

THE BEDROOM TAX IN MERSEYSIDE



100 days on

INTRODUCTION

In April 2013, the coalition Government began cutting the housing benefit of people living in social housing who it believed had one or more unused rooms and gave them a choice: find the extra money to pay the rent, or move to a smaller property.

Known as the 'bedroom tax', the Government believes this measure will cut the amount spent on housing benefit and, in the process, tackle overcrowding and free up social housing. Yet this report shows that in Merseyside, one of the most deprived parts of the country, the bedroom tax is not achieving what the Government hopes.

Based on figures collected by 18 social landlords that own 91% of all housing association homes in Merseyside – over 130,000¹ – it shows the negative impact the new policy has had on local communities.

The report shows that, across Merseyside:

- More than £22m to build desperately needed new homes could be lost a year.²
- Tens of thousands of families will be hit by the bedroom tax despite there being no local need for them to leave their homes.
- Thousands of households are spiralling into debt – many for the first time.
- There are not enough smaller social homes for people to move into.
- Disabled people will bear the brunt.

The evidence demonstrates that the bedroom tax doesn't work, that it will not save taxpayers' money and that it is not making available more social housing.

It is unnecessary and pushing people that already live in one of the poorest areas in England into further debt.

It is an unfair policy that must be repealed now.

¹ The housing associations reported stock holdings of 132,358 homes

² Sixteen housing associations estimated the financial impact of the bedroom tax on their organisations. The National Housing Federation has extrapolated these estimates to cover all 18 associations, based on impact per property

THE FACTS

Merseyside has a tradition of building bigger family homes, so the area has a severe lack of smaller properties. This means a large number of households will have their housing benefit cut because of the higher likelihood of having one or more spare rooms.

According to the 18 Merseyside housing associations surveyed for this report, 26,446 of their households will be impacted by the bedroom tax. This number includes 17,279 households living in homes with one spare room and 9,167 in homes with two or more spare bedrooms.

The Government hopes the cut to people's housing benefit will encourage under-occupying families to look for smaller homes. The idea is that they swap homes with those needing more space – and so reduce overcrowding.

Across the North West there are 110,000 households living in social housing with a spare room³ that will be hit by the bedroom tax and 25,000 social households that are overcrowded.⁴ That's a ratio of more than 4 to 1. So while there is a problem with overcrowding, it does not require all 110,000 households to move.

This raises the prospect of tens of thousands of families being forced to try and find a smaller property to avoid the bedroom tax despite there being no reason for them to do so.

26,446
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CASE STUDY

Riverside has 2,347 households affected by the bedroom tax in the Liverpool City Region that require a one-bedroom home in order to avoid the cut to their housing benefit.

Riverside's research shows that around 407 of its one-bedroom homes become available in the City Region each year. Therefore, if all 2,347 households wanted to downsize (disregarding the local housing waiting lists) it would take nearly six years to move them all.

Riverside has an additional 1,231 households affected by the bedroom tax that require two-bedroom homes. It would take two years for them to be re-housed.



THE FACTS CONTINUED

Research by the Merseyside housing associations shows that families want to stay near their local support networks and relatives. But because of the local shortage of smaller homes, they wouldn't be able to, and would be forced to move across the country, potentially hundreds of miles away. This would unsettle communities, separate families and move people further away from their places of work.

Such a population shift would also put a huge strain on the local authority. There are currently 47,350 people on the waiting list in Merseyside.⁵ If 10% of households affected by the bedroom tax requested a smaller home, social housing waiting list figures in Merseyside would go up by 5.6%. One in 13 households would be stranded on the housing waiting list.

CASE STUDY

Mary, 59, has lived in her three-bedroom home in Merseyside with her son for nearly two decades, but is now deemed to be under-occupying by one bedroom and has to pay the bedroom tax shortfall of £50.60 a month.

With a long-term health condition, Mary is reluctant to move as her neighbours provide her with much needed support and care. She has applied to the council for a Discretionary Housing Payment⁶ but there are no guarantees she will get it.

Mary has no choice but to sell the jewellery her late mother bought her as birthday gifts. When the jewellery is gone she will have no way of paying the bedroom tax.

Only 155 households out of the 26,446 hit by the bedroom tax in Merseyside managed to relocate to smaller homes in the social housing sector during the first month of its imposition.

The Government hopes that the private rented sector will be able to accommodate families moving out of their social homes. But private landlords are reluctant to rent out property to people claiming benefits.

And because people living in social housing are on low incomes, and private rents are higher than social rents, they won't be able to afford all of the rent. This means the Government will have to help pay some of the housing costs in the form of housing benefit.

Halton Housing Trust estimates that for every social housing resident in Halton moving into a private rented home, an additional £1,500 is added onto the housing benefit bill each year.

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⁵ CLG Housing Statistics Live Tables (2011)

⁶ Discretionary Housing Payment (DHP) grants were introduced by the Government to provide financial support for people who would struggle to cope with a cut to their housing benefit

HITTING THE POOREST

Many social housing residents live hand-to-mouth and their ability to manage their low incomes is crucial for them to be able to survive and look after themselves and their families.

The bedroom tax cuts an average of £14 a week from a household with one spare room, or £25 a week for two or more.⁷ For these families, not having this money to pay their rent⁸ will push them into greater hardship, forcing them to choose between eating and paying their bills and rent.⁹

Between April and May 2013, during the first four weeks of the bedroom tax, 14,197 households across Merseyside got into arrears with their rent. For nearly 6,000 of these households it was the first time they had ever fallen behind on their rent.

Since the bedroom tax came into force, Merseyside housing associations have seen a considerable rise in the number of families using food banks to make ends meet. A number of new food banks have opened across the area, alongside furniture and school uniform recycling schemes.¹⁰

Helena Partnerships has issued 39 fuel-debt relief loans since April, compared with 39 loans issued for the whole of the last financial year. SLH Group has issued 23 food vouchers since April, compared with 35 in the last financial year.

CASE STUDY

Living on the poverty line can have consequences on people's mental health. Many social housing tenants are vulnerable and in finely balanced situations and a sudden change in their circumstances can cause huge stress and bouts of depression.

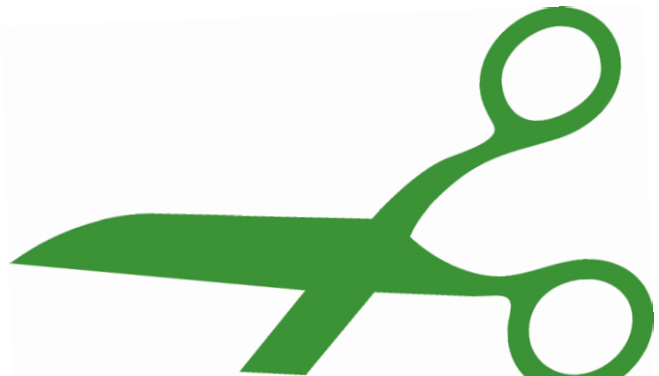
Riverside has encountered an increase in residents calling its staff to express suicidal thoughts and has arranged for the Samaritans to train its customer service staff so they have the skills and confidence to talk to those at risk.

The bedroom tax cuts:

£14 / £25

a week from a household with one spare room

a week for two or more



⁷ DWP impact assessment: www.dwp.gov.uk/docs/social-sector-housing-under-occupation-wr2011-ia.pdf

⁸ Based on 16 housing association responses to National Housing Federation survey

⁹ Based on 13 housing association responses to National Housing Federation survey

¹⁰ Anecdotal information and data taken from National Housing Federation survey of Merseyside housing associations

Disabled households

The nature of the bedroom tax also means that the majority of those hit – two-thirds¹¹ – are disabled. The National Housing Federation estimates that there are 19,055 disabled people in Merseyside affected by the bedroom tax who are set to lose a total of £13.872m a year.¹²

Many of these residents live in homes that have been adapted to meet their individual needs. This includes things such as widened doorways for wheelchairs, hand rails, additional rooms for vital equipment, or spare rooms that are used by carers.

Unless found in a specialist residential housing development – which are highly sought after with spaces rarely becoming available – adapted homes are scarce. The needs of individuals are often unique, so in the event of one of these homes becoming free, it will more than likely be unsuitable and in need of additional work.

Installing these adaptations is a time consuming and costly process. A wheelchair ramp, for example, can cost as much as £500 while, on average, the cost of a walk-in shower reaches £3,600.¹³ The average amount of grant awarded for adapting a home is £6,500¹⁴.

“... there are 19,055 disabled people in Merseyside affected by the bedroom tax ”



The average cost of adaptations is

£6,500

11 Figure estimated by the National Housing Federation using total number of Merseyside households impacted by the bedroom tax and the Government's DWP Impact Assessment data

12 Figure calculated by the National Housing Federation using DWP impact assessment

13 Cost based on Riverside estimates

14 Department for Work and Pensions (2008) Fraud and Error in the Benefit System: April 2007 to March 2008

THE SUPPORT

Government

In response to the high number of disabled households that will struggle with a cut to their housing benefit, the Government has said Discretionary Housing Payment (DHP) grants will be available to support people in the most extreme situations.

But there simply is not enough money to go around. In Merseyside, £4.2m in DHP is available.¹⁵ If this sum was divided equally between the 26,446 households affected by the bedroom tax they would each receive just £3.07 a week. That means they would still lose a total of £15.03m a year.

DHPs are also for other people who will need financial assistance under the welfare reforms. They may be used, for instance, by councils to help families at risk of homelessness under the benefit cap or for people struggling to adapt under Universal Credit. With the impact of these measures yet to be clear, it is possible that even less money will be available for people hit by the bedroom tax.

These grants are only short-term fixes. In Merseyside, DHPs are available for mostly six months or less. The majority of people affected by the bedroom tax were not in a position to move home after the first six weeks of the measure, so such temporary assistance will not solve their long-term problems.

The Government has provided £25m of additional national DHP funding and asked local authorities to prioritise its distribution to people living in significantly adapted properties. However, the short-term and discretionary nature of the awards is unlikely to give households the certainty and security needed to stay in their homes.

Housing associations

Housing associations are non-profit community organisations created to provide affordable homes for people around the country. They are in business for the well-being of their residents and are doing all they can to help their residents prepare for and cope with the bedroom tax.

In addition to including information in leaflets and tenant newsletters, over the last year Merseyside housing staff have been going door-to-door and holding drop-in sessions, meeting 16,616 residents to give advice on the welfare reforms.¹⁶ Social landlords are providing more of these services, with 83% of Merseyside housing associations¹⁷ increasing resources for welfare or money advice.

Sixty-seven per cent of Merseyside housing associations funded initiatives for job and skills support – giving advice on employment and training opportunities to nearly 5,000 residents last year.¹⁸ Of these residents, 1,356 have successfully moved into work, back into education, enrolled on training courses or secured apprenticeships.¹⁹

Social landlords are also helping people to reduce what they spend on utility bills by, for example, helping them look for better deals or advising on ways to save energy or water. They are also helping residents get more income by ensuring they are accessing all the benefits to which they are entitled.

Events where people with a spare room can meet those looking for a larger property are another way housing associations are helping their residents. Landlords are also helping residents to sign up to the HomeSwapper scheme: one Merseyside housing association that operates nationally has seen almost 200 tenants sign up since the bedroom tax began – an increase of almost 40%.

¹⁵ Data from: <https://lha-direct.voa.gov.uk/search.aspx>

¹⁶ Based on 15 housing association responses to National Housing Federation survey

¹⁷ Based on Merseyside housing association responses to National Housing Federation survey

¹⁸ 4,949 residents were given employment/training advice. Based on 15 housing association responses to National Housing Federation survey

¹⁹ Based on 9 housing association responses to National Housing Federation survey

THE SUPPORT CONTINUED

CASE STUDY

Liverpool Mutual Homes (LMH) is helping vulnerable residents impacted by the bedroom tax with intensive advice and support. The housing association recently supported a 61-year-old woman who had fallen into debt with loan sharks and was facing further debt because of the bedroom tax.

LMH helped her apply for a Discretionary Housing Payment and also managed to negotiate a repayment plan for a long-standing debt with the water authority.

CASE STUDY

SLH Group (SLH) is offering residents affected by the bedroom tax additional support to help them find a job. Working with external partners, the housing association is offering residents training programmes to provide them with all the necessary skills to get back into work.

If the residents successfully complete the course, SLH will recognise their commitment to covering the bedroom tax shortfall for the duration of the eight-week training course. This money is covered by SLH's social enterprise schemes.

CASE STUDY

Riverside has appointed a team of dedicated money advisors based at its head office in Liverpool and local offices across the country that provides telephone and face-to-face advice to tenants.

The money advisors help residents maximise their income by helping them claim for Discretionary Housing Payments to meet the shortfall in housing benefit and helping them claim for other benefits they don't realise they're entitled to.

They also help them reduce their outgoings and deal with debt. In 12 months, Riverside has helped 1,670 tenants nationally access around £2m in unclaimed benefits. It has also helped people avoid eviction and remain in their homes by reducing rent arrears of over £133,000.

This approach is also being taken by many other housing associations across Merseyside. Liverpool Housing Trust²⁰ recruited dedicated welfare reform advisors who supported more than 1,200 residents prior to the bedroom tax coming into force. LHT's welfare benefits, money guidance and debt advice team have also helped residents access more than £500,000 in unclaimed benefits.



£3.07

Discretionary Housing Payment a week for six months

“ In 12 months, Riverside has helped 1,670 tenants nationally access around £2 million in unclaimed benefits.”

THE CONSEQUENCES

The bedroom tax is causing upheaval and hardship for residents across Merseyside. The majority of residents hit with the benefit cut are finding the extra money to pay, but many are finding it very difficult and are entering into arrears. If the amount of arrears continues to build up, it will have a negative knock-on effect on the wider community.

As non-profit organisations, housing associations put every penny they make back into building desperately needed homes, delivering community services, and improving and maintaining homes for their residents.

Not receiving rent puts these activities at severe risk and threatens housing associations' ability to tackle England's housing crisis. Landlords have no choice but to collect the rent.

Across Merseyside, 16 housing associations estimated that the total financial cost²¹ of the bedroom tax could be £17.3m over the 12 months between April 2013 and March 2014. Applied to the area as a whole,²² housing associations could lose an estimated £22.9m over 12 months. This lost money could pay for the construction of 250 new homes in Merseyside.²³

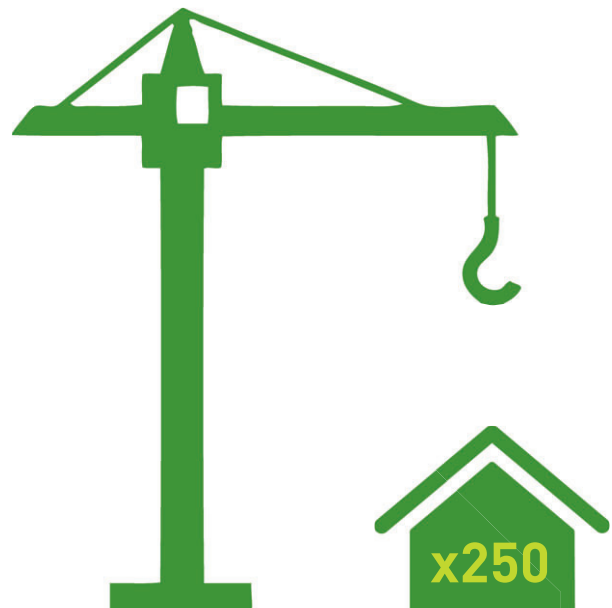
Moving households out of larger properties when there is no urgent need to vacate them could also see a rise in the number of empty homes (known as voids). On 31 March 2013, Helena Partnerships, a housing association in St Helens, had 63 three-bedroom voids. This number almost doubled to 123 three-bedroom voids by the end of June 2013.²⁴

South Liverpool Homes estimates that each void property costs on average £3,000 in repairs, lost rent and increased staff costs. This money could be used for building new homes.

Some housing associations have been able to re-classify their properties – changing the status of some two-bedroom homes into one-bedroom homes. While this is fortunate for some residents, it is sadly not a long-term viable solution. This is because housing associations, who are already operating in an environment where funding has been drastically cut, re-invest all the income they receive.

The amount housing associations could lose over 12 months

-£22.9m



The number of new homes this lost money could pay for

²¹ This is a self-reported figure and each association may view the financial impact differently and have therefore used different methodologies to calculate this

²² The financial impact per home held by the 16 associations responding to this question was calculated. This figure was then multiplied against the total stock holdings of all 18 associations involved in the research to produce a total impact of £22.9m

²³ National Housing Federation calculations using impact modelling produced by CEBR

²⁴ Data as of 21 June 2013

THE HUMAN COST

CASE STUDY

Teresa, 61, has lived in her home for over 20 years in Speke, Liverpool. Her granddaughter stays over for several nights a week as her daughter, a single mother, works night shifts. Without this vital support from Teresa, her daughter would be unable to carry on working and would be forced to claim benefits.

Under the bedroom tax, Teresa is deemed to need just one bedroom. She is not in work and is struggling to meet the increase of nearly £100 a month in her rent due to the bedroom tax.

Teresa will qualify for pension credit in Jan 2015 and will be able to avoid the tax. Until then she has to somehow find the extra money, or downsize – but this would mean her granddaughter would have nowhere to sleep and her daughter would have to give up work.

CASE STUDY

Vanessa, 42, lives in a three-bedroom home in Garston, Liverpool with her 15-year-old daughter, Sommer. Born with hypoplastic left heart syndrome – a condition where only half the heart functions – Sommer has had open-heart surgery five times.

Because of Sommer's needs, Vanessa is unable to work. They have lived at their home for over 13 years and don't want to move because Sommer has network of close friends that live in the community.

SLH Group supported Vanessa to successfully apply for Discretionary Housing Payments, but this financial assistance is only available for a year. Next year the family may have no other option but to move home.

CASE STUDY

Paul and Diane, both in their 50s, had worked all of their lives and owned their own house. But one day Paul collapsed and ended up in hospital, fighting for his life. He survived, but is now severely disabled – unable to walk unaided and struggling with liver disease, muscle wastage and other health problems.

Paul couldn't to return to work and Diane was made redundant. They were forced to sell their home. Today they live in a three-bedroom Cobalt Housing²⁵ home where Diane is his full-time carer. Paul sleeps in one bedroom; the second is filled with medical equipment, while the third is used by Diane to get some respite and a night's sleep.

The Government says the two rooms are 'spare' and now Paul and Diane have to find another £23 a week to pay their rent. They became overdrawn and were penalised with bank charges.

They have been awarded Discretionary Housing Payments – but only for 13 weeks from 1 April. It is uncertain if they will be able to apply for another grant when the current payments run out.



AN UNFAIR POLICY

The Government's frequent defence of the bedroom tax is that 'it is about fairness' and that the housing benefit bill is out of control and must be cut.

But nothing is fair in forcing out an older parent from a home in which they have lived for decades because their child has flown the nest and left a spare room. Nor is it fair to cut the benefits of a disabled person who cannot find a smaller home with the same crucially needed adaptations.

The housing benefit bill is not high because people are living in larger properties. It is high because there is a severe lack of affordable housing. This is pushing up rents to a level that is so unaffordable to ordinary people in work that they need Government assistance to pay their rent.

Despite this, the choice given to residents by the Government – move or pay – is false. The fact is there aren't enough smaller social homes in Merseyside for people to avoid the bedroom tax even if they wanted to move. If they rented in the private sector, where costs are higher, this would more than likely increase the benefit bill – which raises questions on why they have been asked to move in the first place.

The reality is that many people will stay in their homes and will be forced to live on less money in a country where living costs and utility bills are rising.

Housing associations are doing all they can to lessen the blow. They are visiting residents, trying to get them back into work, helping them look for ways to downsize or finding better ways with which they can manage their money.

Sadly, many residents will struggle and, given the choice between feeding their families and heating their homes, could fall behind on their rent and risk the roof over their heads. The increase in arrears will damage the ability of housing associations to provide homes and services for the rest of the community – and to steer Britain out of its housing crisis.

Housing associations opposed the bedroom tax from the beginning and this report shows that their concerns were justified.

They warned that the policy will not work – and it is not working. They warned that it will not make the savings the Government hopes – and it is not. They warned that families across the country will face financial hardship and struggle to make ends meet – and they are.

The bedroom tax is hurting the most vulnerable people in Merseyside. It is time to face the facts. It is time to repeal this unfair policy now.

“There aren't enough smaller social homes in Merseyside for people to avoid the bedroom tax even if they wanted to move.”

National Housing Federation

Lion Court
25 Procter Street
London WC1V 6NY

Tel: 020 7067 1010

Email: info@housing.org.uk

Website: www.housing.org.uk

NATIONAL HOUSING FEDERATION

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The National Housing Federation is the voice of affordable housing in England. We believe that everyone should have the home they need at a price they can afford. That's why we represent the work of housing associations and campaign for better housing.

Our members provide two and a half million homes for more than five million people. And each year they invest in a diverse range of neighbourhood projects that help create strong, vibrant communities.

The following Merseyside housing associations contributed evidence to this:

Crosby Housing Association
Halton Housing Trust
Helena Partnerships
Knowsley Housing Trust (First Ark Group)
Liverpool Mutual Homes
One Vision Housing
Plus Dane Group
Regenda Group
Riverside
SLH Group
Steve Biko Housing Association
Symphony Housing Group –
BBCHA, Cobalt Housing, Liverpool Housing Trust (LHT)
Venture Housing Association
Wirral Methodist Housing Association
Wirral Partnership Homes
Your Housing Group



The National Housing Federation runs **iN business for neighbourhoods** in partnership with members to promote the neighbourhood work of housing associations.