

Cambridge Centre
for Housing &
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Under-occupation and Housing Benefit Reform:

Four local case studies

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Contents

Foreword	2
Introduction	3
Chorley – Clayton Brook Neighbourhood case study	4
Wirral - Tranmere and Rock Ferry Neighbourhood Case Study	12
Lewisham – Lee Neighbourhood case study	22
Sunderland – Low Ford Neighbourhood case study	30
Summary and Conclusions	38

Foreword

This research explores the impact at neighbourhood level of the Government's proposal to restrict housing benefit for working age households under-occupying social housing. It is the second piece of research addressing under-occupation undertaken by the Housing Futures Network (HFN) in conjunction with the Cambridge Centre for Housing and Planning Research.

In the first study, we explored the profile of those likely to be affected and their potential behavioural responses to the proposed benefit cuts, with primary data collected through a telephone survey of 500 tenants. In this follow-on study we look at the impact across whole neighbourhoods, through examining 4 case study areas. This fills in an important knowledge gap: whilst the global impact of the changes are well understood, and there are many individual case studies which illustrate some of the likely consequences of the benefit restrictions, there is little understanding of the impact on 'place'. Looking at the impact on 'real' neighbourhoods, where data on household composition, stock mix, rent levels etc. are known, we can apply the behavioural learning from the original survey and consider the challenges providers and policy makers are likely to encounter as the changes come on stream from April 2013. How many tenants are affected? What are they like? What opportunities for re-housing are they likely to have? What will be the impact for those who don't move? And putting all of this together, what is the affect on the neighbourhood? The case studies aim to bring the policy issues to life.

Each HFN member has chosen a case study area, where they have a geographical concentration of stock. Each is a recognisable neighbourhood, comprising 2 whole Middle Layer Super Output Areas. Case study areas differ, and have been chosen to cover a cross-section of neighbourhood types (although this is constrained by the stock holdings of the HFN members). Whilst HFN does not claim that the case study areas represent a statistically representative sample of UK neighbourhoods, we do believe they represent 'typical' concentrations of social housing.

Data collection and analysis has been overseen by the Cambridge Centre for Housing and Planning Research, who have brought an independent perspective to the study. In addition to the analysis of quantitative data, the case studies also pull in qualitative information gathered from staff and tenants.

Under-occupation and Housing Benefit reform: Four local case studies

Introduction

These four local case studies were commissioned by the Housing Futures Network in order to gather more evidence on the likely impact of the proposed Housing Benefit cuts for social tenants of working age who are under-occupying their home by one or more bedroom. Under-occupation is defined, in accordance with the Housing Benefit rules currently in use for the private rented sector. Households are assessed as requiring enough bedrooms so that no one has to share a bedroom unless they are:

- A couple
- Children under sixteen and of the same sex *or*
- Children under ten and of either sex

The proposed housing benefit reforms would cut Housing Benefit by 14% if they are under-occupying by one room, and by 25% if they are under-occupying by two or more rooms. The impact of these reforms will not be felt evenly throughout the country. For this reason, this research looked at four local neighbourhoods which were:

- **Clayton Brook** in Chorley
- **Lee**, in Lewisham
- **Tranmere and Rock Ferry** in Wirral
- **Low Ford** in Sunderland¹.

Data has been collected for the case study areas on a systematic basis. This includes:

- Data from the information systems of the HFN housing associations
- Data from other housing providers in the locality (where available)
- Data about the private rented sector (from Right Move)
- Other published data for the areas (ONS etc.)

¹ For data purposes, these were defined as the MSOA areas Wirral 021 and 027, Chorley 001, Lewisham 016 and 013 and Sunderland 012.

Chorley – Clayton Brook Neighbourhood case study

1. The Neighbourhood

Clayton Brook is a large, mixed tenure residential area in Lancashire located between Preston and Chorley. Clayton Brook Village, as it is often termed, is bounded by the A6 road and the M61 and M65 motorways and is located close to the M6 motorway. Built in the late 1970s and early 1980s the village has two primary schools and a small parade of shops which includes a dentist and a doctors' surgery.

A total of 2,252 households were living in Clayton Brook at the time of the 2001 Census. Of these, 50% were social renters, 46% owner-occupiers and just 4% private renters. The social rented housing stock consists largely of a mixture of two and three bedroom dwellings and the large majority of households are of working age, with or without children². Compared with the England average, Chorley residents are relatively more affluent, have higher than average levels of educational attainment, and experience lower unemployment rates. There are though pockets of deprivation with 18% of wards in the 25% most deprived in England. Neither Clayton Brook nor Chorley have been involved in any of the large scale regeneration projects of the last few years e.g. Housing Market Renewal. Clayton Brook did recently make a successful bid for Lottery Funding as part of the Green Spaces project which has resulted in a new children's play area being developed in the neighbourhood.

Under-occupation in Clayton Brook

Places for People is a major social landlord in the area and manages a total of 926 social rented properties in the neighbourhood. Overall, 23% of properties are occupied by tenants of working age, in receipt of Housing Benefit who are under-occupying their home by one or more bedroom. Table 1:1 shows the numbers of affected tenancies by size.

Table 1:1 Social rented dwellings and tenancies affected by the Housing Benefit cuts

Number of bedrooms	Property type	Total number		Affected tenancies – under-occupying by 1 room	Affected tenancies – under-occupying by 2+ rooms	Proportion of property size affected
1	flats	138	138	-	-	0%
	houses	0				
2	flats	254	334	79	-	24%
	houses	80				
3	flats	0	440	87	48	31%
	houses	440				
4+	flats	0	14	1	0	7%
	houses	14				
Total		926		167	48	23%

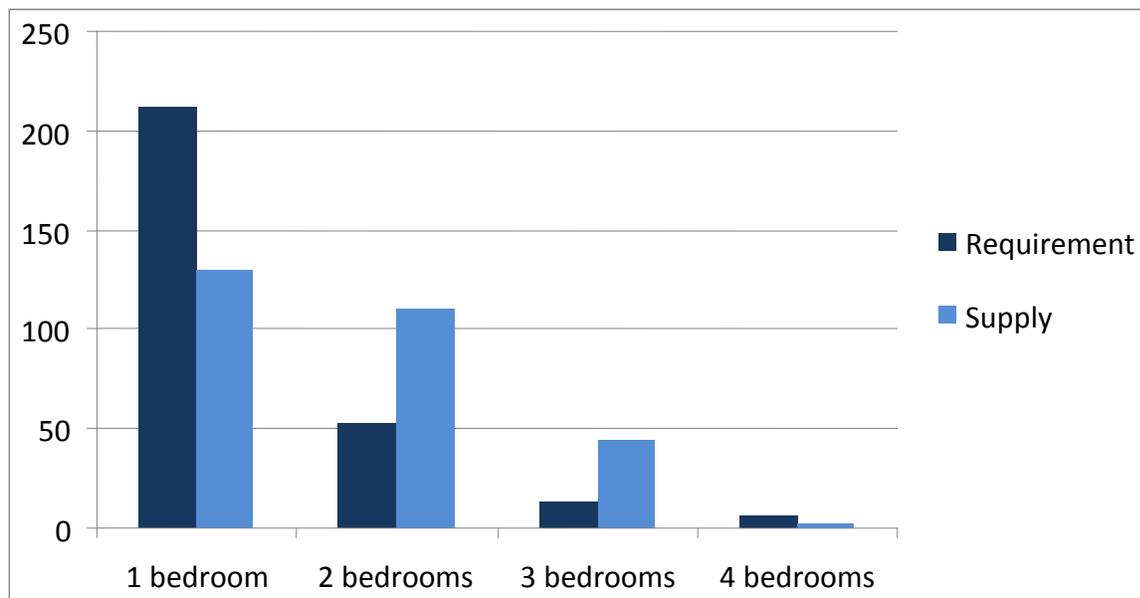
Source: Places for People data 2011

As can be seen from Table 1:1, the large majority of Places for People's stock in Clayton Brook is two and three bedroom houses, more than a quarter of which are under-occupied by a working age household in receipt of Housing Benefit. Looking more broadly at all the social housing in the neighbourhood, data from CORE on the profile of households at the point when they are allocated new tenancies shows that 71% of two bedroom properties and 61% of those

² 2001 Census

three bedrooms were initially allocated to households “above standard” (i.e. technically in need of fewer rooms, according to Housing Benefit regulations). There are a variety of reasons why this is likely to have occurred. However the main reason for under-occupation appears to be the mismatch between the size of households and the available properties. Figure 1:1 shows the requirement for different sized properties and the supply of available social rented properties over the last three years in the neighbourhood.

Figure 1:1 Supply of properties³ and requirements of households allocated.



Source: CORE 2008-9, 2009-10 and 2010-11

As can be seen, of the 285 allocations of new tenancies in the neighbourhood between 2008 and 2011, 212 of them were to households only technically in need of a one bedroom home (i.e. couples or singles without children). Yet there were only 130 one-bedroom properties allocated during this period. It is clearly not possible to accommodate the households in need of one bedroom from the available stock without allowing some to under-occupy. CORE data also shows that over 95% of allocations were to households that include at least one person of working age, so would potentially (either currently or in the future should they lose a job) be hit by the Housing Benefit cuts.

The allocations policy currently in use at Clayton Brook does mean that some households are allocated properties larger than what would be deemed necessary according to housing benefit criteria. This policy has been adopted in an attempt to tackle anti social behaviour issues in some areas of the neighbourhood. Also, relatively small waiting lists for this area means that a policy of not allocating block flats to households with children under the age of 16 has been possible to implement. It would therefore be necessary to either substantially alter the profile of households being offered tenancies in Clayton Brook, or to risk some of them being allocated properties in which they may be unable to afford the rent.

There will therefore be excess demand for smaller properties from new tenants, and from existing tenants needing to downsize. In addition, Places for People’s data shows that a further

³ General needs social rented dwellings

10% of tenancies in the neighbourhood are under-occupied by tenants of pensionable age. It is going to be very difficult for landlords to offer any priority for downsizing amongst this more traditional group when there will be so many other pressures on their smallest units.

2. The wider local authority context

Most of the issues facing the Clayton Brook neighbourhood are also facing the wider district. There is a low proportion of social housing in Chorley, only 13% of the total housing stock (5,895 dwellings) all of which is managed by housing associations⁴.

There are 851 households on the waiting list for social housing, the majority of which only require one bedroom⁵.

The number of people on the waiting list quoted here reflects the number on the local authority's Choice Based Lettings waiting list and does not include those on Places for People's waiting list for the area (Places for People are not part of the local authority's CBL scheme). Even adding in this figure, estimated to be 25 currently, means that the waiting list in this area is relatively small. For Places for People some of this is explained by the fact that waiting lists for three and four bedroom properties have been closed for some time and only recently re opened. It is also the case though that generally there is relatively low demand for social housing in this area.

Figures on the extent to which social tenants will be affected by the Housing Benefit cuts are not fully known at this level. Census data does however suggest that around 36% of social rented households in the district are working age and under-occupying (albeit using a different measure of occupancy from the Housing Benefit regulations).

CORE data suggests that the mismatch between the profile of households being allocated housing and the size of the stock highlighted in Table 2 is repeated throughout the district. Overall, 461 one bedroom properties were allocated during the last three years, but 726 new tenancies were signed by households technically in need of a one bedroom property. Conversely, there is an "excess" supply of 169 more two bedroom properties allocated than there were households requiring three bedrooms, according to the HB definitions. The main cause of this appears to be the high demand for social housing from single person households, and relatively low demand from families.

3. Options for those affected

Table 1:2 shows the profile of tenants in the neighbourhood who will be affected by the Housing Benefit cuts.

⁴ CLG live tables

⁵ HSSA, 2011

Table 1:2 Profile of affected tenants

		Number	Proportion
Length of tenancy	Under a year	16	7%
	1-5 years	79	37%
	6-10 years	51	24%
	11-20 years	47	22%
	Over 20 years	22	10%
Age group of 1st tenant	Under 35	60	28%
	35-44	50	23%
	45-54	66	31%
	55+	39	18%
Households with children (age 0-16)		46	21%
Total affected households		215	

Source: Places for People data, 2011

As can be seen, there is a real spread of age groups and lengths of tenancy affected by the Housing Benefit cuts. It does not appear that the problem is confined to “empty nesters” in the Clayton Brook neighbourhood. Those affected by the Housing Benefit cuts have several possible options. A survey recently carried out by the Housing Futures Network asked tenants how they might react to the cuts. Table 1:3 shows their response, and estimates of the numbers

Table 1:3 Tenants’ views on likelihood of different responses to the changes

How likely would you be to:	Very unlikely	Quite unlikely	Unsure	Quite likely	Very likely	Estimated numbers taking action	
						Number	Proportion of affected tenants
seek to move to a smaller property, so that you would no longer face a shortfall?	224	45	69	56	58	146	32%
ask other people within your household for extra help to pay the rent?	378	11	17	27	19	51	11%
ask other people outside your household for help to pay the rent?	336	30	23	42	21	72	16%
try to earn more money through work to pay the rent?	314	37	48	38	15	77	17%
take in a lodger?	371	23	34	15	9	43	9%
fail to pay the rent and run into arrears?	168	52	73	78	81	190	42%

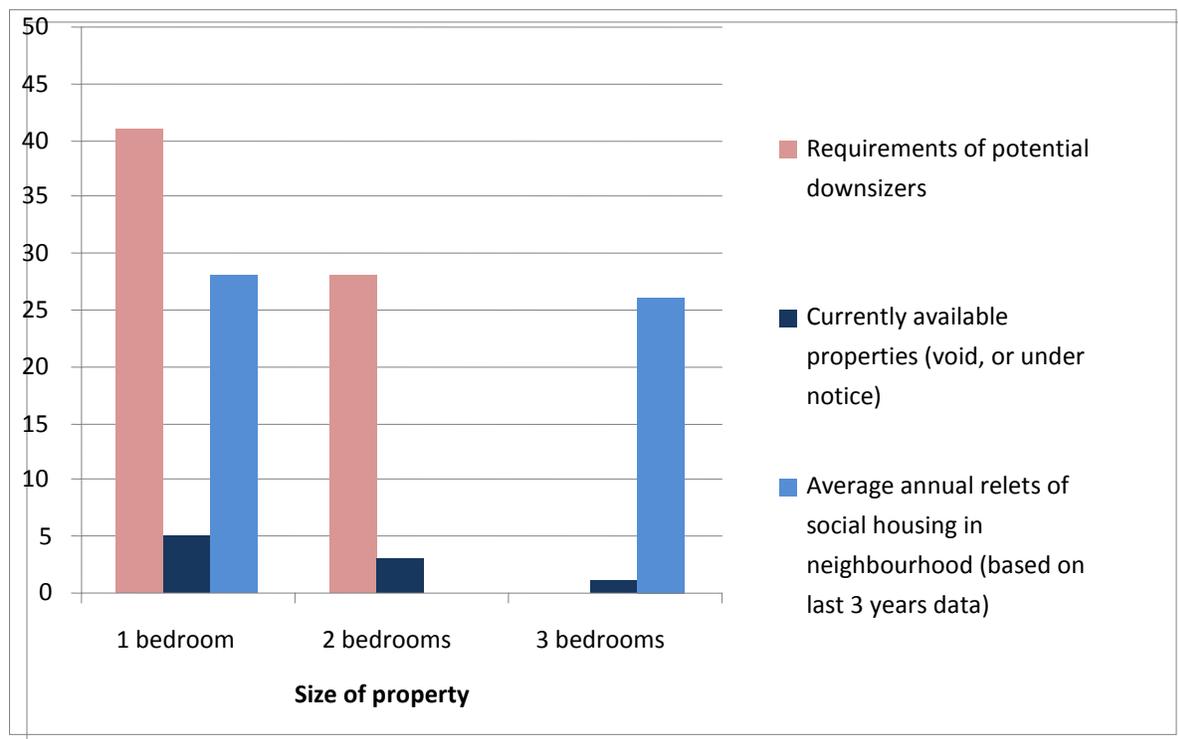
Source: Clarke and Williams, 2011

Using this research as an indicator of likely response to the cuts, in the context of the Clayton Brook neighbourhood, we can look at the possible consequences for tenants and landlords.

(i) Moving

Of the 215 households in the neighbourhood likely to be affected by the reforms, the data above suggests that 69 will seek to move to a smaller property. From the profile of these households and the dwellings they occupy, we can calculate their requirements, and can compare this to the profile of stock available.

Figure 1:2 Numbers of under-occupiers likely to want to downsize, and available housing stock, by size of property



Source: Places for People data, 2011

There is clearly not the capacity to rehouse all those who are likely to wish to downsize into one bedroom properties to do so, and those wishing to downsize to one bedroom homes would need to compete with the people on the housing register, most of whom are also in need of just one bedroom.

One possibility for affected households might be to downsize to the private rented sector. The HFN survey suggested that only very small numbers of tenants would consider the private rented sector. However, if suitably sized accommodation within the social sector is not available it is possible that numbers considering this option could increase. The Clayton Brook neighbourhood has low rates of private renting, only 4% of all households in 2001. Table 1:4 shows private rented accommodation currently available within the private rented sector.

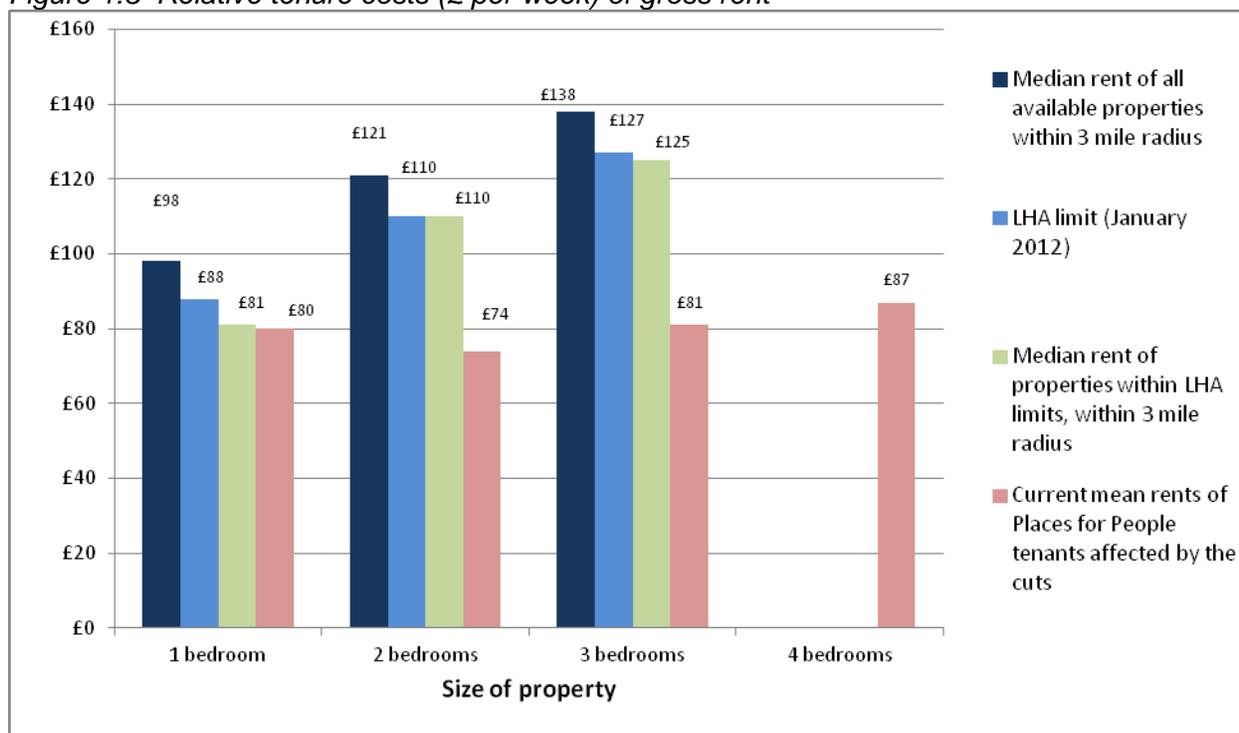
Table 1:4 Private rented accommodation available

Size of property (number of bedrooms)	1	2	3
Number of private rented dwellings within the neighbourhood ⁶	6	53	45
Number of currently available properties within 3 mile of centre of neighbourhood	28	100	61
Number of currently available properties within 3 mile radius, within LHA limit	9	9	14
Number of currently available properties within LA, within LHA limit			

Source: 2001 Census and Rightmove (January 2012)

The Clayton Brook neighbourhood appears to have very few one bedroom properties, and only a limited supply of smaller dwellings within LHA limits within a three mile radius. There are, however, cost implications for the Housing Benefit bill for this, should they choose to move. Figure 1:3 shows the relative costs of accommodation available.

Figure 1:3 Relative tenure costs (£ per week) of gross rent



Source: Rightmove (January 2012) and VOA 2011

The main downsizing move that would be likely to result from the Housing Benefit cuts would be from a two bedroom social rented home to a one bedroom private rented home within LHA limits. This would result in an increase in Housing Benefit claimed from £74 to £81 a week. One in five of the households identified as under-occupying have children aged under 16 living in the household. It can be presumed that most of these children will be attending local schools and

⁶ This is based on 2001 Census data which records the number of rooms (rather than bedrooms) that a property has. It has been assumed that properties with 1-2 rooms have one bedroom, 2-4 rooms have two bedrooms and 5-6 rooms have three bedrooms.

relocating these households out of the area would have a negative effect on their schooling. Clayton Brook Primary also hosts a Children's Centre from where many of these families will be accessing vital services and advice.

Clayton Brook has an active community group and is currently in the process of relocating to a new larger community house. It is feasible that some of the tenants who would move would be long standing, active members of the community and this would be at odds with Places for People's stated aim of seeking to build strong, stable communities.

Those likely to be most affected and 'forced' to move are probably single fathers who have been allocated a 2 bedroom property on the basis that an access arrangement is in place and they have a child who stays with them on a regular basis, and there is concern locally to ensure that a lack of suitable housing does not exacerbate difficulties for separated parents in maintaining contact with their children.

(ii) Staying put

In Clayton Brook the average amount of the shortfall faced will be £13.08. Those who do manage to make up the shortfall are likely to face substantial cuts to their household budgets in order to do so. For example, a single person aged over 25 living on JSA would currently receive £65.45. After household bills, this would probably leave around £45 disposable income. A £13.08 rental shortfall would therefore represent 29% of disposable income, leaving only around £32 for food and all other essentials.

Evictions

The reduction in Housing Benefit represents 3.85% of Places for People's rental income from the neighbourhood. Clearly a major concern to social landlords is the possibility that tenants may fail to move and also fail to pay the shortfall in their rent, and run up arrears. The HFN survey suggested that 42% of tenants are likely to do this, which would equate to 90 of the 215 affected households in the neighbourhood. Assuming households failed to pay just the shortfall, the total arrears of these households would build up by £1,177 a week, or £61,214 a year.

Social landlords will look to help households facing difficulties paying their rent to come to agreements to prevent eviction. However, in the worst case scenario, these households, if they still fail to pay would have to be evicted. Data from HFN members on the costs of evictions suggests that evictions cost landlords an average of £6,825. Evicting the 90 tenants who do not find a way to pay the shortfall would therefore cost a total of £614,250, equivalent to almost two months entire rental income from the neighbourhood. This does not include the costs to any other agencies such as courts, advice agencies or council homeless departments who may be approached for assistance from tenants who risk losing their homes, or to the household themselves.

Clayton Brook neighbourhood currently benefits from an in-house site services team. For comparable service charges to elsewhere in the country they receive enhanced landscaping and grounds maintenance services which could be lost or substantially reduced if money had to be found to pay for evictions.

(iii) What else might they do?

Chorley has a working age population of 68,710, of whom 2.7% are currently out of work and in receipt of benefits⁷, a lower rate than the national average. Average earnings are £478, slightly below the national average of £507. It is likely that some of the tenants currently identified as

⁷ Nomisweb

being likely to be affected by the Housing Benefit cuts will get work or increase their earnings by the time the reforms come in. However, against a background of rising national unemployment and a depressed regional economy, it is likely that just as many other households currently in work will lose work or hours and therefore make a new Housing Benefit claim within the same time span.

Those that will be hardest hit by these changes though are those that are currently receiving full housing benefit which usually means those that are unemployed or cannot work for some reason. Some of these will be long term unemployed and it is unlikely that they will suddenly be able to find work. A difficult balance would need to be achieved anyway to ensure that extra earnings did not have the opposite effect and reduce housing benefit further. Experience within Places for People, at Clayton Brook and in the wider Central Lancashire area, is that taking in a lodger is not an option people often take.

Many of the families living on Clayton Brook do so because that is where their friends and family live. Internal data suggests that 75% of households in the neighbourhood have incomes of less than £25k (the national average). It is doubtful therefore that affected households would be able to get help making up the shortfall from this source, particularly as this would not be a one-off arrangement. It is more likely that they would seek help from loan sharks or the new breed of 'legal loan sharks' such as Wonga, currently on the increase.

Wirral - Tranmere and Rock Ferry Neighbourhood Case Study

1. The Neighbourhood

The neighbourhood of Tranmere and Rock Ferry is located around one mile south of Birkenhead, on the eastern side of the Wirral peninsula on the banks of the River Mersey. This now predominantly residential area grew in the 19th century, to house workers from the nearby Lairds shipyard and other associated traditional industries. The area still retains a Victorian character and infrastructure, and has suffered considerable population and economic decline as traditional industries have contracted and then closed, with limited replacement by more contemporary commercial activity. As a result there are high levels of deprivation in the neighbourhood, with 10 out of the 11 output areas within the neighbourhood within the bottom 10% of most deprived areas in the country, and seven of them in the bottom 5%⁸. There are also high rates of illness and disability in the neighbourhood with 32% of all social tenants having a limiting long-term illness⁹.

The neighbourhood has undergone intense housing-led regeneration over the past decade, principally through the vehicle of the Housing Market Renewal Initiative. This has seen the replacement of the worst Victorian housing stock with a mix of housing for rent and low-cost home ownership, as well as the redevelopment of the main retail area. As a result, many residents have lived through massive physical change, and a significant number have moved within the neighbourhood through a decanting process, prior to the clearance of their homes.

Notwithstanding the recent down-turn in the housing market, the regeneration of Tranmere and Rock Ferry has been successful, with a significant increase in house prices (at least to 2008), reduction in the number of long-term vacant properties and improvement in measurements of resident satisfaction in the neighbourhood. Whilst there remains much to do, there is a genuine feeling that the area has turned the corner, and that a strong, loyal community has survived years of turmoil.

A total of 7,165 households were living in this neighbourhood at the time of the 2001 Census. Of these, 30% were social renters, 51% owner-occupiers and 19% private renters. The latest available data from the local authority shows that there are currently 2,578 social rented households in the neighbourhood (30.6% of all households).

Under-occupation in Tranmere and Rock Ferry

Riverside is a major social landlord in the area and manages a total of 421 general needs social rented properties in the neighbourhood. Levels of under-occupation and benefit dependency are high and overall 24% of properties are occupied by tenants of working age, in receipt of Housing Benefit who are under-occupying their home by one or more bedroom. Table 2:1 shows the numbers of affected tenancies by size. As can be seen, the problem is largely two or three bedroom properties occupied by single people or couples.

⁸ 2010 IMD

⁹ 2001 Census

Table 2:1 Social rented dwellings and tenancies affected by the Housing Benefit cuts

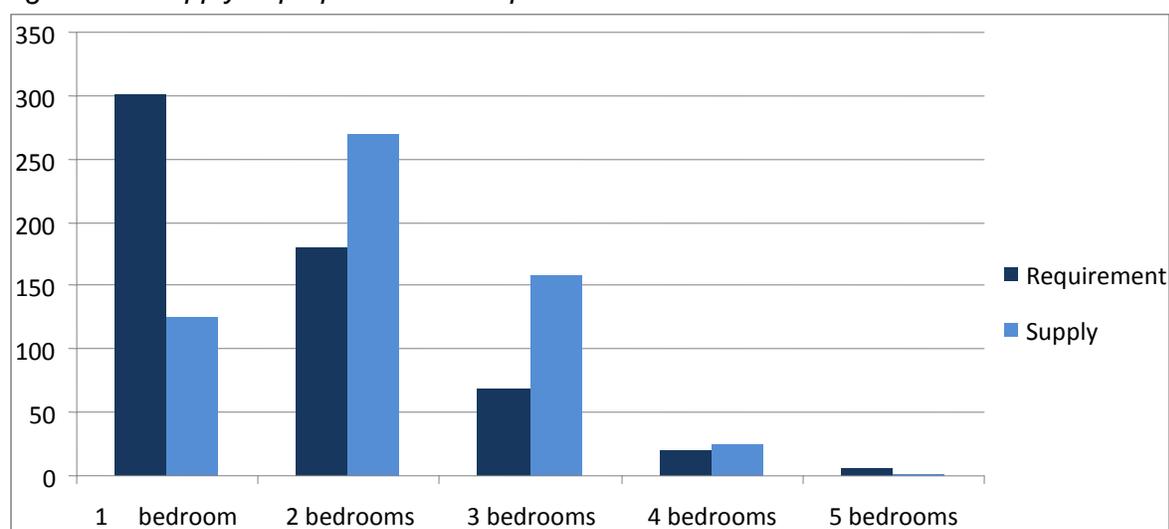
Number of bedrooms	Property type	Total number		Affected tenancies – under-occupying by 1 room	Affected tenancies – under-occupying by 2+ rooms	Proportion of property size affected
1	flats	28	34	-	-	0%
	houses	6				
2	flats	75	210	58	-	28%
	houses	135				
3	flats	8	162	28	11	24%
	houses	154				
4+	flats	0	15	1	2	20%
	houses	15				
Total		421		87	13	24%

Source: Riverside data 2011

Data from other local landlords suggests that these figures are broadly similar throughout the sector locally – 19% of the 852 homes managed by Wirral Partnership Homes in the neighbourhood are likely to be affected by the cuts. There are also very high rates of benefit dependency within social housing in the neighbourhood. Only 47% of working age social tenant households were economically active in 2001. This is likely to mean that, as is the case for Riverside tenants, many of the under-occupiers in social housing across the neighbourhood will be dependent on Housing Benefit.

Data from CORE on the profile of households at the point when they are allocated new tenancies suggests that 60% of two bedroom properties, 56% of those three bedrooms and 28% of those with four were initially allocated to households only “above standard” (i.e. technically in need of fewer rooms, according to Housing Benefit regulations). There are a variety of reasons why this is likely to have occurred. CORE data suggests that 8% of allocations were being decanted from other properties. Riverside’s own data suggests that this was the case for 13% of their own under-occupiers, where typically small households living in modest two bedroom Victorian terraced houses (often with very small rooms, no gardens and considered less than ideal for family occupation) have been allocated new homes on a ‘like for like’ basis in terms of bedroom size. However the main reason for under-occupation appears to be the mismatch between the size of households and the available properties. Figure 2:1 shows the requirement for different sized properties and the supply of available social rented properties over the last three years in the neighbourhood.

Figure 2:1 Supply of properties and requirements of households allocated.



Source: CORE 2008-9, 2009-10 and 2010-11

As can be seen, of the 580 allocations of new tenancies in the neighbourhood between 2008 and 2011, 302 of them were to households only technically in need of a one bedroom home (i.e. couples or singles without children). Yet there were only 126 one bedroom properties allocated during this period. It is clearly not possible to accommodate the households in need of one bedroom from the available stock without allowing some to under-occupy. CORE data also shows that over 90% of allocations were to households that include at least one person of working age, so would potentially (either currently or in the future should they lose a job) be hit by the Housing Benefit cuts.

However Riverside's housing management staff¹⁰ have confirmed another significant factor in the under-occupation of homes at initial letting. Despite the regeneration of the area, many of the houses remaining in the neighbourhood are small 'back of pavement' Victorian and Edwardian terraced houses, without gardens and with very small second (and sometimes third) bedroom sizes, where typically an upper bedroom has been sub-divided to create a bathroom. Many of these houses are not considered suitable family dwellings and are therefore allocated to single people (sometimes with access to children following a relationship breakdown), or couples.

Following the introduction of an under-occupation penalty, it would therefore be necessary to either substantially alter the profile of households being offered tenancies in the Tranmere and Rock Ferry neighbourhood - though the nature of the stock will continue to be a real constraint on this - or to risk some of them being allocated properties in which they may be unable to afford the rent.

There will therefore be excess demand for smaller properties from new tenants, and from existing tenants needing to downsize. In addition, Riverside data shows that 21% of tenancies in the neighbourhood are under-occupied by tenants of pensionable age. It is going to be very difficult for landlords to offer any priority for downsizing amongst this more traditional group when there will be so many other pressures on their smallest units, and housing staff have

¹⁰ A focus group for staff involved in the management of stock in Tranmere and Rock Ferry was held on 20/1/12. A separate focus group for residents (attended by 30) was held on the same day.

confirmed their concern about this side-effect, since this is where efforts to facilitate downsizing have been targeted in the past.

2. The wider local authority context

Most of the issues facing Tranmere and Rock Ferry are also facing the wider local authority district of the Wirral. Social housing currently comprises 16% of the total housing stock, (22,481 dwellings). This is all owned and managed by Housing Associations¹¹. There are some issues of low demand in the district with 6389 vacant dwellings, around half of which have been empty for more than six months¹². These are nearly all in the private sector. There are nevertheless 16,232 households on the waiting list for social housing.

Figures on the extent to which social tenants will be affected by the Housing Benefit cuts are not fully known at this level, although for Riverside a total of 332 tenants in the borough will face reductions (20% of all tenants). Census data does however suggest that around 42% of social rented dwellings are under-occupied by working age households (albeit using a different measure of occupancy from the Housing Benefit regulations). With the problem of under-occupation being repeated throughout the district, it is unlikely that other areas will be able to 'help' resolve local problems in Tranmere and Rock Ferry.

CORE data suggests that the mismatch between the profile of households being allocated housing and the size of the stock highlighted in Figure 2:1 is repeated throughout the district. Overall, 1,309 one bedroom properties were allocated during the last three years, but more than twice this number of new tenancies were signed by households technically in need of a one bedroom property. Conversely, there is an "excess" supply of 1,000 more three bedroom properties allocated than there were households requiring three bedrooms. With a waiting list of over 16,000 these properties are unlikely to be hard to let, but the new need to ensure a better "fit" between the size of households and properties is likely to benefit larger households and disadvantage single people and couples competing for the small supply of one bedroom properties.

3. Options for those affected

Table 2:2 shows the profile of tenants in the neighbourhood who will be affected by the Housing Benefit cuts.

As can be seen, there is a real spread of age groups and lengths of tenancy affected by the Housing Benefit cuts. It does not appear that the problem is confined to "empty nesters" in the Tranmere and Rock Ferry neighbourhood, nor just to long-standing tenants. A quarter of those affected are families with children. In addition a significant number of those affected are likely to have disabilities or a long-term limiting illness.

¹¹ CLG live tables

¹² HSSA, 2011

Table 2:2 Profile of affected tenants

		Number	Proportion
Length of tenancy	Under a year	7	7%
	1-5 years	46	46%
	6-10 years	24	24%
	11-20 years	19	19%
	Over 20 years	4	4%
Age group of 1st tenant	Under 35	30	30%
	35-44	25	25%
	45-54	29	29%
	55+	16	16%
Households with children (age 0-16)		24	24%
Total affected households		100	100%

Source: Riverside data, 2011

Whilst figures are not available for the specific group of tenants affected in the case study area, 51% of Riverside working age tenants in the Wirral local authority area report a household member with a long-term illness, health problems or disability which limits activities.

Those affected by the Housing Benefit cuts have several possible options.

A survey recently carried out by the Housing Futures Network asked tenants how they might react to the cuts. Table 2:3 shows their response, and estimates of the numbers.

Table 2:3 Tenants' views on likelihood of different responses to the changes

How likely would you be to:	Very unlikely	Quite unlikely	Unsure	Quite likely	Very likely	Estimated numbers taking action	
						Number	Proportion of affected tenants
seek to move to a smaller property, so that you would no longer face a shortfall?	224	45	69	56	58	146	32%
ask other people within your household for extra help to pay the rent?	378	11	17	27	19	51	11%
ask other people outside your household for help to pay the rent?	336	30	23	42	21	72	16%
try to earn more money through work to pay the rent?	314	37	48	38	15	77	17%
take in a lodger?	371	23	34	15	9	43	9%
fail to pay the rent and run into arrears?	168	52	73	78	81	190	42%

Source: Clarke and Williams, 2011

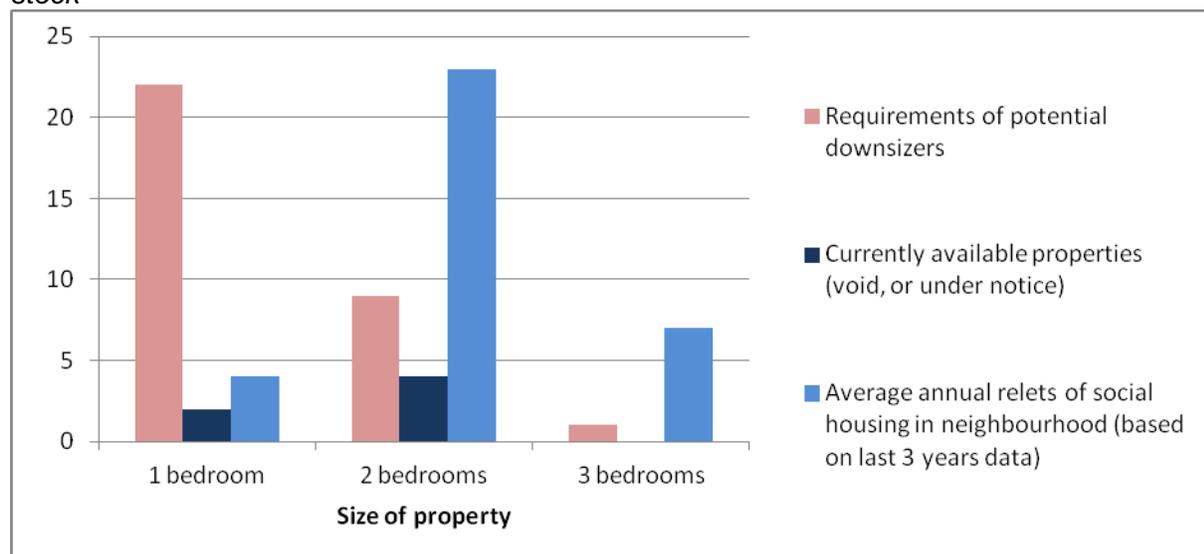
Using this research as an indicator of likely response to the cuts, in the context of the Tranmere and Rock Ferry neighbourhood case study, we can look at the possible consequences for tenants and landlords.

(i) Moving

Of the 100 households in the neighbourhood likely to be affected by the reforms, the data above suggests that 32 will seek to move to a smaller property.

From the profile of these households and the dwellings they occupy, we can calculate their requirements, and can compare this to the profile of stock available.

Figure 2:2 Requirements of under-occupiers likely to want to downsize, and available housing stock



Source: Riverside data, 2011

There is clearly not the capacity to rehouse all those who are likely to wish to downsize into one bedroom properties. If all relets were made exclusively available to those seeking to downsize, the process would take six years. Of course, as Figure 2:1 shows, there is also other pressure on this stock.

Looking to the wider district, Riverside’s entire stock in the Wirral, only 52 one bedroom properties became available for letting annually on average during the last three years, and as already demonstrated, these are likely to be required for under-occupying tenants in other areas.

In the wider social sector, CORE data shows than an average of 437 one bedroom social dwellings were allocated annually over the last three years in the Wirral district. There are however 22,481 social renting households in the district. If the figures the case study neighbourhood are reflected throughout the district, an estimated 1,191 affected households will be looking to downsize to these one bedroom properties, who would have to compete with the large numbers of new tenants also seeking them.

One possibility for affected households might be to downsize to the private rented sector. The HFN survey suggested that only very small numbers of tenants would consider the private

rented sector, and participants in the resident focus group confirmed this, citing reduced security of tenure poor quality and high rents as deterrents. However, if suitably sized accommodation within the social sector is not available it is possible that numbers considering this option could increase. The Tranmere and Rock Ferry case study area does have quite a considerable supply of private rented housing – 19% of all housing stock in 2001.

Table 2:4 shows private rented accommodation currently available within the private rented sector within the study area.

Table 2:4 Private rented accommodation available

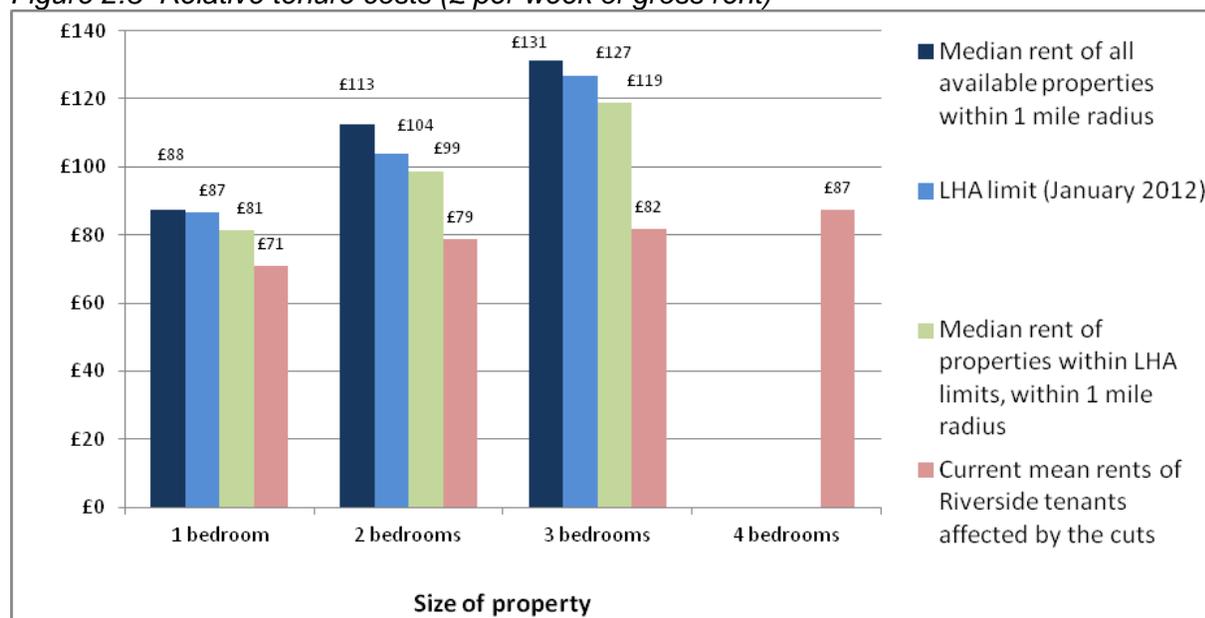
Size of property (number of bedrooms)	1	2	3
Number of private rented dwellings within the neighbourhood ¹³	65	509	698
Number of currently available properties within 1 mile of centre of neighbourhood	21	32	87
Number of currently available properties within 1 mile radius, within LHA limit	10	22	17
Number of currently available properties within LA, within LHA limit	18	51	40

Source: 2001 Census and Rightmove (January 2012)

It does therefore appear that potential downsizers in the Wirral neighbourhood would, if they choose to do so, be able to find accommodation within the neighbourhood or close by within LHA limits of a suitable size.

There are, however, cost implications for the Housing Benefit bill for this should they choose to move. Figure 2:3 shows the relative costs of accommodation available.

Figure 2:3 Relative tenure costs (£ per week of gross rent)



Source: Rightmove (January 2012) and VOA 2011

¹³ Census data records the number of rooms (rather than bedrooms) that a property has. It has been assumed that properties with 1-2 rooms have 1 bedroom, 2-4 rooms have 2 bedrooms and 5-6 rooms have 3 bedrooms.

The main downsizing move that would be likely to result from the Housing Benefit cuts would be from a two bedroom social rented home to a one bedroom private rented home within LHA limits. This would result in an increase in Housing Benefit claimed from £78.57 to £81.25. For tenants choosing to downsize, residents at the focus group pointed to the potential disruption of important family care and support networks. The issue of parents (normally fathers) with formal access to children following a relationship breakdown was returned to on a number of occasions. Concern was expressed that arrangements which were subject to a court order, making overnight access conditional upon the availability of separate sleeping arrangements for children, would be prejudiced if parents were forced to downsize – or in future, separated single parents allocated one bedroom properties at the outset would simply be unable to participate in shared parenting responsibilities.

Staff also talked about the knock-on implication for those seeking properties in the area if internal transfers to facilitate downsizing predominate lettings in the coming years. Indeed there had already been some discussion amongst landlords about withdrawing from choice based lettings partnerships. Staff speculated that new households denied social housing, including the homeless, would most likely be housed in the private rented sector, where rents and benefit levels are higher.

(ii) Staying put

In Tranmere and Rock Ferry, the average amount of the shortfall faced will be £12.40. However five households face losing over £20 a week. Those who do manage to make up the shortfall are likely to face severe cuts to their household budgets in order to do so. For example, a single person aged over 25 living on JSA would currently receive £65.45. After household bills, this would probably leave around £45 disposable income. A £12.40 rental shortfall would therefore represent around 28% of disposable income, leaving little more than £30 for food and all other essentials. Residents at the focus group considered that the level of losses faced by individual tenants would have serious consequences. They talked about other pressures on household budgets – such as increasing fuel and food costs – and difficult choices about essentials. In particular they felt tenants would de-prioritise expenditure on items often associated with well-being – sport and exercise, family trips and healthy (but more expensive) eating. They also felt that paying the rent would not be a priority in view of the fact that rent arrears do not attract interest – unlike credit – and courts are thought to be relatively 'lenient'.

Rent Loss and Evictions

The reduction in Housing Benefit represents 3.7% of Riverside's rental income from the neighbourhood. Clearly a major concern to social landlords is the possibility that tenants may fail to move and also fail to pay the shortfall in their rent, and run up arrears. The HFN survey suggested that 42% of tenants are likely to do this, which would equate to 42 of the 100 affected households in the neighbourhood. The overall reduction in housing benefit for the 42 tenants is £27,081 per annum, and so this is theoretically the annual revenue stream which is 'at risk' for Riverside. However staff have speculated that some tenants when faced with a gap between their benefit and rent may opt to pay nothing at all, suggesting a potential maximum annual loss of income of £175,000. They believe that the risk is compounded once direct payments to landlords cease following the introduction of Universal Credit.

Of course the financial impact of rent arrears is complicated – landlords do not allow rent arrears to accumulate indefinitely: they take action through a mix of advice and support, and tenancy management, including pursuing possession through the Courts. And even under Universal Credit, there is likely to be a point where direct payments to landlords are triggered in

the case of high rent arrears (though this would still of course leave a shortfall for under-occupiers).

Another way of looking at maximum financial exposure for landlords is to consider the costs relating to the eviction of those who have indicated that they are likely to run up rent arrears. Data from HFN members suggests that evictions cost landlords an average of £6,825, including the cost of writing off bad debts, court costs, staff time and relet costs. Evicting the 42 tenants who don't find a way to pay the shortfall would therefore cost a total of £286,650, equivalent to two months entire rental income from the neighbourhood. This does not include the costs to any other agencies such as courts, advice agencies or council homeless departments who may be approached for assistance from tenants who risk losing their homes, or to the household themselves. This loss represents 39% of Riverside's entire annual maintenance and repairs budget for the Tranmere and Rock Ferry area, and would have a major impact on the effective delivery of services. Whilst this represents a worst case, even the eviction of only a third of these tenants would cost in the region of £100,000. Of course evicted tenants will move, often into the private rented sector where rents and benefit levels are higher.

(iii) What else might they do?

Increasing earning, so as not to need to claim Housing Benefit would be one way of avoiding the effects of the cuts. The district has a working age population of 190,908, of whom 4.5% are currently in out of work and in receipt of benefits¹⁴, a higher rate than the national average. Average earnings are £485 a week, somewhat lower than the national average of £507. As we have already seen, worklessness amongst working age social housing tenants in the area is nearly 50%, and many of the tenants affected have disabilities and long-term illness which may act as an additional barrier to work.

A focus group attended by 30 residents explored these options in more detail. Participants were pessimistic about the prospect of tenants finding additional work, citing the lack of opportunities in the local economy and other barriers to work such as high child-care costs and caring responsibilities. They also ruled out the prospect of friends and family being able to help out in meeting financial shortfalls to any significant extent, suggesting that the overall squeeze on household incomes put everyone 'in the same boat'. They were concerned about the rise of doorstep lending, and the possibility of a minority of indebted tenants turning to crime. It is likely that some of the tenants currently identified as being likely to be affected by the Housing Benefit cuts will get work or increase their earnings by the time the reforms come in. However, against a background of rising national unemployment and a depressed regional economy, it is likely that just as many other households currently in work will lose work or hours and therefore make a new Housing Benefit claim within the same time span.

The group also discussed the likelihood of tenants 'letting' spare bedrooms to family, friends or lodgers. This was considered to be highly unlikely for two main reasons. Firstly participants confirmed that many 'spare' bedrooms are, in fact, used – for children sleeping separately from siblings, or staying overnight following a relationship breakdown, for couples sleeping apart for medical reasons, and for the storage of equipment for disabled household members. However even where there are genuine 'spare' bedrooms, it was felt that tenants would be reluctant to take in 'strangers' because of safety and security concerns, and child protection issues in the case of families. Participants also referred to the very small size of spare rooms, particularly in older Victorian properties where it is barely possible to get any other furniture other than a bed in a second or third bedroom.

¹⁴ Nomisweb

Overall a vivid picture was painted of complex, inter-generational living arrangements with grandparents often playing a big role in caring for children, which change over time, and where financial margins are extremely tight. The ability for tenants to enjoy a degree of modest additional space without penalty assists in this version of the 'big society', and in particular facilitates a hidden industry of informal care which helps low income communities survive.

Lewisham – Lee Neighbourhood case study

1. The Neighbourhood

The neighbourhood of Lee is in south east London. There is a large amount of post-war development in the area, which includes the social housing owned by Affinity Sutton. It is well connected to the open spaces of Blackheath, shops and services in Lewisham and Catford, as well as good travel links and neighbourhood schools. This makes it a popular area with low turnover in the social rented stock. A total of 5,371 households were living in Lee at the time of the 2001 Census. Of these, 23% were social renters, 63% owner-occupiers and 13% private renters. The social rented housing stock contains a higher than average proportion of smaller dwellings, with 8% having only one bedroom and a further 66% having three two bedrooms¹⁵. This may be one reason behind the lower than average proportion of households with children (30%) and relatively high proportion of pensioner households (30%). There are quite high rates of illness and disability in the neighbourhood with 28% of all social tenants having a limiting long-term illness¹⁶.

Affinity Sutton is a major social landlord in the area managing a total of 422 general needs social rented properties in the neighbourhood. The stock owned by Affinity Sutton is mostly traditional brick built property, primarily low-rise blocks of flats and maisonettes with a smaller number of three and four bedroom houses. The exception is Leybridge Court which consists of four high-rise blocks of flats. A fair number of homes across the estates have been purchased under Right to Buy legislation.

The stock was transferred to Affinity Sutton from the local authority in 2009, and has been undergoing a regeneration programme which includes improvement works to both the individual properties and general environments. This is due for completion in 2012. The population of the estates is diverse, and crime and anti-social behaviour are considered to be low for the borough as a whole. Over forty percent of households on the estates are in employment, which is above the national average for tenants of social housing.

Under-occupation in Lee

The proportion of residents who stand to be affected by the Housing Benefit cuts due to under-occupation is lower than the national average, which is likely to be linked to a lower than average receipt of benefits and low proportion of homes let into under-occupation. It is estimated that overall 8% of properties would be affected by the cuts: that is, homes occupied by tenants of working age, in receipt of Housing Benefit who are under-occupying their home by one or more bedroom. Table 3:1 shows the estimated numbers of affected tenancies by size.

¹⁵ 2001 Census

¹⁶ 2001 Census

Table 3:1 Social rented dwellings and tenancies affected by the Housing Benefit cuts

Number of bedrooms	Property type	Total number		Affected tenancies – under-occupying by 1 room	Affected tenancies – under-occupying by 2+ rooms	Proportion of property size affected
1	flats	106	106	-	-	0%
	houses	0				
2	flats	244	261	19	-	7%
	houses	17				
3	flats	7	35	4	2	17%
	houses	28				
4+	flats	0	20	2	5	35%
	houses	20				
Total		422		25	7	8%

Source: Affinity Sutton data 2011

As can be seen from Table 3:1, the large majority of Affinity Sutton's Housing stock in Lee is small one and two bedroom flats which are either not under-occupied or occupied by pensioners or working households not affected by the HB reforms. However, of the smaller number of three and four bedroom homes, a large proportion is occupied by households likely to be affected.

Data from CORE on the profile of households at the point when they are allocated new tenancies suggests that social landlords with properties in Lee have generally been allocating a tight fit between property size and household size. Overall 92% of dwellings allocated in the last three years were to households at or below the Housing Benefit bedroom standard. This suggests that the under-occupation is likely to largely have arisen from reductions to household sizes after allocation, rather than through allocations which have allowed households a more generous amount of space than the bedroom standard.

2. The wider local authority context

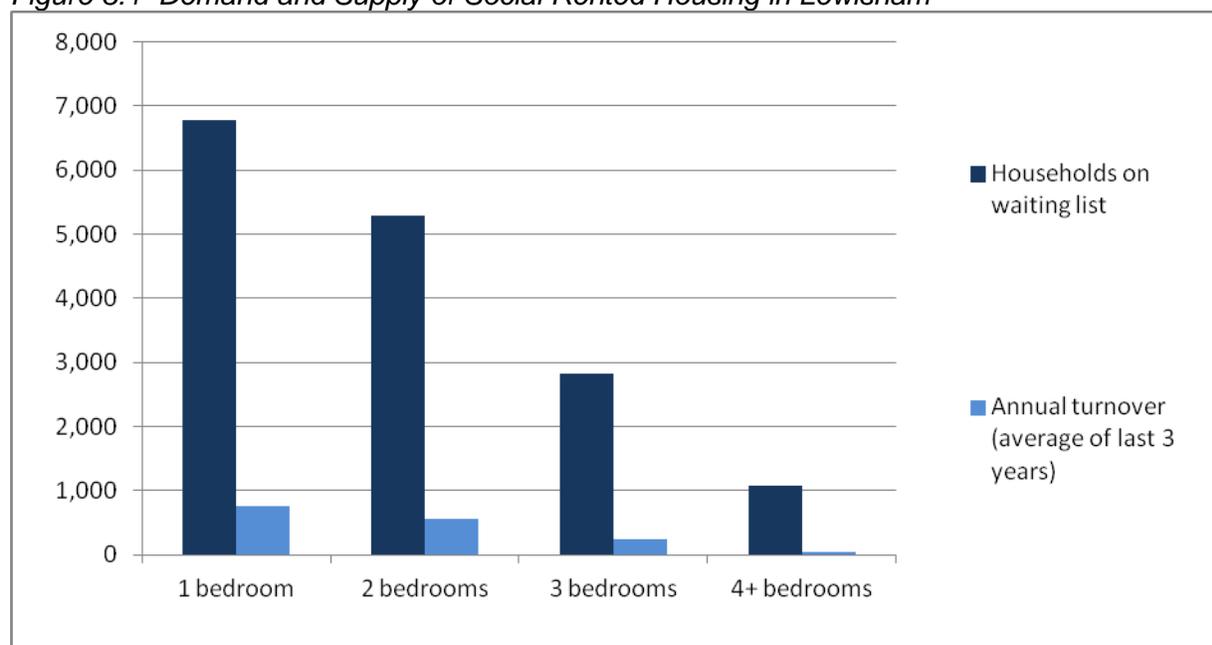
Most of the issues facing the Lee neighbourhood are also facing the wider borough of Lewisham. Social housing currently comprises 32% of the total housing stock, (36,644 dwellings), of which 14% is local authority stock and 18% managed by housing associations¹⁷.

As is the case throughout London, there is enormous pressure on the housing stock and very few vacant dwellings (987, or less than 1% of the housing stock)¹⁸. 223 of these are local authority dwellings (1.9% of the stock). There are 16,060 households on the waiting list for social housing, of which 42% require only one bedroom. Figure 3:1 shows the demand for social housing, relative to the supply.

¹⁷ CLG live tables

¹⁸ HSSA, 2011

Figure 3:1 Demand and Supply of Social Rented Housing in Lewisham



Sources: HSSA 2011, and CORE 2008-9, 2009-10 and 2010-11.

As can be seen from Figure 3:1, there is demand for social housing well above what can be met from the current supply across all property sizes. Figures on the extent to which social tenants will be affected by the Housing Benefit cuts are not fully known at this level. Census data does however suggest that around 23% of all social dwellings are occupied by working age under-occupiers (albeit using a different measure of occupancy from the Housing Benefit regulations).

3. Options for those affected

Table 3:2 shows the profile of tenants in the neighbourhood who will be affected by the Housing Benefit cuts.

Table 3:2 Profile of affected tenants

		Number	Proportion
Age group of 1st tenant	Under 35	3	9%
	35-44	3	9%
	45-54	15	47%
	55+	9	28%
	Unknown	2	6%
Households with children (age 0-16)		3	10%
Total affected households		32	100%

Source: Affinity Sutton data, 2011

As can be seen, tenants likely to be affected by the cuts are predominantly in the over 45 age groups, suggesting again that the main cause of the under-occupancy is “empty nesters” whose children have left home since the originally took on their tenancy. Only 10% are families with children, all of whom are under-occupying by just one bedroom.

Those affected by the Housing Benefit cuts have several possible options. A survey recently carried out by the Housing Futures Network asked tenants how they might react to the cuts. Table 3:3 shows their response, and estimates of the numbers.

Table 3:3 Tenants' views on likelihood of different responses to the changes

How likely would you be to:	Very unlikely	Quite unlikely	Unsure	Quite likely	Very likely	Estimated numbers taking action	
						Number	Proportion of affected tenants
seek to move to a smaller property, so that you would no longer face a shortfall?	224	45	69	56	58	146	32%
ask other people within your household for extra help to pay the rent?	378	11	17	27	19	51	11%
ask other people outside your household for help to pay the rent?	336	30	23	42	21	72	16%
try to earn more money through work to pay the rent?	314	37	48	38	15	77	17%
take in a lodger?	371	23	34	15	9	43	9%
fail to pay the rent and run into arrears?	168	52	73	78	81	190	42%

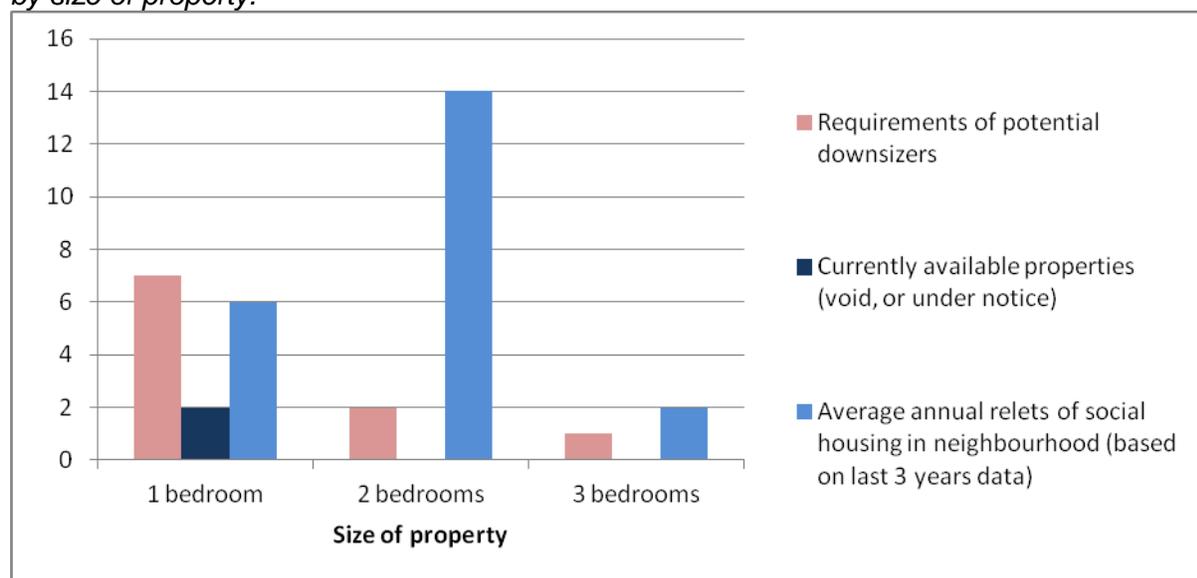
Source: Clarke and Williams, 2011

Using this research as an indicator of likely response to the cuts, in the context of the Lee neighbourhood, we can look at the possible consequences for tenants and landlords.

(i) Moving

Of the 32 households in the neighbourhood likely to be affected by the reforms, the data above suggests that 10 will seek to move to a smaller property. From the profile of these households and the dwellings they occupy, we can calculate their requirements, and can compare this to the profile of stock available.

Figure 3:2 Numbers of under-occupiers likely to want to downsize, and available housing stock, by size of property.



Source: Affinity Sutton data, 2011

In the wider social sector, CORE data shows that an average of 753 general needs one bedroom social dwellings were allocated annually over the last three years in Lewisham. There are however 36,644 social renting households in the district. If the figures the case study neighbourhood are reflected throughout the district, an estimated 674 affected households will be looking to downsize to these one bedroom properties, who would have to compete with the very large numbers of new tenants also seeking them as shown in Figure 3:2.

Local data shows that households currently looking to downsize from a 2 bedroom property to a 1 bedroom flat are waiting an average of 4 years. If higher priority is given to underoccupiers on local waiting lists, this waiting period could reduce, although local housing management staff estimate that this could still entail a wait of 2-3 years for a suitable home within social rented housing in the neighbourhood.

Affected households may consider moving into the private rented sector in order to downsize. The HFN survey suggested that only very small numbers of tenants would consider the private rented sector. However, if suitably sized accommodation within the social sector is not available it is possible that numbers considering this option could increase. The Lee neighbourhood does have quite a reasonable supply of private rented housing – 13% of all housing stock in 2001.

Table 3:4 shows private rented accommodation currently available within the private rented sector.

Table 3:4 Private rented accommodation available

Size of property (number of bedrooms)	1	2	3
Number of private rented dwellings within the neighbourhood ¹⁹	113	388	175
Number of currently available properties within SE12 postcode	12	24	20
Number of currently available properties within SE12 postcode, within LHA limit	0	3	2
Number of currently available properties within LA, within LHA limit	79	100	54

Source: 2001 Census and Rightmove (January 2012)

Despite the relatively high proportion of private rented accommodation in the area, that which is currently advertised as available is largely outside the prevailing LHA limits. This suggests that any households seeking to downsize within the area are likely to have very limited choice of affordable options within the private rented sector.

There are also cost implications for the Housing Benefit bill for this should they choose to move. Figure 3:3 shows the relative costs of accommodation available.

Figure 3:3 Relative tenure costs (£ per week) of gross rent



Source: Rightmove (January 2012) and VOA 2011

The main downsizing move that would be likely to result from the Housing Benefit cuts would be from a two bedroom social rented home to a one bedroom private rented home within LHA limits. This would result in an increase in Housing Benefit claimed from £97 to £150 a week²⁰.

¹⁹ This is based on 2001 Census data which records the number of rooms (rather than bedrooms) that a property has. It has been assumed that properties with 1-2 rooms have one bedroom, 2-4 rooms have two bedrooms and 5-6 rooms have three bedrooms.

²⁰ Given the shortage of properties within LHA limits, it has been assumed in Lewisham that tenants who move into the PRS claim HB at the LHA limits (unlike in the other case study areas where a median rent of properties below the LHA limit has been used).

A number of tenants in the area who may be affected by the Housing Benefit cuts were contacted to seek their opinion about what effect it would have on them. Tenants expressed concerns about disruption to families and care and support networks. This included tenants who were acting as carers for other relatives outside their household who were living locally. There was also evidence of the amount of flux in family circumstances, with household members moving in and out; for example, children who had left the household and moved back, and older family members who were moving into the household due to ill health. The majority of tenants who were consulted were happy living in the area and had little desire to move, and felt that they would be unlikely to look to move as a result of the Housing Benefit changes despite the fact they would find the cut in benefit challenging to afford.

(ii) Staying put

Rents in London are higher than in other parts of country, therefore the shortfall in HB payments for under-occupying tenants is higher. In Lee the average amount of the shortfall faced will be £17.50. However seven households face losing over £20 a week and the maximum shortfall faced is £30.80. Those who do manage to make up the shortfall are likely to face severe cuts to their household budgets in order to do so. For example, a single person aged over 25 living on JSA would currently receive £65.45. After household bills, this would probably leave around £45 disposable income. A £17.40 rental shortfall would therefore represent nearly 40% of disposable income, leaving less than £30 for food and all other essentials.

Rent Loss and Evictions

The reduction in Housing Benefit represents 1.47% of Affinity Sutton's rental income from the neighbourhood. Clearly a major concern to social landlords is the possibility that tenants may fail to move and also fail to pay the shortfall in their rent, and run up arrears. The HFN survey suggested that 42% of tenants are likely to do this, which would equate to 13 of the 32 affected households in the neighbourhood. Assuming households failed to pay just the shortfall, the total arrears of these households would build up by £226 a week, or £11,752 a year.

Social landlords will look to provide advice and support to households facing difficulties paying their rent, as well as tenancy management options which could, ultimately, include seeking possession through the Courts. The maximum financial exposure that landlords would face as a result of the introduction of the Housing Benefit cuts would include the costs of bad debts accumulated through arrears and the other costs associated with evictions. Data from HFN members suggests that evictions cost landlords an average of £6825. If it became necessary to evict tenants who don't find a way to pay the shortfall the cost could total £88,725, equivalent to two weeks entire rental income from the neighbourhood. This does not include the costs to any other agencies such as courts, advice agencies or council homeless departments who may be approached for assistance from tenants who risk losing their homes, or costs to the household themselves.

(iii) What else might they do?

Lewisham has a working age population of 187,849, of whom 5.6% are currently out of work and in receipt of benefits²¹, a substantially higher rate than the national average. Average earnings are however £563 a week, somewhat higher than the national average of £507.

It is likely that some of the tenants currently identified as being likely to be affected by the Housing Benefit cuts will get work or increase their earnings by the time the reforms come in.

²¹ Nomisweb

However, against a background of rising national unemployment, it is likely that just as many other households currently in work will lose work or hours and therefore make a new Housing Benefit claim within the same time span.

Most tenants who were consulted about the impact of a cut in Housing Benefit felt that extra earnings through employment were not an option they would be able to take to help resolve the shortfall in their Housing Benefit. Most of those affected who were out of work were not job seekers, but were claiming other out-of-work benefits such as Income Support or disability benefits.

Sunderland – Low Ford Neighbourhood case study

1. The Neighbourhood

Low Ford is part of the wider Ford Estate area of Sunderland. The Ford Estate consists of two areas: High Ford and Low Ford. High Ford is currently in the process of major regeneration work, with many of the previous properties in the area being demolished. In contrast, the neighbouring area of Low Ford has seen signs of improvement in recent years following the completion of the decent homes programme in the area and a range of community based regeneration initiatives. Most of the current housing stock in the area was publically constructed in the 1930s and 1940s, as part of wider slum clearance efforts in the city. The subsequent mix of ownership in the housing stock in the area is the result of Right to Buy. This is reflected in figures for the wider output area which contains Low Ford, where a total of 2941 households were living at the time of the 2001 Census. Of these, the majority, 63%, were social renters, 32% owner-occupiers and just 5% private renters. The social rented housing stock contains a higher than average proportion of larger dwellings, with more than half the stock (59%) having three or more bedrooms²². The demographic profile of the households reflects this, with a low proportion of non-pensioner single person households (12%). There are quite high rates of illness and disability in the neighbourhood with 27% of all social tenants having a limiting long-term illness²³.

Under-occupation in Low Ford

Gentoo is the major social landlord in the area and manages a total of 538 general needs social rented properties in the neighbourhood, nearly all of which are two and three bedroom houses. Overall, 17% of properties are occupied by tenants of working age, in receipt of Housing Benefit who are under-occupying their home by one or more bedroom. Table 4:1 shows the numbers of affected tenancies by size.

Table 4:1 Social rented dwellings and tenancies affected by the Housing Benefit cuts

Number of bedrooms	Property type	Total number		Affected tenancies – under-occupying by 1 room	Affected tenancies – under-occupying by 2+ rooms	Proportion of property size affected
1	flats	0	17	-	-	0%
	houses	17				
2	flats	0	230	34	-	15%
	houses	230				
3	flats	0	291	32	26	20%
	houses	291				
4+	flats	0	0	-	-	-
	houses	0				
Total		538		66	26	17%

Source: Gentoo data 2011

As can be seen from Table 4:1, the large majority of Gentoo's Housing stock in Low Ford is two and three bedroom houses, around one in five of which are under-occupied by a working age household in receipt of Housing Benefit. Data from CORE on the profile of households at the point when they are allocated new tenancies suggests that 34% of two bedroom properties,

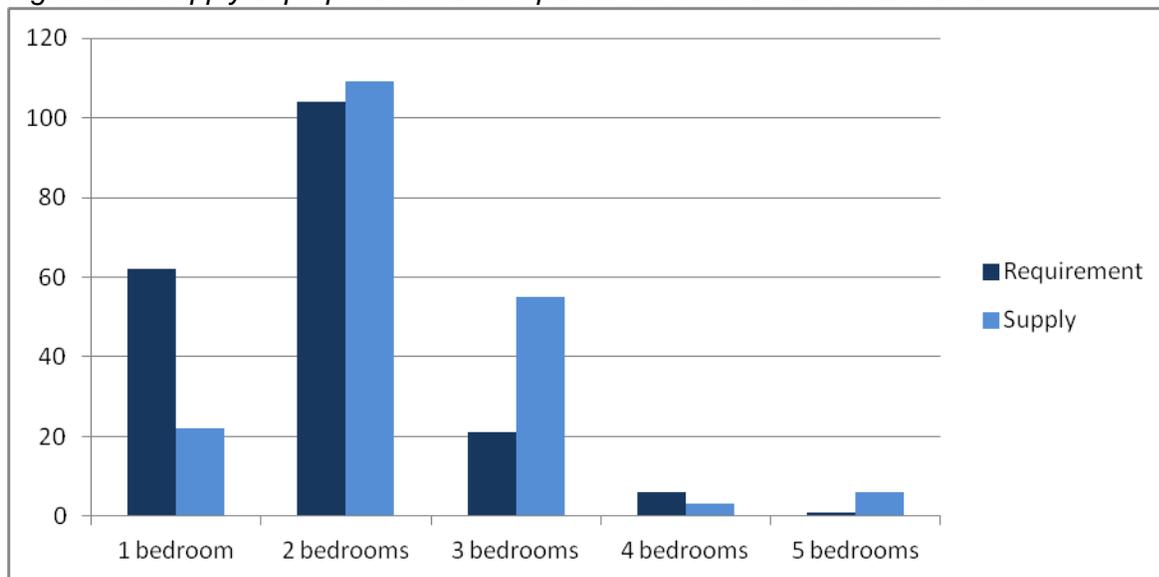
²² 2001 Census

²³ 2001 Census

64% of those three bedrooms and 33% of those with four were initially allocated to households only “above standard” (i.e. technically in need of fewer rooms, according to Housing Benefit regulations). There are a variety of reasons why this is likely to have occurred.

CORE data suggests that 10% of allocations were being decanted from other properties. However the main reason for under-occupation appears to be the mismatch between the size of households and the available properties. Figure 4:1 shows the requirement for different sized properties and the supply of available social rented properties over the last three years in the neighbourhood.

Figure 4:1 Supply of properties²⁴ and requirements of households allocated



Source: CORE 2008-9, 2009-10 and 2010-11

As can be seen, of the 195 allocations of new tenancies in the neighbourhood between 2008 and 2011, 62 of them were to households only technically in need of a one bedroom home (i.e. couples or singles without children). Yet there were only 22 one-bedroom properties allocated during this period. It is clearly not possible to accommodate the households in need of one bedroom from the available stock without allowing some to under-occupy. CORE data also shows that over 90% of allocations were to households that include at least one person of working age, so would potentially (either currently or in the future should they lose a job) be hit by the Housing Benefit cuts.

Due to the parochial nature of the neighbourhood, the demand for new housing in the area in the majority of cases comes from within. This could cause a potentially awkward future housing benefit situation, as there is a strong demand from young singles and couples wanting to move into independent living in the area in which they grew up. As previously discussed, the housing stock in the area is largely made up of two and three bedroom houses.

Future options to avoid putting these households in a situation where they would be under occupying would include providing accommodation outside their local area. This may leave two and three bed houses in the area empty and cause greater void costs for Gentoo, due to the

²⁴ General needs social rented dwellings

very specific nature of demand from people who live nearby. It could also mean the break up of this close knit community, which could threaten the stability of the area and could therefore lead to public services incurring greater costs in future. In addition, Gentoo's data shows that 22% of tenancies in the neighbourhood are under-occupied by tenants of pensionable age. It is going to be very difficult for landlords to offer any priority for downsizing amongst this more traditional group when there will be so many other pressures on their smallest units.

2. The wider local authority context

Most of the issues facing the Low Ford neighbourhood are also facing the wider city of Sunderland. There is a high proportion of social housing in Sunderland, in total 34,182 dwellings, or 28% of the total stock, all of which are managed by housing associations²⁵. There are some issues of low demand in the district with 4,761 vacant dwellings, around half of which have been empty for more than six months²⁶. These are nearly all in the private sector, many of which reside within areas earmarked for demolition or pockets of low demand within some inner city areas.

There are 2,819 households on the council's waiting list for social housing, of which 39% are waiting for one bedroom properties and only 16% for three or more bedrooms²⁷. Gentoo also has over 30,000 people registered for social housing; 6,800 of those registered have bid for properties in the last 6 months. Figures on the extent to which social tenants will be affected by the Housing Benefit cuts are not fully known at this level. Census data does however suggest that around 50% of social rented dwellings are under-occupied (albeit using a different measure of occupancy from the Housing Benefit regulations).

CORE data suggests that the mismatch between the profile of households being allocated housing and the size of the stock highlighted in Table 4:2 is repeated throughout the district. Overall, 1,309 one bedroom properties were allocated during the last three years, but more than twice this number of new tenancies were signed by households technically in need of a one bedroom property. Conversely, there is an "excess" supply of 1,000 more three bedroom properties allocated than there were households requiring three bedrooms, according to the HB definitions.

Figures on the extent to which social tenants will be affected by the Housing Benefit cuts are not fully known at this level. Census data does however suggest that around 38% of all social dwellings are occupied by working age under-occupiers (albeit using a different measure of occupancy from the Housing Benefit regulations).

3. Options for those affected

Table 4:2 shows the profile of tenants in the neighbourhood who will be affected by the Housing Benefit cuts.

²⁵ CLG live tables

²⁶ HSSA, 2011

²⁷ HSSA, 2011

Table 4:2 Profile of affected tenants

		Number	Proportion
Length of tenancy	Under a year	1	1%
	1-5 years	19	21%
	6-10 years	15	18%
	11-20 years	33	43%
	Over 20 years	24	34%
Age group of 1st tenant	Under 35	15	16%
	35-44	18	20%
	45-54	40	43%
	55+	19	21%
Households with children (age 0-16)		33	36%
Total affected households		92	100%

Source: Gentoo data, 2011

As can be seen, tenants likely to be affected by the cuts are predominantly in the over 45 age groups, suggesting one of the main causes of under-occupancy is “empty nesters” whose children have left home since the originally took on their tenancy. More than a third, however, are families with children still at home. Those affected by the Housing Benefit cuts have several possible options. A survey recently carried out by the Housing Futures Network asked tenants how they might react to the cuts. Table 4:3 shows their response, and estimates of the numbers.

Table 4:3 Tenants’ views on likelihood of different responses to the changes

How likely would you be to:	Very unlikely	Quite unlikely	Unsure	Quite likely	Very likely	Estimated numbers taking action	
						Number	Proportion of affected tenants
seek to move to a smaller property, so that you would no longer face a shortfall?	224	45	69	56	58	146	32%
ask other people within your household for extra help to pay the rent?	378	11	17	27	19	51	11%
ask other people outside your household for help to pay the rent?	336	30	23	42	21	72	16%
try to earn more money through work to pay the rent?	314	37	48	38	15	77	17%
take in a lodger?	371	23	34	15	9	43	9%
fail to pay the rent and run into arrears?	168	52	73	78	81	190	42%

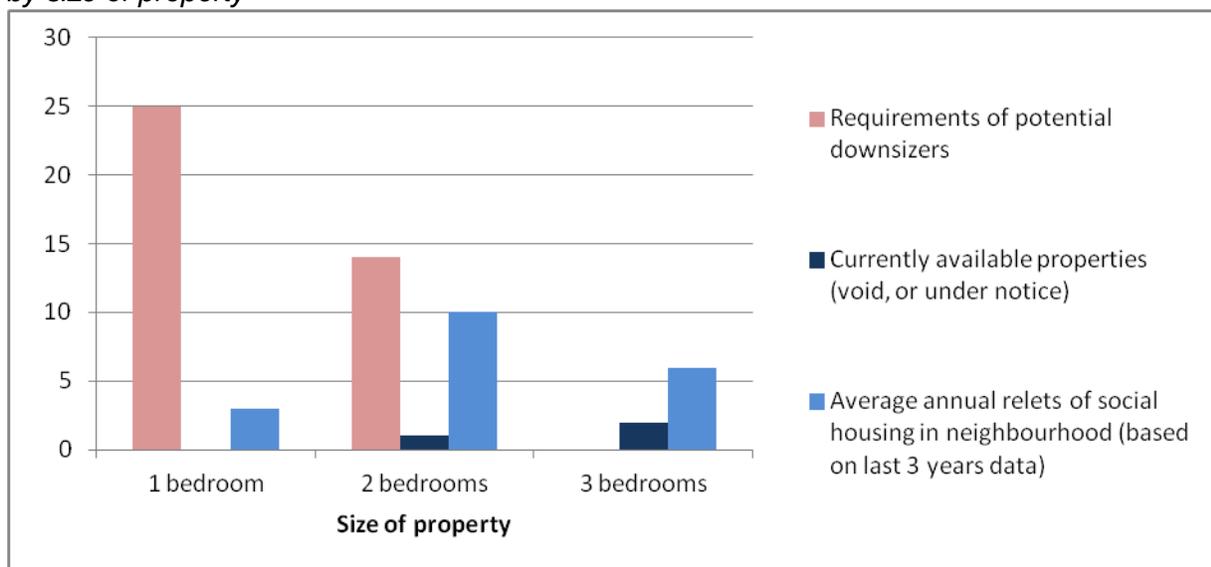
Source: Clarke and Williams, 2011

Using this research as an indicator of likely response to the cuts, in the context of the Low Ford neighbourhood, we can look at the possible consequences for tenants and landlords.

(i) Moving

Of the 92 households in the neighbourhood likely to be affected by the reforms, the data above suggests that 39 will seek to move to a smaller property. From the profile of these households and the dwellings they occupy, we can calculate their requirements, and can compare this to the profile of stock available.

Figure 4:2 Numbers of under-occupiers likely to want to downsize, and available housing stock, by size of property



Source: Gentoo data, 2011

There is clearly not the capacity to rehouse all those who are likely to wish to downsize into one bedroom properties to do so. Looking to the wider district, in Gentoo's entire stock in Sunderland, there are currently 159 one bedroom properties vacant or under notice, and an average of 773 becoming available for letting annually on average during the last three years. Gentoo own the large majority of social housing in Sunderland, so these lettings represent 95% of all lettings within the social sector²⁸.

There are however 34,182 social renting households in the city. If the figures the case study neighbourhood are reflected throughout the district, an estimated 1,213 affected households will be looking to downsize to these one bedroom properties, who would have to compete with the new tenants also seeking them.

One possibility for affected households might be to downsize to the private rented sector. The HFN survey suggested that only very small numbers of tenants would consider the private rented sector. However, if suitably sized accommodation within the social sector is not available it is possible that numbers considering this option could increase. The Low Ford neighbourhood has low rates of private renting, only 5% of all households in 2001.

Table 4:4 shows private rented accommodation currently available within the private rented sector.

²⁸ CORE, 2008-9, 2009-10 and 2010-11

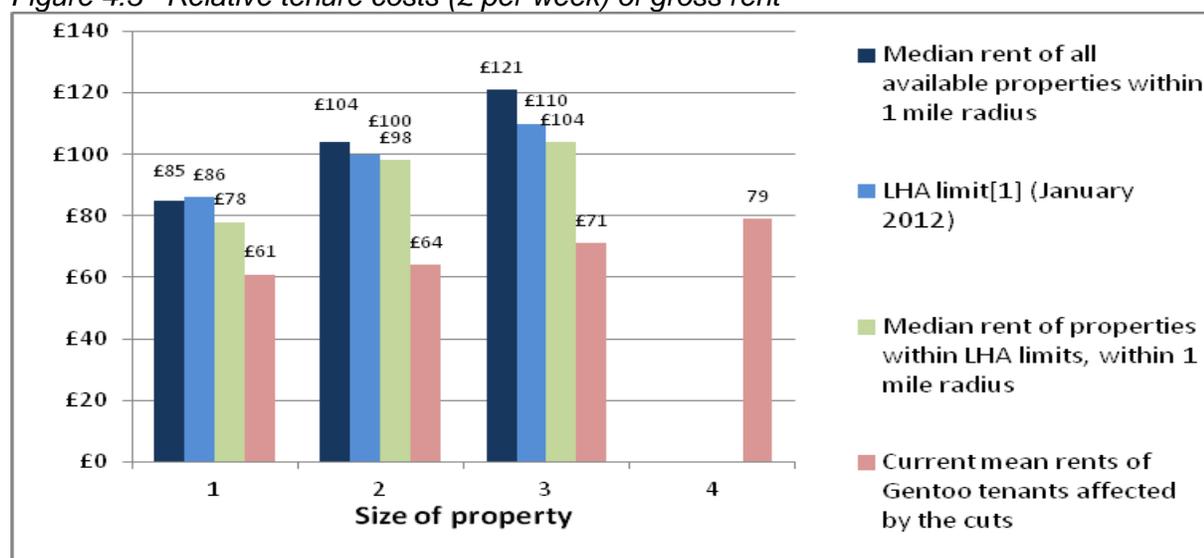
Table 4:4 Private rented accommodation available

Size of property (number of bedrooms)	1	2	3
Number of private rented dwellings within the neighbourhood ²⁹	0	56	42
Number of currently available properties within 1 mile of centre of neighbourhood	15	49	20
Number of currently available properties within 1 mile radius, within LHA limit	12	17	7
Number of currently available properties within LA, within LHA limit	82	231	136

Source: 2001 Census and Rightmove (January 2012)

The Low Ford neighbourhood appears to have no one bedroom properties, and very few nearby either. Those needing one bedroom homes would need to look outside their neighbourhood. There are, however, cost implications for the Housing Benefit bill for this, should they choose to move. Figure 4:3 shows the relative costs of accommodation available.

Figure 4:3 Relative tenure costs (£ per week) of gross rent



Source: Rightmove (January 2012) and VOA 2011

The main downsizing move that would be likely to result from the Housing Benefit cuts would be from a two bedroom social rented home to a one bedroom private rented home within LHA limits. This would result in an increase in Housing Benefit claimed from £64 to £78 a week.

Anecdotally it was felt by the Area Housing Manager that if presented with a range of options to deal with a benefit shortfall (i.e. lodger, family help, additional job etc) the majority of tenants would be likely to default to running up their arrears. It was felt that getting additional help from friends and family was not an option, as they were generally in just as tight a financial situation and additional work would be hard to come by.

²⁹ This is based on 2001 Census data which records the number of rooms (rather than bedrooms) that a property has. It has been assumed that properties with 1-2 rooms have one bedroom, 2-4 rooms have two bedrooms and 5-6 rooms have three bedrooms.

Resident Case Study:

“**Mr B**” is 55 and has lived in his three bedroom house within Low Ford for the past 27 years. He gave up his job three years ago to care full time for his elderly mother, who used to live with him in the property. She has now moved out to more suitable accommodation due to her care needs and Mr B now occupies the property alone. Mr B enjoys living in the neighbourhood and knows his neighbours well.

When presented with possible options for dealing with a short fall in his housing benefit Mr B felt that he might possibly be able to find a bit of extra money from somewhere to keep the house he loves, but is not sure exactly where he would get this from as his friends and family as in as tight a financial situation as him.

Mr B felt that in the medium term he would be open to considering downsizing, but he would like to be through choice and decent alternatives being made available to him, rather than being forced into a corner.

(ii) Staying put

In Low Ford the average amount of the shortfall faced will be £11.79. Those who do manage to make up the shortfall are likely to face substantial cuts to their household budgets in order to do so. For example, a single person aged over 25 living on JSA would currently receive £65.45. After household bills, this would probably leave around £45 disposable income. A £11.79 rental shortfall would therefore represent a 26% of disposable income, leaving little only around £33 for food and all other essentials.

Evictions

The reduction in Housing Benefit represents 2.98% of Gentoo’s rental income from the neighbourhood. Clearly a major concern to social landlords is the possibility that tenants may fail to move and also fail to pay the shortfall in their rent, and run up arrears. The HFN survey suggested that 42% of tenants are likely to do this, which would equate to 39 of the 92 affected households in the neighbourhood. If they do not or cannot pay, eventually these households will be evicted for rent arrears. Assuming households failed to pay just the shortfall, the total arrears of these households would build up by £457 a week, or £23,768 a year.

Social landlords will look to help households facing difficulties paying their rent to come to agreements to prevent eviction. However, in the worst case scenario, these household, if they still fail to pay would have to be evicted. Data from HFN members on the costs of evictions suggests that evictions cost landlords an average of £6825. Evicting the 39 tenants who don’t find a way to pay the shortfall would therefore cost a total of £266,175, equivalent to seven weeks entire rental income from the neighbourhood. This does not include the costs to any other agencies such as courts, advice agencies or council homeless departments who may be approached for assistance from tenants who risk losing their homes, or to the household themselves. This figure of £266,175, for this neighbourhood alone, would mean that Gentoo would have to potentially reassess their provision of services in this and other areas. This could threaten the range of added value activities provided by the group which constitute many things which could be defined as helping achieve the Prime Minister’s “Big Society” agenda, such as Independent Living Skills Courses and supporting learning and enterprise through schemes such as Business Ambassadors.

(iii) What else might they do?

Sunderland has a working age population of 187,630, of whom 5.4% are currently in out of work and in receipt of benefits³⁰, a substantially higher rate than the national average. Average earnings are however £425 a week, well below the national average of £507.

It is likely that some of the tenants currently identified as being likely to be affected by the Housing Benefit cuts will get work or increase their earnings by the time the reforms come in. However, against a background of rising national unemployment and a depressed regional economy, it is likely that just as many other households currently in work will lose work or hours and therefore make a new Housing Benefit claim within the same time span.

Resident Case Study:

“Mr J” is in his 50s and has lived his whole life within his 3 bedroom house in Low Ford. Since his mother passed away he has lived in the 3 bedroom house by himself.

He recently lost his job and suffers from a range of health issues. Mr J is desperate to find new employment, as he enjoys the challenge of day to day employment, but is struggling to find an opportunity locally. He has retrained and taken up a range of job roles over the past decade to attempt to maintain employment, including working for the Job Centre and also as a teaching assistant.

Mr J says that his current employment situation and the fact that he has two spare bedrooms within his property has made him worry about government under occupancy reforms. He feels panicked and anxious at the thought of possibly having to leave the house he has lived in all of his life. He loves the area, has great neighbours and knows everyone nearby.

When presented with some alternative options to make up for the possible shortfall in housing benefits, Mr J felt he would be unable to draw on other family and friends for help due to their tight financial situation and would have to consider moving out of the house and downsizing, a thought that fills him with dread and he feels might exacerbate his current health issues.

Mr J highlighted that although the spare bedrooms within his house were not in full time use, they are regularly used by his family (who are mostly based down south) when they come to visit, as well as by his current girlfriend's grandchildren, when she comes to stay over and brings them along at weekends.

³⁰ Nomisweb

Summary and Conclusions

There are three key messages coming out of this research:

1. *There is a substantial mismatch between the availability of one-bedroom homes and the number of households requiring them.*

Drawing on survey data, 32% of tenants have been estimated to be likely to seek to move to a smaller home. But as shown below, it would take some time to meet their needs, even if all the one-bedroom properties their landlord has available for re-letting were used for this purpose alone. Other local landlords face a similar problem.

In the Sunderland neighbourhood, more than eight years' worth of one-bed relets would be required. Looking at data for the whole local authority, a similar mismatch was found between the availability of one-bedroom homes and the demand from both potential downsizers and new tenants. In addition, there will be increased pressure on this limited stock of one-bedroom homes from new households no longer able to claim full Housing Benefit on anything larger. It will therefore be impossible for many social landlords to offer most under-occupying tenants a chance to move anywhere smaller in the foreseeable future.

Outside of London it is common practice to allocate smaller two-bedroom homes to single people and couples, primarily because of the severe shortage of one-bedroom properties. In the four local authority districts we looked at, only Lewisham had a rough balance between the supply of one-bedroom homes and the needs of the households allocated. In Sunderland and the Wirral, between two and three times as many single people and couples were housed in the last three years as there were one-bedroom homes available for allocation. The reforms are likely to result in social landlords in parts of England substantially altering their allocation policies to avoid the risk of a Housing Benefit shortfall, meaning that working-age single people and couples without children will have substantially less chance of being housed.

In some areas, there is concern that the proposals could potentially affect the stability of the area, with the number of households able to afford two and three bedroom properties dropping sharply and at risk of leading to the perverse situation of these properties remaining empty despite being very popular at present.

2) *Households affected will face severe hardship*

Evidence gathered from focus groups of local residents and Housing Officers in these four local case studies suggests that many households will be pushed into severe financial difficulties by the cuts. Most affected households will be unable to move anywhere smaller and therefore will need to live off less than benefit level incomes. Housing Officers expressed fears around proliferation of doorstep lending and extreme financial difficulties for many tenants.

Tenants who do move (or move into the sector under new, more stringent rules on property size) are likely to find themselves in accommodation that provides no flexibility around living arrangements. This particularly affects separated parents (mainly fathers) who need to accommodate children part-time, or children who have left home (eg to study) and wish to return during holidays or when finished studying. Concern has been expressed that imposing benefit cuts on these people for under-occupancy would seem to be at odds with the current government's push on strengthening the family.

Being forced to move home is also likely to cause disruption to the lives of those who are settled in their communities. Our analysis found that many will have to look outside of their immediate neighbourhood to have any chance of finding somewhere suitable, which will mean children changing schools, and disruption to support networks, especially as many of those affected are long-standing tenants with strong ties to their communities. The focus groups uncovered a wealth of informal support networks in operation in many communities, with substantial care of children undertaken by grandparents (often still of working age, therefore affected by the cuts).

Overall a vivid picture was painted of complex inter-generational living arrangements, with grandparents often playing a big role in caring for children, and where financial margins are extremely tight. Living arrangements often need to change over time and the ability for tenants to enjoy a modest degree of additional space without penalty facilitates a hidden industry of informal care which helps low-income communities survive.

3) *The Government's predictions of potential savings are unlikely to be realised*

The DWP's impact assessment assumes that all under-occupying tenants remain where they are and pay the shortfall. It also assumes no change of behaviour on the part of social landlords in allocating housing – ie that the savings made will represent a permanent reduction to the Housing Benefit Bill.

Our research suggests that this is unlikely.

Around a third of affected tenants would seek to move to somewhere smaller. In the areas with low levels of under-occupation, such as Lewisham, there is sufficient supply of smaller units to enable many of those who want to downsize. Although under-occupation is less common in London, it is here that tenants face the largest rental shortfall (and hence the highest savings per tenant are made to the HB budget).

It is also likely that some tenants who downsize will in fact increase their Housing Benefit claim by doing so. The new Affordable Rent product will entail substantially higher rents in the more expensive parts of the country, and it is on the smallest property sizes that most housing associations are currently planning to charge closest to the maximum permitted 80% of market rents.

Our research has suggested that relatively few households affected by the cuts will choose initially to move into the private rented sector. However, in light of the limited supply of social rented housing available for downsizing, it is possible that more will start to consider this option. Local Housing Officers were also of the view that households who fail to pay the shortfall and face eviction may also end up in the private rented sector, claiming higher amounts of Housing Benefit. The potential for this to occur is shown below.

One-bedroom accommodation in the private rented sector is more expensive than two-bedroom social housing in each of the four every case studies.

Housing staff interviewed in the case study areas confirm that social landlords are also likely to alter their pattern of lettings to reduce the numbers of tenants unable to claim the full Housing Benefit, further reducing the savings that can be made.

In addition, some of the savings to the HB budget are likely to come at the expense of HAs' finances. From the survey, an estimated 42% of tenants consider that they are likely to fail to

pay their rent. This would translate into an annual loss of rental income to the main social landlords in each of the four neighbourhoods of between £12,000 (in Lee, in Lewisham) and £61,000 (in Low Ford in Sunderland). In reality, landlords will not allow tenants to build up arrears forever and will eventually have to evict tenants who cannot or will not pay. HFN members' data on the costs of evictions suggest that the cost of evicting even a third of those who think they are unlikely to pay (less than one in six of all affected tenants) would cost over £420,000 across the 4 case study neighbourhoods.

Even if all tenants were to pay the shortfall, the total amount of money removed from the local economy would be between £29,000 and £150,000 per year for each of these four neighbourhoods, for HFN members' tenants alone.