

The Potential Impacts of **Bedroom Tax** in Northern Ireland if Mitigations End



**Housing**  
Executive

Summary Report: October 2019

## Background

Recognising that welfare reform is a fundamental change to the benefit system with the potential to have wide-ranging repercussions for tenants and landlords in both the social and private rented sectors, the Housing Executive has prioritised research in this area. This research on the potential impacts that Social Sector Size Criteria (SSSC, often referred to as 'Bedroom Tax') will have in Northern Ireland, if mitigation payments end as scheduled in March 2020, was prepared for the Housing Executive's Housing Services Division and Welfare Reform Project Team, in order to help inform policy development and financial planning.

## Research Objectives and Methodology

In September 2018 the Housing Executive appointed Perceptive Insight to undertake telephone interviews with Housing Executive tenants affected by SSSC. The main aims of the survey were:

- To assess the impact of Welfare Supplementary Payments ending on 31 March 2020;
- To gain an understanding of what plans tenants have to meet any shortfall in eligible rent when mitigation ends;
- To assess if tenants are likely to pay the shortfall in rent; and
- To gain a better understanding of what plans tenants have post-mitigation (longer-term).

The sample frame for the research was provided by the Housing Executive and consisted of all tenants who were of working age and were under-occupying their homes, across the organisation's 13 Area Offices. At the time of selecting the sample (October 2018), 24,735 Housing Executive tenants were in receipt of Welfare Supplementary Payment to mitigate the Bedroom Tax; however, only 5,454 working age cases on the Housing Benefit system had contact telephone numbers. Of these, a total of 2,086 were placed in a reserve sample. The Housing Executive asked Perceptive Insight to complete a minimum of 100 interviews for each of the Housing Executive administrative Areas. The survey outcome was as follows:

	<b>Number</b>
Total Main Sample	2,726
Refusal	188
Survey Complete	1,316
No attempt at contact made (target achieved)	1,222

A process of weighting and grossing was then applied to the data to translate the findings into figures that were representative of the population of Housing Executive tenants impacted by Bedroom Tax. More information on this process is available in the full report.

## Key Findings

The data were used to provide a profile of respondents, with the information gathered explored under four key themes:

1. Levels of awareness of Bedroom Tax;
2. Plans to deal with Bedroom Tax;
3. Affordability of the shortfall between actual rent charged and the Housing Benefit/ housing costs element of Universal Credit received; and
4. Sources of advice on Bedroom Tax.

Both this summary and the full report should be read with the following caveats in mind:

- All data reported relate only to Household Reference Persons (HRPs) aged 16 to pension credit qualifying age, regardless of gender.
- A limitation of the research is that this survey has been carried out at a time when mitigation payments continue to be paid. Therefore tenants may not have a full understanding of possible post-mitigation impacts.

## PROFILE OF RESPONDENTS

- 56% of respondents were under-occupying by one bedroom;
- 44% of respondents were under-occupying by two or more bedrooms;
- 69% of Household Reference Persons (HRPs)<sup>1</sup> were female;
- 63% of HRPs were aged 55-65;
- *Lone adult* was the predominant household type (59%); and
- 73% of respondents reported that they or a household member had a health problem or disability.

## AWARENESS OF BEDROOM TAX

- 95% of respondents were aware of Bedroom Tax;

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<sup>1</sup> The household reference person (HRP) is the member of the household who (in this case) pays the rent on the property. Where two people have equal claim, the HRP is the person with the highest annual income. This definition is for analysis purposes and does not imply any authoritative relationship within the household.

- 53% of respondents were aware that those affected were receiving a mitigation payment;
- 45% of respondents were aware that mitigation payments were scheduled to end in March 2020; and
- 71% of respondents were aware that it applied to their household.

### **PLANS TO DEAL WITH BEDROOM TAX**

- 75% of respondents were living in a property with three or more bedrooms,
- 76% of respondents in urban areas were living in a property with three or more bedrooms.
- 89% of respondents in the West area were living in a property with three or more bedrooms.
- 21% of respondents stated that they would stay in their current home and be able to pay the difference; of these, more than half (52%) said they would find the money somehow but it would be a struggle.
- 18% of respondents stated that they would stay in their current home but would be unable to pay the difference; of these, almost three-quarters (71%) said they simply did not have the money to pay the difference.
- 46% of respondents stated that they had not thought about what steps they planned to take if Welfare Supplementary Payment ends in March 2020; of these, more than half (51%) had not planned that far ahead, while more than one-quarter (27%) felt that they did not know enough about it.
- Only 7% of respondents stated that they would take steps to transfer or exchange to a property with fewer bedrooms; of these, more than half (58%) had already applied for a transfer or exchange to a property with fewer bedrooms.

### **AFFORDABILITY OF THE SHORTFALL**

Respondents were asked to select their total household income (before tax and other deductions) from a number of income brackets provided. Their total household income included income from all employment, benefits (including Housing Benefit), and other sources for both the HRP and their partner (if applicable).

- More than half (51%) of respondents stated that they did not know their total household income.
- More than four-fifths (81%) of respondents stated it would be difficult for them to pay the difference in the actual rent charged and the Housing Benefit/housing costs element of Universal Credit they receive.

- While almost half of respondents (48%) said they could afford to make up a shortfall of up to £5.00 per week, more than half (54%) said they would struggle to afford up to £10.00 per week and two-thirds (66%) could not afford to make up a shortfall of up to £15.00 per week.
- Similar proportions (78% and 79% respectively) said they could not afford to pay a shortfall of up to £20.00 or £25 per week.

Administrative data for respondents who completed the survey indicates that their average shortfall was £13.45. The responses suggest that more than four-fifths of respondents (88%) would struggle to afford, or could not afford, this amount.

Respondents were asked about the likelihood that they or a household member might take one or more of twelve potential actions to increase household income if there was a shortfall between actual rent charged and household income to cover rent. The actions related to four categories: employment, household composition, financial management and future housing intentions.

### **Employment**

- Equal proportions of respondents (38%) reported that they were *very unlikely* to try to increase their hours in their current job or look for additional work.
- Similarly, equal proportions of respondents (37%) reported that they were *very unlikely* to seek employment or look for a better paid job.

### **Household Composition**

- 84% of respondents reported that they would be unlikely to add another member to their household to help pay their rent.

### **Financial Management**

- Equal proportions of respondents (22%) reported that they would be likely to seek out a money advice service provided by the Housing Executive or that they would seek out a money advice service provided by an independent agency.
- More than four-fifths of respondents (83%) reported there was something preventing them from seeking to earn more money.
- Of those who said something prevented them from seeking to earn more money, the principal reason that was most commonly cited was poor health/disability (86%), followed by caring responsibilities (8%).

### Future Housing Intentions

- 70% of respondents reported that they would be likely to remain in their current home and manage from a reduced budget.

### SOURCES OF ADVICE

- More than two-fifths of respondents (41%) said they would use an advice service if they wanted to know more about Bedroom Tax; and
- Almost one-third of respondents (32%) reported that they would go to their Housing Executive Patch Manager.
- Two-fifths of respondents (40%) said that official advice services would be their *preferred* source of advice; and
- More than one-quarter of respondents (29%) stated that their Housing Executive Patch Manager would be their preferred source of advice.

### Conclusions

The research findings point to three main issues:

- Despite the mismatch between the type/size of housing that tenants required in order to avoid being subject to SSSC and the type/size of their home at the time of the survey, only a small proportion of respondents (7%) reported that they planned to transfer or exchange to a property with fewer bedrooms;
- There is evidence of likely affordability challenges, with the majority of tenants reporting that they will be unable to afford the amount of rent that they will be liable to pay; and
- In combination, a general lack of awareness that mitigation payments are scheduled to end in March 2020 and lack of planning for and awareness of the associated impacts pose the threat of significant arrears issues for the Housing Executive.

The findings will help the Housing Executive to understand the potential issues from a landlord perspective, helping to inform further policy development and financial planning. This will ensure that both the Housing Executive and those tenants affected are better prepared to meet the challenges arising from the scheduled ending of mitigation payments. Further targeted research with tenants impacted by welfare reform and within other housing tenures is included in the Housing Executive's Research Programme for 2019/20 which can be found online at [www.nihe.gov.uk/Working-With-Us/Research/Annual-Research-Programme](http://www.nihe.gov.uk/Working-With-Us/Research/Annual-Research-Programme).