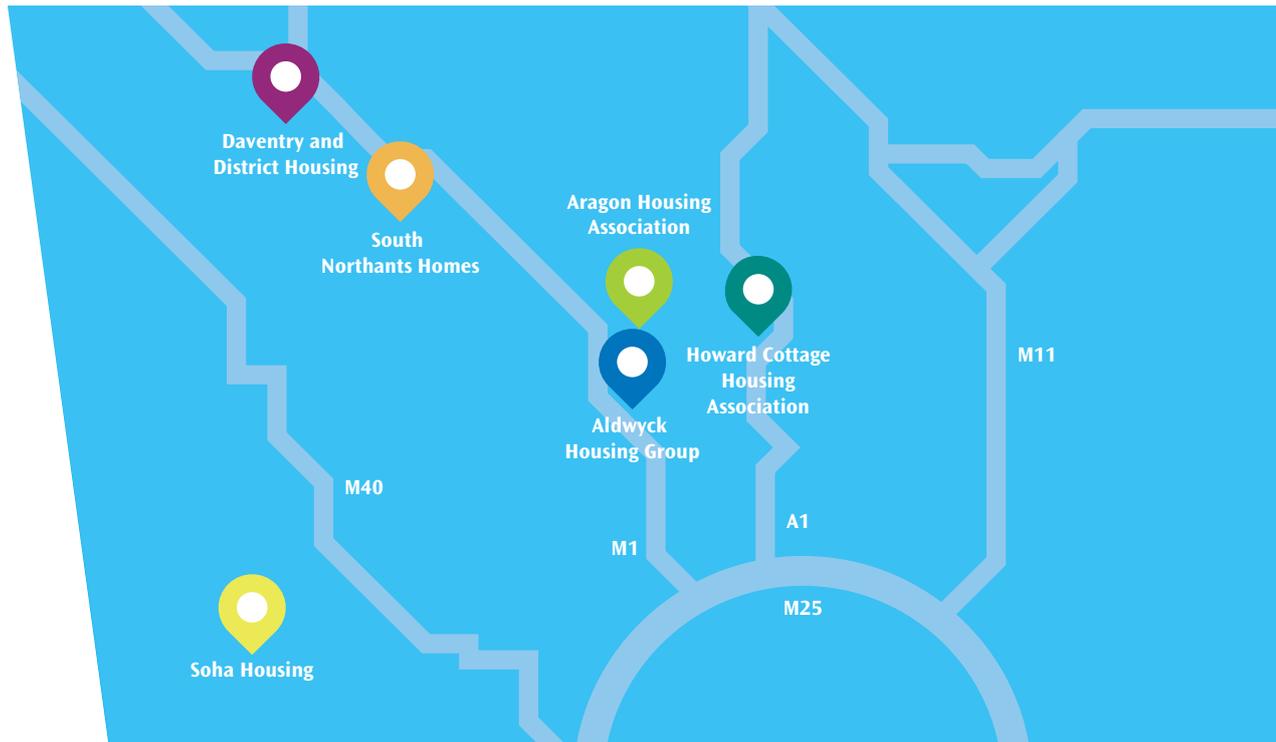
This report shows that:

Whilst some tenants have managed to move or find work to avoid the Bedroom Tax, most (70%) remain affected by the policy and more have become affected since the policy was introduced. Most remain unable to downsize due to a shortage of smaller homes.

Although spending on Discretionary Housing Payments (DHP) appears consistent across our regions, there is wide disparity on how entitlement is assessed.

There have been some positive individual stories but the number of tenants with rent arrears (42.5%) indicates that many are struggling to cope.

Demand is much higher for smaller properties than larger properties and in some areas housing associations are having to let them to families who may still under-occupy them but who are not in receipt of Housing Benefit, therefore not subject to the Bedroom Tax. The properties are therefore still being under-occupied, but by different people.

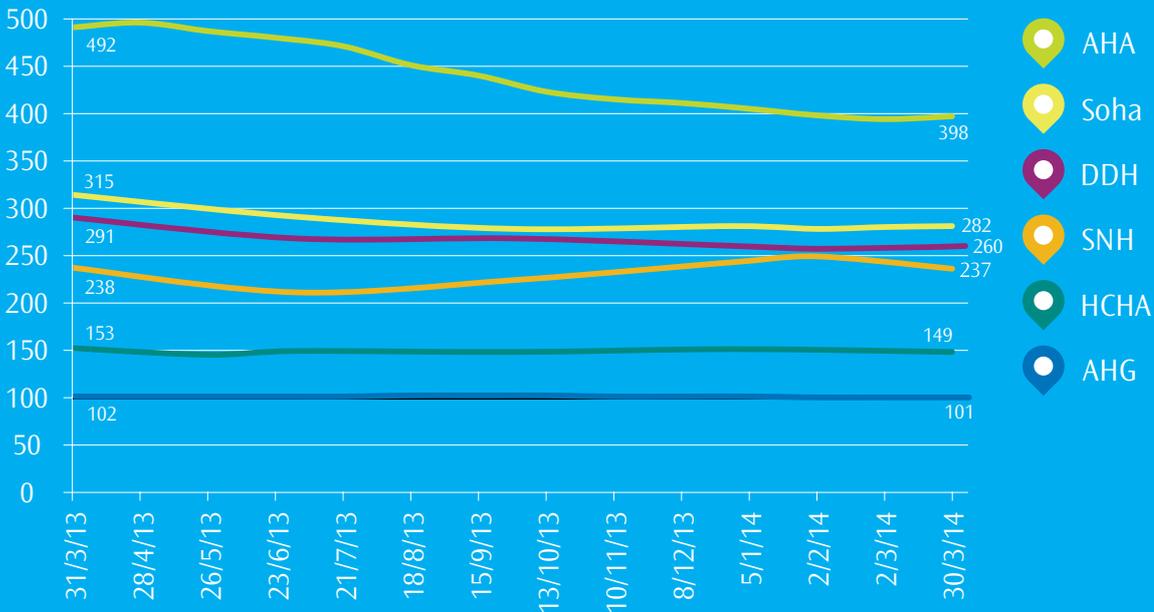


The housing associations

-  **Aldwyck Housing Group (AHG)** – Based in Houghton Regis, Bedfordshire, AHG provides over 11,000 homes and management services for over 20,000 people across the heart of England.
-  **Aragon Housing Association (AHA)** – Part of Grand Union Housing Group (GUHG) and based in Ampthill, Bedfordshire. AHA manages around 7,000 properties in and around Central Bedfordshire and is one of the fastest-growing ‘not-for-profit’ landlords in southern England.
-  **Daventry and District Housing (DDH)** – Part of Futures Housing Group and based in Daventry, Northamptonshire, DDH provides over 3,100 homes across Northamptonshire.
-  **Howard Cottage Housing Association (HCHA)** – At 102 years old, HCHA is one of the UK’s oldest housing associations, managing over 1,500 homes within a 25-mile radius of its headquarters in Letchworth Garden City, including nearly 200 homes in rural areas of Hertfordshire and Bedfordshire.
-  **Soha Housing (Soha)** – Based in Didcot, Oxfordshire, Soha manages over 6,000 affordable homes in Oxfordshire and surrounding areas.
-  **South Northants Homes (SNH)** – Also part of GUHG, SNH manages over 2,900 homes across South Northamptonshire from its base in Towcester.

The under-occupiers

The chart below shows that the number of people under-occupying their properties whilst claiming Housing Benefit has reduced overall by around 10% throughout the year. Between 4% and 9% of stock is under-occupied by working-age Housing Benefit claimants..



Escaping the Bedroom Tax

A total of 317 out of 1,070 tenants (30%) stopped being affected by the Bedroom Tax across AHA, SNH and Soha in the past year.

The pie chart below shows how some people have escaped the Bedroom Tax compared to those who remain affected.

70% of the original group of tenants remain impacted by the Bedroom Tax.

15% managed to secure moves, either by applying to the social housing register, mutual exchange or moving out of the sector either into private rented or into another household.

A further **8%** had their Housing Benefit stopped which implies they increased their income due to finding more work.

 Still affected **70%**

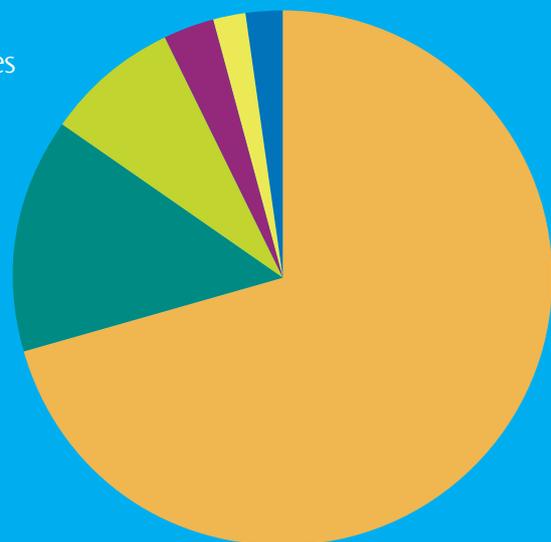
 Moved **15%**

 HB ended **8%**

 New household member **3%**

 Milestone age reached (i.e. 10,16 or Pension Credit age) **2%**

 Other/unknown **2%**



Case study

Mr S of Didcot says “When I found out I was in line to be hit by the Bedroom Tax I looked at ways to be able to afford to stay in my 2 bed house, for example, by taking a lodger, but decided that that was too uncertain.

Soha showed me how to use Homeswapper. For example, you can research the area of a possible new home on Google Maps. I did this, but not just for the view of the front of the house, but to look at the size of the garden, the state of the neighbours’ gardens and the general appeal of the area as well. I found the site easy to use!

I had about 20 people interested in renting my house, and I looked at 11 potential homes. The good thing about Homeswapper is that it gives a bit of distance between you and the people who are interested in your home – all of whom gave very good reasons why they thought I should swap with them. Homeswapper gave me the space to ensure that the decision was the right one for me.

Soha put me in touch with claiming DHP to cover the initial housing benefit reduction from the Bedroom Tax, before being able to move out to my new smaller home. I think receiving DHP made me push on with my plans to move because I was aware there was a limited ‘pot’ of cash available from councils to give out for circumstances such as mine”.

All the housing associations are working hard to help tenants into work by providing or sourcing training in various skills from construction to computer skills. Some have even sourced apprenticeship courses for tenants and taken on some apprentices themselves.

Case study

Mr and Mrs S live in a 3 bed home in Sandy with their 9 year old son and 6 year old daughter. Both Mr S and their son have limited mobility, their son also has mental health problems. Mrs S works part-time in a school, using the rest of the time to care for their son. Mr S did work full-time but was made redundant from his skilled job of 20 years, and finding work was difficult due to his limitations. They were affected by the Bedroom Tax due to their children’s young ages. Mr S eventually found full-time work 9 months after the policy began, which brought them out of Housing Benefit altogether. His new job uses the skills he had built up throughout his career and is a stable position.

A small group of tenants saw their Bedroom Tax end due to natural changes, such as babies being born, family members moving in or a household member reaching an age which removes the deduction. A few have had their properties reclassified due to adaptations.

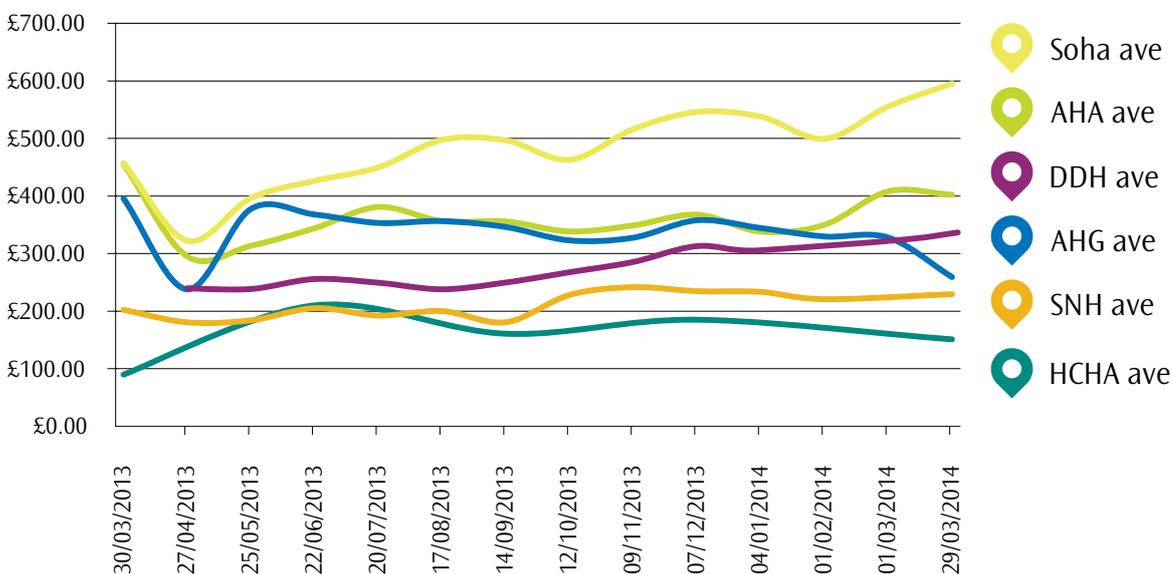
Newly affected

It is not only the original group of tenants who are now affected by the Bedroom Tax. **286** tenants, 22% of the current total, became affected at a date later than 1 April 2013 across AHA, DDH, HCHA, SNH and Soha.

Data is limited on the reasons why tenants became affected at a later date. However, it is likely that most are new Housing Benefit claims where a change of circumstances has meant tenants now require support. The other main reason will be household members leaving, resulting in a spare bedroom.

Rent arrears

Currently 42.5% of those affected by Bedroom Tax are in rent arrears and the chart below shows that four out of six associations saw increased rent arrears. Figures show the average arrears per person for those affected by the Bedroom Tax and are influenced by rent collection dates and procedures which differ with each association.



This does mean that two associations saw rent arrears decrease. However, this is not the whole picture. Rent arrears rises are tempered by the fact that:

- 21-25% of tenants affected receive DHP (see below)
- Housing associations have invested heavily in extra welfare support as well as rent collection in response to welfare reforms.
- Tenants are making difficult budgeting decisions to neglect other essentials such as heating and eating in order to afford their rent.

Example

AHA collected data on the number of reports of damp and mould made to their repairs team. The chart below shows a marked increase this year despite the mild winter. On investigation surveyors discovered very few properties were truly damp, but many tenants were not paying to heat their homes.

Damp and mould inspection requests October 2011 to April 2014 with mean average monthly temperatures (Bedford)



Discretionary Housing Payments (DHP)

DHP is available to some of those affected by the Bedroom Tax to temporarily cover the shortfall in rent. DHP is administered by local authorities and intended to be awarded in the short-term only. Each local authority has interpreted this differently, resulting in a post-code lottery of support with differing criteria.

In our regions some local authorities assess DHP entitlement based on an evidenced financial shortfall. Some take into account disability benefits. Others do not. Some base entitlement on whether applicants are disabled and have had adaptations. Some investigate what action applicants are taking to find work or downsize, and others combine both approaches.

Example

Mrs D, in Towcester, is known to have been quizzed on why they needed to have an internet connection as part of their DHP application. This is despite the fact that the government is pushing for some public services to be digital by default by next year and expecting jobseekers to use the internet to look for work. With support from SNH this tenant was awarded DHP, but it is likely others missed out for this reason and were being expected to exclude themselves digitally to afford their rent.

DHP for disabled tenants

The government was forced to defend the Bedroom Tax at the Court of Appeal because it was alleged that it discriminated against people with disabilities. They defended this on the basis that Discretionary Housing Payments covered people with disabilities and in need.

However, Soha reported that after six months only 52% of disabled claimants who applied for DHP were successful, compared with 67% of non-disabled claimants.

People with disabilities may not fully disclose the costs associated with their disability in a financial assessment. Most need to stay in a long-term home, whereas DHP is only designed to be a short-term award. Moving may be impractical for many with disabilities, not least because of adaptation costs which may need to be refunded through the local authority.

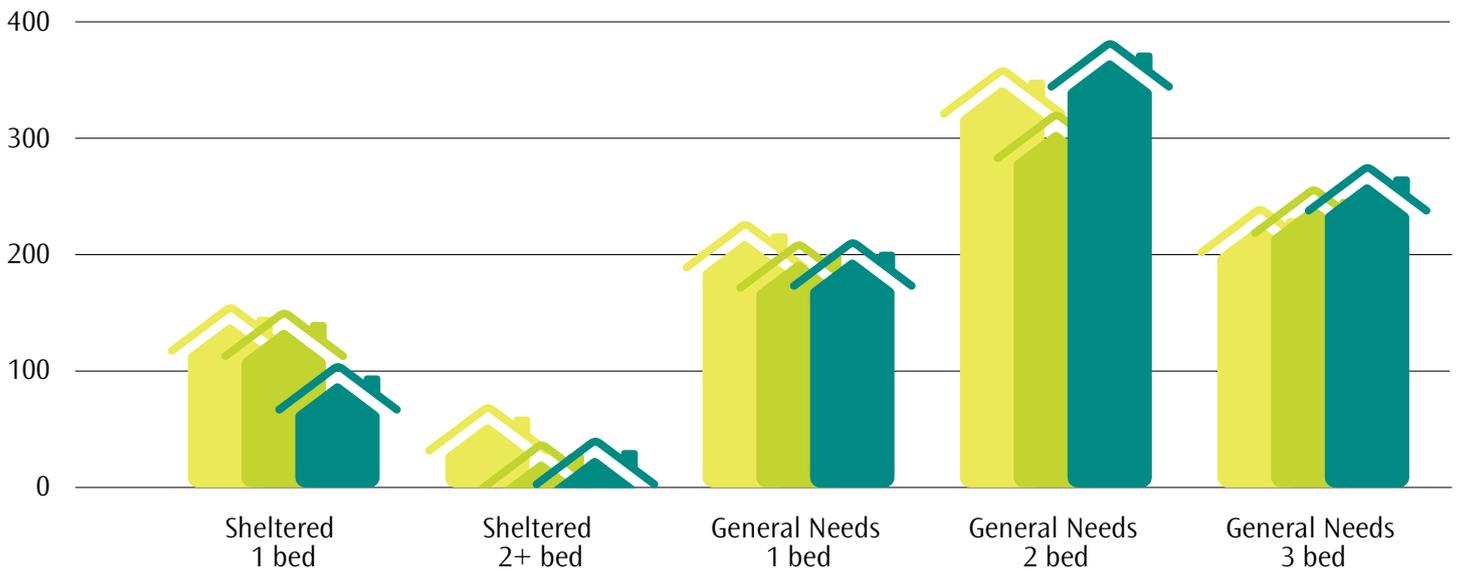
It is also a feature of DHP that even if a local authority makes an award to cover the whole year, a disabled person will still be faced with the uncertainty of needing to reapply every year, never sure whether their needs will be covered. Doubt therefore remains as to whether DHP sufficiently provides for people with disabilities and whether they are being discriminated against.

Lettings availability and demand

The main option open to tenants to avoid being affected by the Bedroom Tax is to downsize to a smaller property. This is one of the stated aims of the policy, so that the larger properties left behind can be occupied by larger families who are waiting to be housed.

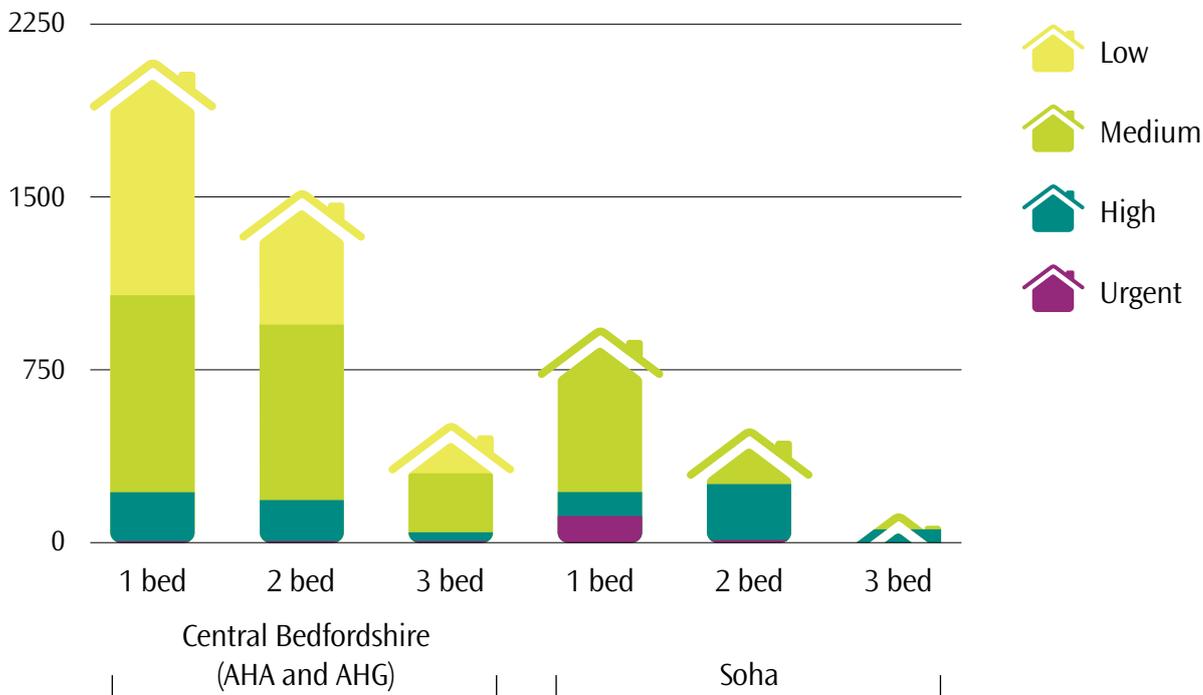
The following chart shows the number of properties becoming available across the associations in each of the last three years, split by property size.

-  2011/12
-  2012/13
-  2013/14



Many local authorities are changing their allocations policy, restricting who can apply to be on the register. As a result many associations are seeing a drop in demand for three bed homes, as fewer people are being allowed to bid on them. This is compounded by the welfare reform changes.

The chart below shows the number of applicants listed on housing registers identified by property size. It also indicates the band of need where data is available, which was in Central Bedfordshire (where AHA and AHG are based) and from Soha.



The chart shows that the larger the property, the smaller the demand. This potentially calls into question at local level the government's assertion that there are large numbers of homeless families waiting for larger properties which the Bedroom Tax will help make available.

As a result, at **AHA** many 3 bed properties have had to be re-advertised because there have been no suitable applicants with a 3 bed need. They have then been opened up to those with a 2 bed need who can afford to take on the tenancy without needing to rely on Housing Benefit, which means they need to be in reasonably well paid work. Therefore, AHA is continuing to see 3 bed properties being under-occupied, but under-occupied by different families.

DDH has seen its local authorities restrict the number of applicants on their registers, removing over 2,000 from the waiting list. As a result these properties are often being let to lower priority applicants.

Data from the South Northamptonshire Council register shows there are only 12 applicants eligible for a 3 bed house, compared to 400 before the change. As a result some larger homes are lying empty for longer.

Conclusion

Overall, the Bedroom Tax has had a negative impact on the majority of those it has affected in this sample study. Some tenants have managed to keep their rent up to date, but many are struggling. Whilst some have found work or moved to smaller properties, the majority have not been able to achieve this.

Whilst savings on the benefit bill will have been made by this policy, it is not clear whether that represents an overall saving. All the associations have invested heavily in the provision of support and advice for tenants. This has redirected funds available for building new homes. Rising rent arrears also have the potential to impact on associations' ability to secure funding for building new homes.

In the regions the associations who have contributed to this report operate, there is not a high demand for the larger social housing properties that have been vacated by those affected by the Bedroom Tax. It therefore calls into question whether the Bedroom Tax policy is the most effective way to make use of the housing stock.

Case studies

Several case studies are contained in this report but we have many more stories from and about our tenants. Follow the link below to see them all:

www.grandunionhousing.co.uk/publications/one-year-of-the-bedroom-tax



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