Bedroom Tax
One Year On...

Wythenshawe
Community Housing Group

The Government's Housing Benefit Under Occupation Charge, the "Bedroom Tax" is now 12 months old. It has meant a reduction to Housing Benefit entitlement for social housing tenants of working age, living in homes deemed to have at least one spare room.

Since the introduction of the bedroom tax on 1st April 2013 Wythenshawe Community Housing Group has been looking at the impact of the charge on our tenants and on our business.

This report builds on our first report, into the impact of the bedroom tax in Wythenshawe after 6 months.

Introduction

This reports shows:

- The most vulnerable, in particular, the disabled are being disproportionately affected by the bedroom tax.
- There is some evidence that the bedroom tax has provided a work incentive for those who are fit for work.
- Mutual exchange has helped some tenants but there are multiple barriers facing those who want to downsize.
- The Discretionary Housing Payment fund has supported **626** tenants to gain **£238,000**.
- The potential loss to the Group and the community has reduced from **£2,324,000** for the financial year 2013/14 to a potential loss of **£1,870,000** for the financial year 2014/15.
- Residents are finding it increasingly difficult to sustain payments.
- 80% of residents affected by the bedroom tax still do not want to move.

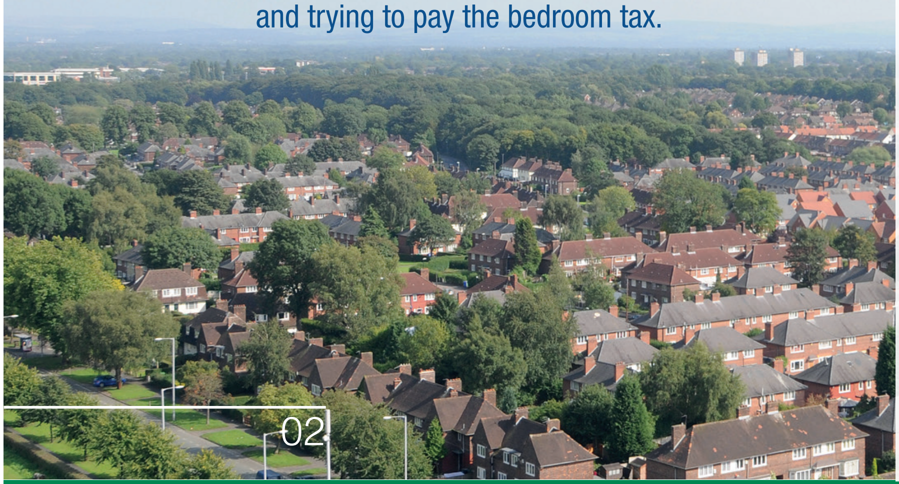
Who has been affected?

Wythenshawe Community Housing Group manages almost 14,000 properties in Wythenshawe, south Manchester. Built in the 1930's as a garden city, the stock profile is mainly 3 bedroom houses. The stock profile, combined with low-demand in the 1990s and early 2000s, has left many households claiming housing benefit with spare bedrooms.
2750 of our households are currently affected by the under-occupancy rules.
This is **20.26%** of our households.

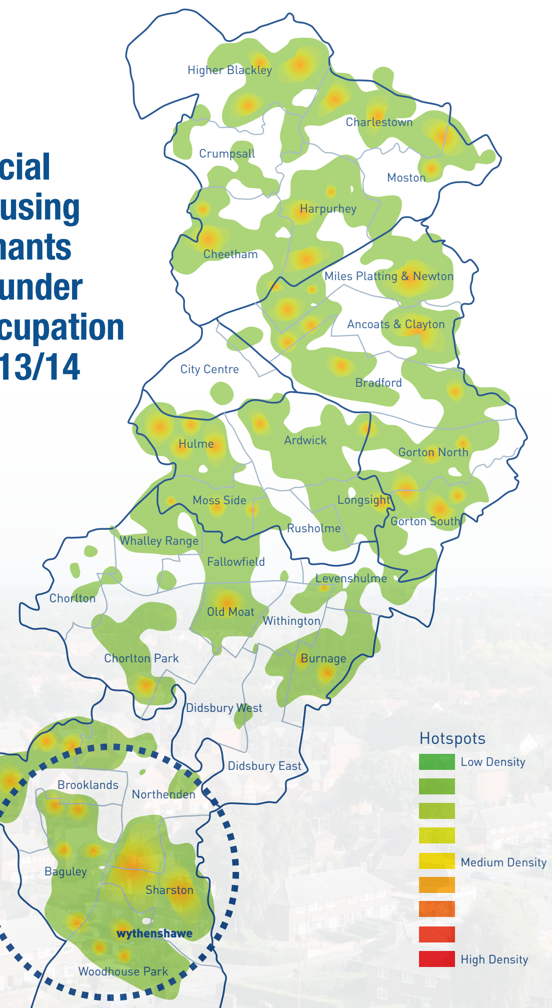
% of total under-occupiers	Under-occupancy by 1 bedroom	Under-occupancy by 2+
2 bed property	896 (33%)	N/A
3 bed property	1333 (48%)	469 (17%)
4 bed property	31 (1%)	21 (<1%)
5 bed property	0	0
Total	2260 (82%) 14% reduction	490 (18%) 25% reduction
Average weekly shortfall	£11.66	£22.06

The number of under occupiers living in our properties has reduced from **3337** on 1st April 2013 to **2750** at 1st April 2014. This is a reduction of **587** or **17.5%**. This has been done through people moving to smaller properties, moving into employment, sharing housing or applying for a Discretionary Housing Payment.

However, **965** of the remaining tenants **(35%)** affected by the bedroom tax are in receipt of income-based Employment and Support Allowance and out of work. This number has stayed fairly stable from **925** in April 2013 suggesting that those unable to work because of ill-health are staying and trying to pay the bedroom tax.



Social Housing tenants in under occupation 2013/14



Tenants' choices

Tenants affected by the bedroom tax have essentially two choices, stay or go:

- If they stay, they need to manage the shortfall by increasing their income, through Discretionary Housing Payments or other benefits, taking on a lodger, finding employment or increasing their hours if they already work.
- If they go, they can register to move on Manchester Move to bid for smaller properties through the Manchester Choice-Based Lettings service as smaller properties become available as other social housing tenants move out. Alternatively, they can apply for a mutual exchange with another social housing tenant or move out altogether – either to the private rented sector or to share with friends or family.

Case Study:

Miss Mc - "I live in a three bed house with my daughter. I work part time and the extra £12.50 a week I have been asked to pay towards my rent is killing me. I have been buying own brand supermarket food to cope and choosing to take my daughter to only free days out at the weekends such as the park and library. Play centres and the cinema are no longer an option for us."

Staying...

Discretionary Housing Payments...

- So far, we are aware of **626** of our tenants who have successfully applied for a temporary Discretionary Housing Payment up from **216** after 6 months. Generally, these have been awarded to provide time for residents to find work or move to a smaller property.
- This means that at some stage over the last 12 months, **18.8%** of our under occupying tenants have been awarded help through the Local Authority to help them meet the shortfall in their rent.
- The income from this group is **£283,800** in the first year of the bedroom tax compared to the overall shortfall of **£2,324,000** for the financial year 2013/14. This represents **12.2%** of the shortfall facing our tenants being covered from the Discretionary Housing Payment budget.
- In January 2014, the DWP was made aware of a Housing Benefit regulation that meant that tenants who had been in receipt of Housing Benefit since before 1st January 1996 should not have had the bedroom tax applied.

WCHG dealt with 242 pre-1996 cases who this applied to, bringing in an income of £157,400

The regulation was amended and the bedroom tax re-applied from 5th March 2014.

"WCHG dealt with 242 pre-1996 cases bringing an income of £157,400."

Case Study:

Mr H - "I was living in a 2 bed flat and been registered for rehousing before the bedroom tax; I knew I couldn't afford it. My application was suspended because of my rent arrears and they were increasing as I couldn't afford to pay. The Welfare Reform Team helped me and completed a DHP which was awarded and stopped my arrears from increasing. They took my case to the Welfare Reform Panel who agreed that if I stuck to my repayment plan, my rehousing application could be made live and I could bid on one bedroom properties. I have since downsized to a one bedroom property as I carried on paying my rent arrears."

Work...

287 tenants affected by the bedroom tax have moved into employment or gained more hours to move from part time work into full time work in the period April 2013 to April 2014. In the same period, **21** tenants have been supported into employment by our Real Opportunities employment team. The number of under occupiers claiming Job Seeker's Allowance (JSA) has fallen from **585** in April 2013 to **449** in April 2014.

This **23%** reduction in JSA claimants is perhaps evidence that for some the bedroom tax has provided a work incentive. Nevertheless, this potential work incentive needs to be considered alongside the normal 'churn' into and out of employment for some claimants, jobs being created in the local economy and the increase in DWP sanctions.

Of the remaining **449** tenants on Job Seekers' Allowance affected by the bedroom tax, **87** are affected by two spare bedrooms at an average of £22.06 per week. With an income of £71.70 per week, these tenants are already making a choice between gas, electricity, food, rent and council tax.

Of the **87** we know that:

- 31 have paid all the bedroom tax
- 41 have paid some of the bedroom tax
- 11 have paid none and are being processed through legal action
- 2 have moved
- 2 are working

Case Study:

Ms S - "I live in a 3 bedroom walk up flat on my own and think I would have probably been evicted if it wasn't for the Welfare Reform Team. They helped me to apply for a DHP and this took my arrears from £1200 to a credit balance. I have been bidding on the Manchester Move website for some time and up to now I have placed 20 bids on 1 and 2 bedroom flats and I haven't been offered anything."

> “Only 15 families across all our stock have moved to private rented accommodation in the first 12 months of the Bedroom Tax.”

Going...

- So far, **689** of the tenants affected by the under-occupation rules have indicated to us that they wish to move to a smaller property. These residents have been given assistance to register online with the Manchester Choice-Based Lettings service called Manchester Move for a transfer and Homeswapper, a national website for helping people to find suitable exchanges.

- Out of these, **239** have moved so far, with the largest groups going by:
  53 transferring to a smaller property
  50 moving by mutual exchange to a smaller property
  85 moving out to lodge with friends or family or abandoning their property

- Only **15 families** across all our stock have moved to private rented accommodation in the first 12 months of the Bedroom Tax.

Case Study:

Mr W - “I live in a 2 bedroom flat by myself. I’ve not worked for years as I have a bad back. They made me jump through hoops to get Employment and Support Allowance although I can hardly walk. I have diabetes as well. All the extra money I get for being disabled now goes on rent. I probably don’t eat as well as I should for my diabetes. I don’t want to move. Even if I did I don’t know where I’d go or how I’d afford to move, especially with my back. I suppose I’ll stay and pay it now until I reach pension age.”

Barriers to downsizing...

There are barriers to residents who wish to navigate the process to downsize.

Residents need to:

- Have the skills or support to get registered online on the Choice Based Lettings system.
- Maintain payments whilst queuing for a smaller property either by paying the bedroom tax or applying for a Discretionary Housing Payment to ensure that arrears don't accrue.
- Only **178** one bedroom properties became available to let in 2013/14 making it difficult for people to find a property to downsize to.

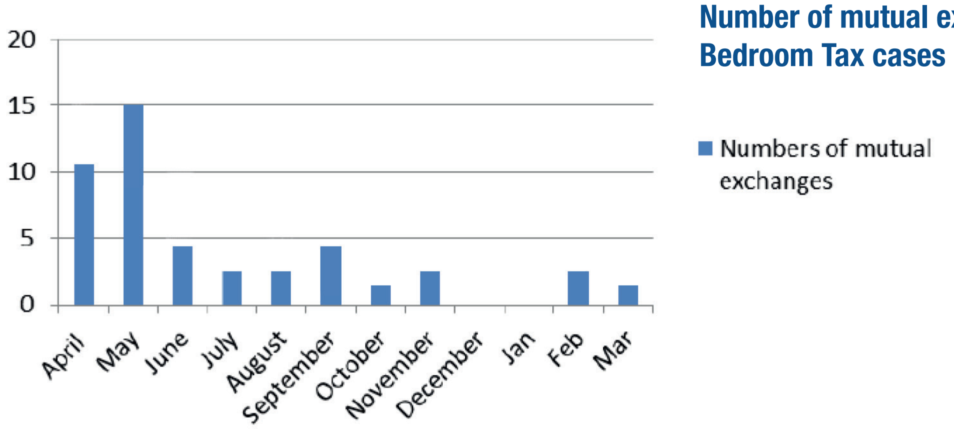
When talking to residents about moving, as they do not want to move for a lifestyle choice or have a need such as moving for a new job, a change in relationship or other life change, they are often waiting for a particular property type in a particular area, lengthening the rehousing process. This greatly restricts prospects of being rehoused.

- To address these barriers and support the most vulnerable we have developed a Welfare Reform Panel with a specialist officer who helps tenants through the complex rehousing process. So far the Welfare Reform Panel has provided assistance to 67 vulnerable customers, 13 of whom have been supported into smaller accommodation with 43 currently engaged with the service.

- There are very few suitable private rented properties available for tenants of social housing in Wythenshawe who wish to remain in the local area. At the time of writing there are only 2 one bedroom flats listed on Rightmove within the Local Housing Allowance rate and neither of these will accept benefit claimants. This is reflected in the small number of households who have been able to move out into the rented sector.

- We have promoted mutual exchange as the most viable option because it reduces void costs as well as addressing over-crowding. However, the number of mutual exchanges has reduced as many tenants have fallen into arrears.

Number of mutual exchanges for Bedroom Tax cases



Property Turnover...

Property turnover has been lower in Wythenshawe than in other areas with the overall number of tenants moving slightly higher amongst bedroom tax cases at **7.55%** compared to non-bedroom tax cases at **6.42%**.

	Total Group Stock at 1st April 2013	Bedroom Tax cases at 1st April 2013	Non-Bedroom Tax cases at 1st April 2013
	13,629	3,337	10,292
Number of tenancy terminations in 2013/14	822	189	633
% turnover	6.06%	5.66%	6.15%
Number of mutual exchanges	91	50	28
% turnover including mutual exchanges	6.70%	7.55%	6.42%

This reflects the extra resource placed into promoting mutual exchange as the most viable option to downsize with **50** bedroom tax mutual exchanges completed.

It is unclear how many of the **189** bedroom tax terminations in the year 2013/14 were directly attributable to the bedroom tax, meaning any increase in void cost is difficult to discern accurately. However, a conservative estimate is that it has cost **£315,000**.

Rent Arrears...

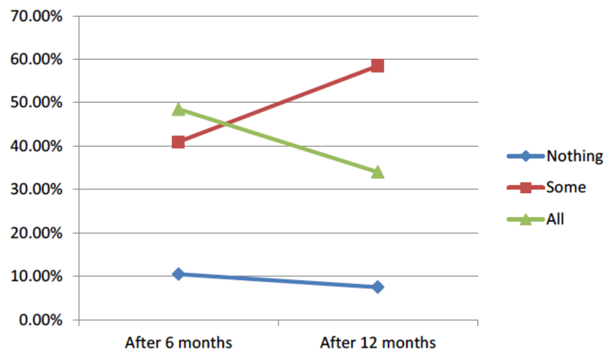
The reduction in overall numbers of Bedroom Tax cases means that the potential shortfall for WCHG for 2014/15 is £1,870,000 down from £2,324,000 in 2013/14, a reduction of **£453,000** or **19.5%**.

However, rent arrears have increased since the introduction of the bedroom tax:

	April 2013	September 2013	April 2014
Arrears %	4.17%	5.14%	4.96%
Arrears Total (£)	£1,696,000	£3,560,608	£2,829,722

Nevertheless, we can see several patterns emerge:

Bedroom Tax Payment Trends:

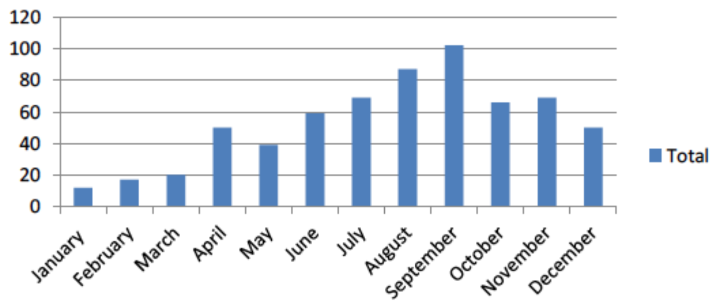


The numbers of people who have made no contribution to the bedroom tax has decreased over time from 10.5% to 7.5%. However, the number of residents able to sustain paying all the bedroom tax payments has reduced from 48.5% to 34%, whilst the number paying ‘some’ but not all has increased from 41% to 58.5%.

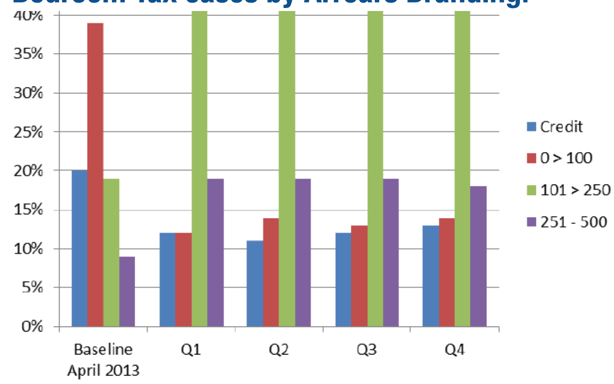
These trends back up anecdotal evidence from residents that it is difficult to manage the shortfall from their current benefits, often by cutting back on essentials such as gas, electric and food.

The graph opposite shows that food parcels given out by the main local food bank have increased dramatically from April 2013. The reduction since September 2013 has been due to a decrease in funding and availability of food and not on demand for food parcels.

Numbers of residents accessing Food Parcels at the main local Food Bank



Bedroom Tax cases by Arrears Branding:



In the first quarter of 2013/14 the number of bedroom tax cases owing between £101 and £250 rose from **19%** to **42%**, whilst those in credit fell from **20%** to **12%**.

However, the increase in arrears stabilised after the first quarter and the debt profile has remained static since.

Overall rent arrears have increased from **£1,696,000** on 1st April 2013 to **£2,830,000** on 1st April 2014.

The total amount spent on providing support and advice to customers affected by the bedroom tax alongside the debt and welfare rights services provided by the Financial Inclusion Team during 2013/14 was **£412,000**:
Welfare Reform Team: **£80,000**
Financial Inclusion Team: **£332,000**

In 2013/14 the Financial Inclusion Team supported our customers to:

- Write off £1,392,612 debts through a variety of resolutions including Debt Relief Orders and Bankruptcy Orders, with the Debt Advisors dealing with a total of £1,898,303 of our customer’s debts.
- Gain £804,133 in welfare benefits, this included housing benefit claims, discretionary housing payments along other welfare benefits like Employment Support Allowance and Personal Independence Payment.
- In addition the Money Mentors supported new tenants to claim a total of £1,017,700 in housing benefit entitlement.

What will we do next...

- Carefully monitor the impact on our community and business so that we can react accordingly.
- Continue to provide money advice and financial assistance to our tenants.
- Support our most vulnerable customers to help them to cope with the Bedroom Tax.
- Assist in finding a rehousing solution for the tenants who wish to downsize, by promoting mutual exchange.
- Work with our Real Opportunities employment initiative to support our residents back into employment.
- Partner with local, regional and national networks to ensure we adapt to emerging best practice.
- Use Get Online Wythenshawe to promote digital access to improve prospects for rehousing and help prepare for Universal Credit.

If you would like more information...

If you would like more information or to discuss anything mentioned in this brochure please contact Wythenshawe Community Housing Group Welfare Reform Project Leader Benjamin Harrison on 0161 946 7593 or email Benjamin.Harrison@wchg.org.uk

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