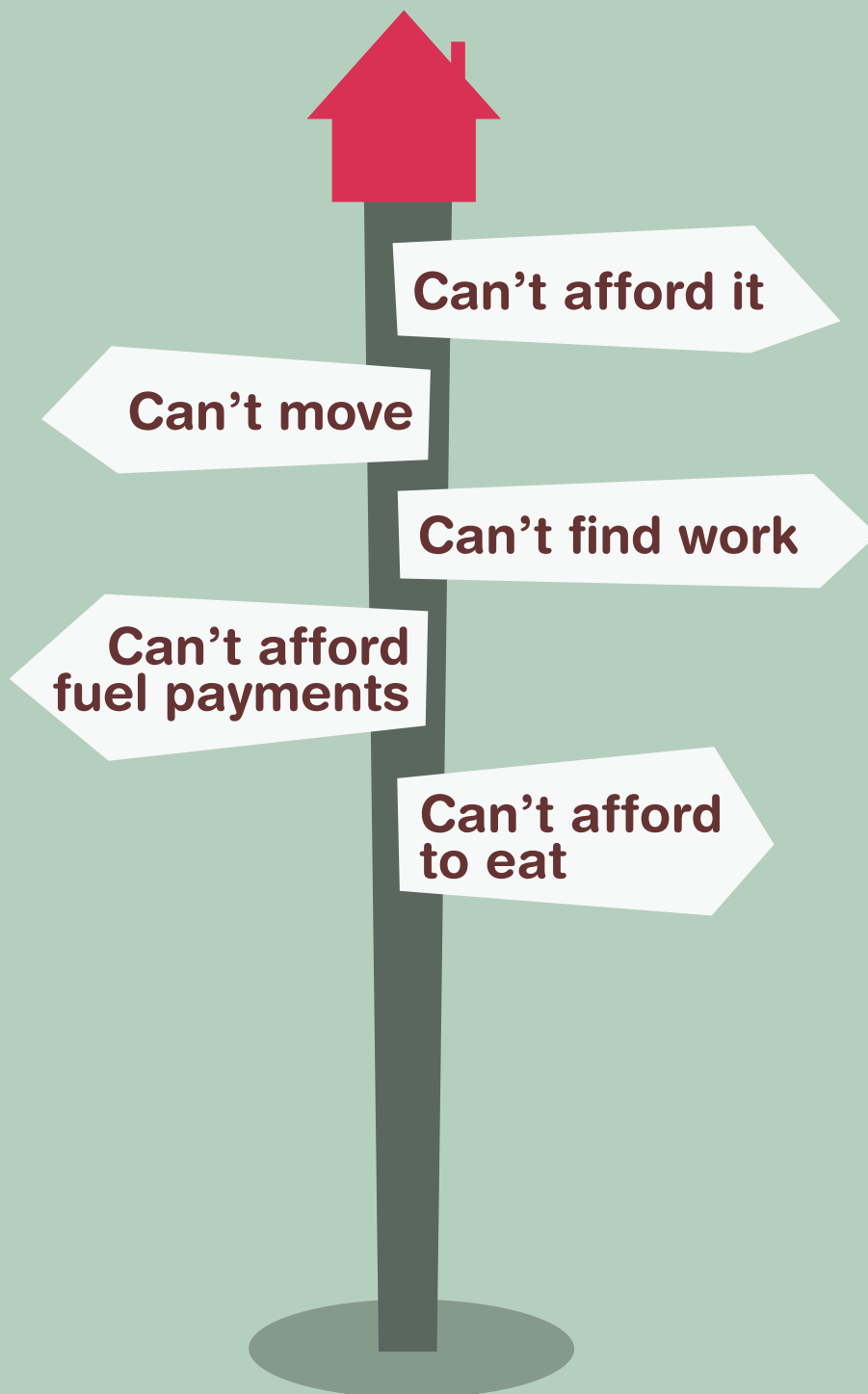


6 months of the Bedroom Tax
In Wythenshawe

A View from the North...



The Government's under-occupation charge (Bedroom Tax) is now 6 months old. It meant a cut to Housing Benefit for social housing tenants of working age, living in homes deemed to have spare rooms.

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



Introduction

This reports shows:

- 🏠 We estimate that the Bedroom Tax has cost Wythenshawe Community Housing Group £956,000 in the first six months.
- 🏠 The Bedroom Tax has not provided any significant work incentive, even if jobs were available.
- 🏠 Discretionary Housing Payments are not enough to cover the shortfall.
- 🏠 The majority of our customers don't want to move.
- 🏠 Those who do want to move have been unable to move to smaller properties as there is a lack of suitable properties.
- 🏠 There is no suitable private rented property available in Wythenshawe.
- 🏠 Rent arrears have increased as a direct result of the Bedroom Tax.
- 🏠 People with 2 spare bedrooms have been more willing to change their situation compared to those with 1 spare bedroom.



Who has been affected?

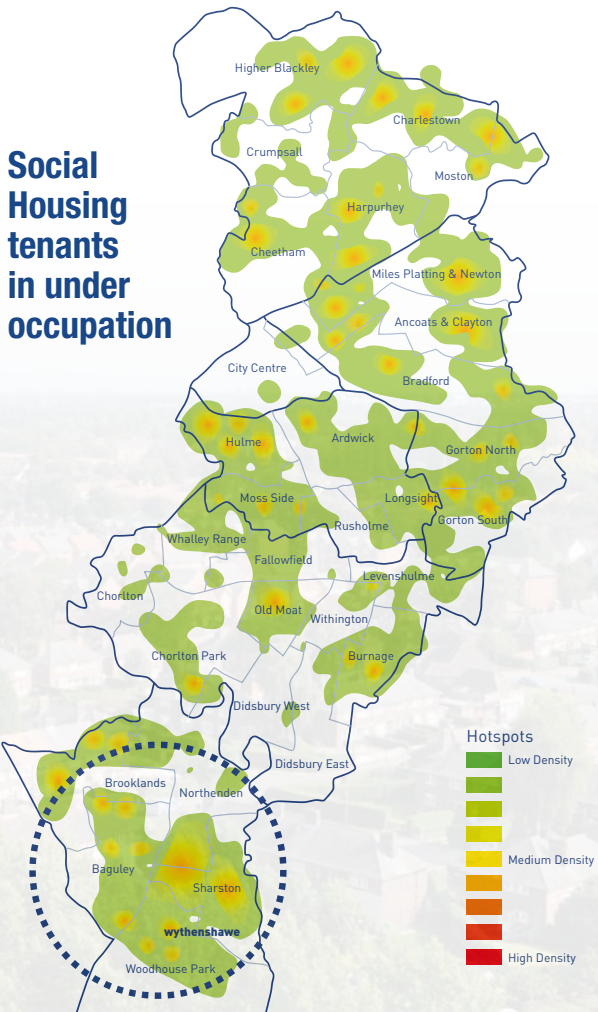
Wythenshawe Community Housing Group manages almost 14,000 properties in Wythenshawe, South Manchester. Designed in 1927 as a garden city, the stock profile is majority 3 bedroom houses. The stock profile, combined with low-demand in the 1980's & 1990's has left many households claiming housing benefit with spare rooms.

3023 of our households are currently affected by the under-occupancy rules. This is **22%** of our households.

% of total under-occupiers	Under-occupancy by 1 bedroom	Under-occupancy by 2+
2 bed property	931 (31%)	N/A
3 bed property	1457 (48%)	579 (20%)
4 bed property	44 (1%)	11 (<1%)
5 bed property	1	0
Total	2433 (80%)	590 (20%)
	14% reduction	25% reduction
Average weekly shortfall	£11.54	£22.40

The number of under occupiers living in our properties has reduced from **3337** on April 1st to **3023** at the end of September. This is a reduction of **314** or **9.4%**.

980 of the remaining tenants (**32%**) are in receipt of income-based Employment and Support Allowance and out of work. **650 (22%)** of these tenants are either disabled or severely disabled with **180 (6%)** in receipt of the higher rate of Disability Living Allowance.



Tenants' choices

Tenants 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, reducing expenditure, 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 Common Housing Register 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:

Mrs A from Royal Oak - "I live in a 3 bed house with my daughter. We get £155 a week in Income Support, Child Tax Credit and Child Benefit. We have one spare bedroom. I was going to move to a smaller house but I love where I live. My nan has said she will give me £10 a week to do her cleaning. This will mean I can afford to stay in my home."

Staying...

Discretionary Housing Payments...

-  So far, we are aware of **216** of our tenants who have successfully applied for a temporary Discretionary Housing Payment. **131** applicants have been awarded a payment so that they can do something about their circumstances. Generally, this is to find work or move to a smaller property.
-  This means that only **7%** of our tenants have been awarded help through the Local Authority to assist them meet the shortfall in their rent.
-  **85** of the successful DHP applications are for disabled tenants who live in “significantly adapted” properties. These will be paid long term so that they do not have to move. The remaining **565** disabled or severely disabled face poverty and deprivation if they cannot find work or smaller properties.
-  The income from this group is **£75,692** for the first six months of the bedroom tax compared to the overall shortfall of **£1,103,245** facing our tenants.

“131 applicants have been awarded a payment so that they can do something about their circumstances”

Case Study:

Mr S from Peel Hall - “I have mental health problems. I hadn’t got my head around paying the bedroom tax until last month because I’d buried my head in the sand. I live alone in a 3 bed flat with 2 spare bedrooms. I can’t afford it. I’m £600 behind with my rent. I’ve started paying £48 a fortnight out of my ESA but my DLA has been suspended from next month. If I don’t get it back I’ll have to choose between rent and food. I’m worried about moving to a smaller property and I’m not confident using the internet to bid for smaller properties. I’ve applied for a Discretionary Housing Payment to see if they will clear my arrears if I find somewhere smaller.”

Managing the shortfall...

Those tenants that are paying are managing the shortfall from their current benefits, often by cutting back on essentials such as gas, electric and food.

112 tenants have moved into employment or gained more hours to move from part time work into full time work, many of whom have had support from our Real Opportunities team. However, in the same period since 1st April, 93 tenants have either lost hours or lost their job meaning they have had to apply for Housing Benefit and had the under occupation charge applied to them.

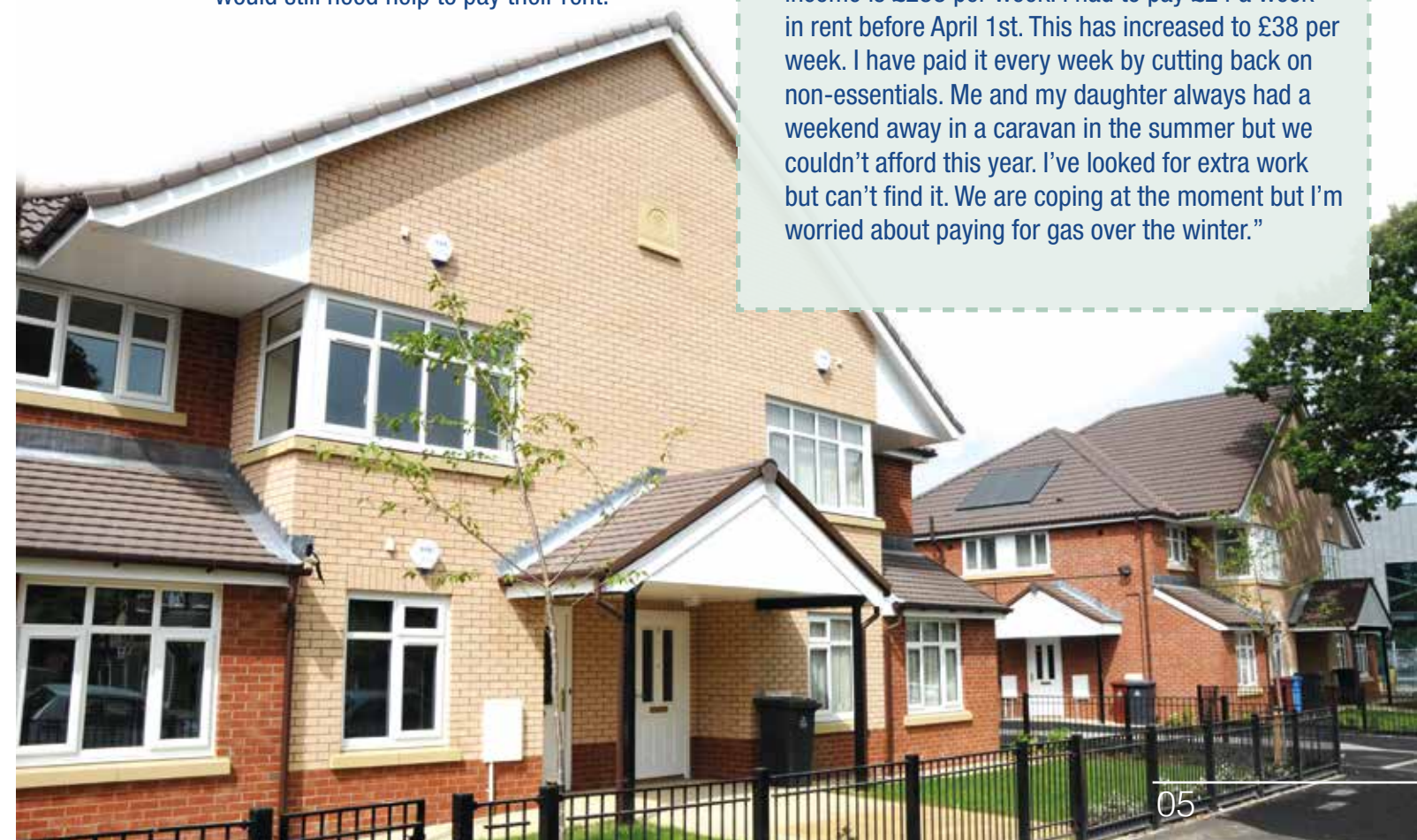
This reflects the difficulty of finding sustainable employment in the current financial climate. The jobs are not there for all those who are looking and many complain of zero hour contracts or part time work meaning they would still be trapped by the bedroom tax even if they were to move into work as they would still need help to pay their rent.

902 (30%) of our tenants affected by the bedroom tax, already doing the ‘right thing’ by working, are on low pay or part time hours meaning they need help to pay their rent.

There are **500** tenants on Job Seekers’ Allowance affected by the bedroom tax, **98** of whom are affected by two spare bedrooms at an average of £22.40 per week. With an income of £71.70 per week, even before the winter, these tenants are already making a choice between gas, electricity, food, rent and council tax.

Case Study:

Mrs S from Benchill - “I live in a 3 bed house. I am a single mum with a 10 year old daughter. I work part time 18 hours a week and get my wages, Working Tax Credit, Child Tax Credit and Child Benefit. My total income is £233 per week. I had to pay £24 a week in rent before April 1st. This has increased to £38 per week. I have paid it every week by cutting back on non-essentials. Me and my daughter always had a weekend away in a caravan in the summer but we couldn’t afford this year. I’ve looked for extra work but can’t find it. We are coping at the moment but I’m worried about paying for gas over the winter.”



“So far, 415 of the tenants affected by the under-occupation rules have indicated to us that they wish to move to a smaller property...”

Going...

- So far, **415** 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, Manchester Move, for a transfer and Homeswapper, a national website for helping people to find suitable exchanges.
- Out of these, **202** have moved so far, with, **53** transferring to a smaller property, **53** moving by mutual exchange, **67** moving out to lodge with friends or family and **29** having abandoned their property.
- Only **6 families** across all our stock have moved to private rented accommodation in the first six months of the Bedroom Tax. This is unsurprising given that there have been no private rented one bedroom properties that will accept benefit claimants advertised on Rightmove in the last six months.
- Due to the proximity to Manchester Airport and the scarcity of one bedroom properties, it is difficult for benefit claimants to obtain private rented properties. This is because the private rented market is dominated by working professionals from Manchester Airport and Wythenshawe Hospital, which means that private landlords are unwilling to let to social housing tenants who are affected by the Bedroom Tax.
- The **149** additional voids created by the bedroom tax, assuming these tenants would have stayed otherwise, has created an estimated additional cost of **£420,000** to Wythenshawe Community Housing Group.

Case Study:

Mr P, Baguley - “I got help with registering to move in March as I was on my own in a 3 bed flat and knew I couldn’t afford it. I struggled through and got help bidding on 1 bedroom flats. I got an offer last week and am moving to a 1 bed flat. I feel like I’m one of the lucky ones.”

- We have promoted mutual exchange as the easiest option to move and this can also address over-crowding if the exchange suits all parties. However, as the bedroom tax has begun to bite, the number of mutual exchanges has reduced as tenants have fallen into arrears.
- The numbers of tenants moving out to lodge with family or friends is beginning to increase, presumably as people are beginning to realise that they cannot afford to stay living independently.
- The numbers of tenants moving through transfer has also begun to increase slightly, month on month from **5** in April to **12** in September. This increase is due to the creation of a ‘20 year backdate’ in queuing time for those who have registered for a transfer on Manchester Move. This has given extra priority to those tenants affected by the bedroom tax and given transfer applicants who bid through Manchester Move a better chance of being successful.

How long to rehouse everyone?

In the first six months of the bedroom tax, there have been **92** one bedroom properties that have come available in Wythenshawe Community Housing Group.

It would take us **16 years** to rehouse all those affected by the bedroom tax in our own stock.

If the current trend continues of **202** moving in 6 months by one means or another, it would take **7 and a half years** before the bedroom tax is dealt with.



Case Study:

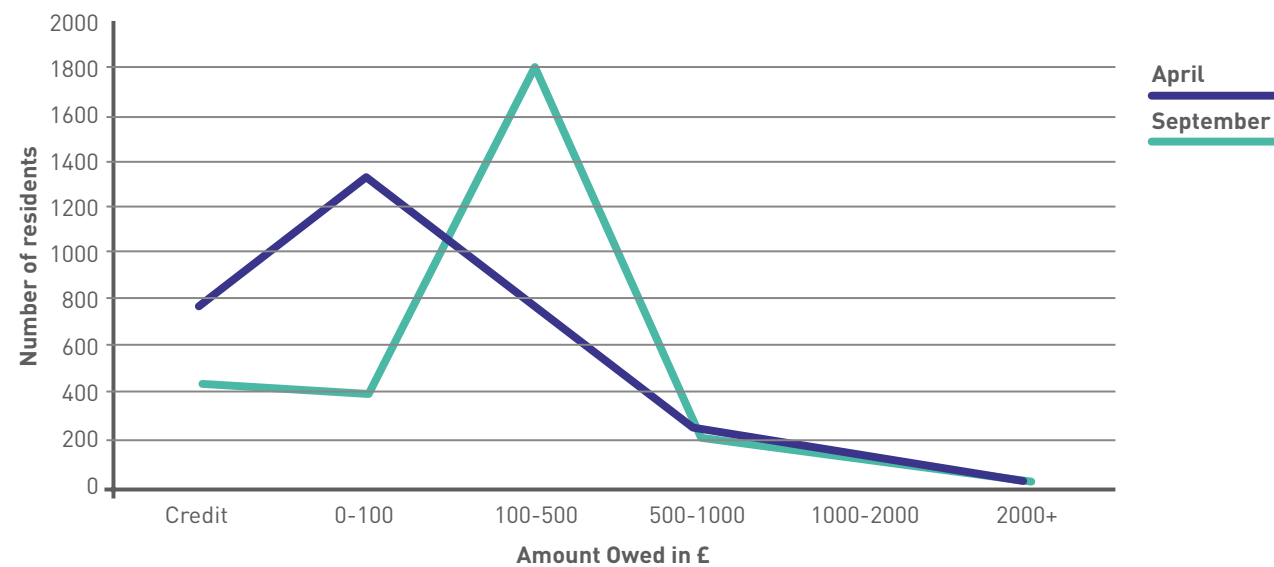
Mr G from Peel Hall - “I’m a single man in a 3 bedroom house. I’m on JSA of £71.70 a week. I’ve been paying £45.00 a fortnight but I’m behind with my water. I’m on a work programme but I can’t find work. I’m soldiering on from day to day. I thought my son was going to move back in but he’s patched it up with his girlfriend. I’ll either find another lodger or get a job. If I can’t do either I don’t know what I’ll do.”

Rent Arrears

Not surprisingly, rent arrears have increased since the introduction of the Bedroom Tax. Rent arrears for the tenants affected have increased by **£486,718** in six months.

We have collected **62.74%** of the Bedroom Tax due so far.

The chart below shows how rent arrears have increased and by how much for those affected by the bedroom tax. **1,031 (34%)** of our tenants have gone into arrears for the first time:



555 (18.1%) of tenants have not made any contribution towards the Bedroom Tax.

How much has the Bedroom Tax cost?

The cost of the bedroom tax impacts on our capacity to provide services, maintain our properties and our plans to build new homes.

The estimated cost in the first six months has been:

Increased arrears for Bedroom Tax cases - £486,718
 Increased cost of empty or void properties - £420,000
 Direct additional staff costs - £50,000
 Total cost - £956,718

What have we done so far...

- Amended our Allocations Policy to prevent further under occupation
- Invested £50,000 in extra staff costs to support those affected by the Bedroom Tax
- Worked with our tenants to find smaller properties by facilitating mutual exchanges and assisting with rehousing
- Assisted in applying for Discretionary Housing Payments for vulnerable customers
- Established a Welfare Reform Panel to look at vulnerable cases suffering exceptional hardship to assist in helping them to move.

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
- 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

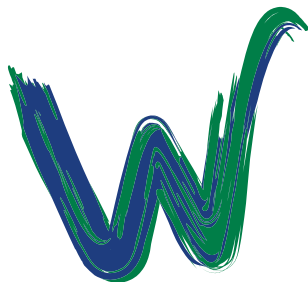


If you would like more information...

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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