

What's wrong with the bedroom tax?

From April 2013 660,000 households will have to move or find extra cash to cover their rent as a result of the new "bedroom tax". This is about a third of all working-age housing benefit claimants living in the social rented sector. Disabled people and their families will be particularly affected. Shelter is calling for exemptions to protect them from having their lives overturned by this reform.

What's happening?

From April 2013, people living in council or housing association homes will have their housing benefit reduced if Department for Work and Pensions (DWP) rules determine their home is too big for their needs. The amount of rent people can claim housing benefit for will be reduced if they have one or more spare rooms. This means they will have to find the money to cover the difference, or move out.

The amount people are entitled to will be cut by a fixed percentage of their 'eligible rent' (the rent counted for housing benefit purposes):

- 14% if they have one extra bedroom.
- 25% if they have two or more extra bedrooms.

Households are judged as needing one bedroom for:

- An adult or couple aged 16 or over.
- Two children of the same gender aged 10-15.
- Any two children under 10.

Why is this a problem?

Lack of options for low income families

Hard-pressed families on the lowest incomes will need to find an average of £14 per week out of already stretched budgets to cover the shortfall. To pay this, families will need to cut back on essential spending on food, heating and other household bills. Many will take out debt, joining the one million households who used a pay day loan to cover their housing costs last year.

Some will be unable to pay this shortfall week in, week out and will risk arrears, eviction and homelessness. This risks increasing costs for local authorities and undermines social housing as the last truly affordable housing option for families on low incomes.

Disabled people often need more space

The calculation of how many bedrooms a household needs is a crude assessment which takes little account of the legitimate needs of disabled people for additional space. Shelter has been approached by families who have very good reasons for their 'spare' bedrooms, particularly where illness or disability is a factor. For example when children or a couple cannot share a bedroom for health reasons, or they need space to store essential medical equipment.

Only very limited exemptions have been granted for disabled people:

- A claimant or their partner may be granted an additional room for an overnight carer if their need is great enough, but children's carers are ignored.
- Local authorities have discretion to allocate an additional bedroom when severely disabled children are unable to share a room because of differing care needs, but this is likely to be applied in very exceptional cases only.

Michael is in his early 50s and contacted Shelter because of the impact of the bedroom tax. He is a severely disabled ex-serviceman who suffers from muscular dystrophy. His condition is degenerative and over the past few years he has gone from being able to walk to being totally wheelchair bound. He and his wife live in a 3-bedroom bungalow which has been heavily adapted to his needs. There is an adapted bathroom and one bedroom has been fitted with a hoist to enable him to dress himself. Both 'spare' rooms are used to store the special equipment he needs. Under the bedroom tax he and his wife are classed as having two spare bedrooms and will lose £32.50 a week in housing benefit.

People have no where else to go

If they can't cover the difference there is not necessarily anywhere for people to go to, meaning they will be unable to escape the penalty. Because social landlords have tended to build homes to last families for many years, there is a lack of smaller one and two bed flats for households to downsize into. This is true nationally but a particular problem in certain areas where entire estates have been built without one bedroom properties. Affected households do have the freedom to move into private rented housing, but in most areas this will increase the housing benefit bill.

Undermines local decision-making

Social housing is already allocated according to strict locally-set criteria. But the penalty will affect families even if they have been placed in the property in good faith by their local authority. Many landlords divide children by gender by the time they are ten, allow additional room for growing families, allow separated parents to have a spare bedroom or grant additional space to disabled households. There are also very good housing management reasons for allowing under-occupancy, for example to avoid placing families in high rise flats.

Overly strict definition of under-occupancy

The majority of those affected are not under-occupying according to the conventional definition used by the government and local authorities. Normally when government, landlords or Shelter talk about under-occupancy they are referring to households with two or more spare bedrooms as this

recognises the flexibility that households need. The government's impact assessment shows that nearly four-fifths of those affected only have one bedroom 'spare', and this bedroom might not necessarily be empty.

It is a bureaucratic nightmare

Assessing bedrooms and matching claimants to properties is a huge practical challenge. Housing benefit regulations do not currently have to define what a bedroom is, and there will be disputes between landlords and tenants as to whether a room should be classed as a bedroom. The policy is far more intrusive than the rules that apply to private tenants; most claimants in the private sector receive an amount of housing benefit which is dependent on their household size, but no checks are carried out on the property which they occupy.

Won't this free up more homes to help tackle overcrowding?

Given the extent of overcrowding in many areas and the shortage of homes in the social rented sector, it is vital that genuine under-occupancy be sensitively tackled and that best use is made of existing stock. However, this should be achieved by targeted measures, for example by giving genuine under-occupiers priority in allocations or helping with moving costs.

The bedroom tax is not an effective way of tackling overcrowding and freeing up homes. The areas where overcrowding is most prevalent do not tend to be the places where there are many homes with spare rooms. Because pensioners aren't affected, about two-thirds of people under-occupying in the social sector will be entirely unaffected by this measure and will carry on as they are. Due to the number of people who have to downsize to avoid the bedroom tax, social landlords will have to prioritise scarce resources for moving working age people out of two bedroom properties, rather than freeing up desperately needed larger homes or providing the intensive support that many pensioners need in order to downsize.

What about the recent government concessions?

In March 2013 the DWP announced that:

- Foster parents will receive an additional room – as long as they have fostered or been approved to do so in the past 12 months.
- Parents with children in the armed forces will also be able to claim a bedroom for the absent son or daughter – as long as they intend to return to the home.

We welcome the fact that the Government has begun to listen to concerns. Previously, ministers had argued that local authorities were best placed to support such households using Discretionary Housing Payments. We welcome the new recognition that the cash-limited Discretionary Housing Payment pot does not provide sufficient protection for households with good reasons to stay in under-occupied homes.

Ministers estimate that 5,000 foster carers will benefit from this concession. This will cost approximately £3.5 million a year. DWP has withdrawn £5 million from the Discretionary Housing Payments pot to fund the above concessions.

The concessions are extremely limited and have left many thousands of vulnerable households at risk of arrears and eviction.

What next for disabled people affected by the bedroom tax?

The DWP continues to maintain that the over-stretched Discretionary Housing Payment fund is the best way to support disabled households. To date ministers have said that local authorities should step in and use DHP to support these families, but there is no guarantee that this will happen, and families have no right to appeal if DHP is not granted. DWP released an additional £25 million in DHP which is intended to support disabled people living in homes with expensive adaptations. However, there is no guarantee that this money will cover all such households, and it is certain that many other disabled people will be unable to get help.

In 2012 the Court of Appeal ruled that existing housing benefit regulations discriminate against disabled children as they did not recognise circumstances where severely disabled children could not share a bedroom. DWP has finally dropped its appeal to this case and local authorities now have discretion to award an additional room. However, the case covered very severe circumstances where two disabled children had very different care needs. It is likely that local authorities will only grant the exemption for families in similarly unique circumstances.

What is Shelter calling for?

- The penalty to only apply when alternative smaller accommodation is available and the tenant had not made an attempt to downsize.
- An exemption for disabled people living in specially adapted homes.
- An exemption for those with legitimate reasons for needing the extra space including:
 - Disabled couples or children who cannot share a bedroom
 - Storage for bulky medical equipment
 - Separated parents with non-resident children who visit regularly
 - Foster carers

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