



The impact of the bedroom tax on stock management by social landlords

March 2014

If you have any questions about this survey please contact david.bookbinder@cih.org Tel: 0131 225 4544

Key findings

- Whilst relet times in 2013/14 are longer for both councils and housing associations, most landlords are not attributing this to the bedroom tax: prominent among mitigation actions by landlords have been significant changes to allocations policies
- Average relet times for councils varied from 42-45 days in the first three quarters of 2013/14, compared with 40 days in 2012/13
- Average relet times for housing associations varied from 27 to 30 days, compared with 24 days in 2012/13
- Nearly two thirds of respondents said the bedroom tax had not affected relet times
- Other reasons for longer relet times were SHQS works, adaptations works and issues with energy suppliers
- Where relet times have been affected by the bedroom tax, only 17% of landlords said the problem was largely down to 'difficult to let' stock
- But 45% of landlords cited an increase in the number of unlet properties – i.e. longer term voids – with the problem being mainly with larger, flatted property in less popular areas
- Only around 30% of respondents said that the bedroom tax had caused difficulties with the meeting of statutory homelessness duties
- Half of respondents with a development programme said they were already providing one bedroom properties and a further 40% said they would consider it

1 Introduction

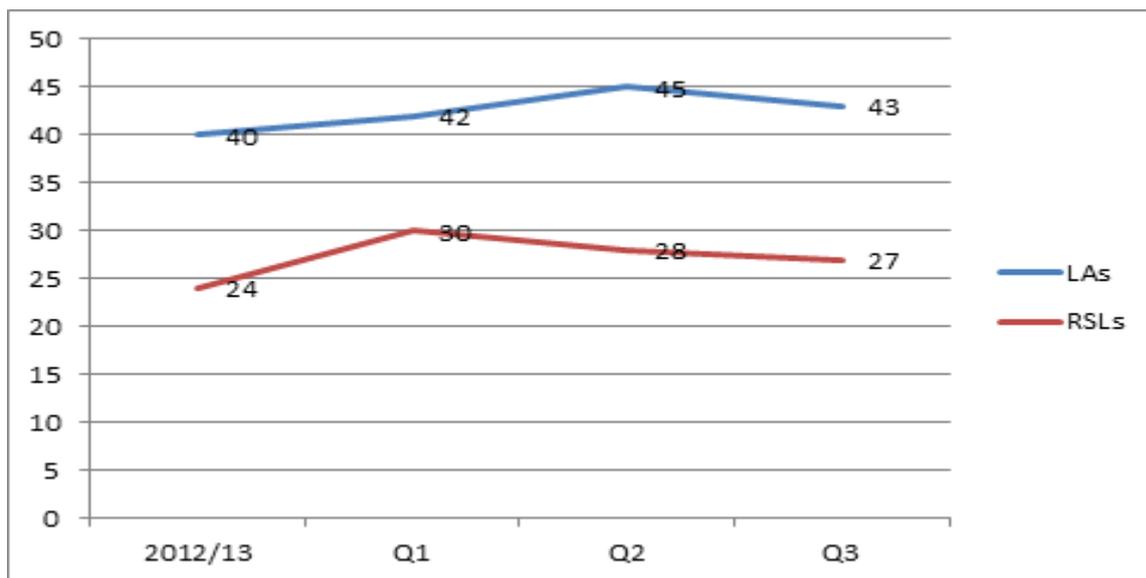
In February 2014 CIH Scotland, in conjunction with the Scottish Housing Best Value Network (SHBVN) carried out a sample survey of social landlords to assess whether the bedroom tax had had any significant impact on landlords' ability to manage their stock effectively.

The survey used relet time data provided by its members to SHBVN to provide a statistical context, then supplemented this with a small number of questions on general trends identified by landlords.

2 Statistical findings – relet times

Quarterly data on relet times was provided to SHBVN by 16 local authorities and 39 housing associations. Data for the first three quarters of 2013/14, the first year of the bedroom tax, can be compared with data for the previous full year 2012/13.

Relet times in 2013/14



- This shows that for local authorities, average relet times were up in 2013/14, varying from 42 days in the first quarter, through 45 days in the second quarter and 43 in the third, compared to the 2012/13 average of 39.7 days.
- For housing associations too, average relet times were up in 2013/14 but fell slightly *during* the year, from 30 days in the first quarter to 28 in the second and 27 in the third, compared to the 2012/13 average of 24 days.

Looking back: relet times in 2012/13

- The full year (2012/13) average relet times for local authorities of 39.7 days broke down into an average of 34.6 days for properties deemed as 'not low demand' and 63.4 days for low demand stock.
- For housing associations, the average relet time of 23.8 days in 2012/13 broke down into an average of 21.2 days for properties deemed as 'not low demand' and 63.8 for low demand stock.

Data on low demand is not collected quarterly and so year on year comparisons will be possible only when full year data for 2013/14 is available later in 2014.

3 Survey findings

A. Have relet times been affected by the bedroom tax?

- Despite relet times going up, nearly two thirds of councils and housing associations say the bedroom tax has not affected void relet times.
- Only 10% said that longer relet times were down to the bedroom tax, with a further 27% saying that the bedroom tax had had a partial impact on relet times
- Other reasons for longer relet times included using void periods to bring properties up to the Scottish Housing Quality Standard, clearance programmes due to demolition, increasing need to carry out adaptations work, issues with energy suppliers, and 'one-off' occurrence such as the need to remove asbestos at tenancy changeover (for a small RSL, one particularly long relet period can have a significant impact on average relet times)

B. 'Difficult to let' stock

- Only 17% of landlords said the impact of the bedroom tax on relet times was largely down to 'difficult to let' stock, with 60% saying the problem did not relate to DTL stock at all; 23% said problems were partly down to DTL stock

C. Allocations policy challenges

- 40% of landlords said that whilst offers were still being made to potentially affected households, refusals – not surprisingly – were being received:

"We have a high number of Homeless referrals from 1 bed cases and no turnover of 1 bed stock. Previously these homeless applicants would have accepted a 2 bed property as this is our highest turnover but are now unwilling to do so because of the financial implications of the bedroom tax"

“Our problem is the lack of flexibility eg offering the larger upstairs maisonettes to smaller families so a stair does not have the maximum number of children in it. Also the potential to offer a young couple a two bedroom so they don’t have to move if and when they have children”

“We would previously under-occupy DTL 4 apartment flats to single applicants but this is no longer the case”

“Individuals that would benefit from moving to a one bed property are holding out for a limited supply of one bed bungalows and four in a blocks”

D. Allocations policy changes

It was clear from the survey that many landlords have made changes to their allocations policy in an effort to mitigate the impact of the bedroom tax both on tenants and on the ability to make best use of stock.

- 71% of landlords had made changes to their allocations policy as a direct result of the bedroom tax
- The most common change was giving greater priority to transfer applications from under occupying tenants
- In some cases this change related to anyone wanting to downsize, irrespective of age or Housing Benefit dependency; in others, the greater priority was specifically aimed at those directly affected by the bedroom tax
- In order to accommodate greater priority, many landlords had increased the overall proportion of lets going to transfer applicants
- Some landlords said they were no longer making offers to households where under occupation and the bedroom tax would result
- Some landlords had changed their criteria for bedroom size in line with the bedroom tax legislation
- One landlord said that applicants affected by the 25% reduction were now classed as in ‘urgent housing need’ (i.e. ‘category B instead of C)
- Support with removal costs was cited, though it is not clear whether this was across all transfers or just those affected by the bedroom tax
- Another change mentioned was relaxing the original policy of not allowing tenants in arrears to transfer
- One respondent said they would now allow a household affected by the bedroom tax to overcrowd the property

- Nearly half of respondents reported an increase in mutual exchanges, though not all such increases were being attributed to the bedroom tax, and were generally seen as a good thing

Some of the comments from respondents reinforced the extent to which efforts had been made to avoid significantly longer relet times:

“We continue to make offers to households who will be affected but spend some time explaining this fully which has had a marginal impact on relet times”

“CBL system based on 'bidding': counselling given to prospective tenants who may be affected”

“Common Housing Register allows applicants to choose bedroom entitlement based on our policy or welfare reforms ages of children”

“Common Allocations Policy changed to increase under occupancy points and size of property applicants could queue for”

“Flexibility in applicants selecting size of property”

E. Unlet properties

- 45% of respondents said they had seen an increase in unlet properties, i.e. longer term voids. Of these, nearly 80% said the problem related mainly to larger, flatted properties unpopular with families, and most often (60% of cases) where these were located in low demand areas.
- This finding does perhaps suggest that whilst the bedroom tax has not significantly affected void relet times for the majority of properties which become available for let, there may be a minority of larger properties, often in low demand areas, which cannot be let easily if at all. This is a trend which merits close monitoring

“Impact of voids/lack of demand for larger accommodation probably becoming a harder issue to manage than the debt associated with non payment of the B Tax by existing tenants”

F. Impact on dealing with homelessness

- Just under 30% of local authorities said that the bedroom tax was impacting on their statutory homelessness duties, and just over 30% of housing associations said that it was impacting on their ability to house homeless households referred by the council. In some respects this finding is better news than we might have expected, following some ad hoc feedback to CIH Scotland that pressure on smaller properties was having a significant impact on some councils' capacity to respond to homelessness

G. Building one-bedroom properties

- 52% of respondents with a development programme said that they were already providing, or actively planning to provide, a proportion of one-bedroom homes
- A further 39% said they may consider providing one-bedroom homes in the future
- Only 10% said they hoped to resist this altogether

“One bedroom properties are not economic to build so our average build cost across the development is increasing”