

## **BEDROOM TAX – KEY QUESTIONS**

The Welfare Reform Act brings in proposals to cut the housing benefit of working age social tenants deemed to be ‘under-occupying’ their homes. From 1 April 2013, anyone deemed to have one ‘spare’ bedroom in their council or housing association home will lose 14% of their housing benefit, and those with two or more will lose 25%. The DWP estimates that 40,000 tenants in Wales will lose an average of £12 per week - £624 per year – as a result of this ‘Bedroom Tax’.

Community Housing Cymru has worked alongside a coalition of nearly 80 of this country’s leading organisations concerned with housing, disability and family issues raised the same concerns during the passage of the Welfare Reform Bill. They were backed by peers, AMs and MPs from every political party.

### **ARE THERE ENOUGH PROPERTIES TO DOWNSIZE INTO?**

- In a survey of members in 2012, Community Housing Cymru found that 88% of members would have a mismatch of properties if they tried to downsize all those tenants who were under-occupying. The lack of mobility in the social housing sector is not a product of tenants needlessly under-occupying larger homes, but rather the log-jam created by a national shortage of affordable homes, and in particular, one and two bedroom properties.
- The DWP itself has recognised the lack of smaller properties available. In its impact assessment it notes that there is a mismatch between household size and the availability of suitable homes in the social sector for under-occupying claimants to downsize into. The National Audit Office reached the same conclusions. In its report on the impact of housing benefit changes, published this month, it noted that there was a ‘mismatch between need [of smaller homes in social sector to downsize to] and availability.

### **WILL THE BEDROOM TAX EFFECTIVELY TACKLE UNDER-OCCUPANCY WITHOUT IMPACTING ON THE INCOMES OF THE POOREST IN SOCIETY?**

- Research by the Housing Futures Network referred to by DWP in their impact assessment found that 50% of claimants would not be likely to move home if faced with a cut in Housing Benefit. The research also found that over a third think they would be likely to run into arrears.
- Claimants with already stretched incomes will have to absorb a further cut to their household budget once the Bedroom Tax is introduced. Some of the poorest in society will struggle to make ends meet and could be put at serious risk of homelessness if they fall in to arrears.

### **ARE THERE ANY SAFEGUARDS IN PLACE TO PROTECT THE MOST VULNERABLE CLAIMANTS?**

- The DWP’s Equality Impact Assessment shows that 66% of claimants who will be affected by the Bedroom Tax are disabled (as defined by the Disability Discrimination Act). Although recipients of Disability Living Allowance are exempt from the overall benefit cap, the DWP has chosen not to exempt them from the Bedroom Tax.

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- To address this, the Government has offered additional Discretionary Housing Payments (DHPs) to help people with disabilities remain in properties adapted for their needs. However, as these payments are often limited to just a few months, it is not a viable long-term solution as it fails to give people with disabilities the assurance that their housing needs are secure. Also, DHPs are made from a budget-limited discretionary fund. The Payment budget will be under significant pressure following major cuts to Local Housing Allowance for private sector tenants, and Local Authorities may choose to prioritise those at risk of homelessness, rather than social tenants with disabilities.

**Community Housing Cymru believes that in Wales, the shortfall for Discretionary Housing Payment will be at least £18million. The under-occupancy penalties will cost tenants a around £25m (*40,000 tenants x £12 average penalty x 52 weeks = £24.96m*), while the maximum level of DHP in Wales for 2013/14 will be £7m.**

#### HOW WILL FAMILIES BE PROTECTED?

- Single parents living apart from their children will be penalised for having a spare room for their child to stay in. The 1989 Children's Act includes the principle that 'the welfare of the child is paramount' which Gingerbread, the charity for single parents, defines as encouraging greater involvement of non-resident parents in their children's lives. This involvement will be much harder if parents are forced to move to smaller properties without a room for their child to stay.
- As there is no distinction between larger and smaller bedrooms for housing benefit purposes, two children of the same sex may be expected to share a small bedroom suitable only for single occupancy – or the family will stand to lose a proportion of their housing benefit. This has the potential to impact on their educational attainment and their physical and mental health.

#### WILL THE BEDROOM TAX COST MORE THAN IT SAVES?

- Where no suitable smaller social homes are available, the only opportunity for people to escape the Bedroom Tax will be to move to the private rented sector. In many cases this will result in an increase in the benefit bill.

##### CASE STUDY

A couple living with two children younger than ten live in a three bedroom housing association home in Swansea, receiving £73 per week in housing benefit. In moving to a two bedroom private sector home in Swansea, they will be entitled to the Local Housing Allowance of £103.85 for a two bedroom private home, costing an extra £1604.20 in benefits.

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