

IMPACT OF THE SPARE ROOM SUBSIDY IN RURAL AREAS: REPORT OF DATA FROM SURVEY OF MEMBERS OF THE RURAL HOUSING ALLIANCE

Headline findings

- **15 Housing Associations responded from across England. Between them they own and manage 9,651 rented properties.**
- **Across all rented properties 7% (628) of their residents are affected by the withdrawal of the spare room subsidy. This probably underestimates the percentage affected as this includes properties occupied by retired households.**
- **Eight Housing Associations provided data on the number of their rented properties occupied by people of working age. For these properties the number of residents affected rises to 10%.**
- **13 Housing Associations estimated distance that those affected would have to travel where they might find alternative accommodation of an appropriate size that they could afford. Of these:**
 - **44% (213) would probably have to move less than 5 miles**
 - **28% (137) would probably have to move 5 – 10 miles**
 - **27% (134) would probably have to move more than 10 miles**
- **There is no certainty that even if they travelled these distances, usually to the nearest market town, that they would be able to find appropriate accommodation because there are generally low levels of one bedroom homes in rural districts, extra demand and no guarantee that they would be available for let.**

Introduction

The Spare Room Subsidy, also known as the Bedroom Tax, came into force in April 2013. Its effect is to reduce the amount of Housing Benefit paid to working age households who are judged to be under-occupying their home. The National Housing Federation have estimated that this represents a cut of 14% where there is one spare bedroom and 25% for two spare rooms.

In rural areas supply of affordable housing has generally been in the form of 2 – 3 bedroom houses. This reflects the nature of housing need in many rural communities, but also the good management practice of building flexibility into the stock to meet future need of the

households and communities where supply and opportunities for further development are limited.

In addition, many of these homes are subject to perpetuity arrangements that restrict occupation to people who have a local connection with the community. These arrangements are often essential to persuade a landowner to sell a site at a price that makes it viable to provide affordable housing. They are also key to gaining the support of the wider community to the scheme and gaining planning permission.

The Impact of the withdrawal of the Spare Room Subsidy

1. Impact on the individual household

There are few opportunities for individual households whose Housing Benefit is reduced to find alternative smaller accommodation. In consequence they are forced to move away from their community. This undermines social support networks and also can result in them having to leave employment because they cannot afford to commute back to work. These factors can cause considerable disruption to family life, including children's schooling, and economic hardship to the household.

2. Impact on the Registered Provider and future affordable housing development

An empty property means loss of income to the Registered Provider. Perpetuity arrangements mean that it can take a long time to find a new resident, and in some rare cases it may be necessary to remove the Planning Obligation that is attached to the property. In addition, there is a cost in re-letting the properties. These additional costs and loss of income affects the Business Plan of the Registered Provider and can result in a reluctance to develop new affordable homes in rural areas.

3. Impact on the community

Affordable housing is a core pre-requisite for sustainable rural communities and thriving rural businesses. It provides homes that: enables people from a range of age and income groups to live in villages; from this flow the formal and informal support networks, often vital to more vulnerable and older members of the community; it ensures that rural businesses can thrive by being able to attract and retain a workforce; and rural businesses and a permanent population that provide the customer base for local services.

Survey results

In October 2013, to gain a quick overview of the extent of the problem caused by the withdrawal of the Spare Room Subsidy a survey was undertaken of members of the Rural Housing Alliance. These Housing Associations focus on the provision of rural affordable housing.

15 Housing Associations responded from across England – See ANNEX A

Nature of the housing stock

Between them they own and manage 9651 properties. 89% (8679) of these are rented and 10% (650) Shared Ownership or Shared Equity homes.

36% of the homes are 2 bedroom properties, followed by 30% 3 bedroom homes. Only 14% are properties with one bedroom.

Numbers affected by the withdrawal of the Spare Room Subsidy

Across all rented properties 628 (7%) households are affected by the Spare Room Subsidy. However, this will underestimate the percentage affected as the total number of rented properties includes residents who are over retirement age and who are exempt from the Spare Room Subsidy. This is supported by the data from the eight Housing Associations who were able to provide data on the number of their properties occupied by working age households. In this group 10% of residents were affected.

It is difficult to be sure about how far households will have to travel to find alternative accommodation of an appropriate size that they can afford. As a proxy most responding Housing Associations calculated the distance from the affected households existing home to the nearest market town. However, as other data shows, the supply of smaller, particularly one bedroom properties in these centres is also often small. For example, in the East Midlands, in the most rural Districts, less than 2% of all the housing stock is one bedroom accommodation. In North Yorkshire, with the exception of Harrogate, all the Districts had less than 100 one bedroom homes across all tenures. Moreover, there can be no certainty that these homes will be available to let and whether these households will be successful in gaining a tenancy for which there will be increased competition.

13 of the Housing Associations used distance to the nearest market town as an approximation of how people would have to move to find accommodation of an appropriate size that they could afford. Of these:



213 (44%) will probably have to move within 5 miles of their current home.

137 (28%) will probably have to move between 5 – 10 miles

134 (27%) will probably have to move more than 10 miles

Conclusion

This survey provides a snapshot of the difficulties being faced by rural RPs. It does not give the whole picture as some of the larger Housing Associations that develop in rural areas were not included in the survey. Its results also carry the caveat that there is likely to be an under estimation of how far households will need to move to find alternative appropriate and affordable accommodation. Without question the scale of the problem is greater than recorded in this report.

The Government has acknowledged to some degree the problems by increasing transitional payments to more remote rural districts. However, as this survey shows the problem is not confined to these areas and further action is needed.

Jo.Lavis - Rural Housing Solutions - December 2013

ANNEX A

MAP SHOWING AREAS COVERED BY HOUSING ASSOCIATIONS IN SURVEY

- 1 Cornwall Homes
- 2 North Devon Homes
- 3 Wiltshire RHA
- 4 New Forest Villages HA
- 5 English Rural HA
- 6 Hastoe HA
- 7 Northants. RHA
- 8 Warwickshire RHA
- 9 South Shropshire HA
- 10 Shropshire RHA
- 11 Meres & Mosses HA
- 12 Stafford & Rural Homes
- 13 Peak District RHA
- 14 Lincolnshire RHA
- 15 Peaks & Plains Housing Trust

