The Impact of the Housing Benefit Reforms on the Social Rented Sector: A Study for the Northern Ireland Housing Executive and Department for Social Development

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1. INTRODUCTION

Study Context

The UK Coalition Government has embarked on the most radical reform of welfare benefits for many decades.

The emergency budget in June 2010 and the Comprehensive Spending Review in the autumn of 2010 introduced several changes to Housing Benefit (HB) entitlement for social tenants that began to be phased in from April 2011.

In 2010 the UK Government also announced plans to integrate HB and other means-tested state benefits and in-work tax credits for working-age adults into a single streamlined benefit known as Universal Credit. These plans were encapsulated in the Welfare Reform Act of 2012. Universal Credit (UC) will begin to be rolled out across Britain from October 2013 and in Northern Ireland from April 2014.

The welfare reform programme is part of a broader set of changes designed to reduce the budget deficit, stabilise the national debt, and reform public services. Thus the 2010 Spending Review noted the intention to deliver welfare expenditure savings of £18 billion a year by 2014-15, including £600m in Northern Ireland.

The welfare reforms mean that some lower income households will gain but others will lose out. It is also widely anticipated that social landlord budgets will come under pressure, partly due to the higher risk of reductions in rental income as a result of increased rent arrears and higher turnover, and partly due to the higher costs likely to be incurred assisting tenants to manage the reforms and to respond to other challenges.

Study aims and objectives

This study was commissioned in January 2012 by the Northern Ireland Housing Executive (NIHE), on behalf of the Department for Social Development (DSD). The aims of the study were to examine the effects of welfare reforms on social tenants throughout Northern Ireland and to assess the likely consequences for existing housing policies, the operation of the housing market and the housing management practices of social landlords. The specific research objectives were to:

- Produce a profile of social tenants (including their housing circumstances) affected by each of the main changes to HB for social housing tenants.
- Provide a reliable estimate of the numbers of social tenants that will be adversely affected by each of the following three main changes:
    1. The extension of under-occupation criteria to social renters and the probable extent of under-occupation (i.e. by number of bedrooms);
    2. The up-rating of non-dependant deductions, and
    3. The total household benefit cap for workless households where neither the claimant nor any partner working age claimants are in employment. (The very small numbers in this category in Northern Ireland meant that it was subsequently excluded from the research.)
- Assess the potential financial impact of each of the above changes on social tenants.
- Explore the spatial distribution and landlord distribution of tenants adversely affected by the impending changes and, if data permits, the equality categories of those tenants as set out in Section 75 of the Northern Ireland Act 1998.
- Produce a similar profile for those social housing tenants in receipt of HB who are unaffected by the impending changes to HB for social housing tenants.
- Assess the consequences that the impacts identified for individual tenants are likely to have on existing housing policies, local housing markets and the housing management practices of social housing landlords.[1]

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[1] In the event, it was agreed with the Department for Social Development and Housing Executive that this could not be explored to the extent envisaged due to time and resource constraints.

- Identify any further policy interventions, which may mitigate the potentially negative impact on tenants or particular types of tenants and make recommendations on any action that social housing landlords should take as a result of the consequences identified.

This study complements a similar study that is investigating the impact of welfare reforms on the private rented sector in Northern Ireland. References to the private rented sector are therefore largely restricted to issues relating to the interdependence of demand between private and social renting.

The structure of the report is as follows:

Section 2 provides an overview of the welfare reform programme policy context. It focuses primarily on the recent reforms to Housing Benefit (HB) and the housing cost element of the Universal Credit for working age households to be phased in from 2013. The section also sets out a brief review of the impact assessment and research literature, including reference to some early research on how the proposals might specifically affect Northern Ireland.

Section 3 reports on new primary research that matches Housing Benefit household records to a social rented dwelling characteristics database constructed by two of the authors of this study for a separate research commission on rent-setting in Northern Ireland (Young *et al*, forthcoming).

Section 4 complements the primary evidence with disaggregated survey evidence from the Northern Ireland House Condition Survey 2011, focusing on specific equality sub-groups.

Section 5 reports on a case study of one housing association's assessment of the impact of the reforms on its tenants and its business as well as considering its proposals for mitigation of these impacts.

Section 6 explores the wider assessment of mitigation.

Section 7 summarises and concludes.

2. POLICY CONTEXT

Housing Benefit in the UK

The present Housing Benefit system (HB) was introduced in 1988 to assist low-income tenants to pay their rent. HB is an integral part of the UK social security system and is closely linked to the broader Income Support system (IS). Unlike many other means-tested benefits, HB is payable as both an in-work and out-of-work benefit, although tenants with capital of over £16,000 are not entitled to HB. The overall structure of HB support is as follows:

- HB is payable on up to 100% of eligible rent for tenants in receipt of IS or with an equivalent income.
- Once a claimant's net household income exceeds the relevant threshold (effectively their personal allowance plus a modest 'earning disregard'), HB is withdrawn at 65 pence in the pound until eligibility falls to zero.
- The amount of HB a claimant receives depends on any deductions in respect of non-dependants, any limits placed on the eligible rent and any deductions for service charges in respect of personal needs (such as food or meals).
- Annual rent increases are met in full by HB, provided the resulting rent is within the limits placed on the eligible rent and the tenant's household circumstances remain unchanged.

Housing Benefit System Concerns

Since its introduction the HB system has given rise to four main concerns.

- Escalating cost: in the decade to 2011-12 HB expenditure increased by 54% in real terms (Wilcox 2010; NAO, 2012).
- High marginal deduction rates (gross earnings lost in increased tax payments and the withdrawal of benefit as income rises), and the disincentive effect this creates to working or earning more.

- Costs of administration, in part arising from the inherent complexity of the HB system, which also creates considerable uncertainty for many tenants and landlords about the level of benefit likely to be received.

- Insulation of HB recipients from rising housing costs. This was partially addressed for private tenants through the introduction of the Local Housing Allowance (LHA) framework but social tenants have remained fully insulated.

Welfare Reform in Great Britain

The centrepiece of welfare reform is the introduction of a Universal Credit (UC). UC will be phased in from October 2013, replacing HB, IS, Income related Job Seekers Allowance, Income Based Employment and Support Allowance (ESA) and tax credits for the vast majority of working age claimants. Other key aspects of reform include the introduction of a 'welfare to work' programme, and the re-assessment of all individuals on disability and incapacity related benefits.

The most salient welfare reforms from a housing policy perspective are summarised in appendix 1. Imminent HB reforms that will impact on social tenants are discussed below.

Non-dependant deductions

A non-dependant is a person aged 18+ who is judged as responsible for a contribution towards an HB claimant's housing costs. Non-dependant deductions (NDDs) are subtracted from gross rent prior to calculation of HB entitlement.

Frozen in April 2001, NDDs have been increasing since April 2011. Under UC, a 'Housing Cost Contribution' (HCC) will replace NDDs. HCC will be a weekly flat deduction of about £15 per week per non-dependant for households with one or more non-dependants aged over 21. However, households will be exempt from HCCs if the claimant is blind or in receipt of the care component of Disability Living Allowance (DLA) at the middle or highest rate or the PIP daily living component. Non-dependants (and any partner if a couple) will also be exempt from paying HCC if they are in receipt of Pension Credit, Attendance Allowance (AA), the DLA care component at the middle or highest rate, the

Personal Independence (PIP) daily living component or carer's allowance (DWP, 2012a).

Under-occupation deductions

From April 2013, HB calculations for those renting from a social landlord will recognise a separate bedroom requirement for: each adult couple; any other adult aged 16 or over; any two children of the same sex under 16; any two children aged under 10; any other child (other than a foster child or child whose main home is elsewhere) and a carer (or team of carers) that provide overnight care. Households living in social rented properties with more generous bedroom provision than this will be deemed to be under-occupying. Under-occupying tenants will face a reduction in HB eligibility of 14% for one extra bedroom and 25% for two or more extra bedrooms. These deductions will apply to the total eligible rent plus any eligible service charges, for tenants in receipt of full or partial HB[2].

Temporary and supported accommodation social lettings will be exempt from this deduction (DWP, 2012b). Existing HB claimants over the qualifying age for Pension Credit or with a partner over that age will also be exempt. However, draft UC Regulations (2013) indicate that for all new claims under UC, a couple will be treated as working age until both partners are of Pension Credit age.

Under HB, and until UC is introduced, lodgers will be allowed a room under the size criteria, and income from a lodger (with a weekly £20 disregard) will be taken into account in assessing benefit entitlement. When UC is introduced, no additional bedroom for lodgers will be recognised but the entire payment from a lodger will be disregarded in calculating benefit entitlement.

Benefit Cap for workless households

From October 2013, a cap will be introduced on the total amount of benefit that workless households (where a claimant or partner does not earn income equivalent to

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[2]DWP (2012b) has confirmed that it will not define a bedroom or specify a minimum bedroom size. This may provide some flexibility to look at the specific circumstances and living arrangements of families in determining whether a claimant is under-occupying.

16 hours a week at the minimum wage) can receive. Draft UC Regulations 2013 indicate the monthly cap will be £1,517 for a single claimant (£350 per week) and £2,167 for couples, families and lone parents (£500 per week). Working age claimants also claiming DLA/PIP, AA, and the support component of ESA will be exempt from the cap. Where total benefit assessment exceeds the appropriate cap, HB payments will be reduced. Once a claimant has transferred onto UC, deductions will be made from it instead.

Eligible Service Charges

Welfare Reform will define eligible service charges instead of ineligible service charges for benefit purposes.

Supported Exempt Accommodation

The housing costs of people living in exempted supported and specialist housing, where the provider also provides care, support or supervision, will continue to be managed outside UC and paid through HB for the time being. DWP has recently clarified that those living in supported exempt accommodation and claiming HB will not be exempt from the UC benefit cap, but the removal of their housing costs from this calculation should mean most of these cases will not be affected by the cap.

Other Universal Credit changes likely to impact on social tenants are as follows:

Change in tapers

To address the problem of very high marginal deduction rates, UC will operate on a single taper of 65% of net earnings alongside the continuation of earnings disregards, albeit some disregards will be less generous than at present.

Changes to arrangements for paying benefit to claimants

In Great Britain, UC will be paid into the bank account of one member of a household and direct payments to landlords will stop. There will also be a shift to monthly payments, paid in arrears. Backdating of UC claims will be limited to one calendar month, rather than 6 months as at present and with limited eligibility. Claimants temporarily absent from their home (e.g. in hospital, prison or care home) will continue be eligible for HB, but only for up to six months rather than one year as at present.

Welfare Reform in Northern Ireland

Northern Ireland has formal autonomy over HB, and over other social security policies, but the parity principle set out in sections 87 and 88 of the Northern Ireland Act 1998 means that such policies remain closely aligned with those operating in Britain. The parity principle dictates that individuals in Northern Ireland should receive the same benefits, under the same conditions, as other UK individuals. Any substantial variance from this principle would have adverse financial consequences, because it would have to be paid from the Northern Ireland Block Grant (and so would be at the expense of existing devolved spending elsewhere in Northern Ireland).

The Welfare Reform Bill for Northern Ireland introduced to the Assembly in October 2012 therefore contained many of the same provisions as set out in the Great Britain Welfare Reform Act 2012 and UC is expected to be introduced in Northern Ireland in April 2014 as part of the continuous UK wide roll-out commencing in October 2013. However, some important operational flexibility has been negotiated within the bounds of financial parity:

- The housing element of UC will be paid to landlords in Northern Ireland by default, although tenants may request it be paid to them.
- In defined circumstances (to be confirmed) it will be permissible to pay UC fortnightly and for the payment to be split between a claimant and their partner.

Additionally, in light of uncertainty about how claimants will cope with making on-line claims, the Department for Social Development (DSD) has committed to providing alternative access routes, including phone and face-to-face interaction.

Impact Assessment

A range of assessments of the potential impacts of welfare reform now exist.

Government Impact Assessment

In terms of official impact assessment:

- DWP (2012d) has published estimates of UC impacts, taking account of benefit changes up to and including the December 2012 Autumn Statement, but this does not isolate HB reform effects. One general finding of note is the anticipated improvement to effective marginal deduction rates arising from welfare reform; as a result of the single withdrawal rate, around 1.5 million individuals will see a reduction in their marginal deduction rate and, while a higher number of people will see their marginal deduction rates increase rather than decrease, there will be virtually no households with a marginal deduction rate above 80%. However, this analysis excludes council tax support from both the current system and UC (DWP, 2012d, paragraph 12).[3]

  An earlier DWP (2012c) analysis, which looked specifically at the impact of HB reforms, estimates that some 31% of working age HB claimants living in social housing in Great Britain will receive reduced HB because of under-occupation, at an average of £14 per week in 2013-14 (the median figure is £12). DWP estimate that

[3]Council Tax Benefit (CTB) in England is being removed and the resources are being allocated directly to councils, but with a 10% cut. Similarly, the CTB element of Scottish Block Grant will be cut by 10% - although the Scottish Government has decided to fund the shortfall in partnership with local government for the time being. The changes facing CTB in Great Britain will also apply to the Northern Ireland equivalent, the rate rebate element of HB. In June 2012, the Northern Ireland Executive announced continuation of the current rates support element of HB for an interim period of no more than two years, choosing to cover any consequent financial shortfall arising through Block Grant. Consultation on a new rates support scheme, to be in place from April 2014 ran from January to April 2013. (www.dfpni.gov.uk/rating-review/welfare_reform__rate_rebate_replacement_arrangements_-_preliminary_consultation_paper_-_final_version_2.pdf)

around 81% of those affected (540,000 of 660,000 estimated cases) will be under-occupying by one room only.

DWP (2012c) also estimate that the benefits cap may affect some 90,000 adults and 220,000 children in 2013-14. Less than 8% of affected households are in Scotland or Wales and more than half are in Greater London. Households affected face a mean benefit reduction of £83 per week (and a median reduction of £56).

- The Welsh Government (2013: table 1) reports that since April 2011 around 48,500 HB recipients have seen their benefit entitlement reduce by £9 per week on average. Over 3,000 HB recipients are likely to have been affected by the change in the age threshold for the shared accommodation rate. However, at time of writing the Welsh Government had yet to publish estimates of forward impacts.

- The Scottish Government (2011) reports that, while the absolute numbers may be small, the changes to NDDs will put pressure on young people to leave the family home and could in some cases lead to reductions in HB of £10 or more per week on average. New limits to benefit for young single people up to age 35 renting from a private landlord may, however, offset this.

  Acknowledging a shortage of necessary data to fully analyse the under-occupation changes, the Scottish Government also believes that around 110,000 social renting households of working age may be in receipt of HB and have one or more rooms more than considered necessary.

- In Northern Ireland, NIHE (2012) estimated that, as at May 2012, approximately 26,200 NIHE working age tenants were under-occupying, almost 19,000 by one room and around 7,000 by more than one room.

- The 2011 Northern Ireland House Condition Survey (NIHCS) suggests that in the social sector as a whole, almost half (46%) were under-occupying by one or more bedrooms. The survey also suggests that the majority of young households (17-24 for the household reference person) in the social rented sector under-occupy by one room (59%) or by 2+ rooms (5%).

For those aged 25-39 the proportions were somewhat lower: 34% were under-occupying by one room and 2% by 2+ rooms. For those aged 40-59, the proportions change to 32% (one room) and 19% (2+ rooms). It should be noted that these proportions are for all households, in the social rented sector, including those not currently on HB. This may reflect a policy of letting of properties to homeless and other single person households in order to meet urgent housing need or to minimise rent loss from voids in more difficult-to-let areas.

Other Estimates

Analyses of impacts conducted outside of government encompass wider possible housing system impacts of welfare reform. However, as this analysis has been driven by the introduction in Great Britain of direct payment of HB to tenants on monthly terms, much of it is not relevant in a Northern Ireland context. Thus, for example, conclusions by Wilcox (2011), and IS4 (2011; 2012) that HB reform will impair housing associations financially, increase the risk of rent arrears and increase management costs have limited relevance to Northern Ireland.

<u>England</u>

Wilcox (2010) notes that waiting lists for social housing may increase as a result of increased demand if people in the private rented sector can no longer meet their rent due to changes in LHA.

Wilcox (2011), using English Housing Survey data from 2008-09 linked to 2010 HB receipt by social sector tenants, estimated that 19% of all working age housing association tenants in England would be affected by new rules on under occupation; 22% of these were under-occupying by two or more rooms. He further estimated that around one in seven social tenants in England may be affected by the changes to HB NDDs.

On a much smaller scale, looking at under-occupation through a survey of 452 under-occupying tenants of three English housing associations, Burkitt (2012) found that 40% had been under-occupying since their tenancy started; the rest typically reflected empty nesting. One in five was under-occupying by two or more rooms. Only 7% wanted to downsize and financial factors were rarely if ever raised as a reason to move. While a large proportion (43%) said they were facing financial difficulties getting by when surveyed, and the majority thought it would be difficult to accommodate a cut in HB, only 25% thought they would move to a smaller place but more than a third thought they might fall into arrears[4].

Scotland

Focusing on changes to NDDs, under-occupation and the household benefit cap, IS4 (2012) estimated that Scottish housing associations and co-operatives would see income fall by £33.5 million between 2010-11 and 2017 – a reduction of 9%. More than £20 million of the reduction was estimated to be due to under-occupation charges.

Out of 275,000 housing association and co-operative tenancies in Scotland, IS4 further calculated that about 38,500 working age households would be deemed to be under-occupying, 5,500 working age households would be affected by the NDD reforms, and around 1,200 working-age households would be affected by the household benefit cap.

Littlewood (2011) calculated that around one in three working age households in the Scottish housing association sector were under-occupying, and that there would be an average impact of £11 per week. She also estimated that 2% of housing association tenants would be affected by the change to NDD, and around 1% by the overall benefits cap.

Northern Ireland

There is little in the way of analysis specific to Northern Ireland to report.

Analysis by the Institute of Fiscal Studies (IFS) (Browne, 2010) has examined the projected average and distributional impacts of tax and benefit reforms from 2010/11 to 2014/15 across UK administrative areas, in order to highlight differential Northern

[4]A further important suggestion raised in this study is that, while older households will not be affected directly, they will in future face increased competition for smaller and more appropriate accommodation.

Ireland effects, but this work does not account for the impact of the UC (due to lack of detail in the latter regard when the analysis was conducted). The analysis finds the changes to be generally regressive, with the overall impact in Northern Ireland marginally greater than in the rest of the UK[5].

Drawing in part on the IFS study, Horgan and Montieth (2012) have subsequently constructed a rather alarmist and under-evidenced scenario of the possible implications of wider welfare reform for children and young people in Northern Ireland.

More recently, the Department for Social Development's Analytical Services Unit (ASU) carried out analysis on the possible effects of the benefit cap policy in Northern Ireland. The analysis suggested that, assuming no change in the circumstances of claimants:

- The benefit cap would affect approximately 620 households in the region;
- All the households expected to be impacted by the benefit cap were in receipt of Housing Benefit.
- The majority of households (61%) that would have their benefits capped would lose up to £50 per week; a further quarter would lose between £50 and £100 per week.

The ASU analysis highlights the likely impacts of one strand of the welfare reform programme in Northern Ireland. However, the findings of any analysis on single issues such as the benefit cap or Housing Benefit reform, which cannot take account of either the interaction between policies or how households will react to them, can only be treated as indicative: attempting to estimate the combined effects of the full range of welfare reform measures is much more problematic.

Conclusions

HB reform is an intrinsic part of a wider welfare reform agenda that has been evolving since 2010 and continues to evolve at pace. Within this overall context, the reform

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[5]The latter arises primarily because of the structure and make-up of the Northern Ireland population compared to other parts of the UK.

agenda in Northern Ireland is developing in ways that are significantly different to that in Great Britain, both because of structural differences in policy (such as the absence of a council tax system in the province) and because the Northern Ireland Executive has won important operational flexibilities in welfare reform implementation from DWP that are not available to other UK administrations. The first point means that it is not possible to be definitive at present on what welfare reform will wholly involve. The second point means that in key respects the welfare reform experience of Great Britain is not relevant to Northern Ireland.

In gauging the impact of HB (and wider welfare) reform, it is worth emphasising that ex ante assessment is fundamentally difficult, because of lack of knowledge of the household behavioural change it is inducing. Analysis therefore has to make strong assumptions and, at best, it is only possible to measure first round effects. Related to this, analysis is unavoidably static and cannot take account of wider economic change. Further, available analysis tends to focus on the big picture – rarely does it consider variety in local housing market contexts. However, the DWP impact assessment shows that focusing on net and average effects can mislead when there are potentially large gross flows and differences in effect within groups.

In Great Britain, the housing sector anticipates significant dislocation arising from direct payment of rent to tenants and monthly payment of benefits – concerns of no or limited resonance for Northern Ireland. Beyond this, and more pertinently, there is some evidence that new rules on under-occupation constitute the change likely to affect the greatest number of households currently receiving HB.

It is likely that NDDs will affect a smaller share of households in the social rented sector, but we do not, prior to empirical research, have knowledge of the scale of this issue in Northern Ireland.

The next section will present findings from the analysis of administrative records provided by the Housing Executive and housing associations, and will quantify the number of people in social rented accommodation in Northern Ireland who will be affected by new regulations on under-occupation, and by the increase in NDDs.

3. ANALYSIS OF ADMINISTRATIVE RECORDS

Introduction

The key objective of this research study is to understand the likely impact of the HB reforms on social tenants in Northern Ireland. This can be best addressed by a combination of three approaches: first, analysis of secondary data; second, analysis of new primary data and, third, consideration of insights from case study information. The next chapter (4) focuses on analysis of the 2011 Northern Ireland House Condition Survey (a key source of secondary data). Chapter 5 examines the experiences of one major housing association in Northern Ireland as it contemplates the business plan implications and ramifications for its tenants. However, in order to understand the quantitative impacts of the reforms, this first section draws on primary data drawn from the administrative records of Housing Benefit recipients in the social sector. The next section sets out how this data was drawn together and matched to an existing housing stock database and reflects on its quality (particularly its representativeness) before reporting on the actual analysis.

Data collation and data cleaning

The exercise involved matching three datasets together: a Housing Benefits claims database, a linked Housing Benefit personal status database and a separate dwellings database. Unfortunately, the datasets were not uniquely identified by a 'pointer' reference number. It was, therefore, inevitable that attrition occurred at each stage of a matching process based on addresses which in many cases were not consistently entered. The stock data included approximately 116,000 cases, of which approximately 800 were deleted because the match code was not unique. The Housing Benefits claims data represented a snapshot of claims that were active in June 2012. There were some 92,300 Housing Benefit claimant cases, of which 1,350 were deleted because the match code was not unique. In the end, approximately 70,800 HB claimant cases were successfully matched to the stock dataset.

The counts are shown in the context of a hierarchical diagram. In figure 3.1, Housing Executive and housing association tenants are shown separately (on the left and right hand sides of the diagram respectively). The diagram separates tenants into those of working age, and those older than working age (defined as being aged 61 or over) and summarises the number of households potentially affected in terms of under-occupancy and the presence of non-dependants. Using the actual operational HB figures as a baseline, a process of weighting and grossing was used to counter attrition encountered in the matching processes. The final figures included in the analysis can therefore be considered broadly representative.

The grossing weights were calculated after observing the proportion of Housing Benefit claimant records successfully matched to dwelling stock records. The proportion was calculated separately for houses and apartments, and separately for housing association and Housing Executive records. 'Expected' proportions for each of these four categories were calculated by observing the distribution of Housing Benefit claimants in houses/apartments, and in Housing Executive and housing association stock. The grossing weights were then derived simply by dividing *expected* by *observed* proportions. For Housing Executive claimants, the overall grossing weight of 1.20 was modified to 1.16 after accounting for the different match rates for houses / apartments. Similarly, for HA claimants an overall grossing weight of 1.74 was modified to 1.87 after taking into account the match rates for houses/apartments.

Provider Type and Total Analysis

The analysis is based on simple counts of the number of Housing Benefit claimants that are likely to be affected by Housing Benefit reforms, breaking down those reforms into a number of 'impact categories'[6]. Figure 3.1 shows the overall counts for Housing Executive and housing associations (all numbers are rounded to the nearest hundred). It provides a number of clear headline messages:

[6] Average rents are lower in Housing Executive properties than in the housing association sector.

- The majority of working age claimants are under-occupying, and the proportion is larger for Housing Executive than housing association claimants.
- Of those who are under-occupying, the great majority are under-occupying by one bedroom, though compared with housing association claimants a larger proportion of NIHE tenants (roughly a third) have two or more spare rooms.
- The proportions with non-dependant deductions among working age tenants are much lower than for under-occupation but significant numbers face both circumstances (more than 3,200 claimant households).

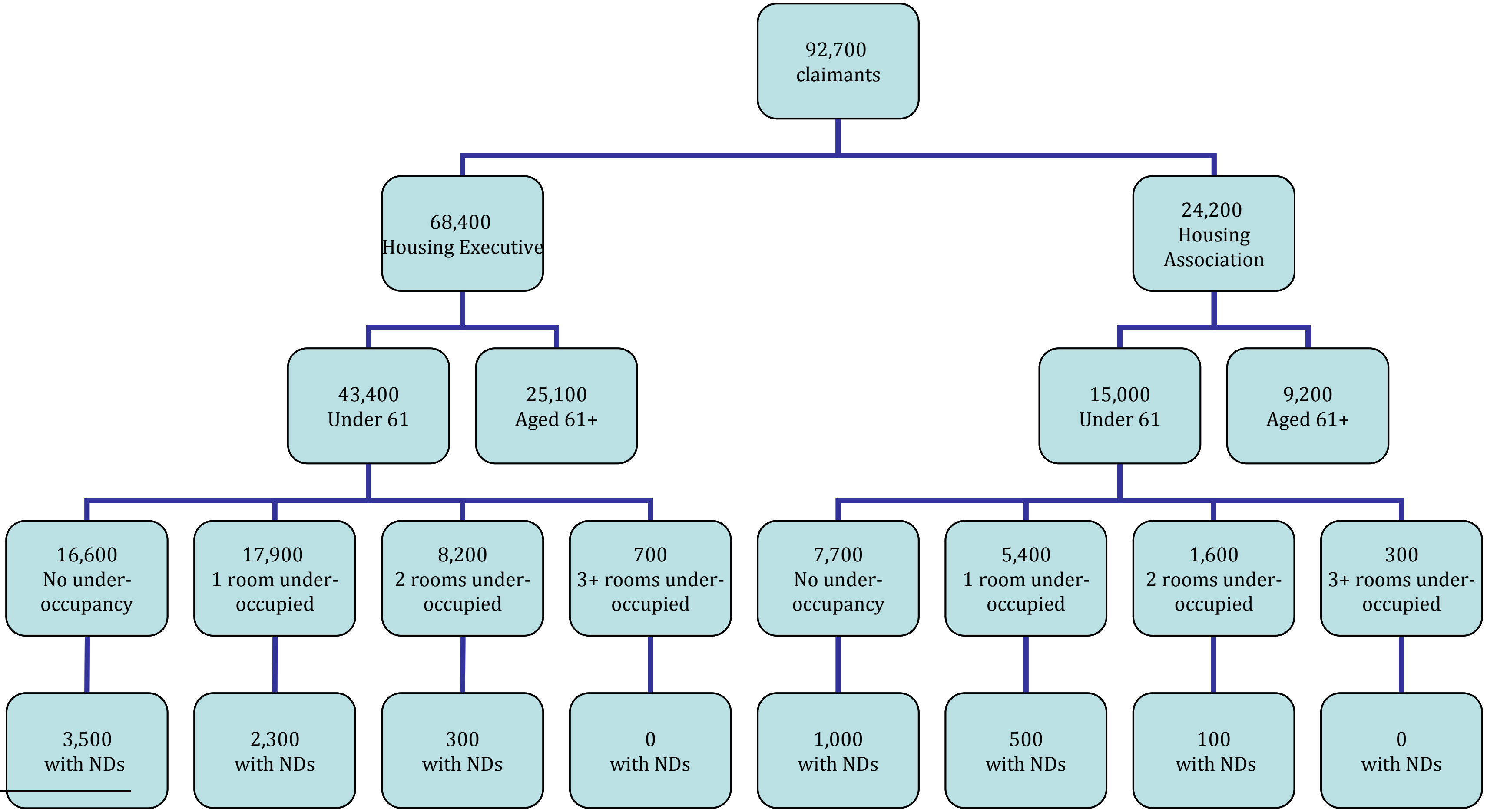
The key categories are converted into percentages in Tables 3.1 to 3.3. Table 3.1 aggregates the data for all HB claimants in social housing in Northern Ireland. Altogether, 63% of claimants were of working age. Of those working age claimants, more than 58% were under-occupying and more than 18% of all working age claimants were under-occupying by more than one room. The table also indicates that more than 13% of under 61 claimants had non-dependant deductions and 5.6% (i.e. 3,200 households) were both under-occupying *and* had non-dependant deductions.

Table 3.1 NI social tenants by under-occupation and non-dependant deductions

Category	Number	%
Claimants under 61	58,700	63.0
Claimants under 61 not under-occupying	24,300	41.6
Claimants under 61 under-occupying by one room	23,400	40.0
Claimants under 61 under-occupying by more than one room	10,700	18.4
Claimants under 61 with non-dependant deductions	7,700	13.2
Claimants under 61 with both non-dependant deductions and under-occupation	3,200	5.6

Source: Figure 3.1
Note: the base for the first row is all claimants. For all rows below, the base is the number of claimants under 61. All numbers are rounded to the nearest 100. All percentages are rounded to one decimal place.

Figure 3.1 Analysis of counts with working age defined as under 61[7]



[7] Figures in the chart have been rounded, and therefore totals may not equate exactly to the sum of the sub-categories they include.

Table 3.2 covers the Housing Executive only: 63% of claimants were of working age and three fifths (61.7%) of working age claimants were under-occupying. More than two fifths (41.3%) were under-occupying by one room and over a fifth (20.3%) of working age claimants were under-occupying by more than one room and would be liable for the full 25% reduction in HB. Fourteen per cent of working age claimants would have the higher non-dependant deductions while 6.1% would be liable for the full under-occupation reduction *and* higher non-dependant deductions.

Table 3.2 NIHE working age claimants by under-occupation and non-dependant seductions

Category	Number	%
Claimants under 61	43,400	63.4
Claimants under 61 not under-occupying	16,600	38.3
Claimants under 61 under-occupying one room	17,900	41.3
Claimants under 61 under-occupying more than one room	8,800	20.3
Claimants under 61 with non-dependent deductions	6,100	14.2
Claimants under 61 with both non-dependent deductions and under-occupation	2,600	6.1

Source: Figure 3.1
Note: the base for the first row is all NIHE claimants. For all rows below, the base is the number of NIHE claimants under 61. All numbers are rounded to the nearest 100. All percentages are rounded to one decimal place.

Table 3.3 refers to housing associations only. Just under 62% of claimants were of working age, marginally below the figure for the Housing Executive. Just under half of these tenants were under-occupying (considerably less than for the Housing Executive) and only 12.6% were under-occupying by more than one room (compared with 20.3% for Housing Executive working age claimants). Approximately one in ten working age claimants are likely to be liable for non-dependant deductions and 4% face both non-dependant deductions and an under-occupancy related reduction in HB – again both these proportions are lower than for the Housing Executive.

Table 3.3 Housing association tenants by under-occupation and non-dependant deductions

Category	Number	%
Claimants under 61	15,000	61.9
Claimants under 61 not under-occupying	7,700	51.1
Claimants under 61 under-occupying one room	5,400	36.3
Claimants under 61 under-occupying more than one room	1,900	12.6
Claimants under 61 with non-dependent deductions	1,600	10.6
Claimants under 61 with both non-dependent deductions and under-occupation	600	4.0

Source: Figure 3.1
Note: the base for the first row is all housing association claimants. The base below that in each row is the number of HA claimants under 61. All figures are rounded to the nearest 100. All percentages are rounded to one decimal place.

Under-occupation and individual housing associations

Drawing on the same administrative Housing Benefit records but calculated separately by the Housing Executive's Housing Policy and Services team, Table 3.4 provides a 2012 snapshot of levels of under-occupation (by one room and by more than one room) for each housing association in Northern Ireland.

Housing associations in Northern Ireland own and manage approximately 29,700 dwellings (2011) – see stock figures estimated by Young, et al, forthcoming. In this context, the Housing Executive reports that at the time of the analysis just under 15,000 working age housing association tenants were in receipt of Housing Benefit. After attrition due to being unable to match cases, an analysis of almost 10,000 cases indicated that 47% of the caseload analysed (approximately 4,300 households) would be under-occupying, with around 1,000 of these households facing the higher 25% reduction in HB for two or more bedrooms under-occupied.

Table 3.4: Number of housing association working age tenants in receipt of HB living in under-occupied dwellings by housing association

Housing Association	Under-occupied by 1 bedroom	Under-occupied by 2 or more bedrooms	Total under-occupied
Alpha	19	4	23
Apex	574	148	722
Ark	32	8	40
Clanmill	224	55	279
Connswater	132	32	164
Dungannon & District	79	33	112
Filor	80	43	123
Flax	66	23	89
Fold	299	78	377
Gosford	32	4	36
Grove	39	17	56
Habinteg	337	103	440
Harmony	94	38	132
Hearth	7	3	10
Helm	431	109	540
Newington	61	30	91
Oaklee	257	62	319
Rural	97	37	134
SHAC	4	2	6
South Ulster	153	34	187
St. Matthew's	33	19	52
Triangle	21	8	29
Trinity	182	49	231
Ulidia	102	34	136
Totals	3,355	973	4,328

Source: Northern Ireland Housing Executive, June 2012

Notes:
1. The figures above relate to tenants of registered housing associations who are of working age and in receipt of Housing Benefit;
2. There were 14,757 Working Age housing association tenants in total in receipt of Housing Benefit at June 2012. Due to a number of issues around data matching, it was not possible to assess the levels of under-occupation in all 14,757 cases.
3. A total of 9,224 cases (63%) were able to be matched and the figures above are derived from this subset of the total housing association Housing Benefit caseload.
4. The table above shows that, out of the 9,224 cases, 4,328 housing association tenants will be deemed to be under-occupying their home under the new regulations. This equates to 47% of the caseload analysed.
5. The majority of this 4,328 will be deemed to be under-occupying their home by one bedroom and will incur the 14% Housing Benefit reduction. However, around 1,000 housing association tenants will be deemed to be under-occupying their home by two or more bedrooms and will incur the higher reduction of 25%.
6. Readers should note that the Fold figure of 299 is particularly low due to a disproportionately low level of matching.

While the research team did not carry out this research and cannot comment on its methods, it appears broadly consistent with the research team's analysis (see Table 3.3). The distribution of under-occupation by individual association suggests the same broad pattern in most cases, wherein under-occupying by one room is typically two to four times the incidence of under-occupying by more than one room. Of the 24 associations examined, 10 had fewer than 100 cases and 14 had more than 100 cases of under-occupation. Of the associations with more than one hundred cases, seven associations had more than 200 cases, and two had more than 500. The largest number of under-occupation cases identified for one housing association was over 700.[8]

Under-occupation charges at district level

While continuing to use the administrative data, it is also possible to disaggregate the analysis to two lower levels based on the Housing Executive's organisational structures at the time of the research. Analysis was carried out at district office level (five in Belfast, including Shankill and a further 27 districts in the rest of Northern Ireland) and on the basis of five aggregated 'areas': Belfast, North East, South, South East and West. Housing Executive districts broadly equate to the district council areas but there are two Housing Executive districts each in Lisburn and Newtownabbey council areas and three within Derry Council area. Table 3.5 summarises the geography of this data.

Table 3.5: Geographical relationships between districts and areas

Belfast Area	**North East Area**	**South Area**	**South East Area**	**West Area**
West Belfast	Ballymena	Banbridge	Bangor	Londonderry (3 districts)
East Belfast	Antrim	Newry	Newtownards	Limavady
North Belfast	Newtownabbey (1 & 2)	Armagh	Castlereagh	Magherafelt
South Belfast	Carrickfergus	Lurgan	Lisburn (2 districts)	Strabane

[8] It should be noted that these figures are based on matching less than two thirds of cases. However, the figures cannot simply by grossed up by a factor of 1.5 as the matching process does not have equal rates of success. For example, Fold Housing Association has indicated that its own household survey of its portfolio shows approximately 700 households under-occupying.

Shankill	Larne	Portadown	Downpatrick	Omagh
	Ballycastle	Dungannon		Cookstown
	Ballymoney	Fermanagh		
	Coleraine			

This analysis, which is ungrossed, simply looks at the proportion of claimant households of working age who are under-occupying (in total, by one room and by more than one room). Starting with the area level analysis, Table 3.6 suggests that the West (39.9%) and South East (28.1%)) have the highest and lowest proportions of under-occupation respectively, compared with the total figures, while the figures for the other three areas are broadly in line with the overall average. The West has a disproportionately large share under-occupying by two or more rooms (14.3% compared to the overall average of 11%), whereas in the South East only 8.5% of eligible claimants were under-occupying by two or more rooms. Belfast is marginally above the Northern Ireland average for one room under-occupation and slightly below for under-occupying by two rooms or more.

Table 3.6 Under-occupying at area level (% of claimants of working age)

Area	1 room under-occupied	2 or more rooms under-occupied	Total proportion under-occupied
Belfast	23.1	10.5	33.6
North	20.8	11.2	32.0
South	23.1	11.1	34.2
South East	19.6	8.5	28.1
West	25.6	14.3	39.9
Total	22.4	11.0	33.4

Turning to the district offices, Table 3.7 summarises the information on under-occupation by claimant households. The districts with the highest proportion of under-occupying claimants (relative to an average of 33.4%) are: Omagh (44.3%), Cookstown (42.8%), Strabane (40.7%), Fermanagh (39.9%), Limavady (39.4%) and Shankill (38.6%). At the other end of the spectrum, only 20.4% of claimant households in Castlereagh were under-occupying.

Table 3.7 Under-occupying at district level (% of working age claimants)

District	1	2	3+	All
North Belfast	22.9%	9.5%	0.7%	33.1%
East Belfast	23.7%	7.4%	0.5%	31.6%
South Belfast	25.4%	7.2%	0.6%	33.1%
West Belfast	19.2%	11.7%	1.6%	32.5%
Shankill	26.9%	11.4%	0.3%	38.6%
Antrim	22.0%	12.6%	0.4%	35.1%
Armagh	22.4%	10.8%	0.7%	33.8%
Ballycastle	20.7%	13.3%	0.0%	34.0%
Ballymena	22.5%	11.7%	0.7%	34.9%
Ballymoney	24.6%	13.5%	0.1%	38.2%
Banbridge	23.9%	8.0%	0.4%	32.3%
Bangor	21.5%	7.9%	0.5%	29.9%
Carrickfergus	20.5%	9.5%	0.7%	30.7%
Castlereagh	13.8%	6.1%	0.5%	20.4%
Coleraine	21.6%	10.5%	0.6%	32.7%
Cookstown	27.2%	14.0%	1.6%	42.8%
Downpatrick	24.3%	7.0%	0.4%	31.6%
Dungannon	26.9%	9.5%	1.5%	38.0%
Fermanagh	29.3%	10.3%	0.3%	39.9%
Larne	17.2%	11.0%	0.5%	28.7%
Limavady	26.3%	12.3%	0.8%	39.4%
Lisburn (Antrim St)	19.7%	8.8%	0.4%	28.8%
Lisburn (Dairy Farm)	19.2%	10.7%	0.9%	30.8%
Londonderry	25.0%	12.0%	1.3%	38.3%
Lurgan	20.1%	12.0%	2.0%	34.0%
Magherafelt	26.4%	11.6%	1.2%	39.2%
Newry	21.8%	10.3%	1.0%	33.1%
Newtownabbey1	17.1%	7.9%	0.9%	25.8%
Newtownabbey2	19.6%	8.2%	0.1%	27.9%
Newtownards	20.5%	8.0%	0.4%	28.9%
Omagh	26.2%	16.5%	1.5%	44.3%
Portadown	17.3%	8.8%	1.0%	27.0%
Strabane	25.3%	13.6%	1.8%	40.7%

Totals	**22.4%**	**10.2%**	**0.8%**	**33.4%**

Fermanagh (29.3%) had the largest share of under-occupation by one room, closely followed by Cookstown (27.2%), Shankill and Dungannon (both 26.9%), whereas the Province-wide average was 22.4%. The concentration of under-occupation by two rooms or more was highest in Omagh (18%), Strabane (16.4%) and Cookstown (15.6%).

Conclusions

Despite the limitations of both the Housing Benefit records and property database records and the attrition that is an inevitable part of the matching process, a careful weighting and grossing process has been adopted to optimise the data available. A separate analysis produced by the Housing Executive's Housing Benefit team produced similar results. In the light of this, therefore, the data and the analysis based on it must be considered sound. It is therefore possible to draw a number of conclusions regarding the profile and distribution of impacts on Northern Ireland's social tenants.

More than three fifths of working age social tenants receiving Housing Benefit will be affected by at least one of the two main changes which are the focus of this research. The evidence suggests that the majority of working age claimants are under-occupying. In June 2012, 40% were under-occupying by one room and a further 18% by more than one room. Just over 13% of working age claimants have already experienced the increased Non-Dependant Deductions but only 6% face both the NDD and the reduction in Housing Benefit due to under-occupation. Geographically, the analysis found that under-occupation is more significant in the South and West areas. The West also has higher levels of under-occupation by two or more rooms. Looking at individual districts the variations are more extreme: higher levels of under-occupation may be a reflection of local housing markets characterised by low demand.

4. DISAGGREGATED ANALYSIS

Introduction

This section draws on secondary analysis of the 2011 Northern Ireland House Condition Survey (NIHCS) to examine the impact of the under-occupancy-related reduction in Housing Benefit on specific sub-groups of the social housing population. This chapter, therefore, aims to meet the project objective, outlined in Section 1, of investigating 'the impending changes and, if data permits, the equality categories of those tenants as set out in Section 75 of the Northern Ireland Act 1998'. Availability of suitable data means that the analysis has been limited to gender, religion and disability.

The 2011 Northern Ireland House Condition Survey

The 2011 NIHCS was the 11th such survey since 1974. The survey was based on a stratified random disproportionate sample of 2,030 properties. The survey provides detailed, statistically robust analysis of Northern Ireland's housing stock and housing conditions, energy efficiency and Government housing indicators (unfitness, Decent Homes, fuel poverty and the Housing Health and Safety Rating System). Comparison with earlier studies (e.g. in 2006 and 2009) enables change in key performance to be tracked over time. Critically, for this study, the survey allows data on households, including their socio-economic conditions and any income from benefits (including Housing Benefit), to be matched with individual housing stock characteristics including tenure and the number of bedrooms in a dwelling.

In 2011, the overall sample of 2,030 dwellings resulted in 1,434 surveys (a 71% response rate). In all, 1,314 households were surveyed and a physical survey was carried out on a further 112 vacant properties. Although the sample size was smaller than for previous surveys because of budgetary pressures, the response rate was consistent with previous surveys. Some key findings from the 2011 House Condition Survey help to put this study in context.

Given the achieved sample size and its essentially random character, it was possible to produce statistically robust figures at the Northern Ireland level, and for certain sub-geographies, using a process of weighting and grossing. However, it is important not to overestimate the statistical significance of apparent differences between sub-groups in the overall sample. Throughout this chapter, therefore, sub-group sample sizes (n) and confidence intervals are included as appropriate to give the reader a sense of the statistical robustness of the analysis.

- Two thirds (66%) of households were owner-occupiers and almost one fifth (18%) lived in the private rented sector, while 16% were tenants in the social rented sector. As in Great Britain, the proportion living in the owner occupied sector has been falling since the mid-2000s, while private renting has grown rapidly.
- The proportion of households living in the social rented sector has remained unchanged from 2009. Older households and households with children are disproportionately represented in this sector.
- The survey also found some differences in the housing circumstances of Protestant and Catholic households: Protestant households are slightly more likely to be home owners and more likely to live in urban areas.

Sub-Group Analysis

For the purposes of this analysis, the focus is on **working age** households in the social sector only. Unfortunately, the data cannot be further broken down into sub-categories (e.g. by income band or household type) because the number of cases (n) which would make up these sub-samples are too small to provide reliable analysis or inference. Even the figures below, as the confidence intervals show, must be seen as indicative only.

Table 4.1 provides baseline figures for the rest of the analysis in this section. It contrasts all working age households in the social rented sector against those on Housing Benefit, broken down by whether or not they are presently under-occupying (according to the DWP rules). These figures are similar to those found in the previous section, but it must always be borne in mind that these are derived from the 2011 HCS rather than from administrative records, which are based on the 2012 data.

Table 4.1 shows that altogether there are just over 70,000 working age households in the social rented sector and almost 53,000 (75%) of them are in receipt of Housing Benefit. The table also indicates that while similar proportions of all social tenants and those on HB are **not** under-occupying (both 54%), HB recipients were less likely to under-occupy by one room (33% compared with 35%) but slightly more likely to under-occupy by *more than* one room (13% of HB recipients compared with 11% of all social tenants) and hence face the higher 25% rate of reduced HB.

Table 4.1 Under-Occupation and Social Renting

	Not under-occupying	Under-occupying by one room	Under-occupying by more than one room	Total Cases
All Cases	37,600	24,600	8,000	70,300
	54%	35%	11%	100%
	n= 78; +/-8.1	n=52; +/-7.7	n=17; +/-5.1	n=147
HB cases only	28,400	17,400	7,000	52,800
	54%	33%	13%	100%
	n=61; +/-9.3	n=37; +/-8.7	n=14; +/-6.3	n=112

Source: NIHCS 2011

In Northern Ireland, for historical reasons, religious affiliation constitutes perhaps the most important equality issue. Table 4.2 looks at households by religion with a household reference person aged 16-60 and receiving Housing

Benefit. Approximately 28,500 households in this sub-group characterise themselves as Protestant and 22,400 describe themselves as Catholic. (A further 1,300 households fell into the mixed/no religion/other categories).

The data suggests that Catholics are more likely *not* to be under-occupying (true of 55% compared to 52% of Protestants). For those who are under-occupying, Protestants are more likely to be under-occupying by one room (41% versus 22.2% of Catholics) but Catholics are three times more likely to be under-occupying by more than one room (22% compared to 7% of Protestants). Table 4.2, however, shows that these apparent differences are all within sample error (confidence interval). Therefore, on balance, the analysis indicates that Housing Benefit changes will have no significant differential impacts by religion.

Table 4.2 Under-Occupation (Social Renting): Housing Benefit and Religious Category

	Not under-occupying	Under-occupying by one room	Under-occupying by more than one room	Total Cases
Protestant	14,700	11,800	2,000	28,500
	52%	41%	7%	100%
	n=32; +/-12.9	n=22; +/-12.7	n=5; +/-6.6	n=59
Catholic	12,400	5,000	5,000	22,400
	55%	23%	22%	100%
	n=25; +/-12.8	n=13; +/-10.8	n=9; +/-10.7	n=47
Mixed/No Religion	1,300	500	0	1,800
	71%	29%	0%	100%
	n=4	n=2	n=0	n=6

Source: NIHCS 2011

The survey data also permits analysis of working age social renting under-occupation by gender of the household reference person (HRP). There are twice as many female-headed households as male-headed households (Table 4.3). Looking at all households (not shown in the Table), 56% of female-headed households do not under-occupy compared to 49% of male-headed households; correspondingly, male-headed households under-occupy in larger numbers.

The data on HB claimants (Table 4.3) indicates that a higher proportion of female HRPs (55%) are not under-occupying their home compared to male HRPs (52%). Female-headed households also have a higher proportion of under-occupation by one room (34% compared to 30% of male HRPs). However, male-headed households are more likely to under-occupy by two or more rooms (19% compared with 11% for female HRPs), although it should be noted that, in absolute terms, there are more female HRPs under-occupying by 2 or more rooms (3,800) than male (3,200). These findings are not inconsistent with analysis which indicates that single parent families are much more likely to have a female HRP. As in the case of the analysis by religion, sample size and sample error (see Table 4.3) mean that the analysis provides no evidence of differential impact by gender.

Table 4.3: Under-occupation (Social Renting): Housing Benefit and Gender

	Not under-occupying	Under-occupying by one room	Under-occupying by more than one room	Total Cases
Male headed households	8,900	5,200	3,200	17,300
	52%	30%	19%	100%
	n= 20; +/-15.8	n=14; +/-14.2	n=7; +/-12.2	n=41

Female headed households	19,500	12,200	3,800	35,500
	55%	34%	11%	100%
	n=41; +/-11.7	n=23; +/-11.1	n=7; +/-7.3	n=71

Source: NIHCS 2011

The final two Tables concern the profile of working age households in the social rented sector who either receive a disability benefit (Table 4.4) or have a household member with a long-term illness (Table 4.5). Both Tables set out figures for all cases in this category as well as just those on Housing Benefit (reflecting the low numbers of cases who do not receive HB). Where disability benefits are concerned, households in receipt of Housing Benefit have a slightly lower proportion of households who are *not* under-occupying (50% compared with 52%). Households in receipt of Housing Benefit and disability benefits are marginally more likely to under-occupy by one room and by more than one room. In the case of working age households with at least one household member who has a long term illness, a marginally larger proportion of households on HB are under-occupying by one bedroom and slightly more of all working households are under occupying by more than one room (17% compared to 15%).

Table 4.4 Under-occupation (Social Renting): Households in Receipt of Housing Benefit and Disability Benefit

	Not under-occupying	Under-occupying by one room	Under-occupying by more than one room	Total Cases
All Cases	12,400	6,200	5,100	23,800
	52%	26%	22%	100%
	n=26; +/-13.8	n=16; +/-12.2	n=9; +/- 11.5	n=51
HB cases only	10,600	5,700	5,100	21,400

	50%	27%	24%	100%
	n=23; +/-14.4	n=15; +/-12.8	n=9; +/-12.3	N=47

Source: NIHCS 2011

Table 4.5 Under-occupation (Social Renting): Housing Benefit and Household Member with Long-Term Illness

	Not under-occupying	Under-occupying by one room	Under-occupying by more than one room	Total Cases
All Cases	10,000	5,500	2,600	18,100
	55%	34%	15%	100%
	n=22; +/-15.6	n=15; +/-14.9	n=3; +/-11.2	n=40
HB cases only	8,100	5,100	2,600	15,900
	51%	32%	17%	100%
	n=19; +/-16.6	n=14; +/-15.5	n=3; +/-12.4	n=36

Source: NIHCS 2011

In both the case of households in receipt of a disability benefit and households that have a household member with a long term illness, sample size and sample error mean that the analysis provides no evidence of differential impact of the reduction in HB due to under-occupation.

Conclusions

The equalities analysis conducted in this chapter should at best be considered indicative, given that it relies on small (in some cases *very* small) unweighted sub-samples of the 2011 survey which result in sample error (confidence intervals) which make it impossible to decide whether any of the different proportions are significant in statistical terms. Having said this, it does not mean the analysis is of no value, and does permit the following summary points about religious affiliation, gender and illness/disability to be made:

- 75% of working age social tenants receive Housing Benefit.
- 46% of them are under-occupying, with just over 13% under-occupying by more than one room.
- There are some 28,000 are Protestant working age HRPs in the social rented sector who are in receipt of Housing Benefit and 22,000 Catholic households. Catholics are slightly less likely to be under-occupying, but three times more likely to be under-occupying by more than one room than Protestants. Protestants are twice as likely to be under-occupying by only one room.
- Female HRPs are less likely to under-occupy than male HRPs. For those who do under-occupy, a higher proportion of female HRPs under-occupy by one room.
- In the case of long-term illness and disability benefit, households on Housing Benefit and disability benefit are a little less likely to be under-occupying than those not on HB. Households on HB are, however, slightly more likely to under-occupy by one room and by more than one room. Looking at households with at least one household member who has a long-term illness, a marginally larger proportion of households on HB are under-occupying by one bedroom and a slightly higher proportion by more than one room.

The overall conclusion of this analysis of equality-related data is that there are no grounds to suggest that the new under-occupation related reductions in Housing Benefit would impact in a significantly differential way by religion, gender or disability.

5. FOLD HOUSING: A HOUSING ASSOCIATION CASE STUDY

Introduction

Previous research in Scotland for Glasgow Housing Association - one of the largest social landlords in the UK (50,000 dwellings) was undertaken by two members of the research team, in collaboration with IS4 Consultants. This research project investigated the possible specific impacts of benefit reform on the organisation and also began to discuss mitigation of the most severe impacts both for tenants and the business. This exercise confirmed that the impacts of welfare reform are context-specific to individual housing providers and their local settings. In the light of this, it was agreed with the Department for Social Development and the Housing Executive that there was merit in conducting a case study of one of the larger housing associations in Northern Ireland. This case study would provide a sense of the contextual factors, the policy and management practices to address the reforms, and the possible implications for future business plans.

Fold Housing Association: background

Fold Housing Association was established in 1976. It has more than 5,000 tenants and residents, living in general needs accommodation (more than 2,000 units), sheltered housing (around 2,500 units) and some specialist supported housing. Its dwellings are located throughout Northern Ireland but predominantly in the Belfast Metropolitan Area, the Derry and Newry City Council areas and in Ballymena. Fold also provides telecare services in the Republic of Ireland. In 2011/12 turnover was £33 million and the asset base stood at £330 million. The organisation has approximately 800 staff, based in three offices, and has firm growth plans to expand its property portfolio and services, including those in general needs provision. In 2012 more than 400 units were in development, with plans for several hundred more in future years. In early 2013, almost two-thirds (62%) of Fold's tenants were on full Housing Benefit (HB) and a further 16% on partial HB – less than a quarter of tenants were not on HB. Fold's general needs housing stock is mixed by type and size but includes few one-bed properties (less than 5%) and approximately 50% of the stock has two bedrooms.

Planning for welfare reform

Fold has an acute sense of the potential impact of the changes to Housing Benefit and the wider welfare reform agenda. Its current corporate plan notes that the welfare changes will 'introduce caps and reduce entitlements', leaving many of its tenants facing a deficit between their rent and their HB support. The organisation expects that this may:

- impact on allocations;
- lead to an increase in average timescales for completing the re-let process; and
- result in an increase in voids as the process of matching tenants to vacant accommodation under the new regime will inevitably be more complex and time-intensive for staff.

Fold expects that the level of 'technical' arrears (those that have arisen as a result of delay in the payment of Housing Benefit) will fall, while the overall level of arrears will rise along with the size and proportion of irrecoverable debts. As a consequence, the organisation fully recognises the need to educate tenants, improve staff skills and devise and implement preventative mitigation strategies.

Fold has developed an *a priori* analysis of the impact of welfare reforms. The high priority given to this issue by the organisation emerged from a comprehensive risk analysis undertaken as part of its business planning process. Fold's risk register highlights that the potential outcomes of welfare reform present a significant risk for the organisation.

Fold's business plan identified three main information requirements to support and assist in quantifying and responding effectively to these issues, and subsequently set out a number of actions that could be taken by way of response:

Information requirements

- Developing relevant management information on Fold stock and tenants;
- Gathering and analysing socio economic information on tenancies, size of households and levels of dependency on HB; and
- Identifying high risk tenancies for under occupation and loss of benefit;

Necessary actions

- Considering options for the best use of social housing stock;
- Identifying any changes required to rent collection and arrears management policies and procedures;
- Skills development and training of staff; and
- Determining and introducing an effective system of reporting and updating tenants, staff, the Sub Committee and Board on policy developments, likely implications and methods of managing potential risks for Fold.

In the run-up to the introduction of the HB deduction for under-occupation and then Universal Credit, Fold has approached the process of identifying and scoping out the potential issues – and prioritising actions to mitigate the risks to the organisation – in a number of ways.

First, the organisation established a working group led by senior staff, which reports to the Board and incorporates key operational staff in the IT, management and finance functions. The work of this group began early in 2012. The association aimed to identify the most at-risk tenants by January 2013 (a task which was completed by December 2012) and then move on to provide support and advice for these at-risk tenants.

Second, Fold undertook a comprehensive census of general needs tenants, gathering data on key characteristics such as household structure, income and benefits and economic status, and matching this to property details. This task, which turned out to be more time-intensive than expected, was completed in March 2013. It enabled Fold to identify tenants at risk from significant reductions in benefit, and particularly those tenants for whom even small reductions in benefit posed a risk to tenancy sustainment.

Third, in developing its action plan for the implementation of welfare reform, Fold worked in partnership with Advice NI to design and deliver a bespoke training programme for its housing office staff on budget management advice and signposting to other services. Arrangements allowing Fold tenants to be referred to Advice NI for free advice on benefits and debt management had already been in place for some time. (Advice NI has subsequently secured funding that will enable it to offer benefits and debt management advice throughout Northern Ireland, not only to Fold tenants, but to anyone requiring information of this nature.)

Finally, Fold is pro-actively seeking out good practice elsewhere in the UK (Northern Ireland does not have its own welfare reform pilot area) and researching the potential for more effective rent accounting and arrears management information systems.

Stock/Household Analysis

Drawing on data from the Housing Executive's Housing Benefit system and stock data provided by Fold, the research team examined the distribution of under-occupation and non-dependant deductions. Overall, Fold had approximately 1,900 HB claimants in its general needs stock, of whom approximately 900 were aged under 61. Approximately 600 (i.e. two thirds) of these were under-occupying, the majority by only one room but more than 100 by two or more rooms. In addition, more than 50 cases of under-occupancy were liable for non-dependant deductions. In a further 50 cases, where there was no under-occupancy, it was found that tenants would be subject to non-dependant deductions.

Case Study Conclusions

It is clear that the issues faced by Fold are sector-wide and a similar level of preparation needs to be made by all housing associations in readiness for the reforms. Although the varying scale, stock profile and tenant population of the associations in Northern Ireland mean that the impact of welfare reform is likely to be uneven, important wider issues can be identified from the Fold case study:

- Fold's experience indicates that individual social housing providers face specific local and institutional contexts according to their past specialisation in specific sub-sectors. (Many housing associations in Northern Ireland are leaders in specialist housing and have only begun to offer general needs housing in more recent years). It is critical that associations gather as much information as possible on the profile of their own tenant populations and their current position in relation to occupancy. Critically, providers need to have sufficient housing management experience and appropriate information management systems.

- The Fold case study shows that welfare reform, and specifically changes to HB, has become a higher priority for the housing association sector over time, but planning has been hampered by uncertainty over both the precise details of Housing Benefit reform and Universal Credit, and the timing of implementation. In common with all housing associations, Fold has had to manage these changes on an on-going basis.

More broadly, discussions with Fold's senior management team point towards other measures that need to be addressed:

- The dissemination of good practice, information-sharing networks and the assembly of the necessary research evidence base and management information systems are vital to help social housing providers develop effective approaches to anticipate the scale and nature of challenges and monitor developments on an on-going basis.

- Issues pertaining to local communities, the mix of staff skills, housing stock size and type, the demographic profile of tenants, financial position and exposure to risks going forward (e.g. future development, loan covenants, etc.) all constitute additional organisation-specific challenges for housing associations in the context of the welfare reform agenda.

- Mitigation strategies have to operate at different levels and require a number of key elements: sector-wide information, good practice and guidance; tailored-provider level strategies, information management and staff skills development and tenant education, as well as the provision of new services where gaps exist focused on financial inclusion/education, welfare rights, income maximisation, etc.

- The ramifications of welfare reform and changes to HB for Northern Ireland's housing selection scheme need to be addressed urgently. It could be suggested that there is a case for rent abatement for households in housing stress who are allocated properties that they will under-occupy, or for households who are willing to accept homes in difficult-to-let areas, providing a rental stream for properties that might otherwise lie vacant. A similar approach could also provide some form of transitional protection, even temporarily, against growth in rent arrears. However, Fold's senior management has indicated that, due to its commitment to service the private loan charges on its stock, the association would not be in a position to abate rent charges; other associations that develop new social housing would almost certainly be similarly restricted.

- Finally, policy makers need to recognise the trade-offs that arise when lower levels of Government subvention to developing associations require them to use more of their own resources and reserves and lead to a greater reliance on revenue income to repay outstanding loans. Indeed, looking ahead, this may reduce the willingness of some housing associations to develop schemes which are at the margins of viability.

We examine these issues in more detail in the following section on mitigation.

6. MITIGATION STRATEGIES

The previous section focused on the challenges facing one provider and how it is attempting to deal with the complex issues it faces by developing a series of mitigation approaches. This section considers the mitigation strategies that might operate sector-wide. First, however, the evidence on mitigation strategies from Great Britain is briefly reviewed. It should be noted that mitigation strategies applied in other parts of the UK may be of limited relevance, given the variation in the regulations that apply in Northern Ireland, where social landlords do not face the problems likely to be caused by the end of direct payment of rent to landlords. However, at the time of publication (May 2013), there is no firm evidence to indicate that a reduction in HB in cases of under-occupation will not be introduced in Northern Ireland.

Mitigation Strategies: Evidence from Policy and Practice

Landlords in every part of the United Kingdom are wrestling with the implications of the welfare benefit reforms and doing what they can do to manage their impact on their tenants and the wider business. Although the ending of direct payment of rent to the landlord will not be introduced in Northern Ireland, this measure, together with the introduction of a single payment Universal Credit, is a key concern for landlords in GB. A Scottish government study (2012) indicates that Edinburgh City council has 8,000 tenants receiving full HB who will no longer have their rent paid directly to the landlord. Overall, the council anticipates an annual rental loss of around £2.5 million as a result of the welfare changes.

DWP is running a series of local authority and housing association pilots to examine methods of minimising rent arrears. While the initial evidence is mixed, a Scottish pilot (Dunedin Canmore) encompassing 300 low risk tenants found that relying more on cash payment cards and on-line banking rather than direct debits was an effective strategy (Inside Housing, 5 October 2012). More broadly, the prevention of rent arrears is not just about tenants paying, it is about their engagement with the retail banking system, and the need for banks to appreciate their customers' changing requirements.

Individual local authorities in England are also working on creative examples of mitigation. One authority, Thurrock, has reportedly offered Housing Benefit claimants (including the elderly) cash payments and rent holidays of up to six months to encourage households to downsize (Inside Housing, 4 October 2012).

In Scotland, a Government review of mitigating actions through a survey of councils found:

- Non-dependant deduction increases are not seen by most to be having a material impact yet, although many councils are investing in monitoring of those households affected by the changes.
- With regard to the under-occupation penalty, Scottish councils, in part in response to DWP circulars, are building an evidence base, both for their own tenants and for housing associations; they are aware of the housing allocation policy implications and higher temporary accommodation costs that may ensue. For example, Edinburgh city council estimates 4,000 tenants will lose an average of £12.31 per week, which raises concerns about possible growth in rent arrears. Several councils envisage a wider role for housing options staff in discussing property size with potential tenants and plan to invest more resources and support in this area.

Glasgow city council (no longer a public landlord but hosting an extensive network of housing associations and a large stock transfer landlord) is investing considerable effort in attempting to mitigate the adverse impact of the benefit reforms on tenants. In a benefit reform impact workshop in the city (August 2012), the city council stressed the need to identify the tenants most at risk of getting into arrears and least able to sustain a tenancy, and from there, to implement tailored plans to maximise income for such tenants. The council suggested that all landlords will need to plan their businesses by making an appropriate allowance for increased arrears and the difficulties flowing from the less generous up-rating of benefits.

This Glasgow workshop also suggested that, in future, affordable housing development by social landlords will need to reflect the Housing Benefit requirement for a better match of household size to new stock (and that developments which fail to do so would be viewed as a higher risk by lenders). In the context of a very difficult budgetary position, Glasgow council is also seeking to switch resources into financial inclusion, welfare and money advice services.

Mitigation Strategy Case Study: Sanctuary Housing Association

Sanctuary Housing Association is the largest social housing provider in Britain (circa 80,000 tenancies across England and Scotland) and also runs successful maintenance, care and student accommodation businesses. Just under a quarter of its tenants are of working age and in receipt of benefit. Sanctuary recognises that these tenants (and relevant new tenants) and business income are at risk from the introduction and phasing-in of:

- Reductions in Housing Benefit due to under-occupation
- The introduction of benefit caps
- Changes to non-dependant deductions
- The ending of direct payments to landlords under Universal Credit
- Changes to tax credits
- Below inflation up-rating of benefits
- Local arrangements for Council Tax Benefit, which will be at least 10% reduced.

In the face of these challenges, Sanctuary has developed a wide-ranging strategic focus, prioritising mitigating actions across the group. A task force has been established seeking to manage and reduce the impacts both on rent arrears and likely changing demand as specific properties and locations become more price-sensitive. To assist this process Sanctuary is working closely to share data with local authorities. It has participated in DWP pilots regarding UC direct payment, and is undertaking extensive training and preparation across its landlord and income collection/arrears recovery functions. At the same time, Sanctuary has restructured its housing management and delivery into a lean single service. This has enabled the organisation to provide greater case management and intervention activity across local operations supported by dedicated welfare advice and enables 'volume' debt activity to be managed by their shared services team. In 2012 the Housing Quality Network commended this approach as 'good practice'.

The priority mitigation actions carried out by the Sanctuary operation are:
- Reducing the growth of arrears by means of preventative actions with new tenants, such as encouraging the use of direct debits and improving clarity on tenants' income, benefits position and/or entitlements.
- Gearing up customer services, increasing the level and more responsiveness of data-sharing within Sanctuary, and investing in arrears management and training of all frontline staff in the details of welfare reform.
- Investing in measures to tackle tenancy and benefit fraud, including protocols with local authorities.
- Profiling vulnerable households, undertaking data audits and sharing data with local authorities.
- Investing in a financial inclusion strategy working with partners such as credit unions, but also addressing local issues such as doorstep lending.
- Developing a digital awareness strategy - working with partners, tenants and other stakeholders.
- Maximising tenant awareness of these changes through multiple media and communication channels.

Finally, in a recent study for the Scottish Federation of Housing Associations, the consultancy group IS4 (August 2012) reported on the Scottish housing association sector's degree of readiness for and vulnerability to the implementation of the benefit reforms. As part of this report, IS4 recommended a series of mitigation actions and emphasised that mitigation needs to be focused on those tenants most vulnerable to the reforms (2012, p.2): not just those with non-dependants and those who under-occupy, but also:

- those out of work;
- those with complex support needs e.g. due to disability; and

- larger families on low incomes.

The IS4 report also noted that the reforms have the potential to create a number of financial risks for social landlords: rental income risk in the form of rent loss, arrears and heightened risk of tenancy terminations, evictions and subsequent income loss through voids. Slower collection of cash as a result will also increase the costs of managing social housing organisations and may restrict future income growth. To the extent that financial performance is weakened, this could also affect the fulfilment of lender covenants and diminish the wider credit rating of the provider.

To try to counteract these forces, IS4 recommend a number of responses:

- Rigorous customer profiling of the tenant base and development of sector-wide good practice on cost-effective ways to develop and maintain the level and depth of information required to effectively monitor tenants and their exposure to these risks. Linked to this is the need for effective communication with tenants (and with *all* key stakeholders).
- Best practice is also required for financial inclusion, digital inclusion, money advice and income maximisation across the sector, recognising the need to prioritise and switch scarce resources into this part of the business.
- A significant effort across all of the public sector to enhance data-sharing to these ends, to link databases functionally and work together to overcome practical and legal impediments to making these critical data and information practice work better.
- Social landlords should become more strategic and externally-facing and work more closely with other agencies e.g. in the areas of employability; they should also draw on their own financial strength, where it exists, to explore new business ventures and diversify in order to manage these risks.

Mitigation in Northern Ireland

Section 2 of the report highlighted a number of significant concessions gained by the Northern Ireland Executive in relation to implementation of welfare reform, in particular the retention of direct payment of rent to social landlords and the frequency and nature of Universal Credit payments. However, this does not mean that social landlords in Northern Ireland do not face other significant issues, or that agencies are not working hard to mitigate the worst effects of the remaining HB reforms.

The Housing Executive, for example, has been working on mitigation policies for some time. An inter-divisional discussion paper (May 2012) drawn up by the organisation proposed several strategies and practical measures including:

- Developing more reliable data sources which enable households to be matched to housing stock and smaller properties to be identified, in order to maintain a regular flow of smaller sized vacancies to facilitate downsizing.
- Gaining a better understanding of the decisions and motivations that surround moving home. This would improve the implementation of effective mobility-focused policies (e.g. National Mobility Schemes: Direct Exchange, Homeswap) that might over time enhance the household/dwelling match. This process should also consider the cost-effective provision of new smaller properties, the conversion of existing units into smaller properties and expansion of HMO shared accommodation.
- Promoting effective internal communication, data monitoring and modelling of appropriately assembled data.

Some key issues for housing management in Northern Ireland

In terms of housing practice, there are a number of key issues for housing managers to consider.

- Allocations policy and practice need to be more sensitive to the benefit circumstances of tenants relative to any dwelling they may occupy. This would suggest that there is considerable value in enhancing the general practice of tenant and stock profiling (particularly so given the specific Northern Ireland context that can restrict movement of households across the religious divide). Specifically, there are questions as to whether there is sufficient waiting list 'demand' from households of the right size to match vacancies in two- and three-bed properties and, conversely, whether there are sufficient one-bedroom properties to match demand from single people and childless couples.

- Guidance relating to whether bedrooms are for single or double occupancy needs to be clarified.

- There needs to be significant investment in the management of rent arrears, the use of Discretionary Housing Payments and the management of voids.

- Landlords will need to invest in money advice, financial inclusion policies and, where appropriate, encouraging tenants to downsize. Several initiatives have been established in Northern Ireland to support precisely these initiatives within the NIHE and across the housing association sector and beyond into the wider financial advice community.

Addressing the problems that are likely to arise

Landlords might consider various types of mitigating policy action. For example, accumulation of rent arrears associated directly with benefit reductions such as the bedroom tax could be treated more leniently – at least for a given period of time, until households adjust to the new realities. However, this approach would not be without risk for efficient rent collection and, as noted in the previous chapter, there could be implications for the servicing of loan charges for housing associations. Furthermore, it would need to be implemented consistently across landlords, so that all tenants are treated in the same way, irrespective of landlord), while retaining a degree of sensible discretion (i.e. a flexibility in favour of the tenant).

Another possible strategy would be to review the size of stock that becomes available for relet, in terms of the number of bedrooms. However, the feasibility and affordability of lost rental income associated with such an approach would need to be assessed very carefully. Another possible approach – holding back rent increases – is also potentially problematic: it can have detrimental financial consequences for business plan decisions already taken on existing housing stock, existing loans, on-going spending on the stock and the like. It can also impact on rent levels for new development.[9]

Mitigation Conclusions

Mitigation strategies need to help vulnerable tenants facing benefit income loss, anticipate the changing situation of many tenants and clearly recognise which of these impacts translate into business risks. The key messages from this chapter can be summarised thematically: liaison and training, arrears management, allocations and a set of further dimensions of mitigation work. Landlords and agencies in all parts of the UK have undertaken a considerable amount of work in relation to mitigating the effects of reductions in Housing Benefit to tenants in the social sector, but it is clear that further lessons will be learned as the period of implementation unfolds, and that these lessons should be shared and exchanged. While Northern Ireland's special provisions – particularly direct payments – are of considerable help, arrears monitoring and management and, for instance, addressing stock-household size issues will remain highly significant.

[9]These issues arose in England for housing associations during a rent convergence process which included caps on rent increases: their investment business plans had factored in larger rent increases to fund modernisation and other promised investment plans.

Mitigation activity has to be focused on:

- Developing sophisticated customer profiles to help identify those most at risk and how they can be helped.
- Providing comprehensive advice and information services, delivered face-to-face and covering financial inclusion, money advice, welfare checks and income maximisation, but also discussing housing choices before tenancies are allocated.
- Initiating sector-wide data-sharing strategies, particularly in relation to matching up data between housing stock, households and their benefits.
- Considering the creative, valid and appropriate use of resources to directly mitigate the worst impacts on particular groups. This could involve alleviating hardship, but it might also involve more strategic action to free up small properties via incentives. There may also be some limited scope to develop more dwellings of a smaller size or convert existing dwellings to smaller properties or shared tenancies.
- Ensuring welfare reform good practice is seen as a priority throughout housing organisations and that it is integrated into all core housing management functions, especially allocations, rent arrears, tenancy sustainment and support services for vulnerable tenants. The focus should be on risk-based and preventative strategies. Adequate risk management of welfare reform and its implications must be central to business plans, risk registers and regulator audit of provider performance.

7. CONCLUSIONS

Each previous chapter concluded with a number of key findings. This chapter collates these main findings before drawing them together and outlining what are considered to be the most pressing policy and practice issues for social tenants and their landlords in Northern Ireland.

The policy review clearly indicates that the key HB reforms considered as the focus of this research study can be expected to have major effects on social tenants. The Northern Ireland House Condition Survey suggests that under-occupation will affect the HB received by about 46% of working age tenants in the social sector in Northern Ireland, while the administrative data records assessed in section three of this report suggest that the proportion is likely to be much higher. For comparison (but calculated on a slightly different basis), approximately 20% of working age English and Scottish housing association tenants will experience a reduction in Housing Benefit due to under-occupation. Non-dependant deductions may affect approximately 14% of social tenants in England. Similarly, in Northern Ireland , approximately 13% of working age tenants in the social sector are likely to be affected by the non-dependant deductions.

The DWP Impact Assessment strongly suggests that the relatively modest net effects mask large gross flows of households who stand to gain or lose out due to the reforms, and that quite large numbers of households stand to lose or gain in excess of £100 per month (some much more). The analysis carried out so far can only infer first round effects – it remains much more difficult to pre-judge how the new environment of the UC will impact on take-up rates, how benefit conditionality will work, and, the key question for many, how the new system will impact on encouraging entering work or carrying out more hours in work.

The primary research on the administrative records/housing stock database found that approximately three fifths of Housing Benefit recipients in the social rented sector will be affected by both the under-occupancy-related Housing Benefit reduction and the change in non-dependant deductions, although the majority are likely to experience relatively modest effects. Nonetheless, four in 10 households living in the social rented sector under-occupy by one room and around 13% of working age social tenants will be affected by the non-dependant deduction. In addition, the administrative records suggested that a small proportion of households are likely to feel the impact of both reforms.

The benefit reforms will impact on local housing systems: depending on individual circumstances, demand may be redirected from the private rental market towards the social sector (and vice versa). Moreover, as section 4 showed, certain local areas – ostensibly because of their demographic and stock profiles – are likely to be disproportionately affected by the reforms. While it is critical to develop sector-wide information-sharing strategies so that monitoring can be as effective as possible, it is also clear that agencies involved in planning for housing need to be aware of the way in which benefit reform may shift demand, need and system imbalance around local housing systems. This will be an important test of the capacity-building associated with the recent move to Local Housing Systems Analysis in Northern Ireland. There are also possible tensions between the management and mitigation of benefit reforms and the requirements to expand affordable/social housing supply (e.g. the rent levels required and the willingness to finance them by private lenders). Again, housing strategy and analysis must take full account of these (possibly conflicting) objectives.

It is important to emphasise that this exercise, as has been the case with most of the work on benefit reforms thus far, has concentrated on impact measurement and the quantification of financial effects. Previous Housing Benefit research has shown that recipients are often relatively unresponsive to changes in tax/benefit incentives at the margin. However, some of these changes are not merely marginal and, moreover, research such as that by Affinity Sutton indicates that tenants may not move in response to under-occupation-related reductions in benefit –something that will make it more difficult for landlords or policy-makers to achieve a better balance between households and stock size.

The continuation of direct payment (and other variations in the administration of HB) that have been secured for Northern Ireland are clearly important and will help to alleviate many of the difficulties that providers in the rest of the UK are anticipating and now gearing up to address. With the proposed introduction of the Universal Credit starting later in 2013, the volume of practical mitigation measures and what is being written about them is now growing weekly. There are still, however, comparatively few well developed pilots and case studies of good practice beyond the 'rent direct' issue (reflecting its urgency).

Policy makers reflecting on the impact of the HB changes should consider, among other questions, four further issues:

- The DWP impact assessment indicates that the proposed savings from under-occupation will only be realised if those under-occupying do not or cannot move. Policy 'success', in terms of a better match between the housing stock and its occupants, would mean that savings are not achieved in full.

- Social renting is not independent of the wider low income housing system that includes private rented housing. Given the plentiful supply of privately rented properties to the HB sector, there may in the shorter term be a tendency for unemployed younger people to move to the private rented sector rather than 2-bed social tenancies because, depending on LHA rates, the former may become the cheaper option. However, the benefit reductions operate differently in the Housing Benefit-supported segments of the private and social rented sectors and in the future demand for social renting could be increased by any widening of the gap between LHA and market rents in the private rented sector.

- These pressures raise questions over the future of joint tenancies. In response, the Housing Executive (2012) proposed to review the speed with which these can be created, on the basis that this might help share rent burdens and reduce under-occupation at the margin. It was, however, recognised that this could also reduce turnover.

- Meeting the ongoing need for social housing in Northern Ireland requires an element of new supply, providing an opportunity to change the social housing stock profile through development of new, smaller units. Even when government funding is plentiful, however, the relatively small number of new additions to the stock would take some time to significantly affect the overall stock profile. In the prevailing economic climate, resources for building social homes through the housing association sector will continue to come under pressure, a situation that is likely to be exacerbated by pressure to reduce the rate of Housing Association Grant. As a proportion of the overall stock, therefore, the number of one- and two-bedroom properties will remain low for the foreseeable future.

- The reform agenda should not mask the underlying anomalies and tensions inherent in HB. The high effective marginal deduction rate of withdrawal of benefit as gross income rises above the benefit threshold rate; the often arbitrary non-neutrality of tenure in terms of treatment of households with similar resources; and the design features that mean 100% of eligible housing costs can be paid by HB and also that rising rents can be met in full (subject to the annual up-rating caps). These structural issues stem from the dual nature of Housing Benefit as core to both the wider income maintenance system and housing affordability (Gibb and Stephens, 2012)[10].

[10]The Universal Credit provides for a single taper of 65%. While this is an improvement on the existing system, it still will interact with the rest of the tax and national insurance system to provide punitively high marginal rates of withdrawal – see the affordability chapter in the forthcoming report by Young *et al*, on rent policy.

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Appendix 1: Key Welfare reforms affecting housing in Great Britain

Date	Welfare Reform Measures	Affected Tenure
April 2011	Weekly Local Housing Allowance (LHA) rates capped at £250 for 1 bedroom, £290 for 2 bedrooms, £340 for 3 bedrooms and £400 for 4+ bedrooms.	PRS
	LHA rates set at 30th percentile of local rents, rather than median.	PRS
	First up-rating of non-dependent deductions for Housing Benefit (HB) and Council Tax Benefit (CTB) to reverse the freeze since 2001-02. The second occurred in April 2012 and a third will occur in April 2013.	All tenures
January 2012	The age threshold for the shared accommodation rate of LHA increased from 25 to under 35 years.	PRS
April 2012	Revised Tax Credits assessment rules to withdraw credit at faster rate as income rises. The earnings limit for claiming Child Tax Credit (CTC) reduced and the working hours needed for couples to claim Working Tax Credit (WTC) increased from 16 to 24 per week, with at least 1 person working 16 hours.	All tenures
January2013	High Income Child Benefit charge introduced for individuals with annual income of more than £50,000 living in a household in receipt of Child Benefit. The tax charge is 1% of Child Benefit received for every £100 of income between £50,000 and £60,000.	All tenures
April 2013	'Bedroom Tax' extended to social tenants of working age. A 14% reduction will apply to the gross rent for those under-occupying by 1 bedroom and a 25% reduction will apply for those under occupying by 2 or more bedrooms.	Social sector
	LHA rates will change to annual up-rating, up to a maximum of the CPI inflation rate. This will replace the current monthly up-rating based on local rents and is expected to reduce the real value of the LHA over time	PRS
	Phased introduction of Personal Independence Payments (PIP) to replace Disability Living Allowance. To support a planned 20% budget reduction, all claimants will be subject to a 'stricter' assessment to decide eligibility.	All tenures
April to September 2013	Phased introduction of Benefit Cap of £500 a week for couples, families and lone parents and £350 a week for single people. Those in receipt of a War Widow, DLA or a Working Tax Credit claimant will be exempt from the cap.	All tenures
From October 2013	Phased introduction of Universal Credit (UC) for all working age claimants. Most claimants will receive a single monthly household payment that will be paid in arrears directly to the claimant. Moreover, the capital cut-off rule, which currently applies to those on out-of-work benefits, will be extended to all Universal Credit recipients.	All tenures
	HB for rent and service charges replaced with a UC housing allowance for working age tenants and a flat rate Housing Cost Contribution replacing all 7 bands of non-dependant deductions.	PRS & Social sector
	Working age homeowners will have to be out of work and complete a waiting period of 3 months before they can claim a housing cost element towards the cost of mortgage repayments and /or service charge costs.	Owner occupiers
From October 2014	The Pension Service will take over assessing Housing Benefit for people of pension credit age and HB will become part of Pension Credit.	PRS & Social Sector
Plans to be confirmed	From April 2013 the housing costs of people living in "exempt' supported accommodation will be administered outside the UC and continue to be paid through HB for the time being. The longer term DWP plan is to put in place some form of localised funding for 'exempted' accommodation.	PRS & Social sector
Notes: Owners with a shared ownership lease will remain eligible to claim benefit for rent and eligible service charges but will be exempt from the 'bedroom tax' rules. Exempted supported accommodation typically refers to a resettlement place or accommodation provided by a social landlord, registered charity or voluntary organisation where the claimant receives care, support or supervision.		