



Life on the edge?

200 Days

and counting
the cost





Introduction

WDH is one of the largest housing associations in the UK, with responsibility for 31,000 properties and 60,000 tenants across the Wakefield district.

We were named 'UK Landlord of the Year' and 'Large Social Landlord of the Year' at the 2013 UK Housing Awards, organised by the Chartered Institute of Housing and Inside Housing magazine.

We have just received the EFQM Business Excellence Awards 2013 Prize for 'Adding Value for Customers', and we are the first UK Housing association to achieve Tenant Participatory Advisory Service accreditation on three occasions.

Our special report not only offers insight into the first 200 days of the 'Bedroom Tax', but also the impact of other wider welfare reforms on the lives of local people.

If you would like to discuss our findings, or require any further information, please contact welfarereform@wdh.co.uk



There are many ways to measure the impact of welfare reform, pounds and pence being the most obvious.

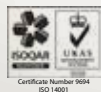
We calculate the cost of welfare reform to WDH to be as much as £10 million each year, or the equivalent of building one new property each week. The risk to landlords who fail to adapt is clear and present.

But do headline figures really matter to the people who face decisions such as 'heating or eating' on a day-to-day basis? I would suggest not. In reality these tenants are trying to keep their heads above water from one day to the next. Losing £15 a week is forcing them to make tough choices that many of us perhaps take for granted.

At WDH we're committed to 'delivering promises, improving lives'. In practice, we're doing everything we can to help these tenants stay afloat and enjoy some quality of life. The last thing we want is evictions, especially when many of these tenants have fallen into a financial black hole through no fault of their own.

This report lays bare the true cost of welfare reform to WDH and our tenants, whichever way you choose to count it.

Kevin Dodd
Chief Executive - WDH



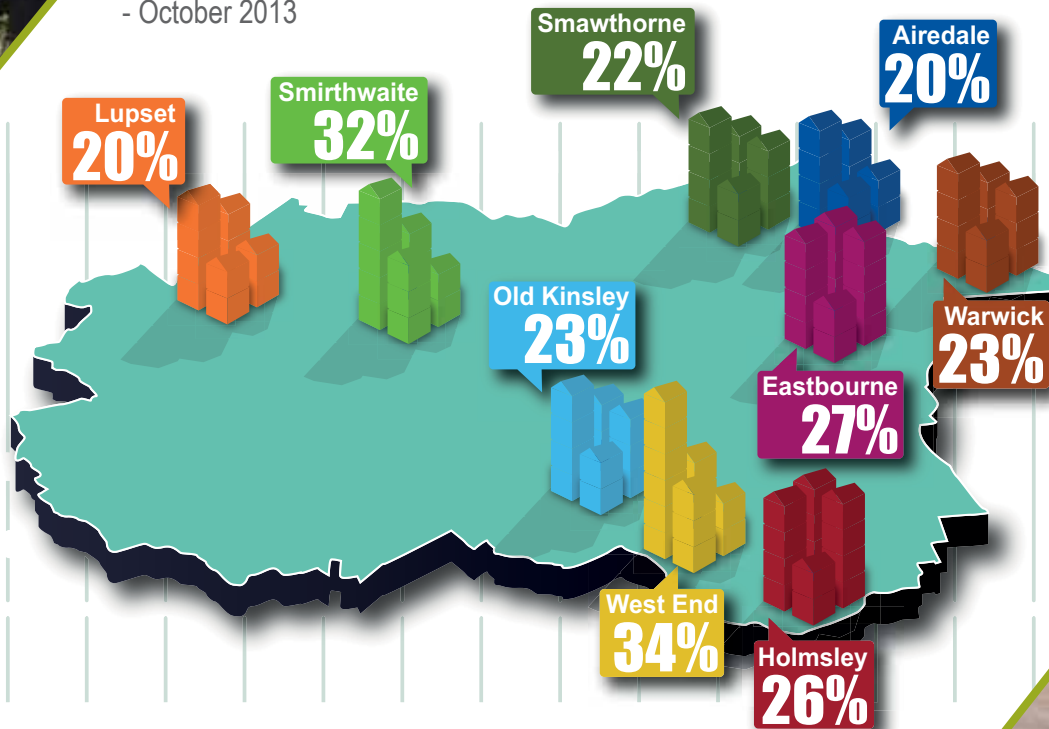
Bedroom Tax

Spare Room Subsidy. Under-Occupation charge or penalty. 'Bedroom Tax'. Whatever you choose to call it, you cannot ignore its impact.

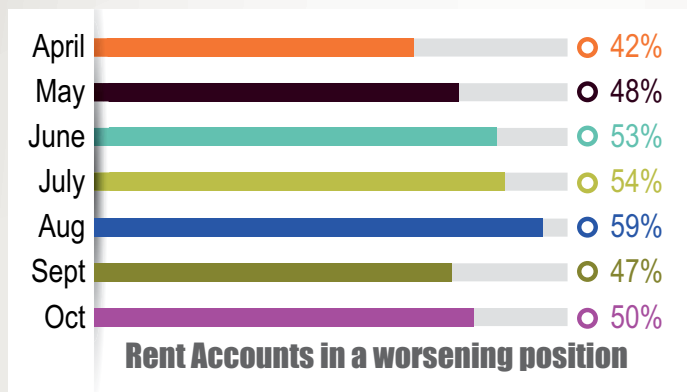
Around 5,600 residents of the Wakefield district were affected when the 'Bedroom Tax' was introduced on 1 April 2013. Almost 5,200 of these were WDH tenants.

Ahead of its introduction, we worked with Wakefield Council to contact all affected tenants to establish their exact circumstances, provide advice and find out how they thought they would be able to cope with this change.

Percentage of properties in WDH estates affected by the spare room subsidy - October 2013



Six months on, the number of households affected has reduced to 4,722. The vast majority of these (3,955) are under-occupying by one bedroom.



Rent accounts were in a worse position until August this year. This has only been lessened following focussed intervention by WDH. Some households originally impacted by the change are no longer affected, for reasons including changes in family circumstances, the claimant being no longer eligible for Housing Benefit, or if the accommodation is now deemed to be the appropriate size. There are also a number of tenants who have moved into 'under-occupation'.

Around 50% of the 4,722 affected tenants are in a worse financial position than they were before the 'Bedroom Tax' was introduced. Of those in a worse position, 90% have increasing debt with the rest having less credit on their rent account.

552 tenants who did not have a debt when the 'Bedroom Tax' was introduced now owe rent.

Case study 1 - Bill

Bill is a 35-year-old unemployed man from Pontefract who lives alone in his two-bedroom flat. He was under-occupying following the breakdown of his marriage, which resulted in his 15-year-old daughter opting to live with her mother. He suffers from mental health issues including depression and anxiety. He also self-harms.

Before the 'Bedroom Tax' was introduced he was £39 in rent arrears. This has since escalated to more than £400 in the last six months. The additional anxiety and stress has also seen Bill's relationship with his daughter deteriorate, and she no longer visits as often as had been agreed.

WDH was having difficulty working with Bill to resolve his arrears, but were able to make progress when our Health Inequality Caseworkers became involved.

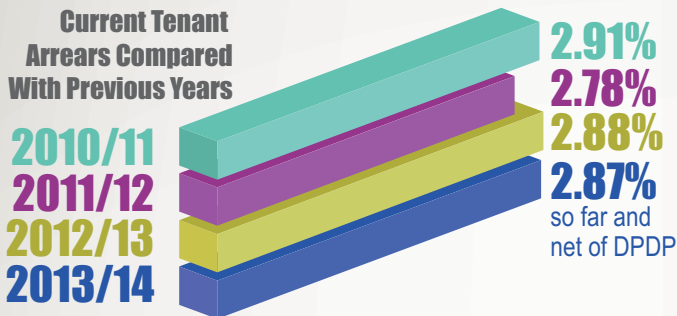
The team worked with Bill to apply for a smaller WDH property, including working in partnership with a mental health charity to support his application. Within two months he was able to move to a one-bedroom flat.

A Discretionary Housing Payment (DHP) was secured to cover the shortfall in Housing Benefit from his previous property, and Bill is also working with our Central Debt Team to make up his earlier arrears.

Bill is feeling much better about himself. He no longer feels hopeless and has told the Crisis Team that he is no longer considering self-harm.

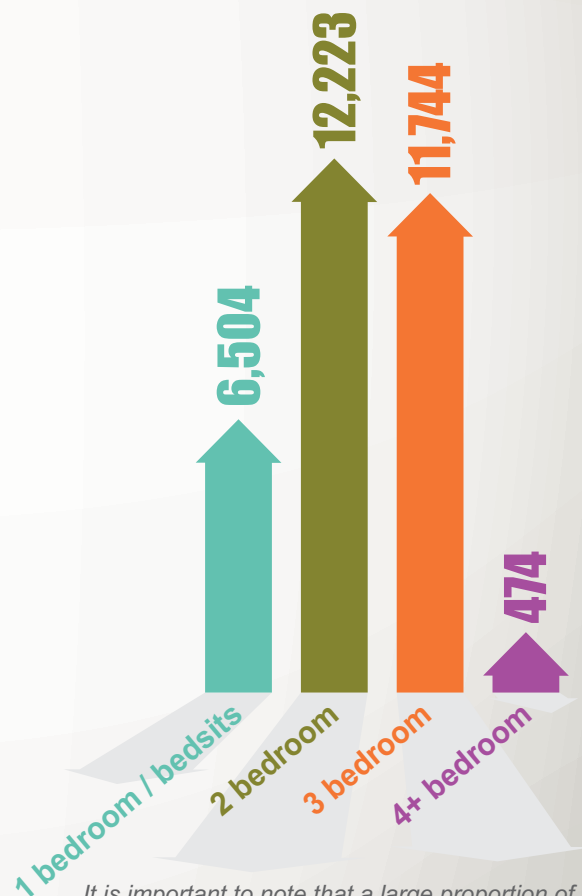
He is rebuilding his relationship with his daughter, who now comes to stay at his new home on weekends. She sleeps on the sofa in the living room.

Although we have seen a 7.6% increase in the amount of cash owing to WDH, as a percentage of rental income this debt has remained comparable to previous years. This has been achieved due to the implementation of innovative collection processes in our Debt Teams.



Current tenant arrears before and after the Bedroom Tax.

This illustration shows WDH's stock by property type



It is important to note that a large proportion of 1 bed stock are bungalows, which are unsuitable for many tenants affected by the 'Bedroom Tax'.

Case study 2 - Jane

Jane is a 52-year-old woman from Wakefield who lives alone in her three-bedroom house after her two children she raised as a single parent left home several years ago. She has not worked since 2008 following an injury.

Jane has not previously been in rent arrears, but since the introduction of the 'Bedroom Tax' she has fallen into arrears to the total of £1,400. On taking action to recover the arrears, WDH's Central Debt Team Officer noticed Jane had lost a significant amount of weight and was showing signs of stress and anxiety. It was also found that she had borrowed substantial amounts of money from friends and other family.

Jane was referred to one of our Health Inequality Caseworkers, who supported her to complete ATOS medical questionnaires, provided self-help work books and arranged for her to attend weight management classes.

In the meantime, WDH's Central Debt Team helped Jane to secure a DHP to cover the reduced Housing Benefit from April. The team also secured a number of charitable grants totalling around £700, and Jane has been able to pay off both her arrears and her debts to family and friends.

Although Jane was diagnosed with acute mental health issues, these have also begun to improve and she is now looking to secure a work placement as she continues her rehabilitation from injury

Impact on letting

The 'Bedroom Tax' has also had a clear impact on WDH's Homesearch choice based lettings scheme.

There are currently 20,700 Homesearch members, which is an increase of 1,277 since the 'Bedroom Tax' was introduced in April 2013.

926 tenants affected by the 'Bedroom Tax' are current Homesearch members, with 486 of these having made an application to join the scheme since 1 January 2013.

86 have Band A highest priority, and 292 are in the second highest priority Band B. Only those living in houses can receive a priority so the remainder, occupying flats, maisonettes and bungalows, are in Band C.

110 tenants awarded higher priority have been rehoused since April. This is an overall 243% increase compared to the previous year, when we introduced priority banding for under-occupation.

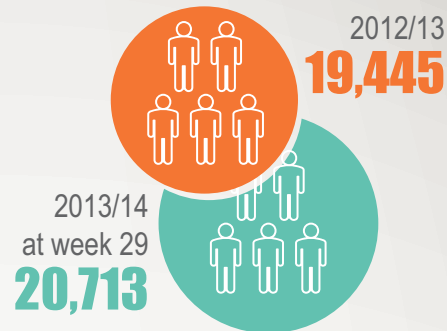
1,716 properties have been let so far this year, which is an increase of 361 compared to the same period of last year, and there has been a 1,750% increase in the number of tenants with two or more 'spare' bedrooms being rehoused compared to the previous year.

1,587 properties have also been vacated this year to date, which is an increase of 23% on the same time last year.

In particular there has been a 57% increase in the number of three-bedroom houses, 52% in two-bedroom maisonettes, and a 106% increase in the number of same period of last year. There has also been a minimal reduction in the number of one-bedroom accommodation vacated compared with the same period of last year.

As demand for smaller properties has grown as a result of under-occupation, larger properties are proving more difficult to let. Some available properties are attracting less than 10 expressions of interests from Homesearch members, and recently one property did not attract any expressions of interest.

Homesearch Members



22% of Homesearch members are existing WDH tenants.

Resolving overcrowding

It is also important to consider the impact of the 'Bedroom Tax' on overcrowding in WDH properties.

Although one of the stated aims of the 'Bedroom Tax' is to free up larger accommodation, the National Housing Federation stated in March 2013 that families in the north of England with a spare room outnumber overcrowded families by three to one.

In Wakefield, 504 families have been given overcrowding priority – less than a 1 in 9 ratio compared to families affected by the 'Bedroom Tax', so the burden is much more severe.

A lesser demand for larger properties has led to us revising our local lettings strategies. These changes will now allow Homesearch members to express an interest in some properties they had previously not been eligible for. This includes allowing families with children to be considered for flats and maisonettes in some locations.

This will help to make sure that we can continue to make best use of our housing stock, and reduce the impact lost rental income would have on business operations.

Other factors – DHP, Benefit Cap, Council Tax Benefit, DLA- PIP

The headline-grabbing impact of the ‘Bedroom Tax’ has distracted attention from the many other aspects of welfare reform that, although relatively minor in financial value, nevertheless compound tenants’ financial situation.

From April 2013 local authorities were required to design their own Council Tax Support schemes, to replace Council Tax Benefit.

In Wakefield, everyone of working age must now pay something. The minimum amount payable is around £4 per week, but even this relatively low sum is placing additional pressure those tenants already under financial strain.

Household Benefit Cap

The Household Benefit Cap began to be applied in Wakefield from 15 July 2013. Of around 90 households in the district that were affected, there were 48 in WDH tenancies at the end of August. This figure reduced to 41 by the end of September.

The impact on these families of the reduction in their Housing Benefit varied between £7 and £107 per week, averaging £51 per household.

Our dedicated Welfare Reform Team and Central Debt Team have been offering specialist support to tenants to understand the changes and how they are affected by them. A key part of this support has been assisting more than 1,500 tenants affected by under-occupation to apply for DHP. To date 710 tenants have been awarded this payment. We anticipate that the final total to be awarded to our tenants to be around £325,000.

However, DHP awards are not a permanent solution and many of these will end or will be subject to a review over the coming months. This means tenants who have not been able to make changes to their lives, such as finding work or moving home due to under-occupation, could now have to meet the shortfall between their income and rent.

They can apply for a further DHP grant, but with unprecedented demand for a limited pot of funding, there is a strong possibility that they will be unsuccessful.

This illustration shows where the Hotspots are for DHP applications across the Wakefield district



Future

Welfare reform has created real challenges for tenants and landlords alike.

For many tenants, it is about striving to make ends meet or facing the realistic prospect of losing their home. Foodbanks are becoming the norm, rent is paid in part so children don’t go without food or school uniform, and all along people are hoping that the ‘crisis’ which plunges them into the red never happens.

And that’s before the heating is turned on. A bleak winter is forecast. The pressures of rising energy bills and the Christmas period will be too much for some people. We will be here to help; however it is difficult to predict how many people will need that help, and how much help they will need.

For landlords, the challenge is to stretch their resources enough to help these tenants manage without impacting on the overall service we provide.

Stock transfer has seen social landlords become a victim of their own success. We promise more, we deliver more, and now many people – particularly the Government – expect more. Yet we’re expected to deliver with reduced resources and capacity.

Councils, police forces and hospitals have had to bite the bullet and reduce the services they provide. So the question is: Should we go back to basics? Should we be aiming to make a positive difference to the lives of our tenants, or go back to the ‘good old days’ of rent and repairs? As social landlords, we have a duty to go the extra mile for our tenants, and we will continue to do so.

In the meantime, we will be challenging the Government to develop a fairer solution to the ‘Bedroom Tax’ which doesn’t penalise too harshly the many families and disabled people whose lives have been turned upside down. We believe there is a better way forward and we would be happy to share our ideas.