

THE BEDROOM TAX



Some home truths

Introduction

We have a housing crisis. The housing benefit bill is increasing at an alarming rate as people struggle to keep up with rising housing costs. With this in mind the Government has brought in welfare reforms designed to address the growing housing benefit bill.

The Government says that the under-occupation penalty, also known as the bedroom tax, will:

- tackle overcrowding
- encourage more efficient use of social housing
- save the taxpayer £465m per year.

This report examines those claims. Its findings raise significant concerns that, based on the Government's own data, the bedroom tax will not meet these aims and could have serious, unintended consequences for those affected. The resulting upheaval could also end up costing the taxpayer more, not less.

The report found that:

- there aren't enough smaller social homes available for everyone affected by the bedroom tax to be able to downsize
- if those people move to the private sector the bill to the taxpayer could increase
- if the disabled people affected by the bedroom tax move, it could cost millions in home adaptations
- in the North of England, under-occupation exceeds overcrowding by a ratio of 3:1, hitting these regions hardest.

Families hit by the bedroom tax outnumber overcrowded families by three to one in the North

The Government wants the bedroom tax to reduce overcrowding by encouraging under-occupying families to swap homes with those who need the space.

But this would require transfers and home swapping on a huge and national scale to make it work.

In the North of England (the North East, North West and Yorkshire & Humber), families affected by the bedroom tax outnumber overcrowded families by three to one, taking into account both social housing and the private rented sector.¹

In the North, three families are affected by the bedroom tax for every one family living in an overcrowded home



Families hit by the bedroom tax may struggle to find a smaller home

According to the Government, the bedroom tax will promote more efficient use of social housing by encouraging people to choose the right sized home for their needs. However, the shortage of suitable alternative accommodation means that many will have to stay put, and try to make up the shortfall in their benefit payments, or move to the more expensive private sector.

Even the Government has admitted that 'if all existing social sector tenants wished to move to accommodation of an appropriate size, there would be a mismatch between available accommodation and the needs of tenants'.

It adds: 'In many areas this mismatch could mean that there are insufficient properties to enable tenants to move to accommodation of an appropriate size even if tenants wished to move and landlords were able to facilitate this movement.'²

The Federation estimates that there are 180,000 households under-occupying two bedroom social homes. But in 2011-12, only 85,000 one bedroom properties became available in the social housing sector.³

Even if all the 85,000 one bedroom homes were given to people downsizing from two bedrooms there would still be 95,000 households left over. These 95,000 households would face either moving to the more expensive private sector or staying put and trying to make up the shortfall in their benefit.

In reality this number would be much higher as many of the one bedroom homes that become available would go to some of the 970,000 people on waiting lists in England for this size of property.⁴

The bedroom tax could cost taxpayers money

Ministers emphasise that saving taxpayers' money is a key aim of the policy.

The only way the bedroom tax will save money is if the majority of families stay in their homes and try to absorb the loss of housing benefit – an average of £728 per year for one 'spare' room.⁵

If people do what the Government suggests, and find a smaller home to move to, in some cases housing benefit claims will actually increase.

This is because the only option for many families will be to downsize to the more expensive private rented sector. Families under-occupying two bedroom homes who move to a one-bed flat in the private rented sector would end up claiming an average of £1,500 more per year in housing benefit – even though they'll be living in smaller properties.⁶

If the 95,000 households who, in our example above, are unable to get a one bedroom social home all moved to the private rented sector, it could lead to benefit claims increasing by £143m a year, based on the difference in average rents. On top of this another 480,000 families currently living in larger properties may also need to downsize to the private sector, which may result in additional costs.



² DWP impact assessment: www.dwp.gov.uk/docs/social-sector-housing-under-occupation-wr2011-ia.pdf

³ Federation analysis of CORE data

⁴ 971,408; National Housing Federation calculations

⁵ Page 9, DWP impact assessment: www.dwp.gov.uk/docs/social-sector-housing-under-occupation-wr2011-ia.pdf (£14 x 52 weeks = £728 per year).

⁶ Federation analysis

Making disabled people move could cost millions

The bedroom tax will have a particular impact on disabled people. Two thirds of housing benefit claimants affected by the tax are disabled, while 100,000 live in specially adapted properties and around 230,000 claim Disability Living Allowance (DLA). 77 per cent of DLA recipients live in the social sector.

Adaptations are a valuable but expensive investment, with one wheelchair ramp costing about £500 and a level-access shower costing about £3,000. The average grant issued by local authorities for adaptations to a disabled person's home is £6,000. With 100,000 families potentially needing new adaptations, the extra cost to the taxpayer could run into millions. This is assuming the adaptations are even possible. If under-occupiers end up moving to the private rented sector, their new landlords may refuse permission for these changes to be made to their properties.

The Government has emphasised that it has made £25m available as extra Discretionary Housing Payments for disabled and vulnerable people hit by the bedroom tax. That is not enough to help these people stay in their own homes. If the £25m was distributed equally between all those affected who receive DLA, they would get just £2.09 each per week compared to an average £14 a week loss in housing benefit.

A basic issue of fairness

Lisa and Brett:

“Because my partner is my carer, we have to pay”

Lisa has cerebral palsy, which confines her to a wheelchair. Her partner Brett is her full-time carer. Her condition means Brett sleeps in the second bedroom but because they are a couple, they are expected to share a room or pay the bedroom tax.

“We are a couple living in a two bedroom, specially-adapted bungalow. I rely totally on my partner who provides my care 24 hours a day. Basically I need help with all aspects of my life.

“Due to the nature of my disability I am in constant pain and my legs have a lot of spasms. In order for my partner to get some quality sleep in between getting up to help me, and so he can care for me the next day, he sleeps in our second bedroom.

“We've received a letter from our council telling us we are under-occupying by one bedroom and will have to pay £21.85 each week. We may be entitled to a Discretionary Housing Payment but this is not a long-term solution to our situation and is limited.

“We strongly feel that this new law is discriminating against couples in our situation.”



Amount disabled people might gain from Discretionary Housing Payments

Amount they would lose in housing benefit through the bedroom tax

Logan and Fiona:

“My autistic son may have to go into care”

Fiona lives with her son Logan, who has severe autism, in a three-bedroom house, specially adapted for his needs.

Fiona will have to find an extra £60 a month because she has a tiny third bedroom so a carer can stay three times a week, bringing respite and allowing her to work.

The alternative is to downsize but she fears this may force her to put her son into full-time residential care.

Logan is prone to self-harm because of his autism and needs to be monitored 24 hours a day. Fiona applied for a Disability Facilities Grant, which along with her savings, paid for the adaptations. This means Logan's bedroom is padded and has CCTV. She may have to pay back grants if she moves because she has been living there for less than 10 years.

She said: “The bedroom tax is unjust and not thought out. It has been dreamed up in an office and put through without realising the impact.”

Christine:

“I was made redundant and am fighting to find a job”

Christine, a 57-year-old grandmother, has lived in her family home for 31 years, raising her children singlehandedly while working in retail. She was made redundant in July 2009. Struggling on benefits with a sick daughter and a sick grandchild, she has been unable to find another job, despite going back to college.

The bedroom tax could leave her with only £4 a week for food after paying rent and bills and push her into debt, putting her home and children at risk. She is trying to move to a smaller home but is struggling to find somewhere near her daughter and granddaughter.

She said: “I think it's very unfair for people like me who are unemployed through no fault of their own. I've been trying to get a job. I've gone back to college for the last two years but I can't find work.”



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