



Department
for Work &
Pensions



The impact of changes to the Local Housing Allowance in the private rented sector

The response of tenants

July 2014

Research Report No 872

A report of research carried out by the Blavatnik School of Government at the University of Oxford, the Centre for Regional Economic and Social Research, Sheffield Hallam University, and Ipsos MORI on behalf of the Department for Work and Pensions

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Summary

This report presents findings from the tenant component of the research project that monitored the impact of the changes to the Local Housing Allowance (LHA) system of Housing Benefit (HB). The changes were introduced after the 2010 General Election as part of the UK Government's fiscal austerity programme.

The tenant component of the research involved two large-scale surveys with a cohort of people claiming HB assessed under the LHA rules in 19 local authority areas across Great Britain. The surveys were conducted in autumn 2011 (wave 1) and autumn 2012 (wave 2). The surveys were supplemented with qualitative interviews in early 2012 and early 2013.

A key finding was how little tenants knew about HB and how it was calculated. Although some claimants had heard about the reductions in LHA, hardly any knew what the changes were.

One in ten tenants were no longer claiming LHA by the time of the wave 2 survey in 2012. Nine out of ten of those who had left the scheme were now in paid work. However, there was little evidence that this movement into work was a response to the LHA changes.

One in seven tenants had moved home by autumn 2012. Although some moves appeared to be related to the LHA changes, most of them were not.

Twelve per cent of movers and six per cent of non-movers had managed to persuade the landlord to lower the rent. For a minority of tenants, therefore, asking their landlord, or their prospective landlord, to lower the rent was a successful way to help them reduce if not eliminate their shortfall. Hence, in these cases, the effective incidence of the LHA cuts fell, at least to some extent, on landlords and not just on the tenants. This is consistent with the emerging findings from the companion econometric analysis being undertaken as part of this project by the Institute for Fiscal Studies.

Rent arrears had increased by a fifth by the autumn of 2012 and reductions in LHA had become the most common reason why the rent arrears had occurred. Nonetheless, the great majority of tenants (88 per cent) were up to date with the rent.

Tenants were responding to the shortfalls between the rent and their LHA in a wide range of ways, some of which appeared likely to be more sustainable than others. The qualitative interviews suggested that some tenants were finding it very hard to make up the shortfall and were experiencing financial hardship. Three per cent of claimants with a shortfall were in receipt of a Discretionary Housing Payment.

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List of abbreviations

BME	Black and minority ethnic
BRMA	Broad Rental Market Area
CB	Child Benefit
CLG	Communities and Local Government
CPI	Consumer Price Index
CRESR	Centre for Regional Economic and Social Research
CTB	Council Tax Benefit
DCLG	Department of Communities and Local Government
DHP	Discretionary Housing Payment
DSD	Department for Social Development
DWP	Department for Work and Pensions
GB	Great Britain
HB	Housing Benefit
HMO	House in Multiple Occupation
IFS	Institute for Fiscal Studies
IM	Ipsos MORI
LHA	Local Housing Allowance
NI	Northern Ireland
NIHE	Northern Ireland Housing Executive
PRS	Private Rental Sector
SAR	Shared Accommodation Rate
SRR	Single Room Rate
UK	United Kingdom
VOA	Valuation Office Agency

Executive summary

Chapter 1 – Introduction

This report presents the findings from the claimant component of the research project that was commissioned to monitor the changes that were made to the Local Housing Allowance (LHA) system of Housing Benefit (HB) after the 2010 General Election as part of the Coalition Government's austerity programme.

Chapter 2 – The research context

This chapter examines the policy background to the LHA changes and the range of measures that were introduced. It also describes the research programme.

The main aim of the research was to assess the impact of the changes on claimants, landlords and rents over a two-year period. The claimant component of the research comprised two large-scale surveys, conducted in autumn 2011 and autumn 2012 respectively, with a cohort of people claiming HB assessed under the LHA rule in 19 local authority (LA) areas across Great Britain.¹ The surveys were supplemented with qualitative interviews in early 2012 and early 2013.

Chapter 3 – Tenant characteristics

This chapter presents a brief overview of key socio-demographic characteristics of the sample of tenants who were interviewed in both surveys.

There were significant differences in tenant characteristics between the four types of case study area. Most notably, by comparison with the sample of tenants as a whole:

Inner London had a relatively low percentage of young adults aged under 25, a very high percentage of BME tenants, a high percentage of couples with dependent children and a high percentage of tenants living in households where at least one member was in paid work;

LHA Dominant markets had relatively high percentages of females and young adults aged under 25 years, and a high percentage of respondents living in workless households;

Cities had a relatively high percentage of respondents living in multi-adult households;

Rural areas had a relatively high percentage of older tenants aged 55 or more, a high percentage of tenants who were living in households in which at least one person was disabled, and a very low percentage of tenants who classified themselves as having a black and minority ethnic (BME) background.

¹ In this report, we use 'LHA' as shorthand for 'HB assessed under the LHA rules'.

Chapter 4 – Were tenants still claiming LHA?

This chapter examines whether the claimants who were interviewed in the wave 1 survey in autumn 2011 were still claiming LHA a year later, in the wave 2 survey conducted in autumn 2012.

By the time of the wave 2 survey: 86 per cent of tenants were in receipt of LHA; three per cent were awaiting the outcome of a new claim; and the remaining 11 per cent had ceased claiming this benefit. Eighty-four per cent of tenants who were in receipt of LHA were on the same claim as at the wave 1 survey, but 16 per cent were now on a new LHA claim. LHA claim status did not vary between the four types of case study area (Inner London, LHA Dominant markets, Cities, and Rural areas).

Tenants who had moved home and those who were living in working households, were significantly more likely than other types of tenant to have ceased claiming LHA. Tenants no longer claiming LHA were more likely to be young or on the Shared Accommodation Rate (SAR). They were less likely to be a lone parent, or living in a large family or a household with a disabled person.

Nineteen per cent of tenants who were living in workless households at wave 1 were in working households at wave 2. Meanwhile, 13 per cent of tenants in working households at wave 1 were living in workless households at wave 2. The proportion of tenants in work had risen from 37 per cent to 44 per cent. 38 per cent of LHA claimants were in work.

The proportion of claimants whose LHA was paid directly to them had fallen from 73 per cent at wave 1 to 65 per cent at wave 2. A higher proportion of payments to the landlord was found among households that included a person with a disability or long-term health condition. A much higher proportion of payments to the landlord was found among workless households.

Chapter 5 – Had tenants moved home?

This chapter looks at: whether tenants had moved home since the wave 1 survey; why they had moved; whether they had moved to smaller or cheaper accommodation; how far they had moved; and how satisfied they were with their accommodation compared with their previous home. It also examines whether any tenants had been homeless since the wave 1 survey.

Fifteen per cent of tenants had moved since the wave 1 survey. 13 per cent of movers had moved more than once (in most cases, twice). Two per cent of tenants (13 per cent of movers) had been homeless at some point during the year since the wave 1 survey.

Tenants who were no longer on LHA were almost three times as likely to have moved home as those who were claiming it. Tenants living in Inner London were significantly less likely to have moved than were those living in the three other types of case study area.

Most tenants had not moved very far: the majority of movers were living in the same local area and the same council area as before the move. Two-fifths had moved less than a mile and four-fifths less than five miles. Long-distance moves therefore accounted for only a minority of moves.

The most common reasons for moving were poor property condition (22 per cent of moves), personal or family reasons (21 per cent), wanting a larger house or flat (20 per cent), and wanting to pay a lower rent (15 per cent). Among the less common main reasons for moving

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were: because the HB payment was reduced (3 per cent); job-related reasons (3 per cent); and being asked to leave or evicted due to rent arrears (2 per cent). Only a minority of moves therefore appeared to be due to the LHA changes.

A third of LHA claimants who had moved said they had difficulties finding new accommodation. The five most common difficulties that LHA claimants experienced when looking for new accommodation were:

- lack of the type of property needed;
- rents being generally unaffordable;
- landlords being unwilling to let to tenants on HB;
- competition from tenants not on HB;
- rents being unaffordable due to lower HB payment.

The qualitative interviews revealed that difficulties encountered in previous moves whilst in receipt of LHA helped explain why some tenants had decided not to move even though their current rent was difficult to afford. The need to pay a deposit and the high charges levied by letting agents made it very costly for them to move home.

About a third of movers were paying a higher rent, and about two-fifths a lower rent, on their new accommodation than on their previous home.

Satisfaction with their accommodation increased very substantially among movers, but fell slightly among those who had not moved. Thus, again contrary to some expectations, most tenants were more, rather than less, satisfied with their new accommodation.

Three out of ten tenants were registered on a social housing waiting list. This was the case with both the wave 1 survey in autumn 2011 and the wave 2 survey in autumn 2012.

The qualitative interviews revealed that many tenants with families saw entry to social housing as the solution to the problems they faced – high rents and having to move too frequently due to insecurity of tenure – in the private rental sector (PRS).

Chapter 6 – Did tenants try to negotiate a lower rent?

This chapter examines whether tenants who had moved had tried to negotiate the new rent with their landlord, and, if so, how successful they were in achieving a lower rent than the landlord had proposed. It also looks at whether tenants who did not move had asked their existing landlord to lower the rent, and, if so, whether the landlord had done so.

One in four tenants had tried to negotiate a lower rent when they took on the accommodation in which they were living at the time of the wave 1 survey. The same proportion (25 per cent) had also done so when they moved to new accommodation in the year prior to the wave 2 survey. This suggests that the LHA changes have not so far affected claimants' propensity to negotiate the rent when they move home.

Movers who had a shortfall between the rent and their LHA were significantly more likely to have tried to negotiate a lower rent than were those who did not have a shortfall (37 per cent compared with eight per cent respectively).

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Forty five per cent of those tenants who had tried to negotiate the rent of the accommodation in which they were living at wave 1 had done so successfully. A similar proportion (48 per cent) of tenants who had moved by wave 2 and tried to negotiate the rent were successful.

One in five tenants who had **not** moved by wave 2 had tried to renegotiate the rent of their existing home with the landlord since the wave 1 survey.

Twenty-nine per cent of non-moving tenants who had tried to renegotiate the rent on their existing accommodation were successful. Fourteen per cent of non-moving tenants who reported having successfully negotiated a lower rent on their existing property said the landlord had agreed to the request in return for LHA being paid to them instead of directly to the tenant.

The qualitative interviews revealed that many tenants were reluctant to try to renegotiate the contractual rent on their existing accommodation – because they did not know they could, the rent was lower than prevailing rents in the area, they were worried it might prompt the landlord to raise their rent to the market level, or felt they were otherwise in a weak bargaining position.

LHA claimants who had a shortfall between the rent and their LHA payment were no more likely to have attempted to renegotiate the rent than were claimants who did not have a shortfall.

Chapter 7 – How were LHA claimants coping with shortfalls?

This chapter examines whether claimants had a 'shortfall' between the rent and their LHA payment, and, if they did, what actions they had taken in the previous 12 months to make up the difference.

The proportion of claimants with a shortfall between the rent and their LHA payment increased from two-thirds at wave 1 to three-quarters at wave 2. Such shortfalls were less prevalent in Inner London than in the three other types of case study area.

Women, people whose ethnic background was white and couples with dependent children, were more likely to have a shortfall than other types of claimant.

Claimants whose households did not include someone with a disability or long-term health condition were more likely to have a shortfall than households with a disabled resident.

Claimants living in working households were more likely to have a shortfall than those in workless households.

The three most common housing-related actions that claimants had taken in the previous 12 months to make up the shortfall were to have:

- looked at lower rent PRS properties (16 per cent);
- spoken to their landlord about lowering the rent (16 per cent);
- sought advice about their LHA (16 per cent).

But about half of all claimants with a shortfall at both wave 1 (52 per cent) and wave 2 (55 per cent) had taken no housing-related actions.

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Income-related actions to make up shortfalls were far more common than housing-related ones. The three most common income-related actions to make up shortfalls were to have:

- spent less on household essentials (46 per cent);
- spent less on non-essentials (38 per cent);
- borrowed money from family or friends (31 per cent).

About a quarter of claimants said they had attempted to make up the shortfall by looking for a job. A smaller proportion had taken other work-related actions such as increasing their hours of work, looking for a better paid job or looking for an additional job.

The proportion of tenants taking these work-related actions at wave 2 was very similar to what it was at wave 1. Moreover, with the exception of looking for an additional job, the claimants taking these actions at wave 2 were the same as those who were already doing so at wave 1. This suggests that the LHA reductions did not significantly increase work-related behaviour among non-employed claimants.

The qualitative interviews suggested that some tenants were finding it very hard to make up the shortfall and were experiencing financial hardship.

Six per cent of claimants with a shortfall had applied for a Discretionary Housing Payment (DHP) and three per cent were in receipt of one.

The qualitative interviews with claimants revealed that few of them had heard about DHP. Some of the tenants who were in receipt of a DHP were not sure what exactly they were. Nonetheless, all were very relieved to have them.

Chapter 8 – Were tenants behind with the rent?

This chapter examines how easy or difficult it was for tenants to afford to pay their rent. It also considers whether and, if so, why they were in rent arrears and how their landlord had responded to the situation.

The proportion of tenants who said that it was difficult to afford to pay the rent increased from 42 per cent in the wave 1 survey to 46 per cent in wave 2. Meanwhile, the proportion of tenants who reported that it was easy to afford the rent fell by the same amount, from 38 to 34 per cent. The remaining 20 per cent in both surveys said it was neither easy nor difficult.

The proportion of tenants who reported that they were in arrears on their rent increased by two percentage points during the year between the surveys, rising from ten per cent at wave 1 to 12 per cent at wave 2.

Two per cent of tenants in arrears at wave 1 said that reduction in HB was the single most important reason why they were behind with their rent. But at wave 2, one in five tenants ascribed their arrears to reductions in HB; and it was the most commonly cited reason for rent arrears.

The most common response by landlords to tenants' arrears, at both wave 1 and wave 2, was to ask them to pay the money back gradually over time. In both surveys, about half of all tenants in arrears said that was how their landlord had responded. The next most common landlord response, cited by a quarter of tenants in arrears in both surveys, was nothing at all – that is, that their landlord had not responded to the arrears.

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Most other reported landlord responses that might ultimately conclude with the tenant having to leave the accommodation – asking the tenant to pay the arrears back immediately, serving or threatening to serve a notice to quit, verbally asking the tenant to leave, refusing to renew the tenancy – declined in importance between wave 1 and 2.

Chapter 9 – Conclusions

Before presenting the main conclusions from the claimant analysis, this chapter explains why the impact of the LHA changes might be moderated by a range of factors, such as: imperfect knowledge; non-economic motives behind decision-making; and the fact that many other changes were taking place in people's lives besides the reforms to LHA. These factors also make it less than straightforward to assess the individual impact of the LHA measures on people's subsequent decisions and experiences.

One in ten tenants were no longer claiming LHA by the time of the wave 2 survey in 2012, and nine out of ten of those who had left the scheme were now in paid work. However, there was little evidence that this movement into work was a response to the LHA changes.

One in seven tenants had moved home by autumn 2012. Although some moves appeared to be related to the LHA changes, most of them were not. A substantial minority of tenants who moved had tried to negotiate the rent with the landlord of their new accommodation – and this was particularly true of tenants who had a shortfall.

A smaller, but still substantial, minority of tenants who had not moved had asked their existing landlord to lower the rent. There was some evidence that these attempts at renegotiation were at least in part prompted by the reductions in their LHA.

The net result of these attempts at negotiation and renegotiation was that 12 per cent of movers and six per cent of non-movers managed to persuade the landlord to lower the rent.

For a minority of tenants, therefore, asking their landlord, or their prospective landlord, to lower the rent was a successful way to help them reduce if not eliminate their shortfall. Hence, in these cases, the effective incidence of the LHA reductions fell, at least to some extent, on landlords and not just on the tenants. This is consistent with the emerging findings from the companion econometric analysis being undertaken as part of this project by the Institute for Fiscal Studies (IFS).

Tenants were responding to the 'shortfalls' between the rent and their LHA in a wide range of ways, some of which appeared likely to be more sustainable than others. The qualitative interviews suggested that some tenants were finding it very hard to make up the shortfall and were experiencing financial hardship.

Rent arrears had increased by a fifth by the autumn of 2012. In a substantial minority of cases, this appeared to be due to the reductions in LHA. Indeed, by wave 2 it had become the most common reason why the rent arrears had occurred. Nonetheless, the great majority of tenants (88 per cent) were up to date on their rent payments.

1 Introduction

In 2010, shortly after the General Election, the new Conservative-Liberal Democrat Coalition Government announced major changes to the HB scheme as part of its fiscal austerity programme. These changes – which particularly affected private tenants who were claiming HB assessed under the Local Housing Allowance (LHA) rules – were expected to generate £2.5bn per annum worth of savings in public expenditure²

The Department for Work and Pensions' (DWP's) (2010) impact assessment of the changes suggested that almost all LHA claimants would experience a reduction in their benefit. It was estimated that, on average, claimants would experience a reduction of £22 per week in London and £9 per week elsewhere in Great Britain.

Although the reform appeared to have majority support among the general public, there were widespread criticisms of the reductions in LHA among organisations representing benefit claimants, tenants and landlords. It was feared that the changes would result in an increase in rent arrears and therefore potentially in evictions and homelessness. It was also feared that many claimants might have little choice but to move home to somewhere cheaper; and that in doing so, they might have to take accommodation that was smaller and possibly less suitable for their needs. Such enforced moves were thought likely to be especially likely in Inner London, where new caps on the maximum amount of benefit were expected by some critics to make private rental accommodation unaffordable to LHA claimants.

In the wake of these concerns, the Government commissioned an independent research team to monitor and evaluate the impact of the changes to LHA in the PRS. The evaluation is being undertaken by a research consortium comprising the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University, the Blavatnik School of Government at the University of Oxford, the IFS and Ipsos MORI (IM). The evaluation was commissioned by DWP, and is funded by DWP, the Department for Communities and Local Government (CLG), the Scottish Government and the Welsh Government. The project has run in parallel with a similar study being undertaken in Northern Ireland (NI) on the impact of the LHA measures, which was part funded by the Northern Ireland Executive through the Department for Social Development (DSD).

The overall research programme for this study of LHA impacts in GB runs from May 2011 until May 2014. An initial report was published in 2012 on the findings from the wave 1 postal survey of landlords and the wave 1 face-to-face survey of claimants (Beatty *et al.*, 2012). The Interim Report on the research was published in 2013 (Beatty *et al.*, 2013). This brought together the findings from the wave 1 qualitative interviews with claimants, landlords and housing advisers in the 19 case study areas with the first stage of the spatial analysis on differential impacts at LA level and the econometric analysis on initial impacts on rents and HB entitlements.

The final outputs for the project will also include detailed research reports on the responses of landlords and of tenants to the LHA measures in the 19 case study areas, an analysis of the spatial effects of the measures at LA level across GB, and an assessment of impacts on rent levels and HB entitlements, also covering GB as a whole. These four reports constitute the empirical and analytical foundations for the more thematic summary final report on the evaluation, which will be published in summer 2014.

This report on the response of tenants claiming LHA is one of a series of detailed research

² Ibid.

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papers that form the final outputs from the independent evaluation of the recent changes to LHAs and HB in the PRS in Great Britain. It reports on an analysis of primary research undertaken with tenants in 19 local housing markets in Great Britain.

The report concentrates on the second wave of surveys and qualitative interviews with tenants in the 19 case study areas. It looks especially at changes in the attitudes, experiences and perceptions of tenants since the wave 1 survey as well as the experiences of tenants at the time of the second wave of qualitative interviews. The wave 1 survey of tenants was conducted in the autumn of 2011 and the qualitative interviews in early 2012. The wave 2 survey of tenants was carried out in the autumn of 2012 and the qualitative interviews in early 2013.

It should be emphasised that, even when the second wave of the research with tenants was completed, the LHA measures had only just started to affect all claimants (from January 2013), partly due to the transitional protection that was introduced by the Government. Also, the full impact of the measures on a small minority of claimants will have been deferred because of the temporary support provided by DHPs. However, the report provides insights into the initial impacts, and the extent to which tenants responses have changed in the period covered by the two surveys.

It was decided from the outset of the project to concentrate the primary research at the local case study level, and the sample of 19 areas in GB was drawn purposively, rather than designed to be explicitly representative of the national picture. The areas were chosen to ensure that a wide range of local housing market and labour market circumstances were included. The selection was also made to ensure that adequate sample sizes for sub-groups of areas and respondents were secured for the surveys. Four London Boroughs, three Welsh and three Scottish local authorities were included, as well as nine other local authorities across the English regions. Other factors considered in area selection included: housing demand; different labour market contexts, including more buoyant markets in the South East and weaker markets in older industrial Britain; urban and rural areas; areas with a potentially alternative supply of PRS tenants (such as students); the size of the BME population in the LA area; and seaside towns with concentrations of PRS housing.

1.1 The structure of the report

Chapter 2 outlines: the LHA measures that are the focus of this research; the overall research programme; and the housing market context and classification of the case study areas that has been used in the analysis.

Chapter 3 presents an overview of the characteristics of the sample of tenants who responded to both waves of the tenant survey.

Chapter 4 looks at the extent to which tenants were still claiming LHA by the time of the wave 2 survey, in autumn 2012.

Chapter 5 looks at whether tenants had moved home since the wave 1 survey.

Chapter 6 looks at whether tenants who had moved home had tried to negotiate the rent with their new landlord, and whether tenants who had not moved home had attempted to renegotiate the rent with their existing landlord.

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Chapter 7 examines how claimants were making up the shortfall between the rent and their LHA payment.

Chapter 8 looks at whether how easy or difficult it was for tenants to afford to pay their rent and whether they were in arrears.

Chapter 9 presents the conclusions about the impact of the LHA changes on tenants

2 The research context

2.1 Introduction

This chapter: outlines the policy background to the LHA changes; presents an overview of the research project; describes the 19 case study areas; and discusses the classification of case study areas that was used for the analysis of the tenant and landlord surveys.

2.2 Policy background

LHA is a way of calculating HB for tenants in the deregulated PRS that ensures that tenants in similar circumstances in the same area receive the same amount of financial support for their housing costs. These arrangements were introduced nationwide (after a two-year pilot study) from April 2008 for people making new claims for HB and for existing claimants if they had a change of address, change of circumstances or a break in their claim. Different LHA rates are set according to different Broad Rental Market Areas (BRMAs) across Great Britain (GB). The boundaries of BRMAs were intended to reflect the areas in which people live and access services. Under the original 2008 LHA scheme, rental market evidence was collected in each of these areas and rates were set according to property size, ranging from a room in a shared property but with no upper limit to the amount of bedrooms. A year later in 2009, the level of LHA was capped at the five bedroom rate.

The changes to LHA, announced in the June 2010 Budget and in the Comprehensive Spending Review of 2010, formed part of the Government's package of measures to reform HB. The measures included:

- changing the basis for **setting LHA rates** from the median (50th) to the 30th percentile of local market rents;
- capping weekly **LHA rates** (in 2012, £250 per week for one bed; £290 per week for two bed; £340 for three bed; £400 for four bed or more – thereby scrapping the five bed rate);
- **changing the method for uprating HB rates**. The existing system of monthly uprating was ended and the April 2012 HB rate was frozen for a year. From April 2013 rates were uprated for a year at the 30th percentile of market rents or the September 2012 Consumer Price Index (CPI) rate, whichever was the lower. A more recent measure – as announced in the 2012 Autumn Statement – limits increases to LHA rates to one per cent for April 2014 and April 2015;
- **removing the £15 excess** payable to tenants whose rent was below the LHA rate. This policy was introduced in the previous Labour Government's 2009 Budget and was implemented, along with the other measures, in April 2011, as had originally been planned;
- **uprating non-dependant deductions** to reflect rent increases since 2001/2 in three stages from April 2011 to 2013;
- **including an additional bedroom within the size criteria used to assess HB claims** where a disabled person, or someone with a long term health condition, has a proven need for overnight care and it is provided by a non-resident carer who requires a bedroom.

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All these changes (apart from the withdrawal of the £15, the additional bedroom for overnight carers and up-rating by CPI) applied to **new and repeat LHA claimants** from April 2011 and to **existing LHA claimants** from the anniversary of their claim, with an additional nine months transitional protection, unless they had a change of circumstances which required the LA to re-determine the maximum rent. Existing claimants were, therefore, brought under these measures (depending on the date of their review) in the period from January 2012 to December 2012. The loss of the £15 excess was not covered by transitional protection and was therefore applied to all new claimants from April 2011 and then applied to existing tenants from the first renewal of their claim after April 2011. The £15 excess had therefore been removed from all eligible tenants by the end of March 2012.

Other relevant measures that have affected PRS tenants receiving LHA have included an increase in the government's contribution to the **DHP** budget by £10 million in 2011/12 and by £40 million for 2012/13, 13/14 and 14/15. DHPs are distributed by LAs and can be paid to claimants to ease the process of transition to the new regime, as in situations where there is an increased shortfall between their LHA entitlement and the contractual rent. The Government also announced in 2010 that the discretion of LAs to make **direct HB payments to landlords** would be widened temporarily where it was considered that this would support tenants in retaining or securing a tenancy.

Two further measures were announced in October 2010. The first of these measures involved raising from 25 to 35 the age under which the SAR – formerly the Single Room Rate (SRR) – applied. This was introduced in January 2012. For existing claimants, it applied on their next review after January 2012 or, if they were covered by the transitional protection period, when this period ended. The second measure concerned capping total benefits received by working age households at £500 per week for a couple or family and £350 per week for a single person with no children. This Benefit Cap was introduced in four London boroughs from April 2013, and implemented in all other LAs during summer 2013, and all households subject to the cap had been identified by the end of September 2013. This measure does not form part of this evaluation directly, and it was introduced after the wave 2 survey and interviews with landlords were undertaken, but it does have a potential impact on some HB claimants in the PRS since the cap will be achieved by reducing HB payments.

Of course, these measures have been introduced alongside a range of other welfare reform initiatives which might also affect LHA claimant to varying degrees. Since April 2013 this includes a 20 per cent reduction in central funding for Council Tax Benefit (CTB) for working age households in GB. The implementation of the new Council Tax Reduction scheme was devolved to local areas. Consequently, the reduction was not passed onto claimants by the Scottish Government, Welsh Government or 57 English LAs. With the exception of Westminster, and the six Scottish and Welsh case study areas, this reduction was passed directly on to working age households in the other 12 case study areas. Changes to Disability Living Allowance (DLA), Incapacity Benefit (IB) and Employment and Support Allowance (ESA), and the introduction of Personal Independence Payments (PIPs) were also introduced according to various timescales from April 2011 onwards.

For households who have been, or are about to be, affected by one or more of these other welfare reform measures, it is difficult to disentangle the exact impact of the changes to LHA. However the research instruments did attempt to distinguish between changes that could be attributed to LHA and those caused by other factors according to the perceptions of landlords and claimants.

By introducing the various LHA measures, the Government wished to encourage HB claimants to operate in a more 'cost-conscious' manner in the private rented housing

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market, by moving to cheaper accommodation if they could not afford to continue to meet any gap between LHA rates and the rent charged by the landlord. It was also envisaged that landlords might want to retain some tenants and might be prepared to reduce rents to prevent rising turnover and the additional transaction costs this involves.

The DWP's LHA Impact Assessments described the aims of the package of measures as:

- reducing HB expenditure;
- providing a fairer HB system by removing situations where individuals can potentially receive large HB payments in areas of high market rents;
- ensuring those families on benefits cannot choose to live in properties that would be unaffordable to many people in work and thereby removing work disincentives created by the receipt of high rates of benefit;
- exerting a downward pressure on private sector rent levels through the break with the link to average PRS market rents and restricting growth in LHA rates to CPI, or in later years a one per cent uprating.

2.3 The research programme

The main aim of the research programme was therefore to assess the impact of these changes to HB and LHAs on claimants and landlords over a two-year period. The bulk of the measures was introduced in April 2011, as shown above, but continuing the research into 2013 made it possible to capture some of the impacts amongst the shifting balance of new claimants and existing claimants over time.

The research methodology for the claimant component of the study comprised a combination of quantitative and qualitative approaches. In wave 1, a face-to-face survey of tenants was undertaken in 19 case study areas (see below) between September and November 2011, and this was supplemented by qualitative interviews with tenants in early 2012. In wave 2, the tenant survey was repeated (see Appendix B for the survey schedule) between September and November 2012 with a sample of those who had responded to the wave 1 survey. Qualitative interviews were also held with tenants in early 2013. More detail about the research methods can be found in Appendix A.

A key finding from the wave 1 survey of tenants was how little they knew about the LHA changes. Moreover, the qualitative interviews revealed that many of them had little or no idea about how their LHA was calculated. Although tenants in paid employment who had variable hours of work knew that their HB changed accordingly, that was generally as much as they knew. Very often, other tenants did not know why their HB had changed when it did. Although some tenants read the letters they had received from the HB Office, many did not; and some of those who had read them found the letters to be too technical for them to understand. Indeed, most of the LHA claimants (like many members of the public more generally) seemed very far from being the fully informed, economically rational consumers that are often assumed in economic models.

Much of the evidence from wave 1 of the research, discussed in the Interim Report underlined the vital importance of the local housing market context in explaining differences in tenant responses. Moreover, the initial econometric analysis showed that the effective (as opposed to the nominal) incidence of shortfalls fell on tenants to a greater extent in high value, high demand areas and that landlords responded more (by reducing contractual rents closer to new LHA rates) in lower demand PRS markets.

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Thus, the housing market context appeared to be very important and this was the key reason why a case study approach was taken for the research with tenants and landlords.

2.4 The case study areas

A total of 19 case study areas were selected for inclusion in the study. Together, these areas contained just over 150,000 LHA claimants in December 2012 (when the wave 2 survey was being completed), which amounts to about nine per cent of the total stock of LHA claimants in GB at the time. The case study areas, the region they are based in, the size of the PRS HB caseload and the proportion of HB claimants in the PRS as a whole at December 2012 are shown in Table 2.1.

Table 2.1 indicates the diversity of the case study areas, both in terms of the number of LHA claimants within the LA (ranging from nearly 20,000 in Bradford to 2,300 in Perth and Kinross), and in the size of the LHA sub-market within the local PRS (ranging from 80 per cent in Tendring to 16 per cent in Westminster).

Table 2.1 Case study areas

	Region	Local Authority District	PRS HB claimants December 2012	PRS HB claimants as % of all PRS households
1	London	Barking and Dagenham	7,400	60%
2	London	Brent	17,490	53%
3	London	Hackney	10,180	35%
4	London	Westminster	6,710	16%
5	South East	Portsmouth	8,000	38%
6	South East	Thanet	9,330	66%
7	East	Fenland	3,010	47%
8	East	Tendring	8,010	80%
9	South West	Exeter	3,270	32%
10	West Midlands	Walsall	7,100	56%
11	Yorkshire & the Humber	Bradford	19,530	54%
12	North West	Blackburn	4,910	55%
13	North East	Newcastle	7,100	32%
14	Wales	Cardiff	10,620	34%
15	Wales	Denbighshire	4,190	65%
16	Wales	Rhondda Cynon Taf	8,220	60%
17	Scotland	Edinburgh	11,150	22%
18	Scotland	North Lanarkshire	5,770	54%
19	Scotland	Perth and Kinross	2,300	24%

Source: Single Housing Benefit Extract (SHBE).

Table 2.2 shows the marked differences between the case study areas in terms of: house prices; benefit rates; LHA rates; LHA caseload; the size of the PRS; the proportion of PRS properties in the local housing market; and the proportion of households receiving LHA within the local PRS. These factors were drawn together to provide the classification of the case study areas discussed in the following section of this chapter and applied in the subsequent survey analysis.

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Table 2.2 Characteristics of the case study areas³

Local authority	Urban/ Rural	Overall Average house price 2012	Out-of-work		Average weekly LHA rate December 2012 (£)	LHA caseload December 2012	2011 Census PRS Households	PRS as % of all households	Estimate of LHA as % of PRS
			Average benefit rate (WA) November 2012	Average weekly LHA rate March 2011 (£)					
Westminster	Urban	£1,171,900	10.9%	459	256	5,010	41,950	40%	12%
Brent	Urban	£388,600	12.1%	274	242	15,040	33,180	30%	45%
Hackney	Urban	£370,600	15.4%	242	234	8,970	29,450	29%	30%
Barking and Dagenham	Urban	£177,600	16.6%	190	185	6,330	12,330	18%	51%
Edinburgh	Urban	£220,400	10.2%	135	130	10,270	49,880	22%	21%
Exeter	Urban	£217,400	9.1%	125	117	2,510	10,340	21%	24%
Portsmouth UA	Urban	£166,600	11.3%	125	124	6,540	21,100	25%	31%
Tending	Rural	£180,000	15.6%	125	119	6,440	10,060	16%	64%
Cardiff	Urban	£181,500	13.0%	120	113	9,020	31,220	22%	29%
Fenland	Rural	£142,300	12.1%	107	104	2,390	6,340	16%	38%
Thanet	Urban	£169,300	17.3%	107	100	7,500	14,150	24%	53%
Perth and Kinross	Rural	£165,202	9.1%	105	99	1,750	9,470	15%	18%
Walsall	Urban	£132,000	15.7%	105	99	5,950	12,570	12%	47%
North Lanarkshire	Urban	£104,769	16.6%	100	93	5,090	10,710	7%	48%
Newcastle upon Tyne	Urban	£171,060	14.4%	99	94	5,690	22,320	19%	25%
Bradford	Urban	£141,151	15.2%	97	90	16,430	36,070	18%	46%
Blackburn with Darwen	Urban	£118,200	16.6%	95	86	3,870	8,990	16%	43%
Denbighshire	Rural	£137,707	15.2%	95	92	3,500	6,450	16%	54%
Rhondda Cynon Taf	Urban	£107,247	18.9%	86	78	6,580	13,600	14%	48%
Great Britain		£229,043	11.6%	133	126	1,350,950	4,195,070	16%	32%

³ Source: Beatty et al. (2014). *Monitoring the impact of recent measures affecting HB and Local Housing Allowances in the private rented sector: The response of landlords*. DWP Research Report No. 870. London: Department for Work and Pensions.

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Table 2.3 shows that there are 29 separate Broad Market Rental Areas (on the basis of which local LHA rates are set) covering the 19 case study areas. There is more than one BRMA in some of the case study authorities, which may provide an incentive for claimants to move within study areas in order to access different LHA rates. Some of the London case study areas share the same BRMA. At December 2012, the LHA caps affected rent levels for all bedroom sizes in Central London and Inner North London, and for two, three and four bedroom property for Inner West London and Inner East London. The LHA caps did not come into play in any other BRMAs as the 30th percentile of local market rents was the lower of the two measures.

Table 2.3 BRMAs covering the 19 case study areas

Case study area	BRMA
Westminster	Central London
Westminster	Inner North London
Brent	Inner North London
Brent	Inner West London
Hackney	Inner North London
Hackney	Central London
Hackney	Inner East London
Barking & Dagenham	Outer North East London
Portsmouth	Portsmouth
Thanet	Thanet
Tendring	Colchester
Fenland	Kings Lynn
Fenland	Peterborough
Exeter	Exeter
Walsall	Birmingham
Walsall	Black Country
Bradford	Bradford & South Dales
Bradford	Leeds
Blackburn & Darwen	Bolton & Bury
Blackburn & Darwen	East Lancs
Newcastle	Tyneside
Cardiff	Cardiff
Denbighshire	North Clwyd
Denbighshire	Wrexham
Rhondda Cynon Taf	Merthyr Cynon
Rhondda Cynon Taf	Taf Rhondda
Edinburgh	Lothian
North Lanarkshire	North Lanarkshire
North Lanarkshire	South Lanarkshire
Perth & Kinross	Fife
Perth & Kinross	Forth Valley
Perth & Kinross	Perth & Kinross

Source: VOA, The Scottish Government, Welsh Government.

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Table 2.4 shows LHA rates and how they have changed since the month before the introduction of the new measures, March 2011. The differences in absolute rates and the extent of change from March 2011 to December 2012 illustrate the wide range of housing market circumstances and rents in the case study sample. The March 2011 LHA rates were the last month when rents were based on the median (50th percentile) rents in the BRMA. The April 2011 rates were based on the new rules, which set them at the 30th percentile of rents in the area (subject to the maximum caps by bedroom size). December 2012 marks the period when the wave 2 tenant survey was completed and just before the qualitative interviews were undertaken. The change in weekly rates over the entire period is also shown in Table 2.4. It should be remembered that these are weekly rates, so a reduction of £10 a week (as in one bedroom properties in Hackney, for example) is equivalent to around £40 per calendar month.

Table 2.4 demonstrates that the reductions in the Central London BRMA (which covers part of Westminster, and also part of Hackney, not shown here) are much larger than in the other areas, even those in Inner London. For example, the reduction in the one bedroom rate in Westminster is 12 times more than in the next highest BRMA shown in the table (Inner East London), and the reduction in the three bedroom rate is 18 times greater than in Inner East London.

The ranking of the five selected case study areas in terms of absolute LHA rates is quite consistent for each property type, but the size of the reductions is less consistent, as can be seen by tracking the reductions for each property size for Merthyr Cynon BRMA in comparison to Thanet (Table 2.4). It is likely that the values for one bedroom and four bedroom properties in Merthyr Cynon are based on a small number of properties, and thus subject to variation, given the preponderance of two bedroomed houses in the PRS stock.

It is also worth stressing the difference between the one bedroom rate and the SAR, given that the latter now applies to any single person household under the age of 35. Though the difference between the SAR at March 2011 and December 2012 appears fairly modest in most areas (e.g. £3.50 per week in Barking and Dagenham or 20p per week in Thanet), the loss is much greater for someone aged 25 to 34 in a one bedroom property. For a single person affected by this (i.e. aged between 25 and 34) and in a one bedroom flat in Hackney for instance, their LHA entitlement would have fallen from £250 a week at March 2011 to £92.35 a week at December 2012. That amounts to a shortfall of over £150 per week. In Thanet the equivalent figure is just over £30 a week – a still significant sum to find for those unable to access suitable shared accommodation. Raising the age at which the SAR applies has an impact across all areas, but inevitably it has greater consequences for those living in areas where there is a relative lack of shared accommodation. This includes many rural areas or districts like Rhondda Cynon Taf, where the industrial legacy of the area is reflected in the preponderance of two- and three-bedroom terraced properties.

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Table 2.4 LHA weekly rates for a selection of case study areas and bedroom sizes

Case study area	BRMA	March 2011	April 2011	December 2012	March 2011 to December 2012
Shared accommodation					
Westminster	Central London	140.94	137.50	123.50	-17.44
Hackney	Inner East London	100.58	91.00	92.35	-8.23
Barking & Dagenham	Outer North East London	73.50	67.50	70.00	-3.50
Edinburgh	Lothian	75.00	66.92	66.92	-8.08
Thanet	Thanet	58.70	56.73	58.50	-0.20
Rhondda Cynon Taf	Merthyr Cynon	46.15	43.31	45.00	-1.15
One bedroom					
Westminster	Central London	375.00	250.00	250.00	-125.00
Hackney	Inner East London	250.00	230.00	240.00	-10.00
Barking & Dagenham	Outer North East London	155.77	150.00	150.00	-5.77
Edinburgh	Lothian	115.38	109.62	114.23	-1.15
Thanet	Thanet	90.00	80.77	80.77	-9.23
Rhondda Cynon Taf	Merthyr Cynon	75.00	69.23	65.00	-10.00
Two bedroom					
Westminster	Central London	550.00	290.00	290.00	-260.00
Hackney	Inner East London	310.00	280.00	290.00	-20.00
Barking & Dagenham	Outer North East London	196.15	184.62	185.00	-11.15
Edinburgh	Lothian	150.00	137.31	143.08	-6.92
Thanet	Thanet	121.15	109.62	114.23	-6.92
Rhondda Cynon Taf	Merthyr Cynon	85.00	80.00	80.00	-5.00
Three bedroom					
Westminster	Central London	795.00	340.00	340.00	-455.00
Hackney	Inner East London	365.00	330.00	340.00	-25.00
Barking & Dagenham	Outer North East London	242.31	219.23	230.77	-11.54
Edinburgh	Lothian	206.54	173.08	183.46	-23.08
Thanet	Thanet	144.23	132.69	138.46	-5.77
Rhondda Cynon Taf	Merthyr Cynon	92.31	90.00	85.00	-7.31
Four bedroom					
Westminster	Central London	1,250.00	400.00	400.00	-850.00
Hackney	Inner East London	465.00	400.00	400.00	-65.00
Barking & Dagenham	Outer North East London	323.08	300.00	300.00	-23.08
Edinburgh	Lothian	294.81	253.83	271.15	-23.66
Thanet	Thanet	177.70	160.38	173.08	-4.62
Rhondda Cynon Taf	Merthyr Cynon	144.23	132.69	126.92	-17.31

Source: VOA, The Scottish Government, Welsh Government.

Note: LHA rates in italics are set at the maximum cap by bedroom size.

2.5 Classifying the case study areas

The original design for the research project acknowledged that the LHA reforms were likely to have a differential impact, dependent on the local context and prevailing housing and labour market conditions. As stated in the Introduction, the 19 case study areas were therefore chosen to reflect a mix of contexts including: London potential out-flow and in-flow areas; major cities and university towns; older industrial areas with weak labour markets; seaside towns with large concentrations of PRS and LHA dominant markets; buoyant and prosperous areas; urban and rural areas; England, Wales and Scotland.

Housing market information, data on rents and data on the out-of-work claimant rate were analysed in various combinations for the case study areas. Eventually, the following four-fold classification was used: Inner London; LHA Dominant areas; Cities; and Rural areas and County Towns (abbreviated to 'Rural' areas for the remainder of the report). These groupings were devised on the basis of shared characteristics and broadly reflect the original diversity of local market contexts that were thought to have a potential bearing on the responses of landlords and claimants to the reforms.

The classification is shown in Table 2.5, together with the size of the sample for the combined local authorities used in the analysis of the tenant survey in subsequent chapters.

Table 2.5 Case study area classification

Area classification	Local authorities	Sample size for tenant survey at wave 2
Inner London	Westminster	N=160
	Brent	
	Hackney	
LHA Dominant	Barking and Dagenham	N=406
	Blackburn and Darwin	
	North Lanarkshire	
	Walsall	
	Rhondda Cynon Taf	
	Thanet	
	Tendring	
Cities	Denbighshire	N=299
	Edinburgh	
	Cardiff	
	Portsmouth	
	Newcastle upon Tyne	
Rural	Bradford	N=240
	Exeter	
	Fenland	
	Perth and Kinross	
Total		N=1,105

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Inner London areas are high demand, high rent areas including Westminster (Central London) and Brent and Hackney (Cosmopolitan London). With an average house price of £643,600⁴ in 2012, major housing affordability issues prevail in these areas and there are correspondingly low levels of owner occupation (34 per cent of all households) and a large PRS market (33 per cent of all households) with high market rents. There had already been increasing pressure on affordable PRS accommodation in these districts before April 2011, and this has been intensified by the LHA reforms. Generally, the LHA sub-market is not dominant in these areas (Brent has the highest proportion) and on average about a quarter of the PRS market.

The PRS in this area grouping had the highest average rents before the reforms were introduced from April 2011; the LHA rate amongst the stock of claimants in March 2011 was £307 per week. By the time of the fourth quarter of 2012 (when the surveys of landlords and claimants were undertaken) the average LHA rate amongst the stock of claimants was £63 lower at £242 a week, amounting to a 21 per cent decrease. This was a much greater fall than in any of the other area groupings. Essentially, these LAs are high rent areas with high demand in the PRS.

It should be noted that Westminster is the extreme case within this group with an average house price of over £1m, and an average pre-reform LHA rate of £454, which fell by £197 by the end of 2012 to £257. This brought it much more in line with the rates in the other two inner London local authorities in this grouping. Out-of-work benefit claimant rates across the three districts range from 9.9 per cent of 16-64 year olds in Westminster to 19.3 per cent in Hackney. Overall, 15.3 per cent⁵ of working aged adults are claiming out-of-work benefits in the group as a whole, which is similar to the average across all 19 case study areas.

LHA Dominant areas comprise eight of the local authorities in the sample. The relatively large size of the LHA sub-market is likely to influence the ability of PRS landlords to adapt to the reforms as there will be limited alternative sub-markets. The group falls into two distinct sub-groups: older industrial areas – Barking and Dagenham, North Lanarkshire, Blackburn, Rhondda Cynon Taf and Walsall; and seaside towns – Thanet (which contains Margate), Tendring (which contains Clacton), and Denbighshire (which contains Rhyl and Prestatyn). These areas share similar characteristics in terms of local housing and labour markets.

LHA tenants account for 41 per cent of PRS market in these areas taken together, which is substantially higher than in the other groupings. The dominance of the LHA sub-market is particularly strong in the three seaside town LAs; on average 47 per cent of all PRS households are LHA claimants, compared to 38 per cent in the older industrial areas. The social rented sector (SRS) is more dominant for HB claimants in the older industrial areas, accounting for 25 per cent of all households, compared to 11 per cent in the seaside towns.

Barking and Dagenham has slightly different characteristics to the other areas in terms of rent levels, reflecting its location in London. There is considerable pressure from demand in the PRS, concentrated at the lower end of the market.

This group of areas has weak local labour markets and 17.7 per cent of the working age population are on out-of-work benefits, which is the highest of the four groupings. The overall average house price is relatively low at £134,100. In many cases, the PRS has expanded in these areas since the housing market downturn, as properties have been made available

⁴ Weighted by total households.

⁵ Working population weighted.

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to rent rather than placed on open sale. The average LHA rate in March 2011 before the reforms were introduced was £115 per week. This had fallen by £7 to £108 a week by the fourth quarter of 2012. This decrease, which amounts to a six per cent reduction, is the same for both seaside towns and industrial areas in the group. This was similar to the absolute and percentage fall in LHA rates in the other groupings, apart from Inner London.

Cities covers five local authorities in the sample, all comprising cities with major universities. The average house price in 2012 in these areas was £179,000. Owner occupation accounts for 59 per cent of all households and the PRS market accounts for 21 per cent. As in the Inner London group, a quarter of PRS tenants received LHA, indicating that there could be alternative sources of demand in the PRS market. The labour markets in these areas are relatively buoyant, with 13.4 per cent of the working age population on out-of-work benefits at the end of 2012.

The average LHA rate before and after the reforms was the same as for the LHA Dominant grouping at £115 per week in March 2011, falling by £7 to £108 a week by the fourth quarter of 2012.⁶ The reduction equates to a decrease in the LHA rate of five per cent, similar to the absolute and percentage fall in LHA rates in other groupings, except for Inner London.

Rural areas consists of rural and county towns and include the smaller city of Exeter as well as the more rural areas of Fenland, and Perth and Kinross. The average house prices in this grouping were £175,800 in 2012, similar to those in the Cities grouping and owner occupation accounted for 65 per cent of all households. Seventeen per cent of all households lived in the PRS and 21 per cent of these households were LHA tenants, so this accounted for a smaller part of the overall housing market than LAs in other groupings.

The out-of-work benefits rate in Rural areas at the end of 2012 was 10.5 per cent. The average LHA rate before and after the reforms was only slight lower than in the LHA Dominant and Cities groupings, at £113 per week in March 2011. This fell by £6 a week to £107 a week by the 4th quarter of 2012. This equates to a decrease in the LHA rate of five per cent, which is the same as in the Cities grouping.

This area classification is used in the following chapters when examining the wave 2 tenant survey results and the extent of change from the wave 1 survey.

2.6 Interpreting the survey results

The results presented in this summary report reflect the **perceptions and recollections of the tenants** at the time when the survey was conducted and not necessarily those of their landlord.

Except where specified to the contrary, all data are from the wave 2 survey. Some tables also show the comparable figures from the wave 1. In order to show change in beliefs or behaviour over time, the results for wave 1 are based on the tenants who were interviewed in both the wave 1 and the wave 2 surveys.

The percentages reported in the text and tables are weighted to be representative of the profile of tenants interviewed in the wave 1 survey. The sample bases shown at the bottom of the tables are the unweighted numbers.

⁶ Rounded to the nearest pound.

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All percentages are rounded to the nearest one per cent. Column totals (or where applicable, row totals) may not sum to exactly 100 per cent due to computer rounding or multiple response questions.

Where differences in the results between sub-groups are statistically significant at the 95 per cent level or greater, this is highlighted in the table. This means that there is a 95 per cent probability that the results are not simply a result of chance. Differences that are not statistically significant could have occurred by chance and are not therefore discussed in the text.

3 Tenant characteristics

Summary

- This chapter presents a brief overview of key socio-demographic characteristics of the sample of tenants who were interviewed in both surveys.
- There were significant differences in these characteristics between the four types of case study area, when compared with the sample of tenants as a whole.
- Inner London had a relatively low percentage of young adult aged under 25 (9 per cent), a very high percentage of BME tenants (63 per cent), a high percentage of couples with dependent children (23 per cent) and a high percentage of tenants living in households where at least one member was in paid work (52 per cent).
- LHA Dominant markets had relatively high percentages of females (68 per cent) and young adults aged under 25 years (18 per cent), and a high percentage of respondents living in workless households (62 per cent).
- Cities had a relatively high percentage of respondents living in multi-adult households (13 per cent).
- Rural areas had a relatively high percentage of older tenants aged 55 or more (19 per cent), a high percentage who were living in households within which at least one person was disabled (44 per cent), and a very low percentage of respondents who classified themselves as having a BME background (2 per cent).

In this chapter we present an overview of the characteristics of the sample of tenants who were interviewed in both the wave 1 and wave 2 face-to-face surveys, which form the basis of the longitudinal analyses discussed in Chapters 4 to 9.⁷

HB is means-tested social security benefit. Almost by definition, therefore, all of the claimants had a low income. Similarly, all of the tenants had a liability to pay rent for their privately rented accommodation, which of course is one of the conditions of eligibility for LHA. However, as shown in Chapter 4, by the time of the wave 2 survey, some of the claimants who were interviewed at wave 1 had ceased to claim LHA.

Table 3.1 shows that, in the sample as a whole, three out of five tenants were female. Tenants were represented across all of the age bands, but the largest age groups were tenants aged between 25 and 34 years (37 per cent) and those aged between 35 and 44 years (24 per cent).

Five per cent of tenants were both aged between 25 and 34 and living in single person households (n=45). This is the group of tenants who are subject to the new age threshold for the SAR. Thirty-eight of these 45 respondents were living in self-contained accommodation and the remaining seven lived in non-self-contained accommodation that they shared with other people.

The two most common household types were single people and lone parents with dependent children, each of which accounted for around a third of the sample. One in five respondents were living as part of a couple with dependent children. Altogether, therefore, just over a half of all households in the sample contained dependent children. Childless couples and people

⁷ The data presented in this chapter show the respondent characteristics at wave 2.

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living in multi-adult households accounted for seven per cent and eight per cent of tenants respectively (Table 3.1).

Five per cent of tenants were living in 'large families', defined here as households that contained four or more dependent children aged under 16 years.

Tenants who classified themselves as having a BME group background accounted for a quarter of all tenants. A third of tenants were living in households that contained someone who had a long-term illness, health problems or disability that limited their daily activities or the work that they could do (Table 3.1).

Table 3.1 shows that 56 per cent of tenants were living in workless households and 44 per cent in households in which at least one person was in paid work. In the case of HB, therefore, the clear distinction sometimes made between claimants, on the one hand, and people in paid work, on the other, is not accurate.

Table 3.1 Demographic and household characteristics

	<i>Column percentages</i>
	All
Gender of respondent¹	
Male	41
Female	60
Age of respondent	
16 to 24	13
25 to 34	37
35 to 44	24
45 to 54	15
55+	12
Ethnicity of respondent	
White	75
Black or other ethnic minority	25
Household type	
Single person	32
Lone parent	34
Couple with children	19
Couple	7
Multi-person household	8
Household member with disability	
No	66
Yes	34
Household work status	
Working	44
Workless	56
<i>Base: all respondents</i>	<i>1,105</i>

¹ Throughout this report, all data have been rounded to the nearest one per cent. Totals may not sum to exactly 100 per cent due to computer rounding. When the gender data in Table 3.1 are rounded to one decimal place, the figure for males is 40.5 per cent and for women is 59.5 per cent.

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There were statistically significant differences between the four types of case study area in the socio-demographic characteristics of the tenants interviewed (Table 3.2)⁸. In relation to gender, the proportion of tenants who were female was especially high in LHA Dominant markets. Two-thirds were female and only one third male. The proportion of tenants aged under 25 years was relatively high in LHA Dominant markets (18 per cent) and low in Inner London (nine per cent). Meanwhile, the proportion of older tenants aged 55 or more was relatively high in Rural areas (19 per cent).

Table 3.2 Demographic and household characteristics by type of area

	<i>Column percentages</i>			
	Inner London	LHA Dominant markets	Cities	Rural areas
Gender of respondent **				
Male	45	32	44	45
Female	55	68	56	55
Age of respondent **				
16 to 24	9	18	11	14
25 to 34	41	36	35	38
35 to 44	26	18	28	19
45 to 54	14	17	15	10
55+	10	12	12	19
Ethnicity of respondent ***				
White	37	86	86	98
Black or other ethnic minority	63	14	14	2
Household type ***				
Single person	31	35	29	30
Lone parent	36	35	31	34
Couple with children	23	19	16	18
Couple	4	5	11	10
Multi-person household	6	6	13	8
Household member with disability **				
No	75	65	63	56
Yes	25	35	37	44
Household work status **				
Working	52	38	45	42
Workless	47	62	55	58
<i>Base: all respondents</i>	<i>160</i>	<i>406</i>	<i>299</i>	<i>240</i>

Statistical significance levels: ** p<0.01; *** p<0.001.

⁸ In this and the other tables in the report, the variables for which there are statistically significant differences between tenant sub-groups are indicated by asterisks in the table.

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The proportion of tenants who classified themselves as having a black or other minority ethnic group was very high in Inner London (63 per cent) and very low in Rural areas (two per cent). In both of the other two types of case study area it was 14 per cent. Thus, the Inner London case study area type exhibited a very different ethnic profile among LHA tenants than was typical in the three other types of case study area.

The proportion of tenants who were living as part of a couple with dependent children was relatively high in Inner London, where they accounted for almost a quarter of the total. Meanwhile, the proportion of tenants living in multi-adult households was relatively high in Cities (Table 3.2).

Tenants living in households with a disabled resident were over-represented in Rural areas and under-represented in Inner London, when compared to the sample as a whole (Table 3.2).

The proportion of tenants living in working households was relatively high in Inner London and low in LHA Dominant markets, again when compared to the sample of respondents as a whole (Table 3.2).

Table 3.3 compares the socio-demographic circumstances of tenants across the case study areas in England, Wales and Scotland. The differences in gender and household disability status between tenants in the three nations were not statistically significant. However, there were significant differences according to the other socio-demographic in the table.

As Table 3.3 shows, the case study areas in England and Scotland had proportionately fewer young adults aged under 25 than was the case with those in Wales. Meanwhile, the case study areas in England had more tenants aged 45 and above than those in Scotland (29 per cent compared with 22 per cent), with the case study areas in Wales falling in between the two (25 per cent).

There was no statistically significant difference between the three nations of Great Britain in the relative size of the group that came within the scope of the new SAR rule. The figures were five per cent in England, four per cent in Wales and nine per cent in Scotland ($p = 0.069$). The lack of statistical significance likely reflects the very small number of such tenants in the sample ($n=45$).

The English case study areas had proportionately fewer single person households, and more of both lone parents and couples with children, than the case study areas in either Wales or Scotland. Indeed, 58 per cent of tenants in the English case study areas were either lone parents with dependent children or living as part of a couple with dependent children. The figures for the Welsh and Scottish case studies were 34 per cent and 42 per cent respectively (Table 3.3).

The relative size of the large family group varied significantly between the three nations of Great Britain : six per cent in England, four per cent in Wales and one per cent in Scotland ($p=0.037$). However, there were only 47 large families in the survey.

The standout feature of household composition for the Scottish case study areas was the high proportion of tenants living in multi-person households (14 per cent), which was about double that in the English (eight per cent) and Welsh (seven per cent) case study areas (Table 3.3).

For the Welsh case study areas, the standout features for household composition were the high proportions of both single person households and couples without dependent children (Table 3.3). Indeed, the proportion of couples without dependent children was almost three times as high in the Principality (16 per cent) as in England (six per cent) and Scotland.

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Table 3.3 Demographic and household characteristics by nation

	<i>Column percentages</i>		
	England	Wales	Scotland
Gender of respondent			
Male	40	40	46
Female	60	61	54
Age of respondent **			
16 to 24	12	23	9
25 to 34	37	32	40
35 to 44	23	21	29
45 to 54	16	14	14
55+	13	11	8
Ethnicity of respondent ***			
White	69	87	97
Black or other ethnic minority	31	13	4
Household type ***			
Single person	28	44	38
Lone parent	37	23	25
Couple with children	21	11	17
Couple	6	16	6
Multi-person household	8	7	14
Household member with disability			
No	67	64	63
Yes	34	36	37
Household work status ***			
Working	44	32	59
Workless	56	69	42
<i>Base: all respondents</i>	<i>778</i>	<i>157</i>	<i>170</i>

Totals may not sum to exactly 100 per cent due to computer rounding.

Statistical significance levels: ** $p < 0.01$; *** $p < 0.001$.

Arguably the two most striking differences in Table 3.3, though, are in relation to ethnicity and worklessness. First, the proportion of tenants in the English case study areas with a BME background (31 per cent) was more than double that in Wales (13 per cent). By comparison, the figure for the Scottish case study areas was very low (four per cent).

Second, as Table 3.3 shows, the proportion of tenants living in households in which at least one person was in paid work was much higher in Scotland than in either England or Wales. About six out of ten LHA tenants in the Scottish case studies were in working households; but in the English ones it was four out of ten and in the Welsh areas it was three out of ten.

Tables 3.4 and 3.5 look in more detail at working status, but this time in relation to the tenants rather than their households.

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There were substantial, statistically significant differences between the four types of case study area in the work status of the tenants. Tenants living in Inner London were more likely to be in paid work than were respondents elsewhere. Respondents in LHA dominant markets were the least likely to be working. The other main difference was that the percentage of Inner London tenants who were long-term sick or disabled was about half that in the three other types of area (Table 3.4).

Table 3.4 Respondent work status by type of area

	<i>Column percentages</i>			
Work status **	Inner London	LHA Dominant markets	Cities	Rural areas
Full or part-time work	43	28	37	32
Unemployed+	20	28	23	27
Long-term sick or disabled	7	12	14	16
Other economically inactive++	30	31	26	26
<i>Base: all respondents</i>	<i>160</i>	<i>406</i>	<i>299</i>	<i>240</i>

+ includes tenants who were on a government scheme.

++ includes full-time carers, tenants at home/not seeking work, full-time students and retired people. Statistical significance levels: ** $p < 0.01$.

As was the case with respect to households, there was marked variation between the three nations of Great Britain in the proportion of tenants who were in either full or part-time work. About half of the tenants in the Scottish case study areas were in paid work, but in the English areas it was a third and in Welsh ones it was a fifth (Table 3.5).

In Scotland, the proportion of tenants who were economically inactive but not long-term sick or disabled was about half the proportion in England and in Wales. This group includes full-time carers, people looking after their children or home and tenants who had retired from paid work.

Table 3.5 Respondent work status by nation

	<i>Column percentages</i>		
Work status ***	England	Wales	Scotland
Full or part-time work	35	22	51
Unemployed+	24	28	20
Long-term sick or disabled	11	18	13
Other economically inactive++	30	32	17
<i>Base: all respondents</i>	<i>778</i>	<i>157</i>	<i>170</i>

+ includes tenants who were on a government scheme.

++ includes full-time carers, tenants at home/not seeking work, full-time students and retired people. Statistical significance levels: ** $p < 0.001$.

3.1 Key findings

As noted in previous chapter, the research team took a case study approach, because it was felt that the impact of the LHA changes were likely to vary between different types of housing market context. Chapter 2 also set out a four-fold typology of case study areas: Inner London; cities; LHA Dominant markets; and rural areas.

By utilising the typology, this chapter has revealed that the characteristics of LHA claimants and their households also varied in significant ways between these four types of case study area. This provides further support for the case study approach taken with this research.

It was also found that there were some significant differences in the characteristics of LHA claimants between England, Wales and Scotland. However, in general, these differences were less pronounced and less common than those between the four types of case study area.

4 Were tenants still claiming LHA?

Summary

- By the time of the wave 2 survey, 86 per cent of tenants were in receipt of LHA⁹; three per cent were awaiting the outcome of a new claim; and the remaining 11 per cent had ceased claiming this benefit. The great majority of those who had ceased claiming HB were in paid work.
- Eighty-four per cent of tenants who were in receipt of LHA were on the same claim as at the wave 1 survey; but 16 per cent were now on a new LHA claim.
- LHA claim status did not vary between the four types of case study area (Inner London, LHA Dominant markets, Cities, and Rural areas).
- Tenants who had moved home and those who were living in working households, were significantly more likely than other types of tenant to have ceased claiming LHA.
- Tenants no longer claiming LHA were more likely to be young or on the SAR. They were less likely to be a lone parent, or living in a large family or a household with a disabled person.
- Nineteen per cent of tenants who were living in workless households at wave 1 were in working households at wave 2. Meanwhile, 13 per cent of tenants in working households at wave 1 were living in workless households at wave 2.
- The proportion of tenants in work had risen from 37 per cent to 44 per cent. 38 per cent of LHA claimants were in work.
- The proportion of claimants whose LHA was paid directly to them had fallen from 73 per cent at wave 1 to 65 per cent at wave 2.
- A higher proportion of payments to the landlord was found among households that included a person with a disability or long-term health condition.
- A much higher proportion of payments to the landlord was found among workless households.

4.1 Introduction

The LHA caseload, like the caseload for most other working age benefits and tax credits, is dynamic rather than static. Every month new claimants will be newly awarded LHA ('onflows') and others will cease claiming ('off-flows') as their household, housing and employment circumstances change. Some of the new claimants will have had previous spells in receipt of LHA and others will be claiming for the first time.

The aim of this chapter, therefore, is to look at whether the stock of tenants who were claiming LHA in the wave 1 survey were still in receipt of this benefit in the wave 2 survey one year later.

⁹ In this report, we use 'LHA' as shorthand for 'HB assessed under the LHA rules'.

4.2 Claim status

When interviewed for the wave 1 survey in the autumn of 2011, all tenants were in receipt of LHA. At that stage, 85 per cent of them had a claim that pre-dated the introduction of the new LHA rules on 1st April 2011. The remaining 15 per cent had a claim that commenced after that date and hence were immediately subject to the new LHA rules.

By the autumn of 2012, a year after the wave 1 survey, the great majority of tenants were still claiming LHA (Table 4.1). More precisely, 86 per cent were receiving LHA and a further three per cent were waiting the outcome of a new claim. The other 11 per cent of tenants was no longer claiming LHA.

Eighty-four per cent of claimants who were receiving LHA at the time of the wave 2 survey were on the same claim as in the wave 1 survey. Sixteen per cent were on a new claim. In other words, about one in six tenants had for some reason ceased claiming LHA since the autumn of 2011, but were back on this benefit by the following autumn (Table 4.1). There was no significant difference in employment status between tenants who were on the same LHA claim and those who were on a new LHA claim.

Expressed as a proportion of all tenants, by autumn 2012: 73 per cent were in receipt of the same LHA claim as in autumn 2011; 16 per cent were either on a new claim or waiting the outcome of a new claim; and 11 per cent were no longer in receipt of LHA.

Table 4.1 Were tenants still claiming LHA?

	<i>Column percentages</i>
	Percentage of all tenants
Still claiming LHA?	
Claiming	86
Claim is being processed	3
Not claiming	11
<i>Base: all tenants</i>	<i>1,105</i>
Same or new LHA claim?	
Same claim	84
New claim	16
<i>Base: LHA claimants</i>	<i>938</i>

Table excludes five claimants who did not know.

Tenants' LHA claim status did not vary significantly between the four types of LHA case study area. In all four area types, about nine out of ten tenants were in receipt of LHA and about one in ten were no longer claiming this benefit (Table 4.2).

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Table 4.2 Did LHA claim status vary by type of area?

	<i>Column percentages</i>			
	Inner London	LHA Dominant markets	Cities	Rural areas
Still claiming LHA?				
Claiming	91	89	87	85
Not claiming	9	11	13	15
Claim status at wave 1				
Existing	87	81	87	88
New	13	19	13	12
Claim status at wave 2				
Existing claim	62	62	66	58
New claim	29	27	22	27
Not claiming	9	11	12	15
<i>Base: all tenants</i>	<i>160</i>	<i>404</i>	<i>297</i>	<i>239</i>

Tenants living in the Scottish case study areas were significantly more likely than those in English or Welsh areas to have stopped claiming LHA since the wave 1 interviews. Indeed, almost a quarter of Scottish tenants were no longer claimants, which is about double the rate for the tenants in the other British nations (Table 4.3).

Table 4.3 LHA claim status by nation

	<i>Column percentages</i>		
Work status ***	England	Wales	Scotland
Still claiming LHA? ***			
Claiming	90	88	77
Not claiming	10	12	23
<i>Base: all tenants</i>	<i>761</i>	<i>156</i>	<i>161</i>

Statistical significance levels: ** P<0.001.

Tenants who had moved were significantly more likely to have ceased claiming LHA. As Table 4.4 shows, about a quarter of movers, and only one in ten non-movers, were no longer claiming LHA by the time of the wave 2 survey. And while a quarter of working households were no longer claiming LHA, almost all workless households were still doing so.

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Table 4.4 LHA claim status by whether moved and household work status

	<i>Column percentages</i>			
	Has not moved	Has moved ***	Working household	Workless household ***
Still claiming LHA?				
Claiming	91	73	76	98
Not claiming	9	27	24	2
<i>Base: all tenants</i>	<i>903</i>	<i>175</i>	<i>493</i>	<i>585</i>

Table Excludes 27 tenants (3 per cent) whose LHA claim was being processed.

Statistical significance: *** $p < 0.001$.

Table 4.5 compares the demographic characteristics and household circumstances of tenants who were still claiming LHA with those who had ceased claiming. Although claimants and non-claimants did not differ by gender, in other respects they were significantly different groups of tenants.

Compared with those still getting LHA, non-claimants were younger, much less likely to be lone parents, more likely to describe their ethnic background as white, and much less likely to be living in a household that contained someone who had a long-term illness, health problem or disability (Table 4.5).

Tenants living in large families – defined as households with four or more dependent children aged under 16 years – were significantly less likely to have moved off LHA than other households (two per cent compared with 12 per cent respectively).

Single young tenants aged 25 to 34 years living alone or in multi-person households – that is, respondents who come within the SAR – were significantly more likely to be no longer claiming LHA than were other tenants (28 per cent compared 11 per cent respectively).

However, the biggest difference between claimants and non-claimants was their household work status: tenants who had ceased to claim LHA were much more likely than claimants to live in households where at least one person was in paid work. Indeed, nine out of ten tenants who had ceased claiming LHA by wave 2 were living in working households (Table 4.5). Box A illustrates a case of a lone parent who was not in work and yet had ceased claiming LHA.

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Table 4.5 Did LHA claim status vary by socio-demographic characteristics?

	<i>Column percentages</i>	
	Claiming LHA	No longer claiming LHA
Gender of respondent		
Male	39	48
Female	61	52
Age of respondent ***		
16 to 24	13	17
25 to 34	35	50
35 to 44	24	20
45 to 54	16	8
55+	13	4
Ethnicity of respondent **		
White	74	86
Black or other ethnic minority	27	15
Household type ***		
Single person	31	37
Lone parent	37	15
Couple with children	19	23
Couple	7	14
Multi-person household	7	12
Household member with disability ***		
No	64	84
Yes	37	16
Household work status ***		
Working	38	91
Workless	63	9
<i>Base: all tenants</i>	<i>943</i>	<i>135</i>

Statistical significance levels: ** P<0.01; *** p<0.001.

One in five tenants (19 per cent) who were living in workless households at the time of the wave 1 survey in autumn 2011 were in working households when interviewed for the wave 2 survey in autumn 2012. However, just as some tenants were now in working households, others had moved in the opposite way. One in eight tenants (13 per cent) who were living in working households in 2011 were living in workless households in 2012.

Nevertheless, the net change was a movement in household status from workless to working. Whereas 37 per cent of tenants in the wave 1 survey were in working households, by the time of the wave 2 it had risen to 44 per cent. Among tenants who were still claiming LHA, 38 per cent were living in working households when interviewed in the wave 2 survey (Table 4.5).¹⁰

¹⁰ All of the tenants in the wave 1 survey were claiming LHA – hence the proportion of claimants at wave 1 who were in working households was 37 per cent.

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What this evidence suggests is that there is no distinction among tenants in receipt of LHA between those who are working and those who are not. As many as two out of five claimants were in work and there was a significant amount of movement on and off LHA over this one year period.

Box A: Case study of a lone parent who was not in work and had ceased claiming LHA

Betty is a lone mother aged 37 with a large family of four children in Tendring. Until recently, they lived in a four bedroom privately rented house, where she was in receipt of LHA. As a result of her rent increasing – and not being able to claim above the three-bed LHA rate due to the age of her children – Betty and her family all moved in with her father, in his three bedroom house.

She does not pay rent to her father, and as a result has stopped claiming LHA, but instead she pays the Council Tax bill, which works out at a similar amount to the shortfall she had to meet in her previous home.

Betty has not been in paid employment since having her first child, but intends to return to work now that all her children have reached school age. However, she sustained a serious back injury during the house move and is unable to work until this improves. She is keen to work, for the satisfaction and social interaction that it brings, as well as for the financial benefit. *'Care work whatever. Factory work. Anything. I'd take anything because single life isn't fun. My conversation of the day is with like the oldest a 14 year old. So like it's getting round more adults sort of thing.'*

Since moving in with her father, Betty has been actively looking for accommodation for her and the children. She and her father are used to their independence and have found it difficult to all live in the same space. *'I just don't know where my life is going to go now. It's like from one thing to another and it's totally abolished the way I wanted to go. You just can't make plans. I really can't. I make plans and it just don't happen.'*

Despite her regular searching, both in the immediate area and further afield, she has struggled to find appropriate accommodation within the price bracket that she can, which is not much higher than the LHA rate to which she would be entitled. While there are three bedroom properties in the area within her price range, she has had difficulty locating any with three bedrooms big enough to house her and the four children.

4.3 Was LHA being paid to tenants or landlords?

When LHA was introduced nationwide in April 2008, the intention was that it should normally be paid to the tenant and not (as was often the case previously) to the landlord (DWP, 2002). The exceptions to this rule were allowed when tenants were eight or more weeks in arrears on their rent or were deemed by the LA to be vulnerable and unlikely to pay their rent.

At the time of the wave 1 survey in autumn 2011, about three-quarters of tenants were receiving LHA directly from the LA HB service. By the time of the wave 2 survey a year later, the proportion of tenants in receipt of direct payment of LHA had fallen to about two-thirds (Table 4.6). This increase in payments to landlords between waves one and two also featured in the parallel postal survey of landlords undertaken by the research team (Beatty *et al.*, 2014).

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Table 4.6 To whom was LHA paid?

	<i>Column percentages</i>	
	Wave 1	Wave 2
LHA payee ***		
Tenant	73	65
Landlord or agent	27	35
<i>Base: LHA claimants</i>	<i>1,105</i>	<i>943</i>

Statistical significance levels: *** $p < 0.001$.

It should be borne in mind that the background to this drop in direct payment of LHA is not only the changes to the scheme, but the recession that followed in the wake of the global financial crisis. Taken together, these twin developments (which, of course, are not unrelated) have ‘stress-tested’ the system of direct payments. The outcome is that, by autumn 2012, for every one claimant whose LHA was being paid to the landlord, two claimants remained on direct payments. In the circumstances, therefore, the payment of LHA directly to claimants appears to have held up reasonably well.

There was no statistically significant difference in the prevalence of direct payments between the four main types of case study area (Table 4.7).

Table 4.7 Did LHA payee vary by type of area?

	<i>Column percentages</i>				
	Inner London	LHA Dominant markets	Cities	Rural areas	All
LHA payee					
Tenant	66	61	66	70	65
Landlord or agent	34	39	34	30	35
<i>Base: LHA claimants</i>	<i>145</i>	<i>351</i>	<i>248</i>	<i>199</i>	<i>943</i>

Likewise, there was no statistically significant difference between the three British nations in the extent to which LHA was paid to the tenant (Table 4.8).

Table 4.8 To whom was LHA paid? – by nation

	<i>Column percentages</i>		
LHA payee	England	Wales	Scotland
Still claiming LHA? ***			
Tenant	63	69	69
Landlord or agent	37	31	31
<i>Base: LHA claimants</i>	<i>678</i>	<i>138</i>	<i>127</i>

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However, there were statistically significant differences between some of the different socio-demographic variables in relation to whether LHA was paid to the claimant or to their landlord (Table 4.9).

Although the LHA payee did not vary by the gender or the ethnic background of the tenant, it did vary by their age group. A larger percentage of tenants whose LHA was paid to the landlord were aged under 25, and a smaller percentage were aged between 35 and 54, compared with tenants whose LHA was paid directly to them (Table 4.9). However, single person households aged 25 to 34 who fell within the ambit of the SAR were no more or less likely to be receiving LHA directly than were other households.

Tenants whose LHA was paid to their landlord were more likely to be living in single person households, and less likely to part of a couple with dependent children, than were those whose LHA was paid directly to them (Table 4.9). But large families were no more or less likely to be receiving LHA directly than were other households.

A much higher proportion of claimants whose LHA was paid to their landlord were living in a household within which at least one person had a long-term health condition or disability that affected the work they could do. Indeed, 45 per cent of claimants whose LHA was paid to the landlord were living in disabled households. Among those not living in disabled households, the corresponding figure for landlord payment was 32 per cent (Table 4.9).

There was a very large, statistically significant difference in LHA payee between claimants living in working households and those in workless ones. About eight out of ten claimants whose LHA was paid to their landlord were living in workless households. By contrast, among claimants whose LHA was paid directly to them, only about half were living in workless households (Table 4.9).

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Table 4.9 Did the LHA payee vary by type of claimant?

	<i>Column percentages</i>	
	Paid to claimant	Paid to landlord
Gender of respondent		
Male	39	40
Female	61	60
Age of respondent **		
16 to 24	10	16
25 to 34	36	33
35 to 44	27	19
45 to 54	14	20
55+	13	12
Ethnicity of respondent		
White	73	75
Black or other ethnic minority	27	25
Household type **		
Single person	28	36
Lone parent	35	40
Couple with children	22	13
Couple	7	6
Multi-person household	9	5
Household member with disability ***		
No	68	56
Yes	32	45
Household work status ***		
Working	48	18
Workless	52	82

Base: all tenants

Statistical significance levels: ** P<0.01; *** p<0.001.

4.4 Key findings

As one might expect, there was some movement on and off LHA over the year between the wave 1 survey in autumn 2011 and the wave 2 survey in autumn 2012. By wave 2, about one in ten tenants had ceased to claim LHA, the great majority of whom were in work.

Although this suggests that work can be a route off LHA, it is not a guaranteed one, for (as Chapter 3 showed) about four out of ten LHA claimants were in paid work. Thus, the sharp distinction between claimants and workers that is often drawn in the media is to some extent a false one at the low-paid end of the labour market. Indeed, LHA appears to be helping to underpin low-paid employment.

About one in seven tenants who were interviewed in wave 1 had subsequently come off LHA and later reclaimed this benefit. In other words, although they were on LHA at wave 2, it was a different claim from the one they were on at wave 1. This further highlights the dynamic nature of the LHA caseload.

There was a fall between wave 1 and 2 in the proportion of LHA claimants whose benefit was paid directly to them, from three-quarters in the former survey to two-thirds at the latter one. Considering the fact that this period had witness substantial cuts in LHA payments and the tail end of a 'double dip' recession, direct payments appeared to be holding up relatively well.

5 Had tenants moved home?

Summary

- Fifteen per cent of tenants had moved since the wave 1 survey. 13 per cent of movers had moved more than once (in most cases, twice).
- Two per cent of tenants (13 per cent of movers) had been homeless at some point during the year since the wave 1 survey.
- Tenants who were no longer on LHA were almost three times as likely to have moved home as those who were claiming it.
- Tenants living in Inner London were significantly less likely to have moved than were those living in the three other types of case study area.
- Most tenants had not moved very far: the majority of movers were living in the same local area and the same council area as before the move. Two-fifths had moved less than a mile and four-fifths fewer than five miles.
- The most common reasons for moving were poor property condition, personal or family reasons, wanting a large house or flat, and wanting to pay a lower rent.
- Among the less common reasons for moving were: because the HB payment was reduced, job-related reasons, and being asked to leave or evicted due to rent arrears.
- A third of LHA claimants who had moved said they had difficulties finding new accommodation. In Inner London, it was three-fifths of claimants.
- Claimants sharing accommodation (50 per cent) and those with a BME background (61 per cent) were the most likely to reporting that they had experienced difficulties finding accommodation.
- The most common difficulties that LHA claimants experienced when looking for new accommodation were: lack of the type of property needed; rents being generally unaffordable; landlords being unwilling to let to tenants on HB; competition from tenants not on HB; and rents being unaffordable due to lower HB payment.
- About a third of movers were paying a higher rent, and about two-fifths a lower rent on their new accommodation than on their previous home.
- Satisfaction with their accommodation increased very substantially among movers, but fell slightly among those who had not moved.
- Three out of ten tenants were registered on a social housing waiting list.

5.1 Introduction

One of the ways in which claimants might conceivably respond to LHA changes is by moving to a cheaper home. Doing so might reduce or even eliminate any shortfall between their rent and their post-reform LHA payment.

This chapter therefore examines whether tenants had moved and the nature of that move. In particular, it covers:

- how many tenants had moved;
- whether any tenants had been homeless;
- the types of tenant that had moved;
- why tenants had moved;
- whether tenants had faced difficulties finding new accommodation;
- the type of difficulties they had encountered;
- how many properties they viewed;
- how far they had moved;
- whether they moved to smaller or cheaper accommodation;
- whether they were satisfied with their new accommodation.

5.2 How many tenants moved home?

One of the assumptions made by some commentators on the LHA changes was that the reform was likely to produce an exodus of claimants from Inner London. A companion component of this study is looking at the spatial movement of LHA claimants. In this report, we examine this issue at the micro-level, drawing on the tenant survey and the qualitative interviews.

It was found that a clear majority of tenants were living in the same home in which they were interviewed in the wave 2 survey in autumn 2012 as when we first interviewed them in the wave 1 survey in autumn 2011. While 15 per cent had moved, 85 per cent had not moved (Table 5.1).¹¹ The great majority of movers had moved just once in that period: 87 per cent had done so once and 13 per cent had moved twice.

Although on average private tenants are highly mobile compared with social housing tenants and owner-occupiers, this is relatively less true of LHA claimants. Rugg and Rhodes (2008)'s analysis of data from the Survey of English Housing (SEH) for the three surveys from 2004/5 to 2006/07 found that the proportion of tenants who had moved into their current address in the previous 12 months was 25 per cent among HB recipients compared with 45 per cent among non-recipients.¹²

The 25 per cent figure found by Rugg and Rhodes is not strictly comparable to the 15 per cent residential mobility in the wave 2 survey of tenants. That is partly because their data include new households formed in the 12 months, who account for a substantial minority of private tenants. But it is also because the proportion of private tenants who have been

¹¹ 167 tenants had moved home. In addition, three tenants had signed up for a new home, but not yet moved into their new accommodation, by the date of their interview. The latter have been added to the former to create a 'mover' group of 170 tenants. Because the number of movers is relatively small, the extent to which we can disaggregate this group for analysis is relatively limited.

¹² Rugg, J. and Rhodes, D. (2008). *The Private Rented Sector: its contribution and potential*. York: Centre for Housing Policy.

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resident at the current address for less 12 months has declined in recent years. In the three surveys from 2004/05 to 2006/07 it averaged at 40 per cent. But by the time of the English Housing Survey in 2012/13, it had fallen to 34 per cent (DCLG, 2014).¹³ It is not known whether the rate of residential mobility among LHA recipients in the PRS has fallen by more or less than the rate among private tenants as a whole. The net result is that it is unclear from this evidence whether the LHA changes had made claimants less or more likely to have moved.

Returning to the wave 2 survey of tenants, it was found that proportionately fewer tenants in Inner London had moved when compared with those in the three other types of case study area. Indeed, tenants in Inner London were only about half as likely to have moved as those elsewhere. Instead, it was tenants in Rural areas who were the most likely to have moved home (Table 5.1).

Tenants living in 'high' LHA rate areas (nine per cent had moved) were only about half as likely to have moved as those living in areas with 'medium' (16 per cent had moved) or 'low' (18 per cent had moved) LHA rates.¹⁴ Thus, tenants in areas with a high LHA rate were much less likely to have moved than those living elsewhere.

There was also a difference in the prevalence of moving between areas defined by whether they had experienced a 'large' (nine per cent), 'medium' (17 per cent) or 'small' (16 per cent) reduction in LHA rates.¹⁵ Tenants in areas with a large LHA reduction were therefore much less likely to have moved than those living elsewhere.

Table 5.1 Had tenants moved home?

Column percentages					
Moved home since wave 1? **	Inner London	LHA Dominant markets	Cities	Rural areas	All
Yes	9	17	17	21	15
No	91	83	83	79	85
<i>Base: all tenants</i>	<i>160</i>	<i>406</i>	<i>299</i>	<i>240</i>	<i>1,105</i>

Statistical significance levels: ** P<0.01.

There were no statistically significant differences between the three nations of Great Britain in the extent to which tenants had moved home since the wave 1 interviews (Table 5.2).

¹³ DCLG (2014) *English Housing Survey: Headline Report 2012-13*. London: Department for Communities and Local Government. The figures for the two other main tenures in 2012/13 were 4 per cent for owner-occupiers and 10 per cent for social tenants.

¹⁴ 'High' LHA rate areas were defined as between £230 and £285, 'medium' as between £110 and £185, and 'low' as between £80 and £105, per week in May 2012.

¹⁵ An LHA reduction of £10+ per week was defined as 'large', £7 to £9 as 'medium' and less than £7 as 'low'.

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Table 5.2 Had tenants moved home? – by nation

Moved home since wave 1?	Column percentages		
	England	Wales	Scotland
Yes	15	15	21
No	86	85	79
<i>Base: all tenants</i>	<i>778</i>	<i>157</i>	<i>170</i>

5.3 Did any tenants become homeless?

One concern voiced by critics of the LHA changes was that they might result in an increase in homelessness among the claimants affected. In the wave 2 survey, tenants were therefore asked if they had been homeless since we had interviewed them at wave 1.

Thirteen per cent of movers – two per cent of all tenants – had been homeless in the year between the wave 1 survey in autumn 2011 and the wave 2 survey in autumn 2012. This included three people who had slept rough, seven who had stayed in a hostel or B&B and 15 who had temporarily stayed with friends or relatives. For example, in the qualitative interviews conducted by Ipsos MORI, a lone parent living in Tendring had moved in with her father as a temporary measure because the shortfall between her rent and her LHA had been too great for her to afford.

It is possible that ‘sample selection’ effects have meant that claimants who became homeless were less likely to have been interviewed at wave 2 than those who did not become homeless. It is therefore possible that the true rate of homelessness was higher than two per cent. Nevertheless, the sample numbers for tenants in the survey who had been homeless were far too small to analyse in more depth. Hence, the remainder of chapter is focused on the sample of movers more generally.

5.4 Which tenants had moved home?

There were relatively few significant differences in socio-demographic characteristics between movers and non-movers. There were no significant differences in relation to the gender or age of the respondent, nor with respect to the disability or work status of their household (Table 5.3).

However, there were significant differences in relation to both age group and ethnic background. Older tenants aged 55 and above, and young adults aged under 25, were proportionately less likely to have moved (Table 5.3). Meanwhile, tenants subject to the new SAR rules – that is, those aged between 25 and 34 and living as a single person household on their own or in shared housing – were no more likely to have moved home than were other types of tenant. A case study of a single young adult who had moved home because of the increased age threshold for the SAR – and hence who had experienced a cut in her LA – is shown in Box B.

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Box B: Case study of a claimant who moved home

Anne is a single young adult aged 34 living in Edinburgh who is subject to the new SAR age limit. A full-time postgraduate student, she is entitled to LHA because of her disability. She does not claim any other benefits, but lectures part time during university term time, giving her a highly variable income.

Prior to autumn 2012, Anne was living alone in a one bedroom flat, in a relatively expensive part of the city. Because of the extension of SAR rules to include under 35 year-olds, she experienced a significant decrease in her LHA payment. This increased the shortfall between the rent and her LHA by more than £200 per month. As a result, she decided to move in with an aunt in a more deprived part of the city, thereby reducing her rent and in turn reducing the shortfall.

The main motivation for moving was financial, although being able to help look after an elderly relative was an additional advantage. Anne is an organised and careful budgeter; she calculated that after the LHA cut she would need to take on a second part-time job in addition to lecturing and her studies. She decided to prioritise finishing her thesis as quickly as possible, as this will help her to secure a 'career job'.

Had she stayed in her previous flat she felt she *'would have managed, [but] it would have been a struggle'*, especially due to recent cold winters and increasing gas and electricity costs, and would have had to rely on savings that she has from a previous period of employment. She recognises that she is 'not in dire straits' due to the savings and potential second job as fall back options.

Before moving, Anne had started to economise, buying cheaper food and groceries: *'I was getting like noodles, I was just buying noodles. I wasn't really, you know – cutting back on buying chicken, buying meat and stuff, so I was trying to really cut back on that without going into my savings.'* The move has undoubtedly helped financially, balancing out her reduction in LHA. However it has also meant moving into an area where she feels less safe, as well as losing some of the independence she felt when living alone: *'it's been hard to live independently and then come living with someone else ... It's been a mental change for sure, you know, there's been frustrating times and I wonder if I made the right decision in coming down here.'*

Movers were significantly **more** likely than non-movers to be white (84 per cent of compared with 74 per cent respectively). Tenants who were no longer claiming LHA were much more likely than claimants to have moved home (36 per cent compared with 13 per cent respectively).

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Table 5.3 Which tenants had moved home since wave 1?

	<i>Column percentages</i>	
	Has not moved	Has moved
Gender of respondent		
Male	41	39
Female	59	61
Age of respondent *		
16 to 24	12	16
25 to 34	36	40
35 to 44	24	20
45 to 54	15	18
55+	13	6
Ethnicity of respondent **		
White	74	84
Black or other ethnic minority	26	16
Household type		
Single person	31	33
Lone parent	34	35
Couple with children	20	15
Couple	7	9
Multi-person household	9	8
Household member with disability		
No	67	61
Yes	34	39
Household work status		
Working	45	42
Workless	56	58
<i>Base: all tenants</i>	922	183

Statistical significance levels: * P<0.05; ** P<0.01.

One might expect LHA claimants who had a shortfall (between the rent they have to pay their landlord and the LHA that they receive from the LA) to be more likely to have moved than those who did not have a shortfall. In fact, there was no significant statistical difference in the incidence of moving between these two groups of LHA claimant. In both 2011 and 2012, claimants with a shortfall were no more or less likely to have moved home than those who did not have a shortfall.

One might possibly also expect tenants who have rent arrears to be more likely to move than tenants who are not in arrears. That is because, in principle, a tenant who is behind with the rent has an incentive to move in order to find somewhere cheaper that they can afford. On the other hand, a tenant who has rent arrears might have greater difficulty, compared with a tenant who is up to date with their rent, in finding a new landlord to give them a tenancy. That is because landlords and their agents commonly require references from the tenant's existing landlord or to see their rent book.

Whatever one might expect, the fact is that there was no significance difference in the incidence of moving home between tenants who were in rent arrears when Ipsos MORI interviewed them in autumn 2011 and those who were not in arrears. Nor was there any difference between tenants who were in arrears in autumn 2012 and those who were not behind with their rent.

5.5 Why had tenants moved?

There was a wide array of reasons as to why tenants had moved home. Table 5.4 shows only those reasons mentioned by five per cent or more of movers at either wave 1 or wave 2. However, some less commonly mentioned reasons that are of particular policy interest are mentioned in the text.

Although there were some similarities between wave 1 and 2 in reasons for moving, there were also some important differences. First, the proportion of movers who said they had moved home in order to **pay a lower rent** trebled, rising from five per cent at wave 1 to 15 per cent at wave 2. It is likely that this change is a response to the reduction in LHA rates.

And second, the proportion who reported that they had moved because they **wanted to live in self-contained accommodation** fell from 13 per cent to just three per cent. Given the increase in the age threshold for the SAR, this reduction in the proportion of movers looking for self-contained accommodation is likely to be a response to the LHA changes.

Thus, the changed importance of these two reasons for moving may potentially be related to adjustments made following reductions in LHA. Certainly, in the qualitative interviews some respondents mentioned the fact that they could no longer afford their current accommodation because of the reduction in their LHA. For example, a mother living with her partner in North Lanarkshire reported that:

‘... once the initial shock of, ‘Oh no, we’ve an extra £25 a month to find and where are we going to find it from?’ and stuff like that, it was just a case of “We can’t afford to live here”. ...It’s costing us far too much money every month and we just cannot afford it.’

Table 5.4 Main reasons why tenants had left their previous accommodation

Main reasons	Column percentages	
	Wave 1	Wave 2
Personal or family reasons	29	21
Wanted a larger house or flat	23	20
Wanted self-contained accommodation	13	3
To move to this area	10	11
To move to a better area	10	11
Property in poor condition (incl. being demolished)	5	22
End of tenancy agreement	5	6
Wanted a different type of accommodation	4	6
Wanted to pay a lower rent	5	15
Landlord selling or needed the property for own use	3	6
Didn’t get on with the landlord	2	6
<i>Base: all tenants</i>	<i>1,105</i>	<i>183</i>

Only reasons mentioned by 5 per cent or more of tenants are presented in the table.

Tenants could give ‘the two or three main reasons’ and hence the total will not sum to 100 per cent.

However, at wave 2, just three per cent of movers cited a **reduction in their LHA** payment as the reason for their move. It was clear from the qualitative interviews that, where the LHA changes were mentioned as a factor, it was often just one of the reasons for the move and, moreover, not necessarily the predominant reason (see the case study at Box B).

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This is reflected, for example, in the case of a lone parent who was living in Rhondda Cynon Taf. Although the cut in her LHA had been a reason to move, the high cost of heating the house was also important. In addition, to the cost of heating and the reduction in LHA, she wanted to be closer to her family.

'Housing Benefit had put my rent [i.e her LHA] down. I spoke to my landlord and he weren't willing to have any less, so obviously I had to move because of the rent and plus I wanted to move down here because of family anyway. And the bills on a three-bedroom house were just out the window I was paying like £300 every three months for gas.'

A 61 year-old single man in the Rhondda who was long-term sick had moved not only because of his shortfall between the rent and his LHA, but also because his previous place had been too expensive to heat. By contrast, in his new home:

'... I haven't got to spend as much on the heating. I'm getting benefit for it. As you can see this place now, you wouldn't know but it's a lot smaller than the other place but it's very compact. The heating is on now, I can afford to put it on low and keep the house at a nice temperature.'

Heating bills, alongside a reduction in her LHA, was also an important reason why a 34 year-old woman, who was affected by the new SAR rule, had moved home. A full-time student in Edinburgh, she had moved in with her aunt:

'I reassessed my situation to look at how much money I was going to have coming in based off of last year's contract with the university. I knew roughly how much I was going to get each month, [...] and then I assessed what my bills are, what the grocery bill is, so I went through all my normal procedures and I anticipated, based off of being here for the worst winters in 30 years, right, three years in a row, what my gas and electric bill was going to be; it just seemed like when I got that letter from the Government I'd just got a letter from British Gas saying oh we're going to raise prices on this and that so looking at that I was like, I can't ... I have to give something up.'

Two per cent of movers had been **evicted or asked to leave because of rent arrears**. Six per cent had moved because the **tenancy agreement had ended**, but it is not clear whether non-renewal was the tenants' choice or against their wishes. Six per cent had moved because they **did not get on with the landlord**, though again it is unknown whether or not this was in any way related to the changes in LHA.

Third, the proportion of tenants who said they had moved because their **previous property was in poor condition** increased from five per cent at wave 1 to 22 per cent at wave 2. In other words, one in five tenants had moved in order to obtain accommodation that was in better condition than the one they had before. It is not clear how this might relate to the LHA changes, but the evidence from the qualitative interviews suggested that some tenants felt their accommodation was in very poor condition (Beatty *et al.*, 2013).

Indeed, some tenants reported that they had been able to negotiate a lower rent for that very reason, in some cases in return for themselves undertaking some minor improvements or redecorating. Housing advisers interviewed by the research team also claimed that property condition had recently deteriorated in many of the dwellings offered to applicants claiming LHA, especially in LHA Dominant markets (Beatty *et al.*, 2014).

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A lone parent in Denbighshire had moved because her landlord wanted to put the property up for sale, but a second motive for moving was the dampness in the old place, which was a concern because of her daughter's asthma:

'This is obviously much newer inside the property; the old property had damp and what have you and she's got asthma, so that was a nice clean home basically that I wouldn't have to do anything to [laugh] with: no damp!'

Similarly a lone parent in Blackburn had moved home *'Because my kids' health is worse. I have problems with boiler.'* Likewise, a lone parent in Cardiff reported that one reason for moving was the poor condition of the previous place: *'The ceiling was leaking with water.'*

However, the most commonly mentioned reason for having moved home at wave 1 – **'personal or family' reasons** – remained important at wave 2. This reason for moving includes circumstances such as divorce or separation, moving in with a new partner, and mover closer to (or further away from) relatives and friends. Most surveys of residential mobility find that this category of reasons is among the most cited motives for moving home.

The importance of family and personal reasons reflects the fact that people move for a wide range of reasons, and very often not (or not only) for financial ones. Indeed, previous qualitative research for DWP found that few claimants moved for benefit reasons (Kemp *et al.*, 1994). This is hardly surprising because other changes inevitably happen in people's lives, some of which affect the suitability of the accommodation in which they are living.

For example, approximately one in five movers had moved home because they **wanted a larger house or flat** (Table 5.4). Four per cent of movers at wave 2 had changed accommodation in order to live somewhere smaller. Meanwhile, three per cent had moved at wave 2 because they needed an **extra room for a son or daughter to stay overnight**. And two per cent had moved because they **needed an extra room for a carer to stay overnight**.

One illustration of family reasons for moving is a large family in Tendring who needed somewhere larger because the mother was pregnant and they already had four boys in one room. The LHA changes had not been a factor behind their decision to move. Indeed, they did not have a shortfall, but were overcrowded: *'... we can't fit five boys in one room.'*

Only three per cent of movers (fewer than one per cent of all tenants) reported at wave 2 that they had moved home for **job-related reasons**. However, the qualitative interviews revealed that the determination to retain an existing job was a reason why some claimants had not moved home (see below).

Box C: Case study of a claimant who was moving for a variety of reasons

Terry is a 37 year-old man in paid work. He lives in Hackney with his partner, Janis, and their eight month-old baby in a one-bedroom flat, where they have been for two years.

He is self-employed and works long hours. His income fluctuates, but tends to be the equivalent of at least the minimum wage. Janis was employed when they moved in, but was then made redundant and has since been picking up temporary work in the art sector. As a result, she had no maternity pay when their baby was born.

The couple have claimed LHA since Janis lost her regular employment. Their claim started after the LHA rules changed and so they haven't directly experienced a reduction in LHA as such. The amount they receive fluctuates according to their highly variable income, and can be difficult to keep track of, occasionally causing problems with how their LHA amount is calculated due to the time lag between reporting their change in income and their LHA being recalculated. This once left them without a payment for two months at a point when Janis did not have any work. Terry was told by a member of LA's staff that *'if you have a variable income every week, then this is what will happen'*, which he found *'pretty disheartening'*.

The family are about to move to Kent, where they have managed to find a two-bed flat for a significantly lower rent than their existing one-bed flat in London. This suggests an indirect impact of the LHA caps and their relation to house prices in inner London: they are entitled to two bedrooms following the birth of their child, but are moving out of London in order to find two-bed accommodation that they can afford.

However, the decision to move to Kent also included important considerations other than rents. They are able to move due to the flexibility of Terry's self-employment and because they already have friends in the part of Kent they are moving to. Ultimately, Terry hopes to stop claiming LHA, which he feels might be realistic if his self-employment continues to go well, together with the reduced cost of living outside of London.

Although they have now been successful, the couple faced difficulties in finding a landlord willing to let to LHA claimants, despite their confidence in navigating the rental market. *'The first place we found they didn't want us because of Housing Benefit. That I suppose combined with sort of me being self-employed. People are very perturbed by that. ... So we did for a little while have this fear that we were kind of trapped ... we noticed a lot of the places we were looking at they all said 'no DSS', you know.'* They had to ask parents to act as guarantors of the rent. A further barrier to moving to a different locality has been finding reliable advice or information about their benefit entitlements when they move, making it difficult to calculate how much better off their situation will be.

5.6 Did tenants have difficulty finding accommodation?

There have been frequent reports in the housing press that landlords are refusing to let their accommodation to claimants because of the LHA changes. Very often, however, these reports are based on surveys that are not representative of the population of private landlords. Landlords' attitudes to the changes in LHA are examined in depth in the companion report from this project (Beatty *et al.*, 2014) as well as in the early findings (Beatty *et al.*, 2012) and interim (Beatty *et al.*, 2013) reports.

The issue for this report is whether claimants themselves encountered such reluctance among landlords when they were looking for accommodation. It is also important to note that, at the time of the tenant surveys, the demand for private rental accommodation appeared to be rising rapidly, at least in high demand areas such as London, but less so in more low demand areas. Thus, LHA claimants moving home in high demand areas were likely to be facing increasing competition in the rental market. Indeed, this may be why tenants in Inner London were less likely to have moved than those elsewhere.

All tenants who had moved were asked how easy or difficult it was to find somewhere to rent. Just over half reported that they had found it easy, and a third that it had been difficult, to find somewhere new (Table 5.5). In other words, more found it easy than found it difficult.

However, there was a striking difference between Inner London and the three other types of case study area in the proportions of tenants who said it was difficult to find new accommodation. In Inner London – a high demand area for private renting – three-quarters of movers reported that it was difficult. By contrast, in the other three types of case study area, between one-fifth and two-fifths of movers said it was difficult to find new accommodation (Table 5.5).

Tenants living in high LHA rate areas were also much more likely than those living elsewhere to report having found it difficult to find somewhere to rent. Likewise, tenants in areas where the LHA rate reduction had been large were much more likely than those elsewhere to report having found it difficult to find new accommodation.

By contrast, there was no significant difference between the three nations of Great Britain in the proportion of claimants for whom it was difficult to find new accommodation. Nor was there any difference in this respect when comparing claimants and non-claimants and between working and non-working households.

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Table 5.5 How easy or difficult was it to find new accommodation?

<i>Column percentages</i>					
How easy or difficult to find accommodation? ***	Inner London	LHA Dominant markets	Cities	Rural areas	All
Easy	15	73	57	42	56
Neither easy nor difficult	10	7	9	16	9
Difficult	75	20	34	42	35
<i>Base: tenants who had moved</i>	12	68	52	48	180

Statistical significance levels: *** $p < 0.001$

There were no statistically significant differences between the three nations of Great Britain in the extent to which claimants who moved had faced difficulties in finding new accommodation (Table 5.6).

Table 5.6 Did LHA claimants face difficulties finding new accommodation? – by nation

<i>Column percentages</i>			
Difficulties finding accommodation?	England	Wales	Scotland
Yes	33	29	39
No	67	71	62
<i>Base: LHA claimants</i>	88	17	17

LHA claimants who had moved were also asked if they had experienced difficulties finding accommodation while in receipt of HB. About a third of claimants reported that they had experienced difficulties – the same as at wave 1. Thus, overall, and despite the changes to LHA, there was no increase in the proportion of claimants who faced difficulties moving home between wave 1 and wave 2 (Table 5.7).

Table 5.7 Did LHA claimants face difficulties finding new accommodation?

<i>Column percentages</i>		
Difficulties finding accommodation? *	Wave 1	Wave 2
Personal or family reasons	34	33
Wanted a larger house or flat	66	67
<i>Base: LHA claimants who had moved</i>	1,018	122

Statistical significance levels * $P < 0.05$.

A far higher proportion of LHA claimants in Inner London than in the other three area types faced difficulties finding new accommodation. Thus, three-fifths of claimants in Inner London who moved faced such difficulties, but elsewhere the equivalent proportions ranged from one in six in Rural areas to a third in Cities (Table 5.8).

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Table 5.8 Did difficulties finding accommodation vary by type of area?

Column percentages				
Difficulties finding accommodation? *	Inner London	LHA Dominant markets	Cities	Rural areas
Yes	61	24	36	17
No	39	76	64	83
<i>Base: LHA claimants who had moved</i>	<i>11</i>	<i>48</i>	<i>32</i>	<i>31</i>

Statistical significance levels * $P < 0.05$.

There were significant differences in the extent to which different types of LHA claimant encountered difficulties finding new accommodation.¹⁶ This was true of the move to the home that claimants were living in when interviewed at wave 1, and of the move to the home that those who had changed address were living in when interviewed at wave 2 (Table 5.9).

At wave 1, claimants aged 55 and above were less likely than those younger than that age to have experienced difficulties moving home. Meanwhile, claimants aged between 25 and 44 years were the most likely to have encountered difficulties moving.

The variation in the percentage of claimants in different age groups facing difficulty was greater at wave 2 than at wave 1. Although the differences at wave 2 were not statistically significant this was probably due to the much smaller sample size.¹⁷ In other words, if the sample at wave 2 had been larger, it is quite likely that the differences between age groups would have been statistically significant.

At both wave 1 and wave 2, claimants from BME groups were significantly more likely than white claimants to have faced difficulties finding accommodation (Table 5.9). Moreover, the gap between white and BME claimants increased between wave 1 and 2. At wave 1, there was a 17 percentage-point gap between white and BME claimants in the proportion facing difficulties finding accommodation (30 per cent compared with 47 per cent, respectively, faced difficulties). But at wave 2, the gap between white and BME claimants had doubled to 33 percentage points (28 per cent compared with 61 per cent).

This increased gap between wave 1 and 2 was largely due to an increase in the proportion of BME claimants facing difficulty (Table 5.9). Thus, although BME tenants were less likely to have moved home, those who had moved were more likely to have faced difficulties doing so than were white tenants.

At wave 1, LHA claimants living in workless households were significantly more likely than those living in working households to have encountered difficulties finding accommodation. The gap between workless and working households was not statistically significant in wave 2. Again, this may have reflected the smaller sample size at wave 2.

¹⁶ There were too few large families, or tenants aged 25 to 34 and subject to the new SAR rule, to analyse separately in relation to difficulty moving while on LHA.

¹⁷ The data on moving at wave 1 is for all LHA claimants, but at wave 2 it is for those who had moved home since wave 1.

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Table 5.9 Which LHA claimants faced difficulties moving?

<i>Column percentages</i>				
	Wave 1 – all LHA claimants		Wave 2 – claimants who had moved since wave 1	
	Yes	No	Yes	No
Gender of respondent				
Male	31	69	30	70
Female	36	64	35	65
Age of respondent	*			
16 to 24	31	69	32	68
25 to 34	38	62	36	64
35 to 44	36	63	26	74
45 to 54	33	67	46	55
55+	22	78	10	90
Ethnicity of respondent	***		**	
White	30	70	28	72
Black or other ethnic minority	47	53	61	39
Household type	***			
Single person	29	71	34	66
Lone parent	44	56	31	69
Couple with children	27	73	33	67
Couple	36	64	22	78
Multi-person household	22	78	50	50
Household member with disability				
No	32	68	29	71
Yes	37	63	38	62
Household work status	*			
Working	30	70	27	73
Workless	36	64	35	65
<i>Base: LHA claimants</i>	<i>345</i>	<i>693</i>	<i>36</i>	<i>86</i>

Totals may not sum to 100 per cent due to rounding.

Statistical significance levels: * P<0.05; ** P<0.01; *** p<0.001.

5.7 What difficulties did LHA claimants have in finding accommodation?

Table 5.10 shows the types of difficulty that LHA claimants faced when looking for accommodation. However, in the wave 2 survey, the sample size for moving claimants who encountered difficulties (38 LHA claimants) is too small to report reliably on the figures for each type of difficulty.

Bearing that in mind, the three most commonly mentioned difficulties at wave 2 were:

- lack of suitable types of property;
- rents being generally unaffordable; and
- landlords being unwilling to let their accommodation to LHA claimants.

These were also the three most commonly cited difficulties in finding accommodation in the wave 1 survey (Table 5.10).

Table 5.10 What types of difficulty did LHA claimants have in finding accommodation?

Type of difficulty	Column percentages	
	Wave 1	Wave 2
Landlords unwilling to let to HB claimants	54	21
Rents generally unaffordable	36	23
Lack of the types of property I need	17	36
Properties available are in poor condition	10	11
Rents unaffordable (due to low / lower HB payments)	9	16
Couldn't afford properties in better (more desirable) areas	7	14
Competition from / losing out to other tenants	4	17
Competition from / losing out to other HB claimants	2	1
Hard to understand what HB I will receive	1	4
Other difficulties	20	10
<i>Base: LHA claimants</i>	345	36

Tenants could mention more than one difficulty and hence totals may not sum to 100 per cent.

The difficulties that tenants faced in moving home were very evident in the qualitative interviews conducted by Ipsos MORI. For example, a lone parent living in Cardiff with a large family recalled that when she phoned up about houses that had been advertised, she invariably got nowhere because she was not in work:

'They say you "Are working?" I say "No, I am on Housing Benefit." "Oh, sorry" they say "we're not accepting the benefits".'

One mother on LHA and living in Fenland with her two adult children, all of whom were in paid work, reported that she had no difficulty getting a landlord to accept her. But that was because she did not tell them that she was receiving LHA:

'Well no, because I didn't tell them that, I just tell them that I'm employed, and they get their direct debit, and that's it, I don't mention that.'

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The problem of finding somewhere they could afford was also a problem confronting tenants. For example, a couple with children living in Thanet who faced eviction because their landlord wanted to sell the property had found that rents had increased compared with when they had moved into their current place:

Male: *'The prices have gone through the roof since we moved in here. [...] I mean you're paying an extra £100 a month now on a house this size. [...] It's been quite a jump.'*

Female: *'And it's the agent's fees as well, isn't it? £180 per adult to apply, it's stupid.'*

The qualitative interviews also revealed that the difficulty of finding somewhere new that they could afford was one of the reasons why some tenants had decided not to move. For example, asked if she had considered moving due to the cut in her LHA, a lone parent in Rhondda who was struggling financially replied that:

'I have thought about it, but there's very little in this area that costs £360 per month, there aren't that many places privately that you can get for that now. You are looking at £400, minimum for privately rented.'

Similarly, a single man aged 29 in Hackney who was affected by the new SAR rule had searched for accommodation, but not found anything: 'Not for the price that I can afford.'

Again, an employed man living with his partner and children in Brent could not afford the rents on one or two bedroom flats, therefore they felt that they had no choice but to stay in their current place:

'... we stay here because we haven't got much choice 'cause it's a studio flat and it is only £185 a week, so it's very small for us, but like I was saying we haven't got a choice. But we would love to live in a bigger property like a one or a two bedroom flat but as you know it's limited; if you are depending on Housing Benefit they wouldn't pay the whole rent for you....'

It was not just difficult to find places with a cheaper or cheap enough rent, but also the cost of the deposit. For example, a lone parent in paid work who was living in Edinburgh reported that:

'I think my main issue with moving is definitely a deposit. It's the deposit that stops you from moving, realistically. So, in order to get my deposit back, that would be a nightmare because my landlord would come in and go, 'Oh, this needs done, that needs done,' and they would automatically rob me of my deposit.'

The difficulty for some tenants in finding a deposit when they had found their existing accommodation suggested that moving home was just too costly an undertaking, and one that could lead to debt if money had to be borrowed to raise the deposit.

For example, a single young adult man aged 28 and living in Thanet commented that it was a 'vicious cycle': he was unable to afford the current rent, but also unable to afford to pay the deposit on a cheaper place.

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A lone parent living in Rhondda Cynon Taf who was struggling to pay the shortfall spoke in similar, if in more graphic, terms:

‘Yes I did think about moving, that was like “I’ve got to get out of here, I’ve got to find somewhere else”, you know, ‘cause you think about the financial side of it. But I can’t afford the moving costs anyway so I’m stuck. I’m stuck in several ways, emotionally, financially and also taking into account societal aspect of it and the impact it will have on my children.’

In addition, some landlords wanted LHA claimants to have a guarantor. For example, asked if she had thought about moving because of the reduction in her LHA, a lone parent in Barking and Dagenham said:

Female: ‘I’ve tried to think about it but I just don’t know, because if I look for another accommodation that is cheaper, I’ve tried to look for cheaper accommodation, I’m trying to, but it’s becoming very difficult because they are saying I have to have... what do you call it, it’s someone who knows you?’

Interviewer: ‘A guarantor?’

Female: ‘That’s right, yeah. It’s not been easy. And still I’m not getting any accommodation that is under £900.’

Likewise, when asked what she was doing to find alternative accommodation, a lone parent in Westminster reported that it was difficult to find landlords who would accept tenants on HB and some required a guarantor for the rent:

‘...nowhere accepts Housing Benefit, it’s very hard to find that, and when you do they’re always gone. So it’s just not working. [...] ...I’m looking everywhere, name it and I’ve looked there. But it’s always either gone or I need a guarantor and...no, a guarantor that is a home owner. And I say, well I think if I knew someone like that I’d move in with them.’

The landlord report also noted that the use of guarantors for LHA claimants was increasing, to provide more reassurance over rental income when letting property (Beatty *et al.*, 2014).

Thus, the cost of moving – especially letting agent fees and the need to find a deposit or a guarantor – were reasons why more tenants whose benefit had been cut had decided not to move.

5.8 How many properties did tenants view?

Tenants who had moved were asked how many properties they had looked at before taking their current accommodation. The figures in Table 5.11 show the total number of properties viewed, including the one into which they had moved.

Table 5.11 How many properties did movers view?

<i>Column percentages</i>					
Number viewed	Inner London	LHA Dominant markets	Cities	Rural areas	All
One	17	40	32	28	32
Two	21	16	6	22	14
Three	13	14	16	6	14
Four or more	50	30	46	44	41
<i>Base: tenants who had moved</i>	<i>14</i>	<i>65</i>	<i>49</i>	<i>46</i>	<i>174</i>

A third of movers had only viewed their current home and in total two-fifths had looked at three properties. At the other extreme, a quarter of movers had looked at six or more properties (Table 5.11).

On average, tenants who had moved home looked at 3.3 properties (including the one they took). However, the mean number of properties viewed varied between the four types of case study area, ranging from 4.2 in Inner London to 2.9 in LHA Dominant markets (Table 5.12).

Table 5.12 What was the average number of properties viewed?

Type of area	Mean number
Inner London	4.2
LHA dominant markets	2.9
Cities	3.4
Rural areas	3.3
All areas	3.3
<i>Base: all tenants</i>	<i>174</i>

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On average, movers in ‘high’ LHA rate areas had viewed one property more than movers elsewhere. Movers in England had looked on average at 0.7 properties more than movers in Wales and Scotland.

One might expect movers who experienced difficulty in finding somewhere to rent to have looked at significantly more properties than those who did not face difficulty or who found it easy to move. As Table 5.13 shows, that was indeed the case. LHA claimants who reported that they had faced difficulties finding accommodation had, on average, looked at 1.7 more properties compared with those who had not faced such difficulties (4.4 compared with 2.7). More generally, tenants who said it was difficult to find somewhere to rent had, on average, viewed 2.4 more properties than those who found it easy (4.9 compared with 2.5 respectively).

Table 5.13 Did LHA claimants who faced difficulties finding accommodation

Faced difficulties?	Mean number
Faced difficulties	4.4
Did not face difficulties	2.7
<i>Base: claimants who had moved</i>	
	119

5.9 How far had tenants moved?

One of the aims of the introduction of LHA caps was to incentivise claimants to move out of central London and other expensive areas. This aim reflected the view that it was unfair that benefit claimants could afford to live in such locations when ‘hard-working families’ could not afford to live there. There appeared to be considerable support among the electorate for this policy.

An important question for the research project, therefore, was whether claimants had moved out of central London and how far they had moved in the wake of the LHA changes. A companion element of the wider project has examined the aggregate spatial impact of the changes. In this report, the focus is at the micro level and in particular on the mover group among the tenants interviewed in the wave 2 survey.

It was found that most tenants who had relocated had not moved very far at all. Thus, three out of five had moved to accommodation that was within the same ‘local area’ as their previous home (Table 5.14). The remaining two-fifths had moved to a place that was outside of the local area in which they were living at the time of the wave 1 survey.¹⁸

However, in Inner London, far fewer movers had stayed within their local area. Indeed, only a third of them had moved within their local area. By contrast, seven out of ten movers in LHA Dominant markets, and about six out of ten movers in Cities and in Rural areas, had remained within their local area (Table 5.12). This corroborates the view put forward by housing advisers from the Inner London areas, that tenants were having to move much further afield to find affordable rented accommodation (Beatty *et al.*, 2014).

¹⁸ The question asked tenants who had moved home: ‘*Is this accommodation within the same local area as your previous one or have you moved to another area?*’ It was left to tenants to interpret what was their ‘local area’.

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Table 5.14 How far had tenants moved?

	<i>Column percentages</i>				
	Inner London	LHA Dominant markets	Cities	Rural areas	All
Moved area? *					
Moved within same local area	35	71	59	63	60
Moved to another area	65	30	41	37	40
Moved council area? ***					
Moved within same council area	52	85	91	79	82
Moved to another council area	48	15	9	21	18
How far moved? *					
A mile or less	13	43	47	50	41
More than 1 but less than 5 miles	39	41	36	33	38
5+ miles	48	16	17	17	21
<i>Base: tenants who had moved</i>	<i>14</i>	<i>68</i>	<i>52</i>	<i>49</i>	<i>183</i>

Statistical significance levels: * $P < 0.05$; *** $p < 0.001$.

Tenants in 'high' LHA rate areas were significantly more likely to have moved to a different local area than were those in 'medium' and 'low' LHA rate areas. Similarly, tenants living in areas with a relatively 'large' reduction in the LHA rate were significantly more likely to have moved to a different local area than those in 'medium' and 'small' reduction areas.

Tenants who had moved home were also asked if they had moved within the same local council area or to a different one. Eighty two per cent had moved within the same local council area as their previous home.

The extent to which movers had moved to another local council area mirrored the extent to which they had moved to another 'local area'. Thus, tenants in Inner London were much less likely to have stayed within the same local council area than was the case with tenants in the three other area types (Table 5.14). About half of Inner London tenants had done so.¹⁹ But in the other three area types, the proportion who remained in their local council area after moving home varied from eight out of ten in Rural areas to nine out of ten in both LHA Dominant markets and Cities. Tenants were more likely to have moved to a different local council area if they were in 'high' LHA rate areas and in areas with 'large' LHA rate reduction.

Finally, movers were asked how far they had moved. The great majority had not moved very far at all. Indeed, 41 per cent had moved no more than a mile, and a further 38 per cent had

¹⁹ Of course, tenants in London (which has 32 boroughs) do not have to move very far geographically in order to move to another council area. That said, 48 per cent of Inner London claimants had moved more than five miles (a far higher proportion than was true of the three other types of case study area), which was the same percentage as had moved to another council area.

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moved between one and five miles (Table 5.14). Only eight per cent had moved more than ten miles.

However, there were significant differences between tenants in distance moved by type of case study area. Movers in Inner London were three times as likely to have moved five or more miles than those living in the three other area types (Table 5.12). Tenants were also more likely to have moved more than five miles if they lived in 'high' LHA rate areas or in 'large' LHA rate reduction areas.

In summary, the evidence is consistent for all three indicators of how far tenants had moved – within the locality, within the local council area, and distance in miles – that most moves were not very far, and that tenants in Inner London were more likely to have moved further afield than those in the three other types of case study area.

A key reason why tenants had not moved far, or did not want to move far, was the desire to remain close to their family. This was not just because of emotional ties but also because their family provided them with practical support. As one 54 year-old mother living with her two adult sons in Barking and Dagenham reported:

'We all sort of rely on each other, we all help each other out – my mum and dad live down the road and my brother lives around the corner, two of my nieces are down the other bit and my uncle ... the only person left in London is my daughter, they're all down there. Sometimes if there's no food I can go and ask mum if she's got anything, she's always got a freezer full of food – she's obsessed with making sure no one goes without. She spends more money on shopping in a week than I do in a month and there's only her and dad.'

Another reason for tenants with dependent children not wanting to move far was schooling. Often this was combined with a desire to stay close to family. As one lone parent in the Rhondda said about what she was looking for when she moved: *'Family and plus the school down the way, I know is a really good school, all my nieces and nephews went [there]'*.

For parents of school-age children, the involvement of their wider family in child minding was especially important. For example, a lone parent in paid work and living in Denbighshire, who had recently moved because the landlord was selling the property, said the main thing she had in mind when looking for a new place was where it was located:

'The priority was location; it has to be in this village basically for school and Megan's grandparents help out a lot with childcare and what have you. And my mum doesn't drive, so it would have been difficult for her to pick her up from school and just kind of things like that. And obviously being a lone parent I rely heavily on their support, so I didn't want to move to another village where I didn't know anybody.'

Being close to their work was important for claimants in paid employment. For example, a mother who had just moved and was living in Fenland with her two adult children had remained as close as she could to her place of work:

'I would rather have been a little bit closer to work, but there just isn't nothing there, but when a friend said that this was empty, and I knew I needed to get out and that's when I went for it.'

Likewise, the desire to remain within commutable distance to their job was important for people in employment who had to move home because of the LHA reductions. For example, a working lone parent in Westminster whose DHP was covering the otherwise unaffordable

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shortfall between the rent and her reduced LHA reported that:

'I'd try to keep the job because I love where I work and I love all the people. So I would try and keep the job and make it a commute.'

However, some claimants in work were less place-constrained and could therefore move to further afield. For example, a self-employed man living with his partner and children in Hackney summed up his reasons for wanting to move:

'So that we might stop claiming Housing Benefit because all my work is done via email. I just send off the scanned in files so I can work from anywhere. I don't need to be in London to see people to make contacts. Not very much, anyway. So the move is going to help financially. We'll have a bit more room and the air will be fresher.'

Meanwhile, a 60 year-old man in Westminster who was long-term sick and disabled wanted to get out of London because he could no longer afford to live there. This was more due to the cost of living generally than to a reduction in his LHA. Although affected by the LHA cap, he did not have a shortfall because his landlord had lowered the rent. He was planning to move to Hastings where he had adult children: *'... but why I want to get to Hastings is, number one I can't afford to live in London.'*

5.10 Did tenants move to smaller accommodation?

One concern voiced by some organisations when the changes to LHA were announced was that the benefit reductions might encourage claimants to move to smaller accommodation, with a consequent danger of overcrowding. However, as shown earlier, five times as many movers cited a need for larger accommodation than as for smaller accommodation (20 per cent compared with four per cent of movers) as a reason why they had moved home.

We do not have a measure of occupancy and therefore cannot identify whether any tenants were overcrowded relative to the 'bedroom standard' used in government social surveys. However, tenants who had moved home were asked whether their new accommodation had more or fewer bedrooms than the place they had left.

Almost half of movers (48 per cent) reported that their new accommodation had the same number of bedrooms as their previous home. Meanwhile, 29 per cent said their new home had more bedrooms, and 23 per cent that it had fewer bedrooms, than before. There was no significant difference in this respect between the four area types (Table 5.15). Thus, while a substantial minority had moved to smaller accommodation, a slightly bigger minority of tenants had moved to larger accommodation.²⁰

²⁰ As noted in Section 5.4, only three per cent of movers cited a reduction in their LHA, and 15 per cent wanting to pay a lower rent, as one of the main reasons why they had moved.

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Table 5.15 Did tenants move to smaller or cheaper accommodation?

	Column percentages				
	Inner London	LHA Dominant markets	Cities	Rural areas	All
Number of bedrooms					
More	33	26	24	53	29
Fewer	25	21	26	16	23
The same	42	53	50	32	48
The rent					
Lower	65	39	32	21	38
Higher	22	47	52	53	46
About the same	13	14	15	26	16
<i>Base: tenants who had moved</i>	14	68	52	49	183

5.11 Did tenants move to somewhere cheaper?

It was noted above that 15 per cent of movers at wave 2 cited the desire for a lower rent as a reason for their move. Set against this, four per cent reported that they moved because they could afford a more expensive property. People who had moved for other reasons, of course, may have found accommodation that was more or less expensive than their previous home. Tenants who had moved were therefore asked whether the rent on their new home was cheaper, more expensive or about the same as on their previous home.

The survey found that, more often than not, tenants who had changed address were paying a rent that was different from that charged on their old accommodation. In 36 per cent of cases, they were paying a **lower** rent than before and in 45 per cent were paying a **higher** rent.²¹ In other words, more movers were paying a higher rent than were paying a lower one after the move. There was no significant difference in this respect between the four types of case study area (Table 5.16).

It was not clear why more movers were paying a higher rent than were paying a lower rent after the move. But perhaps it is not especially surprising given that, at least in some localities, private rents on new lettings were rising due to strong demand for accommodation.

Moreover, it is known that sitting tenants typically benefit from what is sometimes referred to as a 'length of tenure discount' (Kemp, 2004). That is to say, landlords often do not increase the rent in line with market rents on tenancy renewals and may not necessarily increase them at all. Over time, therefore, rents for longer standing tenants may become progressively low relative to market rents on new lettings. This of course gives such tenants a financial incentive not to move home. But it also means that when they do eventually move, the increase in their rent – comparing their old home with their new one – can be quite substantial.

²¹ Four per cent reported that they did not know whether the new rent was higher, lower or the same.

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Among those tenants who had moved because they wanted to pay a lower rent, almost half had succeeded in that aim and almost half had ended up paying about the same as before. The same was true of tenants who had moved because their LHA was cut.²²

5.12 Were tenants satisfied with their new home?

When the LHA changes were first announced, some commentators suggested that claimants who had no choice but to move would end up in worse accommodation. We did not have a measure of the condition of the property in which tenants were living, but we did ask tenants how satisfied or dissatisfied they were with their accommodation.

Table 5.16 shows that, overall, the great majority of tenants at both wave 1 and wave 2 were either fairly or very satisfied with their accommodation. About three-quarters were satisfied and about one in six was not.

²² The sample sizes were too small to test (1) whether tenants who had moved because they wanted a **larger** house or flat were paying a **higher** rent in their new accommodation; (2) whether tenants who had moved because they wanted a **smaller** house or flat were paying a **lower** rent in their new accommodation.

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Table 5.16 How satisfied were tenants with their accommodation?

	<i>Column percentages</i>	
Satisfied with accommodation? *	Wave 1 All tenants	Wave 2 All tenants
Fairly or very satisfied	78	75
Neither	6	8
Fairly or very dissatisfied	16	18
<i>Base: LHA claimants</i>	<i>1,105</i>	<i>1,104</i>

Statistical significance * $p < 0.05$.

For technical reasons, the test of significance for difference between waves excludes those who were neither satisfied nor dissatisfied.

Satisfaction with their accommodation among young single people aged 25 to 34 who were subject to the new SAR rule was not significantly different from that of other respondents. However, tenants with large families were about twice as likely as other tenants to express dissatisfaction with their accommodation (31 per cent compared with 17 per cent respectively).

Satisfaction levels at wave 2 were significantly lower in Inner London than in the three other area types. Indeed, tenants in Inner London were about twice as likely as those elsewhere to report that they were either fairly or very dissatisfied with their accommodation (Table 5.17).

Table 5.17 Did accommodation satisfaction vary by type of area?

	<i>Column percentages</i>			
Satisfied with accommodation? ***	Inner London	LHA Dominant markets	Cities	Rural areas
Fairly or very satisfied	64	77	78	80
Neither	7	9	7	8
Fairly or very dissatisfied	29	14	15	12
<i>Base: all tenants</i>	<i>160</i>	<i>406</i>	<i>299</i>	<i>239</i>

Statistical significance *** $p < 0.001$.

Levels of tenant satisfaction with their accommodation varied significantly between the three nations of Great Britain. Tenants in the Scottish case study areas were much more likely to be satisfied with their accommodation than those in the English or Welsh case study areas. Overall, 83 per cent of Scottish tenants, compared with 73 per cent of English tenants and 76 per cent of Welsh tenants, were either fairly or very satisfied with their accommodation at wave 2 (Table 5.18).

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Table 5.18 How satisfied were tenants with their accommodation? – by nation

Satisfied or dissatisfied? **	Column percentages		
	England	Wales	Scotland
Fairly or very satisfied	73	76	83
Neither	7	11	8
Fairly or very dissatisfied	20	13	9
<i>Base: all tenants</i>	<i>778</i>	<i>157</i>	<i>169</i>

Statistical significance levels: ** P<0.01.

There was a statistically significant change between wave 1 and 2 in the relation to which tenants were satisfied and which were not. The nature of this shift in satisfaction between the two surveys is highlighted in Table 5.19.

Table 5.19 shows that there was a marked increase in satisfaction levels among tenants who had moved home since the wave 1 survey, which rose from 57 per cent to 85 per cent. In other words, comparing the new with their old home, the level of satisfaction among tenants who moved home had risen by 28 percentage points. By contrast, the level of satisfaction with their accommodation among tenants who had not moved had fallen between the wave 1 and wave 2 surveys (Table 5.19). The net result is that, while movers had been less satisfied with their home at wave 1 than non-movers, they were more satisfied than non-movers at wave 2.

Table 5.19 How satisfied were movers and non-movers with their accommodation?

Satisfied with accommodation? ***	Column percentages			
	Tenants who had moved by wave 2		Tenants who had not moved by wave 2	
	Wave 2 movers at wave 1	Wave 2 movers at wave 2	Wave 2 non-movers at wave 1	Wave 2 non-movers at wave 2
Fairly or very satisfied	57	85	82	73
Neither	9	7	5	8
Fairly or very dissatisfied	34	8	13	20
<i>Base:</i>	<i>183</i>	<i>183</i>	<i>922</i>	<i>992</i>

Statistical significance *** p<0.001.

For technical reasons, the test of significance for difference between waves excludes those who were neither satisfied nor dissatisfied.

Thus, the assumption that tenants would inevitably move to less satisfactory accommodation because of the LHA changes is not borne out by the evidence from the tenant survey. Indeed, the opposite is the case: there was a very substantial increase in satisfaction with their accommodation among those tenants who moved, and a less marked decrease in satisfaction among those who had not moved.

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Because most moves appear to have been voluntary, it is hardly surprising that, in aggregate, satisfaction with their accommodation was significantly lower at wave 1 among those who had moved by wave 2 than among those who had not moved. Nor is it very surprising that satisfaction increased among those who had moved. What is less clear is why the level of satisfaction among non-movers declined between the two surveys.

5.13 Were tenants registered on a social housing waiting list?

One possible indicator of dissatisfaction with accommodation is whether tenants in the PRS are registered on an LA housing, or a housing association, waiting list. Desire to move to social housing can be due to many causes and not simply reductions in LHA. These include rent levels and security of tenure, which are usually lower and stronger respectively in social housing compared with privately rented accommodation. It can also relate to the state of repair or another aspect of the condition of the dwelling, or to its size and location or whether it is a flat or a house or has a garden.

Table 5.20 shows that about three out of ten tenants at both wave 1 and wave 2 were registered on a social housing waiting list. Although the proportions are exactly the same for both waves, the data are statistically significant between waves due to a change in the composition in the sample of tenants who were registered. Thus, 38 per cent of tenants who reported being on a social housing waiting list at wave 1 said they were not at wave 2. And, conversely, 16 per cent tenants who were not registered at wave 1, reported that they were on a waiting list at wave 2. Thus, there appears to be some movement onto and off social housing waiting lists over time.

Table 5.20 Were tenants registered on a social housing waiting list?

Registered on waiting list? *	Column percentages	
	Wave 1 All tenants	Wave 2 All tenants
Yes	29	29
No	71	71
<i>Base: all tenants</i>	<i>1,105</i>	<i>1,105</i>

Statistical significance * $p < 0.05$.

For technical reasons, the test of significance for difference between waves excludes those who were neither satisfied nor dissatisfied.

There were no statistically significant differences between the three nations of Great Britain in the extent to which tenants were registered on a social housing waiting list. In all three nations, about seven out of ten tenants had signed up on a waiting list for social housing (Table 5.21).

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Table 5.21 Were tenants registered on a social housing waiting list? – by nation

Registered on waiting list?	Column percentages		
	England	Wales	Scotland
Yes	29	31	30
No	71	69	70
<i>Base: all tenants</i>	<i>778</i>	<i>157</i>	<i>170</i>

Neither young single people aged 25 to 34 who were subject to the new SAR rule nor tenants with large families were significantly more or less likely to be registered on a social housing waiting list.

It was clear from the qualitative interviews that many tenants saw getting access to council housing as a way out of their current difficulties. They felt that, unlike private renting, council rents would be lower and more affordable. For example, a 34 year-old lone parent living in Barking and Dagenham said:

‘I’m hoping I might get a council flat. I don’t know, because every time I go to check I’m like 100 or 200, but if I get a council flat, especially before I start working, I would be very grateful, because actually I would manage getting that Benefit in a council flat. If I start working I would manage to do that, but when I’m here, to be honest I can’t, because it’s too much with this house.’

Parents in particular wanted an LA tenancy because of the security of tenure that it offered and the prospect of not having to move. It would mean that their children would be able to stay in the same school and thereby avoid the disruption that moving schools would bring to their education. For these reasons, they were holding out in the hope that they would be offered a social housing tenancy. An example of a lone parent who had moved into social housing is shown in Box D.

One mother living with her partner and children in North Lanarkshire had in fact been offered a council tenancy after having been on the waiting list for more than five years. As far as she was concerned, the phone call they were waiting for to tell them when they could pick up the keys could not come soon enough (*‘I wish they would hurry up’*):

‘Hopefully, because of the age of my three kids, we’ve had to move too many times and quite frankly they’re fed up with moving. But when we’ve moved we’ve tried to keep them...they’ve been at the same school, ... everything has been kept the same bar where we’ve stayed and stuff. So this time we’ve told them we are not moving again, this is our house.’

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Box D: Case study of a lone parent who had moved into social housing

Alison is a 26 year-old lone parent living in the Rhondda, who has recently moved into a two-bed housing association property with her three-year-old daughter. As such, she no longer claims LHA. Prior to this move, they were living in private rented accommodation, in a three bedroom house further north in the Valleys.

The move was prompted by a multitude of factors that are difficult to disentangle: personal, social and financial. While she lists a variety of reasons that are all seen as crucial to the move – being closer to family, access to good schools, moving into a smaller property which is cheaper to heat, the poor condition of her previous home and in particular a damp problem that was affecting her daughter's health – hearing about the forthcoming LHA changes was something of a catalyst.

An advisor had informed Alison that, due to changes in the way that local LHA rates were calculated, her payment was likely to decrease. On hearing that the shortfall between the rent and the LHA to which she was entitled was due to increase from £10 to £30 per month, she thought 'I've got to move from here 'cause there's no way I can pay that'. She moved just before this cut came into effect.

Alison had originally lived in social housing, her preferred option for reasons of affordability and security of tenure, but had been relocated into the PRS at short notice due to a threatening ex-partner. As a result, and because of the ongoing nature of the situation – she continued to feel unsafe in her home – she was able to obtain another place in social housing relatively quickly. *'I feel really safe here. I sleep in the nights and everything, 'cause up in Aberdare I never used to sleep, I had an alarm on the house and everything, but I couldn't sleep 'cause I didn't feel safe.'*

Alison reported that, if she had not been allocated a social housing tenancy, she would not have stayed in the privately rented flat due to the damp problem and her difficulty in affording the heating costs, heightened by the impending reduction in LHA. In the short term, she says she would have moved into her mother's one bedroom flat and hoped to be relocated from there into social housing.

5.14 Key findings

About one in seven tenants had moved home by the time of the wave 2 survey. This is not an especially high rate of movement compared with the PRS as a whole, and it certainly was not the large-scale removals that some commentators seem to have anticipated when the reforms were announced.

There were relatively few significant differences between the key client groups, but (as one might expect) younger tenants were more likely to have moved, and older ones less likely to have moved, than were other tenants. BME tenants were less likely to have moved than white tenants.

Two per cent of claimants reported that they had been homeless at some point during the year between the surveys. Again, this is arguably a lower level than perhaps had been anticipated by some commentators. If scaled up to the national level, however, it does represent a large absolute number of homeless households. It is possible that 'sample selection' effects have meant that claimants who became homeless were less likely to have been interviewed at wave 2 than those who did not become homeless.

Tenants moved for a wide variety of reasons, of which the LHA changes were just one and often not the sole reason for the move. Other common reasons for moving included those that were personal and family related.

About a third of claimants faced difficulties moving while on LHA and these included difficulties finding rents they could afford, landlords that would let to them and property that met their needs. The cost of deposits and letting agency fees were also highlighted in the qualitative research. These have been long-standing barriers to moving home for HB claimants in the private rental market; and there appears to have been no increase in the prevalence of such problems between wave 1 and 2.

Despite concerns about tenants moving far from their family or jobs, most tenants – precisely because they wanted to keep their jobs and remain in contact with their families – did not move far. Nor did tenants who did change address necessarily move to cheaper or smaller accommodation, though some did one or both of those things. Contrary to what some commentators had anticipated, tenants who moved did not, in general, move to worse accommodation than they were living in before. On the contrary, they tended to be more satisfied with their new home than with the old one.

6 Did tenants negotiate a lower rent?

Summary

- One in four tenants had tried to negotiate a lower rent when they took on the accommodation in which they were living at the time of the wave 1 survey.
- The same proportion (one in four) had also done so when they moved to new accommodation in the year prior to the wave 2 survey.
- Movers who had a shortfall between the rent and their LHA were significantly more likely to have tried to negotiate a lower rent than were those who did not have a shortfall (37 per cent compared with eight per cent respectively).
- One in five tenants who had not moved by wave 2 had tried to renegotiate the rent of their existing home with the landlord since the wave 1 survey.
- LHA claimants who had a shortfall between the rent and their LHA payment were no more likely to have attempted to renegotiate the rent than were claimants who did not have a shortfall.
- Forty-five per cent of tenants who had tried to negotiate the rent of the accommodation in which they were living at wave 1 had done so successfully.
- A similar proportion (48 per cent) of tenants who had moved by wave 2 and tried to negotiate the rent were successful in doing so.
- Twenty-nine per cent of non-moving tenants who had tried to renegotiate the rent on their existing accommodation were successful. A much higher proportion of tenants in Inner London were successful in achieving a lower rent (49 per cent compared with between 13 per cent and 20 per cent in the other three types of area).
- Fourteen per cent of non-moving tenants who reported having successfully negotiated a lower rent on their existing property said the landlord had agreed to the request in return for LHA being paid to them instead of directly to the tenant.

6.1 Introduction

One of the criticisms of the pre-LHA system of HB for private tenants was that it did not give recipients an incentive to 'shop around' when looking for accommodation (Kemp, 1998, 2000). A key objective behind the introduction of LHA in 2008 was therefore to provide tenants with just such an incentive. It was hoped that the new scheme would encourage tenants, not only to look for well-priced accommodation, but also to negotiate over the rent to be paid (DWP, 2002).

It could be argued that the incentive for tenants to shop around was reduced by the elimination of the 'excess' LHA payment of up to £15 per week that recipients were awarded where their rent was below the LHA rate for their 'broad rental market area'. Yet there was little evidence that the 'excess' payment encouraged tenants to negotiate over the rent (Roberts *et al.*, undated). The cost of this payment may therefore have been a 'deadweight loss'.

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However, the reduction in LHA rates from the 50th to the 30th percentile may have provided tenants with an increased incentive to shop around. That is because the pool of potential properties available below the LHA rate was now much smaller than before the change. Claimants, therefore, had an incentive to negotiate the rent down to (an amount that was closer to) the LHA rate. That applies, not only to claimants looking for new accommodation, but also to non-moving claimants who now had a shortfall (or an increased shortfall) as a result of the reduction in the LHA rate.

The aim of this chapter is therefore to explore whether tenants did in fact try to negotiate a lower rent in the wake of the LHA changes. We begin by looking at tenants who had moved home since the wave 1 survey and then consider tenants who had not moved.

6.2 Tenants who moved home

An important issue for the research was whether tenants who had moved home since the wave 1 interview had sought to negotiate the rent on their new accommodation. Before considering those tenants who had moved, we review whether all tenants interviewed in wave 1 had negotiated the rent before taking the accommodation in which they were then living.

6.2.1 Did tenants who moved home try negotiate the rent?

In the wave 1 survey, just under a quarter of all tenants said they had tried to negotiate with the landlord (or their agent) over the rent when they agreed to take their current accommodation. This is a similar result to that found in the LHA Pathfinder evaluation (Anderson *et al.*, undated).

In the wave 2 survey, a quarter of tenants who had moved reported that they had tried to negotiate the rent on their new accommodation and three-quarters that they had not done so (Table 6.1). These proportions are the same as those reported in the wave 1 survey. In all but one case, it was the respondent who had tried to negotiate the rent, rather than someone else on their behalf.

Table 6.1 Before taking their accommodation, did tenants try to negotiate the rent with the landlord?

Try to negotiate? *	Column percentages	
	Wave 1	Wave 2
Yes	25	25
No	75	75
<i>Base: all tenants at wave 1 and movers at wave 2</i>	<i>1,100</i>	<i>181</i>

Table excludes five tenants at wave 1 and 2 at wave 2 who did not know.

An analysis of the sub-group of tenants who had moved by the time of the wave 2 survey shows an apparent increase in the proportion attempting to negotiate the rent on their new tenancy between wave 1 and 2. At wave 1, 20 per cent of them reported that they had tried to negotiate the rent with the landlord when they moved into the accommodation in which they were living at the time of the interview. But, at wave 2, as noted above and shown in Table 6.1, 25 per cent of them tried to negotiate the rent on the new accommodation. This

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five percentage point increase in negotiating behaviour among this sub-group of tenants – those who had moved between wave 1 and 2 – was statistically significant (at the 95 per cent confidence level).

In the wave 2 survey, there were no statistically significant differences in the incidence of attempting to negotiate the rent between the four types of case study area (Table 6.2).

Table 6.2 Before taking their accommodation, did tenants try to negotiate the rent with the landlord?

Column percentages				
Try to negotiate?	Inner London	LHA Dominant markets	Cities	Rural areas
Yes	32	23	27	16
No	68	77	73	84
<i>Base: movers at wave 2</i>	13	68	51	49

Nor did negotiating the rent of the new accommodation vary significantly between the case studies in the three nations of Great Britain. In all three nations, a quarter of tenants who moved had tried to negotiate the rent with their new landlord (Table 6.3).

Table 6.3 Before taking their accommodation, did tenants try to negotiate the rent with the landlord? – by nation

Column percentages			
Try to negotiate?	England	Wales	Scotland
Yes	75	75	76
No	25	25	24
<i>Base: tenants who had moved</i>	123	25	33

There were no statistically significant differences in the incidence of attempting to negotiate the rent between the different socio-demographic groups of tenant: neither by the gender, age group, ethnicity or household type of the tenants; nor by the disability or work status of their household.

Likewise, young single people aged 25 to 34 who were subject to the new SAR rule, and tenants with large families, were no more or less likely than other tenants to have tried to negotiate the rent when they moved accommodation.

Moving tenants who had a shortfall between the rent and their LHA were significantly more likely to have tried to negotiate a lower rent than were those who did not have a shortfall (37 per cent compared with eight per cent respectively). Yet at wave 1, there was no significant difference in attempting to negotiate the rent when tenants moved into their current property between those with a shortfall and those without one. This suggests that the LHA reductions had affected the incidence of rent negotiation when tenants moved home.

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The qualitative interviews revealed contrasting views about whether one could or should try to negotiate the rent. For example, a female lone parent in work living in Denbighshire found it was easy to negotiate because she and the landlord knew each other by via acquaintances and because they both wanted a long-term tenancy:

'To be honest it wasn't that difficult; I told him what I was paying, he told me what he'd been advised and what he was looking at and like I say we know each other through families and friends and what have you so we just kind of came to a deal. They're looking for long term let, I'm wanting a long term let, so I think they were quite willing to do it to (and) obviously get peace of mind that the house is going to be looked after and the rent's going to be paid.'

In contrast, in one paired interview, a female and her working partner, who were living with their child in Exeter, had been under the impression that they had to accept the rent at which the property was advertised. They thought their options were to accept the rent or find somewhere else:

Interviewer: *'And you were told the rent, you didn't negotiate with them?'*

Female: *'No, we were told the rent.'*

Interviewer: *'And what was the reason that you didn't try to negotiate with the rent?'*

Female: *'Just didn't, I didn't...'*

Male: *'Don't know you can.'*

Female: *'I don't know you can negotiate with the rent.'*

Male: *'I thought it was a set rent with agencies and that was it.'*

Female: *'Cause I would always think if you said, I can't afford they'd go well don't bother then, or go and find somewhere else you can afford.'*

A self-employed man living with his partner and child in Hackney felt he could not negotiate because of the strong demand for rental accommodation in the capital. Moreover, the rent appeared to be the going rate for the area. Thus, when asked whether he had negotiated with the landlord when they moved in, he replied:

'No. I mean you know how it is in London renting. I mean it goes pretty quickly. So I think this place appeared and we needed to be in this area. We wanted to be in this area and [...] I think we were the second or third people to look round and the landlord said he had people ringing him up offering him more money. But I'm going to take your money. I can well believe it though. Some people are really into this area. So I don't know about negotiating. I mean the price seemed okay at the time. Standard anyway.'

Meanwhile, a female lone parent living in Fenland and not in paid work reported that she preferred not to have the hassle that negotiating the rent involved:

'Well they said the rent was £550 and I just accepted. I'm not one for bargaining; I just want an easy life.'

6.2.2 Did moving tenants manage to negotiate a lower rent?

Asking the landlord to reduce the rent, of course, does not necessarily mean that the landlord will agree to the request. The survey therefore asked tenants who had requested that their landlord reduce the rent, whether they ended up having to pay more, less or about the same rent as had originally been proposed.

Table 6.4 shows the outcomes from rent negotiation for tenants at wave 1 who had attempted to negotiate the rent when they had moved into the home they were living in at that time. Just under half of those tenants who had tried to negotiate the rent were successful in persuading their then prospective landlord to lower the rent. Meanwhile, just over half did not manage to persuade the landlord to reduce it. Finally, three per cent of negotiating tenants ended up paying more than the rent originally proposed by the landlord.

The number of movers in the wave 2 survey who had tried to negotiate the rent is too small (n=43) for detailed analysis. Bearing that important caveat in mind, Table 6.3 shows that just under half of tenants who had moved home, and in doing so tried to negotiate at wave 2, were successful in persuading the landlord to lower the rent. Exactly the same proportion of negotiators ended up paying the same rent or thereabouts as the amount originally proposed by the landlord. In four per cent of cases, however, negotiating tenants paid a higher amount than the landlord had originally proposed (Table 6.4).

What is unclear is whether those tenants who ended up paying the same rent or a higher rent would have had to pay even more if they had not tried to negotiate with their new landlord.

Table 6.4 What was the outcome of the rent negotiation?

Outcome of negotiation?	<i>Column percentages</i>	
	Wave 1	Wave 2
More rent	3	4
Less rent	45	48
About the same rent	53	48
<i>Base: all tenants at wave 1 and movers at wave 2</i>	229	41

Table excludes two tenants at wave 1 and 2 at wave 2 who did not know.

Statistical significance level: * P<0.05.

The qualitative interviews with claimants revealed examples of both successful and unsuccessful negotiation. For example, a mother living in Fenland with two adult children, all of whom were in work, was able to negotiate a lower rent on a previously vacant property that was in poor condition and was littered with rubbish before she took the tenancy:

‘Well when I rung up about, because a friend lives over the road and she got the number for me and said this house was empty. So I rang him up and he said he wanted £630, and I said that’s way too dear. And he asked what I was paying at my previous address so I told him, and he said I’ll do it for £585. And when I came to view the place I said to him, can we negotiate on the rent because it’s still too high, and he said ‘what you looking at then?’, and I said £550, and he said alright then. I thought if you don’t ask, you don’t get, do you?’

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This contrasts with the experience of an unemployed single young adult aged 28 living in self-contained accommodation in Thanet and apparently affected by the raised age threshold for the SAR. He got nowhere when he tried to negotiate a lower rent when he first moved in:

'It just didn't, nothing ever came of it. We kind of like spoke about it and kind of like it seemed like you know it could be possible. But after that first sort of like yes, well you know, we'll talk about that at another time, you know we'll hash out the details, it just went to no, that's it. I just never got the chance to speak to him again...'

6.3 Tenants who had not moved home

6.3.1 Re-negotiating the rent

One possible way in which claimants who did not move might respond to the reduction in their LHA is to try to renegotiate the rent with the landlord. It is important to be clear that what the tenant is seeking to do in this situation is renegotiation, not negotiation. That is because, having signed the lease for their accommodation, the tenant has legally bound themselves to pay the agreed rent for the duration of the tenancy. The landlord, therefore, is not obliged to reduce the rent simply because the tenant's LHA has been reduced. They had, after all, agreed the rent with the tenant at the commencement of the tenancy (or at its renewal).

Moreover, where demand for rental accommodation is strong and rents are rising, the tenant is not in an especially strong position to secure a rent reduction. Indeed, in high demand markets, the tenant's bargaining power in rent renegotiation rests mainly in the fact that they are the sitting tenant, and in consequence it can be time-consuming and very costly for the landlord to evict them. Indeed, it can be more expensive to evict a tenant than the amount of income that would be foregone by lowering the rent for the remaining period of the tenancy.

However, while Inner London is a high-demand rental housing market, the same is not true of all rental markets. In some parts of the country, the demand for rental housing was not rising and rents were not increasing (or at least, not to the same extent as in London). In lower demand areas, landlords might be more inclined to reduce the rent during a tenancy.

Indeed, in some areas where LHA claimants predominate in the private rental market, landlords may have little choice but to agree to a lower rent. That is because the alternatives to their current tenant are likely to be other LHA claimants, who of course would also be affected by the new LHA payment rates. In very LHA dominant localities, such as some seaside towns, the government is, by default, potentially a 'monopsonist' with the power to set the market rate at the bottom end of the market. In such a situation, a reduction in LHA is more likely to result in a reduction in rents and hence landlords may feel they have no choice but to lower the rent.

It is also important to note that research has shown that not all landlords are economically rational or entirely profit-motivated in letting accommodation (Kemp and Rhodes, 1997). Some are letting their property to friends, relatives or other people that they knew beforehand and doing so for non-commercial motives. Indeed, several examples of this kind of relationship were encountered in the qualitative interviews with tenants for this project. For example, one lone female tenant was renting the accommodation from her sister. In these situations, landlords might be more willing to lower the rent than more commercially-minded landlords.

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Whatever their reasons for doing so, if landlords agree to lower the rent of tenants whose LHA has been reduced, that shifts at least part of the effective – as opposed to the nominal – ‘incidence’ of the LHA cut from the tenant to the landlord.

One of the aims of the econometric analysis of administrative data on LHA being undertaken by IFS as part of the evaluation is precisely to investigate whether, and if so to what extent, landlords at the macro level lower the rent in response to the reductions in LHA. The claimant survey, reported here, focused on the micro-level and sought to examine whether LHA claimants who had not moved had tried to renegotiate the rent. Meanwhile, the landlord component of the research examined whether landlords had or would consider lowering the rent.²³

6.3.2 Did tenants who had not moved ask their landlords to lower the rent?

In the wave 2 survey, tenants who had not moved since wave 1 were asked if they had tried asking their existing landlord (or the managing agent) to lower the rent. It turns out that one in five non-movers had in fact asked their landlord to lower the rent (Table 6.5).

Table 6.5 Did non-moving tenants try to renegotiate the rent with their landlord?

<i>Column percentages</i>	
Try to renegotiate?	
Yes	20
No	80
<i>Base: Non-movers at wave 2</i>	<i>921</i>

Table excludes one tenant who did not know.

There were large and statistically significant differences between the four types of case study area in the extent to which tenants sought to renegotiate the rent with their existing landlord. Tenants in Inner London were significantly more likely to have asked their landlord to lower the rent. Indeed, a third of them had done so. That compares with one in five tenants in Cities, about one in eight tenants in LHA dominant markets and about one in 14 tenants in Rural areas (Table 6.6).

This finding reflects the results of the parallel wave 2 survey of landlords, where a higher proportion of Inner London landlords said that tenants had attempted to renegotiate the rent, although they were no more successful in achieving this outcome than their counterparts in other types of area.

It may be that a higher proportion of tenants in London had tried to renegotiate the rent downwards because the reduction in LHA in those three LAs was greater than in the other four types of case study area.

²³ The final report of the evaluation will consider and compare the results on rents from the econometric analysis of administrative data with those from the claimant and landlord surveys.

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Certainly, tenants in 'high' LHA rate areas, and in 'large' LHA rate reduction areas, were significantly more likely to have tried to negotiate a lower rent than tenants who lived elsewhere. Thus, in 'high' LHA rate areas, a third of tenants had tried to renegotiate their rent; and in 'large' LHA rate reduction areas nearly two-fifths (39 per cent) had done so.

Table 6.6 Did non-moving tenants try to renegotiate the rent with their landlord?

<i>Column percentages</i>				
Try to renegotiate? ***	Inner London	LHA Dominant markets	Cities	Rural areas
Yes	33	13	21	7
No	67	87	79	93
<i>Base: non-movers at wave 2</i>	146	338	246	191

Attempting to renegotiate the rent among tenants who did not move also varied significantly between the three nations of Great Britain. Tenants in England were the most likely, and tenants in Wales the least likely, to have tried to renegotiate the rent. Indeed, the renegotiation rate was about twice as high in England as in Wales. The renegotiation rate in Scotland was much closer to England than to Wales (Table 6.7).

Table 6.7 Did non-moving tenants try to renegotiate the rent with their landlord? – by nation

<i>Column percentages</i>			
Try to renegotiate? *	England	Wales	Scotland
Yes	23	12	20
No	78	88	81
<i>Base: tenants who had not moved</i>	652	132	137

Statistical significance levels: ** P<0.05.

There were no differences in attempting to renegotiate the rent by the respondents' gender, age group or household type. Likewise, young single people aged 25 to 34 who were subject to the new SAR rule, and tenants with large families, were no more or less likely than other tenants to have tried to renegotiate the rent with their existing landlord.

Nor were there any differences according to the disability or work status of their household. However, respondents who had a BME ethnic background were significantly more likely to have tried re-negotiating the rent than were those whose ethnic background was white (30 per cent compared with 17 per cent respectively).

LHA claimants were no more or less likely to have tried to renegotiate their rent than were tenants who were no longer in receipt of LHA. Thus, one in five respondents in both of these two sub-groups had tried to negotiate a lower rent with their existing landlord.

LHA claimants who had a shortfall between the rent and their LHA payment were no more likely to have attempted to renegotiate the rent than were claimants who did not have a shortfall.

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However, tenants who reported finding it difficult to afford their rent were much more likely to have tried to renegotiate with their landlord than those who found it easy or neither easy nor difficult to afford the rent (28 per cent compared with 11 per cent and 18 per cent respectively).

The qualitative interviews shed more light on the realities of renegotiation. Many tenants felt trying to renegotiate the rent was a waste of time. For example, when asked why she would not try asking the landlord to lower the rent, a mother living with her partner and children in North Lanarkshire replied:

*'I've got more chance of winning the lottery. 'Cause she's a tight fisted s*d and she asks for the rent and that's what she gets. So she'll not even fix a leaking conservatory, so she'll never reduce the rent, not willingly anyway.'*

A 55 year-old man, who was long-term sick and living in shared accommodation, thought his poor prospects of getting the rent reduced were more to do with the amount he was currently being charged relative to other properties in the area than with the personality of his landlord:

'I think he's quite cheap on rent to be honest, I think it's not at the higher end to start with. He's only raised it twice, and yes I know that he is not overcharging me, he's, he is charging me what he can afford to charge me.'

Similarly, a 29 year-old man in paid employment living on his own in Hackney reported that:

'Well this place is way cheaper than everything else around here, in the area. It's hard to get a small room for this price in the area. So I think I'm lucky and I keep myself low about it. [...] So she doesn't realise that she could ask much more for it.'

In some cases, tenants were less concerned about drawing the landlord's attention to the fact that the rent was below the market level and more about not wanting to be evicted. For example, a working lone parent living in Edinburgh reported that asking her landlord to lower her rent was 'a complete non-starter':

'He knows full well that if he turfed me out that he could put somebody else in that's under the radar also and they would be paying him a lot more than I'm paying him, so it's not worth upsetting the apple cart, 'cause if I said to him I can't afford to pay the rent I probably would be asked to leave so, and I'm not going to jeopardise that.'

In a similar vein, a 55 year-old man living with his partner and children in Tendring (he was long-term sick and she was in paid work) had not tried asking their landlord to lower the rent because he thought it would be a mistake to do so:

'I've never tried. I think we've got a good deal here and I'm not going to bite the hand that feeds us sort of thing. You know. We've got ourselves a nice little home here and we don't want to go rocking the boat.'

Others had not tried to renegotiate the rent, not because it was less than the landlord could get, but rather because it was at the market rate. As a single young man in the age group affected by the new SAR rule reported:

'Well, because he'll just say no, he's not going to negotiate down and you know, it's not like if anybody came in they'd go, oh no this is an unfair rental amount, they'd go yes, it's well within his rights to charge and you know, so it's not like he has any reason to drop the price. I could try negotiating with him but he won't have it.'

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As with tenants who had not tried to negotiate the rent when they moved home, some tenants ruled out the possibility of re-negotiating their existing rent because they were aware that demand for rental accommodation was very strong.

For example, when asked if he had asked his landlord to lower the rent, a 38 year-old man in employment who was living with his partner and children in Brent said:

‘That’s ridiculous, because you know why, because they have a choice; they know there are many people looking for rent; if it were the other way around and there were empty houses and they were looking for somebody to rent, in this case he tell us he will say no. The demand is very high.’

6.3.3 Did non-moving tenants manage to negotiate a lower rent?

Persuading one’s landlord to lower the rent on an existing tenancy is arguably a harder task than persuading a prospective landlord to agree to a lower rent than the one they originally proposed. In the latter situation, the rent to be negotiated is the asking rent, but in the former case it is the actual, legally enforceable rent.

Table 6.8 shows that, in most cases – 57 per cent – tenants who tried to negotiate a lower rent on their existing tenancy ended up paying the same as before. Even so, 29 per cent were able to persuade their landlord to lower the rent. The table also shows, however, that 14 per cent ended up paying more than their existing rent.²⁴

Table 6.8 What was the outcome of the rent renegotiation?

Column percentages	
Outcome of renegotiation?	
More rent	14
Less rent	29
About the same rent	57
Base: non-movers at wave 2	142

Table excludes three tenants who did not know.

Table 6.9 shows, perhaps counter-intuitively, that far more tenants in Inner London were successful in getting the landlord to lower their rent than were tenants in the three other types of case study area.

It is not clear why this might be, but it may reflect the fact that the cut in LHA was so large in Inner London as to be clear to landlords that the tenant had no hope of being able to make up the difference out of their own pocket. Possibly it could also be because some landlords had been over-charging benefit claimants for their accommodation.

Alternatively it may reflect the growth of a two-tier, segmented PRS in parts of Inner London, which includes a ‘core’ LHA sub-market, especially in former right to buy properties on social housing estates, where the demand from non-LHA households is low, and so landlords are more prepared to drop the rent for existing tenants (Beatty *et al.*, 2014).

²⁴ It is possible that re-negotiation that resulted in rent increases occurred at the renewal of tenancies.

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What we also do not know, however, is whether this reduction in rent on the part of the landlord was accompanied by a decision not to renew the tenancy when it came to an end.

Table 6.9 What was the outcome of the rent renegotiation?

Outcome of renegotiation? ***	Column percentages			
	Inner London	LHA Dominant markets	Cities	Rural areas
More rent	12	16	15	0
Less rent	49	13	16	20
About the same rent	40	71	69	80
<i>Base: non-movers at wave 2</i>	39	49	41	13

Statistical significance level: *** P<0.001.

Again, the qualitative interviews shed light on the outcome of rent renegotiation. For example, in one successful instance of renegotiation, a female lone parent in paid work and living in Westminster who was affected by the LHA cap was asked what she had done about it:

‘Well that’s when I called the landlord and sort of spoke to him and I was like, “I don’t know what I’m going to do if the cap’s coming in” and he was like, “Let me talk to the Council. I’m sure it’ll be fine” yeah.’

The landlord had subsequently lowered the rent and the lone parent was also now in receipt of a DHP.

In another case, the rent was re-negotiated successfully on the claimant’s behalf. For example, a single self-employed man aged 67 who was living in Westminster and had a £100 per week shortfall reported that the Hub advice centre had negotiated a £25 reduction in his rent:

‘Okay, well the other agreement was for £350 a week. Now, as you’re aware, presumably you’re aware, there’s a £250 cap now, so therefore I was falling short. And I dealt with what is called the Hub in Haringey, Hub, I don’t know what it stands for, but they made an arrangement and they negotiated with my landlady that if she dropped my rent to £315 they would arrange a Discretionary Housing Payment of £75 a week. So in other words £75 added to £250, coming to £315. [...] – she reduced it from £350 to £315, my correction, sorry, £325. [...] I mean I didn’t negotiate personally, no, but the point is successful negotiation was conducted on my behalf to get it down by £25.’

This reduction therefore meant that a DHP of £75 rather than £100 was needed to cover the shortfall. Thus, the help of the Hub advice centre²⁵ had not only reduced the rent, but also the amount of DHP that was needed.

One example of a failed renegotiation is the case single man aged 33 and hence under the new SAR threshold who was living in shared accommodation. He had tried persuading the landlord to lower the rent but was met with a refusal to negotiate:

²⁵ The Hub in Haringey is one of two advice centres (the other is in Islington) that were opened by six north London local authorities to provide advice and assistance for tenants affected by the changes to HB.

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'They just told me I should leave, if I cannot pay them the money I should leave the place.'

A 37 year-old self-employed man living with his partner and child in Hackney met with a similar response when he tried to negotiate downwards the size of the rent increase that the landlord wanted when the tenancy was up for renewal. The landlord raised the rent by 13 per cent and the tenant had responded by suggesting that the increase be restricted to five per cent or whatever inflation in the housing market was:

'So I said that's in line with the rest of the market and certainly in a lot of places the market is moving slower but obviously not round here. So we sort of... how about this? Seems like a fair amount and then they just sent a letter, you know, one of those sort of repossession property letters. They ... were like 'Okay, if you don't want to pay it then you can leave....''

However, they decided to stay once they realised how much it would cost to move compared with the extra rent they would have to pay over the year if they renewed the tenancy.

In one successful case, the successful negotiation had been prompted by a tenancy renewal. A female lone parent living in Barking and Dagenham and not in paid work had been contacted by the managing agent who said that the landlord was happy to renew the tenancy but wanted to put the rent up to £900:

'And I just went, "Ooo". And she said, "Would you like me to haggle for you? So £875?" And I said, "Well, yeah." I said, "If it's going to be £900, then that's fine, but I would be happy to pay £875. I would be better." And then I didn't hear from them for a good week, week and a half. And then I got a letter through to say that the £875 was fine, he agreed to that.'

6.3.4 Did landlords lower the rent in return for direct payment of LHA?

In order to incentivise landlords to lower the rent of their existing tenants, the Government agreed, for a temporary period, to allow LHA to be paid, on request, directly to the landlord instead of the tenant in return for lowering the rent.

Payment of LHA to the landlord saves the latter the time and financial cost of having to collect that part of the rent themselves. Where the rent is wholly covered by LHA, rent collection is, in effect, free of charge for the landlord. Since paying a managing agent to collect the rent can cost upwards of ten per cent of the rent collected, landlord payment of LHA represents a substantial saving for landlords who use agents. For those landlords who do not use an agent, landlord payment of LHA may also save money or time. Either way, landlord payment of LHA reduces the risk of default for that part of the rent covered by LHA. Thus, there are considerable benefits to the landlord in having LHA paid directly to them (Bevan *et al.*, 1995).

For an economically rational landlord deciding whether to lower the rent in return for LHA payment to them, the benefit of reduced rent collection costs and reduced risk should arguably be offset against the loss in rental income. Moreover, if the tenant is unable to pay the full amount of the non-reduced rent because of lower LHA rates, the landlord may lose the income anyway, but without having the benefits accruing from landlord LHA payment. If the landlord decides to evict the tenant because of the resulting rent arrears, both the costs of doing so and the time involved in going through the legal process of eviction can be very considerable.

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In short, therefore, the lure of direct payment of LHA to landlords provides a potentially powerful reason for them to agree to lower the rent. It is only a real attraction, though, if the landlord is aware of this concession by the government. The evidence indicates that a significant minority of landlords are ignorant about many aspects of landlord-tenant law (Crook and Kemp, 2011) and HB (Bevan *et al.*, 1995). It is likely, therefore, that the same may also be true of this temporary concession of direct landlord payment of LHA.

To investigate the impact of this temporary concession, claimants were asked if their landlord had agreed to reduce the rent in return for LHA being paid to the latter instead of the former. As Table 6.10 shows, one in seven tenants whose rent had been reduced said that the landlord had agreed to it in return for LHA being paid to the latter instead of the former.

Table 6.10 Did landlords agree to lower the rent in return for LHA being paid to them?

<i>Column percentages</i>	
Outcome of renegotiation?	
Yes	14
No	86
<i>Base: non-movers at wave 2 who negotiated a lower rent</i>	<i>30</i>

Table excludes three tenants who did not know.

6.4 Comparing outcomes

In this section, we compare how successful tenants were in negotiating the rent with their landlord at wave 2. This includes both movers who sought to negotiate the rent on their new accommodation and non-movers who tried to renegotiate their existing rent. We also compare the results at wave 2 with those at wave 1.

Table 6.11 shows that tenants were more likely to try to negotiate the rent on a new tenancy than they were on their existing tenancy. It also shows that tenants who tried to negotiate a lower rent than that originally proposed by their prospective landlord when moving into a new home were far more likely to be successful than tenants who went back to their existing landlord and tried to renegotiate the agreed rent.

In short, a higher proportion of tenants had tried to negotiate the rent on a new tenancy than on an existing one, and a higher proportion of the former than of the latter were successful in getting the landlord to agree to a lower rent.

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Table 6.11 What was the outcome of the rent negotiation or renegotiation?

Outcome	Column percentages		
	Wave 1 All tenants	Wave 2 Movers	Wave 2 Non-movers
Try to negotiate?			
Yes	25	25	20
No	75	75	80
<i>Base: all tenants</i>	<i>1,100</i>	<i>181</i>	<i>921</i>
Outcome?			
More rent	3	4	14
Less rent	45	48	29
About the same rent	53	48	57
<i>Base: all tenants who tried to negotiate</i>	<i>229</i>	<i>41</i>	<i>142</i>

The net result was that 11 per cent of all **tenants at wave 1**, and 12 per cent of all **movers at wave 2**, were successful in persuading the prospective landlord to lower the rent. And six per cent of all **non-movers at wave 2** were able to persuade their existing landlord to lower the rent.

Thus, for a minority of LHA claimants, asking the their new landlord to lower the asking rent, or their existing landlord to lower the contractual rent, proved to be a successful strategy. In the latter case, and probably in the former one too, it was in effect a way of passing at least part of the incidence of the LHA reductions from the tenant to their landlord.

6.5 Key findings

The Government anticipated or hoped that the cuts in LHA would encourage claimants to negotiate the rent on new accommodation or re-negotiate the rent on their existing home. It was further hoped that this, in turn, would result in landlords lowering the rent. This chapter has shown that these expectations have been only partly realised.

A quarter of movers tried to negotiate the rent on their new accommodation, and this was the same proportion as had done so when moving into the accommodation at which LHA claimants were interviewed in the wave 1 survey. It was not clear, therefore, that the LHA changes had resulted in more tenants trying to negotiate the rent when taking on a new tenancy.

One in five non-moving tenants had tried to renegotiate the rent on their existing tenancy, a task that in many respects involved a higher degree of difficulty than negotiating the rent on new accommodation, as it was the contractual rent that they were legally obliged to pay and one that they had agreed to pay when they took on the tenancy that they were trying to lower. The qualitative evidence indicates that these attempts to renegotiate the rent were prompted by cuts in LHA payments.

Perhaps not surprisingly, more tenants were successful in attempting to negotiate the rent on a new tenancy than were successful at trying to renegotiate the rent on an existing one. The net result was that roughly one in ten movers and one in 20 non-movers managed to negotiate a lower rent.

7 How were LHA claimants coping with shortfalls?

Summary

- The proportion of claimants with a 'shortfall' between the rent and their LHA payment increased from two-thirds at wave 1 to three-quarters at wave 2.
- The proportion of claimants with a shortfall was lower in Inner London than in the three other types of case study area.
- Women, people whose ethnic background was white, and couples with dependent children, were more likely to have a shortfall than other types of claimant.
- Claimants whose households did not include someone with a disability or long-term health condition that limited the amount of work they could do were more likely to have a shortfall than were households with a disabled resident.
- Claimants living in working households were more likely to have a shortfall than those in workless households.
- The three most common housing-related actions that claimants had taken in the previous 12 months to make up the shortfall were to have:
 - looked at lower rent PRS properties;
 - spoken to their landlord about lowering the rent;
 - sought advice about their LHA.
- But about half of all claimants with a shortfall at both wave 1 and wave 2 had taken no housing-related actions.
- Income-related actions to make up shortfalls were far more common than housing-related ones.
- The three most common income-related actions to make up shortfalls were to have:
 - spent less on household essentials;
 - spent less on non-essentials;
 - borrowed money from family or friends.
- About a quarter of claimants said they had attempted to make up the shortfall by looking for a job. Smaller proportions had taken other work-related actions such as increasing their hours of work, looking for a better paid job or looking for an additional job.
- The proportion of tenants who had taking these work-related actions in the previous 12 months at wave 2 was very similar to what it had been at wave 1. Moreover, with the exception of looking for an additional job, the claimants taking these actions at wave 2 were the same as those who were already doing so at wave 1.
- Six per cent of claimants with a shortfall had applied for a DHP (DHP) and three per cent were in receipt of one.

7.1 Introduction

This chapter looks at ‘shortfalls’ between the rent that tenants had to pay their landlord and the amount of LHA that they received. Because many claimants are entitled to less LHA under the post-2010 regulations than they were under the old rules, it seemed likely that more claimants would have shortfalls.

This in turn led to concern among some stakeholders that the increase in the amount of rent that claimants would have to pay out of their own pocket might cause financial hardship. On the other hand, other commentators anticipated that the changes might incentivise more tenants to look for work, or to work more hours in order to make up the increased shortfall. This chapter therefore also looks at what actions, if any, LHA tenants were taking in order to make up the shortfall.

It is important to note that shortfalls are not necessarily simply due to a difference between the LHA rates and the rent that the claimant has to be pay. They may also arise where assessed income is above the ‘applicable amount’ that qualifies claimants for full benefit or because they have non-dependants living with them.

7.2 How many tenants had shortfalls?

Table 7.1 shows whether the amount of LHA that claimants were receiving (at the time of the wave 1 and wave 2 surveys) covered all or less than their rent. When the wave 1 survey was conducted, it was possible for the amount of LHA to be more than the rent that tenants had to pay their landlord. This was due to the ‘excess’ payment of up to £15 per week that claimants were awarded where their rent was less than the LHA rate in their ‘broad rental market area’. As explained in Chapter 2, the abolition of such ‘excess’ payments of LHA was one of the changes implemented by the Coalition Government after the General Election.

At the time of the wave 1 survey, seven per cent of claimants had an excess payment; that is, the LHA they received was more than the rent they had to pay their landlord (see Beatty *et al.*, 2012). In Table 7.1, to facilitate comparison of the results between wave 1 and 2, respondents whose LHA was in excess of their rent have been grouped together with those whose LHA was the same as their rent.

As Table 7.1 shows, at wave 1 two-thirds of LHA claimants had a ‘shortfall’ in the sense that their LHA was less than their rent. By the time of the wave 2 survey a year later, the proportion of claimants with a shortfall had increased to three-quarters. This increase in shortfalls is statistically significant.

Table 7.1 Did the LHA payment cover all or just some of the rent?

LHA payment ***	Column percentages	
	Wave 1	Wave 2
All of the rent	32	26
Some of the rent	68	74
<i>Base: all tenants</i>	1,095	932

Table excludes ten tenants at wave 1 and 8 tenants at wave 2 who did not know.
Statistical significance level: *** P<0.001

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Table 7.2 shows that the prevalence of shortfalls varied significantly between the four types of case study area. In particular, a much lower proportion of claimants in Inner London had a shortfall than in the three other types of case study area. In Inner London, 57 per cent of claimants had a shortfall between their rent and the LHA payment that they received. But elsewhere, the proportion of claimants with a shortfall ranged from 76 per cent in Cities and 82 per cent in LHA Dominant markets to 84 per cent in Rural areas.

Table 7.2 Did the LHA payment cover all or just some of the rent?

	<i>Column percentages</i>			
LHA payment ***	Inner London	LHA Dominant markets	Cities	Rural areas
All of the rent	43	18	24	16
Some of the rent	57	82	76	84
<i>Base: LHA claimants</i>	<i>143</i>	<i>346</i>	<i>246</i>	<i>197</i>

Table excludes six tenants who did not know.

Statistical significance level: *** P<0.001.

Shortfalls were also significantly less prevalent in areas with a high LHA rate (57 per cent) than in those with a medium (79 per cent) or low (80 per cent) LHA rate.²⁶ They were also less prevalent in areas where the weekly LHA rate had been cut by £10 or more (54 per cent) than in areas where it had been cut by between £7 and £9 (77 per cent) or by less than £7 (79 per cent).

The extent to which LHA claimants had shortfalls varied significantly between the three nations of Great Britain. In Wales and Scotland about two out of ten claimants had a shortfall at wave 2, but in England about three out of ten had one (Table 7.3).

Table 7.3 Did the LHA payment cover all or just some of the rent? – by nation

	<i>Column percentages</i>		
LHA payment *	England	Wales	Scotland
All of the rent	28	20	21
Some of the rent	72	80	79
<i>Base: all tenants</i>	<i>668</i>	<i>138</i>	<i>126</i>

Statistical significance levels: ** P<0.05.

²⁶ March 2012 LHA rates from £80 to £105 per week were defined as 'low', from £110 to £185 as 'medium' and from £230 to 285 as 'high'.

7.3 Which tenants had shortfalls?

There were statistically significant differences in the prevalence of shortfalls between the various claimant sub-groups. In particular, females were more likely to have a shortfall than men. Claimants whose ethnic background was white were more likely to have a shortfall than people from a black or other minority ethnic group. Couples with dependent children were the most likely, and single people were the least likely, to have a shortfall between the rent and their LHA payment (Table 7.4).

The difference in the prevalence of shortfalls between single young adults people aged 25 to 34 who fell within the scope of the new SAR rule and all other respondents was not statistically significant. Similarly, there was no statistically significant difference between tenants with large families and other households.

Claimants who were living in a household that did not include someone who had a disability or long-term health condition that affected the work they could do, were more likely to have a shortfall than those whose household did include a person with disabilities (Table 7.4).

Claimants living in working households were far more likely than those in workless households to have a shortfall between the rent and their LHA (87 per cent compared with 66 per cent respectively). That is hardly surprising, as tenants in work are more likely to have an income that is in excess of the 'applicable amount' above which LHA does not cover all of the rent.

Perhaps surprisingly, shortfalls were significantly more prevalent among claimants whose LHA was paid directly to them (84 per cent) than those whose LHA was paid to their landlord (54 per cent).

Shortfalls were also more prevalent among claimants who had moved home and tried to negotiate the rent with their new landlord (91 per cent) than among those who did not try to negotiate the new rent (60 per cent). It may be that there was a shortfall between LHA and the rent on the new accommodation that prompted tenants to try to negotiate a lower rent.

However, among non-movers, there was no statistically significant difference in the prevalence of shortfalls between those claimants who tried to renegotiate the rent and those who did not. Finally, there was no statistically significant difference in the prevalence of shortfalls among claimants according to whether or how often they had run out of money in the past 12 months (on which, see Chapter 9).

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Table 7.4 Did LHA cover all or just some of the rent?

	<i>Row percentages</i>	
	All of the rent	Less than the rent
Gender of respondent **		
Male	32	68
Female	22	78
Age of respondent		
16 to 24	25	75
25 to 34	22	78
35 to 44	28	72
45 to 54	35	65
55+	25	75
Ethnicity of respondent **		
White	24	76
Black or other ethnic minority	33	67
Household type *		
Single person	32	69
Lone parent	26	74
Couple with children	18	82
Couple	26	74
Multi-person household	25	75
Household member with disability ***		
No	22	78
Yes	34	66
Household work status ***		
Working	13	87
Workless	34	66
<i>Base: all respondents</i>	<i>213</i>	<i>719</i>

Statistical significance levels: * P<0.05; ** P<0.01.

The qualitative interviews revealed a range of perceptions of shortfalls and these were generally influenced by whether the amount was small and manageable or large and a struggle to cope with. For example, when asked how she felt about the shortfall, a lone parent living in Barking and Dagenham who was not in work responded that:

‘No, that was fine. You know, I wasn’t expecting the whole lot to be paid anyway.’

A 46 year-old woman living in Edinburgh who was long-term sick, and had an increased shortfall due to moving from a one-bed to a two-bed property, was also fairly relaxed about it:

‘Other people smoke and drink and whatever they do and I’ve chosen to be in a comfortable place and to pay it. So it’s swings and roundabouts for a lot of things; there are a lot of people that are doing that sort of stuff, you know.’

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In contrast, a lone parent in paid work who was living in Westminster and who had a shortfall due to the cap, explained that the impact had been: ‘Like a crash, disaster, everything.’ Similarly, a 54 year-old female in Barking and Dagenham in receipt of disability benefits and living with two adult sons (one in work, the other studying) reported that:

‘It’s just made life really hard. It’s a really big struggle. I haven’t had to struggle like this since I had my daughter and she’s 35 now. It was a shock to the system.’

7.4 What actions had tenants taken to make up the shortfall?

LHA claimants who had a shortfall between the rent and their LHA payment were asked in both the wave 1 and the wave 2 interviews what, if any, actions they had taken in the previous 12 months to make up the shortfall. To help them answer the question, in both surveys respondents were presented with two ‘showcards’, one that listed a number of possible housing-related actions (see Table 7.5) and one that listed mainly income and work related actions (see Table 7.6).²⁷

7.4.1 Housing-related actions to make up the shortfall

At wave 2, the three most common actions that tenants reported as having taken in the previous 12 months to make up the shortfall were to have:

- looked at lower rent properties in the PRS;
- spoken to the landlord about lowering the rent;
- spoken to the LA or other organisation for advice about their HB.

The next most common response at wave 2 was to have registered on a social housing waiting list.

In both surveys, claimants who had a shortfall were asked: ‘Looking at this card, which, if any, of these have you (or your partner) done in the past 12 months to make up the shortfall between your Housing Benefit and rent?’. Table 7.5 compares responses to this question between the surveys in order to see if there had been any change in behaviour over time in this respect.

Comparing the data in Table 7.5, there are relatively small differences between wave 1 and wave 2 in the overall proportions of respondents that had undertaken the actions (or none of the actions). However, there were some significant differences in the **composition** of the respondents that had undertaken the actions at wave 2 compared with wave 1. For example, the group of tenants who had **looked at lower rent properties** in the PRS at wave 2 was significantly different from the group of tenants who reported having done so at wave 1.

There was overlap between the two groups, but some claimants who had looked at lower rent properties in the 12 months prior to the wave 1 survey had not done so in the following year up to the wave 2 survey. And some of the tenants who had not looked at lower rent properties in the 12 months prior to the wave 1 survey had subsequently done so in the following year.

²⁷ The second of these two showcards included ‘Moving home’, which of course is also a housing-related action.

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Likewise, there were differences between the two surveys in the group of tenants who had **spoken to their landlord about lowering the rent**. Similarly, there was a significant difference between those who had **registered on a social housing waiting list** at wave 1 and those who had done so at wave 2.

Nonetheless, as Table 7.5 shows, in both surveys the most common response to this question – made by just over a half of all claimants with shortfalls – was that they had taken **none of the housing-related actions** listed on the showcard.

It is not clear why so many claimants with shortfalls had not taken any housing-related actions to remedy the situation. It is possible that they felt they had few viable options in the rental market and therefore that it was not worth taking any of the housing-related actions listed in the table.

Table 7.5 What actions claimants had taken to make up the shortfall?

	Column percentages	
	Wave 1	Wave 2
Looked at lower rent properties in the PRS *	18	16
Spoken to landlord about lowering the rent charged **	12	16
Spoken to council or other organization for HB advice	15	16
Registered with a council or HA waiting list *	16	12
Applied for a discretionary or extra HB payment	7	6
Other *	1	4
None of these *	52	55
<i>Base: claimants with shortfalls</i>	<i>802</i>	<i>716</i>

Table excludes one tenant at wave 1 who did not know.

Tenants could give more than one action.

The significance test is based on claimants who answered this question in both surveys.

There were relatively few differences in the housing-related actions that were taken to make up the shortfall by the different socio-demographic groups of claimants. Here we mention the differences that were statistically significant.

First, the propensity to look at lower rent properties in the private rental market varied significantly by age group. In particular, older claimants aged 55 and above were much less likely to have taken this action. In fact, only three per cent of them had looked at lower rent properties. By comparison, between 17 per cent and 20 per cent of the younger age groups had done so.

Second, the likelihood of having spoken to the landlord about lowering the rent also varied by age group. Again, a smaller proportion of older claimants aged 55 and above had taken this action (10 per cent). However, the age group who were most likely to have asked their landlord to lower the rent was claimants aged between 45 and 54 years (25 per cent).

Third, claimants that had a black or other minority ethnic background were much more likely to have asked their landlord to lower the rent than were white claimants (31 per cent compared with 12 per cent respectively).

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Fourth, older claimants aged 55 and above were much more likely to have taken none of the housing-related actions to make up the shortfall listed in Table 7.4 than were younger claimants. Indeed, seven out of ten had not taken any of them in the previous 12 months. Among the other age groups, six out of ten young adults aged between 16 and 24 had taken none of these actions. And about five out of ten claimants aged between 25 and 54 years had also taken none of these housing-related actions.

Fifth, claimants whose ethnic background was white were more likely than those with a BME background to report to have taken none of these housing-related actions to make up the shortfall between the rent and their LHA payment (57 per cent compared with 47 per cent respectively).

7.4.2 Other actions to make up the shortfall

Claimants were also asked what other actions they had taken to make up the shortfall. As with housing-related actions, in both surveys, claimants who had a shortfall were asked: *'Looking at this card, which, if any, of these have you (or your partner) done in the past 12 months to make up the shortfall between your Housing Benefit and rent?'* Again, they were presented with a showcard listing a range of types of action (see Table 7.6), most of which were about either reducing expenditure or increasing income (both referred to here as 'income-related' strategies).

Income-related strategies to make up the shortfall were more commonly employed than housing-related strategies to make up the shortfall. The great majority of claimants had undertaken one or more of the actions listed in Table 7.6 during the previous 12 months. Only 12 per cent at wave 1 and 19 per cent at wave 2 had not done any of the listed actions.

Table 7.6 What other actions claimants had taken to make up the shortfall?

	<i>Column percentages</i>	
	Wave 1	Wave 2
Spent less on household essentials *	45	46
Spent less on non-essentials *	38	38
Used income from other benefits **	30	26
Used savings **	14	9
Borrowed money from friends or family **	39	31
Borrowed money via a loan or credit card ***	9	11
Looked for a job	27	26
Looked for an additional job **	5	6
Looked for a better paid job	12	10
Increased hours of work at current job	10	10
Moved home	2	1
Other	2	2
None of these ***	12	19
<i>Base: claimants with shortfalls</i>	<i>802</i>	<i>716</i>

Table excludes three tenants at wave 1 who did not know
Tenants could give more than one action.

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Thus, LHA claimants had mainly tried to make up the shortfall between the rent and their LHA by cutting back on their non-housing expenditure, or by attempting to increase their income, than by making changes to their housing situation

In both the wave 1 and the wave 2 surveys, the two most common actions to make up the shortfall were to **cut back on household essentials or on non-essentials** or both.²⁸ In wave 1, 45 per cent of claimants with a shortfall had cut back their spending on essentials; and in wave 2, 46 per cent of them had done so. Meanwhile, in both surveys, 38 per cent of claimants had spent less on non-essentials in order to make up the shortfall between the rent and their LHA payment.

Older claimants aged 55 and above were significantly less likely to have spent less on household essentials in order to make up the shortfall between the rent and their LHA. About a third of them, compared with between two-fifths and half of the younger age groups, had taken this action in the previous 12 months.

In the qualitative interviews, some tenants reported that, while they had had to cut back their expenditure, the (increased) shortfall was more or less manageable. For example, asked what the impact had been, a 55 year-old tenant living with his partner and children in Tendring reported that *'Well, it just means that we've got less money to go round. ...it's not been catastrophic.'*

Meanwhile, a 29 year-old woman living with her working partner and children in Exeter explained that *'... it doesn't affect us that much, do you know what I mean, it's only a few quid here and there.'*

In contrast, other tenants reported that it was a considerable struggle to cover the shortfall. For instance, when asked what impact of the cut in her LHA had been a 32 year-old working lone parent living in Edinburgh replied that:

'Well, obviously, I'd say it impacted greatly. Basically, it's the fine line between living here and not living here, pretty much, making me homeless and me moving back in with the parents. So, yes, it's impacted greatly.'

Likewise, a 35 year-old working lone parent living in Perth and Kinross whose LHA was soon to be cut reported that: *'If it was a struggle before, it's going to be worse now.'* Asked if it would become more difficult to afford the rent, she replied:

'Probably, but you just keep going don't you? You find the money from somewhere. Cut back on something else and that'll pay for it.'

Several respondents reported that they were having to cut back anyway because of the rising cost of living. For example, a 31 year-old full-time carer living with her self-employed partner in North Lanarkshire reported that:

'It's near enough killing us to juggle the rent, to get the difference and stuff like that, as well as everything else going up through the roof.'

²⁸ It was left to respondents to decide which items in their budget were 'essential' and which were 'non-essential'.

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Even the mother living with her partner and children in Edinburgh, quoted above, whose LHA had ‘... *only dropped a few quid*’ reported that her family had been forced to cut back their spending because their bills had been rising at the same time:

‘Obviously we have to tighten up because all the other bills have gone up, like the gas, the electric, the Council Tax, water, all that’s gone up. So we have tightened our belts a bit, haven’t we?’

After cutting back, the next most common action in both wave 1 (39 per cent) and wave 2 (31 per cent) was to **borrow money from family or friends**. For example, a single man living in Thanet reported that: *‘We have less money and we can afford to do less things. We have to borrow money every now and again to help subsidise us.’*

Young adult claimants aged under 25, and older claimants aged 55 and above, were much less likely to have looked for a better-paid job in the previous 12 months to make up the shortfall between the rent and their LHA payment. Meanwhile, claimants living in couples with dependent children were more likely than those in other types of household to have looked for better paid work. Finally, claimants living in non-disabled households and (of course) in working households were disproportionately more likely to have looked for better-paid work to make up the shortfall (Table 7.7).

Older claimants aged 55 and above were far less likely to have borrowed money from family or friends in the previous 12 months to make up the shortfall. Only 13 per cent of them had done so. This compares with 27 per cent of claimants aged 35 to 44, 36 per cent of those aged from 45 to 54 years, and 37 per cent of claimants aged under 35 years. A case study of an older claimant who had borrowed money from her sons is shown in Box E.

Box E: Case study of a claimant who had borrowed from family members

Tilly is a 54 year-old woman living in a multi-person household in Barking and Dagenham. She shares her privately rented home with her two adult sons (aged 20 and 25), one of whom is in work and the other a student at university. She is unable to work due to a long-term health condition for which she receives ESA and DLA. Previously, she was a homeowner, but had to sell after she lost her job following a long period off work due to her health condition.

Money is extremely tight for Tilly and her family. This has been exacerbated by a reduction in her LHA – although she is not sure why this has happened – which increased the shortfall between the rent and her LHA to £70 per month. As Tilly puts it, *‘I know it’s only £70, but when you’ve got nothing £70 is a lot of money’*. She pays for this shortfall out of other benefits, seeing this as *‘really, the Disability Benefit gone’*. It was previously covered by Child Tax Credit, until her son recently left sixth form and went to university. In addition to these pressures, Tilly has a number of debts that she is slowly paying back.

The family are on the waiting list for social housing and Tilly is hopeful that they will be re-housed, although she doesn’t know when it will be. She expects this to make a small but significant improvement to her monthly budget, no longer having to make up the shortfall in her rent. She has looked into moving within the PRS, but does not believe there to be suitable properties available at a cheaper rent than her current home.

Continued

The impact of changes to the Local Housing Allowance in the private rented sector: The response of tenants

Tilly has to manage her finances very carefully. Due to the different timescales that her benefit income and outgoings operate on, she frequently has to move money around from one pot to another, for instance using the money allocated for rent to top up the gas or electricity. Her sons often pay the bills or buy food and she pays them back when the next instalment of benefit comes in. *'Yeah, he lent me some money so I could get some shopping a couple of weeks ago, but I've got to give it back to him because he needs it for his fare money and stuff. So I had to get it out the rent [i.e. LHA]; I got my rent on Monday and I just gave him the money back. So when my other son gets paid I'll borrow it off him, pay the rent and then ... that's how it sort of goes.'*

She will also sometimes borrow small amounts from members of the wider family. Tilly has sold valuable possessions in order to buy food, maintaining that there is no more room to cut costs within her budget. *'... only last week I sold my phone and some other bits, jewellery, just so I can buy food. ... There's not much left I can sell now.'*

Despite these difficult circumstances, she has never failed to pay her rent, prioritising this – and the security of having a home – above all other bills.

Single people were more likely than claimants living in other household types to have borrowed money from family or friends to make up the shortfall between the rent and their LHA payment. In the previous 12 months, 42 per cent of them had taken this action. The figures for the other types of household ranged from 26 per cent in the case of couples with dependent children to 31 per cent of couples without dependent children.

However, it was clear from the qualitative interviews with claimants that the amounts 'borrowed' from parents or siblings were often not intended to be repaid, and hence were gifts in all but name.

One female lone parent in paid work and living in Edinburgh reported that she had been discussing moving back with her mother as she was getting into more debt. Instead, her mother was now making up the shortfall from her own pocket, though it was unclear how long this help would last.

'I was discussing moving back home with my mum and then my mum asked me what I'd lost in Housing Benefit. I told her what the letter said and what the guy said and so, my mum's given me the money to make up for it.'

As Table 7.6 also shows, nine per cent of claimants in wave 1 and 11 per cent in wave 2 reported that they had **borrowed money via a credit card or other loan** in order to make up the shortfall. This, of course, was money that would have to be repaid and – in the case of credit cards at least – at relatively high rates of interest. Again, it was an ineluctably short-term response and moreover one that was in danger of leaving claimants in deeper financial difficulty.

Female claimants were about twice as likely as male claimants to have borrowed money via a credit card or loan in order to make up the shortfall in the previous 12 months (14 per cent compared with six per cent respectively).

Meanwhile, 14 per cent of claimants at wave 1 and nine per cent at wave 2 had **drawn on their savings** to make up the shortfall (Table 7.6). Since in most cases the amount of savings that claimants had (if any) was likely to be small, this too could only ever be a short-term strategy. It was also one that would have limited their ability to cope with future income shocks or unexpected expenditure needs.

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Thirty per cent of claimants at wave 1 and 26 per cent at wave 2 reported that they had **used income from their other benefits** to make up the shortfall (Table 7.5). In effect, that meant that, because their LHA did not cover all of their rent, they had to use money from another source to do so; income that was likely to have been intended for other, non-housing items of expenditure.

For example, a mother in Barking and Dagenham who was long-term sick, reported that:

'Well, before I only had to pay £9 or something towards the rent, and now I have to pay £70, so that £70 is really the Disability Benefit gone.'

An example of a single young adult who was considering a range of possible actions to cover his shortfall is shown in Box F.

Box F: Case study of a single young adult struggling to meet the shortfall

Alan is a 28 year-old, unemployed single man living alone in a one bedroom flat in Thanet and is affected by the new under 35 age threshold for the SAR.

He moved to Thanet in 2010 when he was in work and not claiming benefits. He has since had a series of short term jobs, interspersed with periods of unemployment – the 'low pay, no pay' cycle – but has most recently been without work – claiming LHA and Jobseeker's Allowance (JSA) – for just over a year.

Alan experienced a significant reduction in his LHA payment amount when reclaiming benefit after a short period of employment, seemingly due to the SAR rule. Since his LHA is paid direct to his landlord, he was initially unaware of the change and built up rent arrears before he realised.

Alan's income does not cover his outgoings: *'At the moment, the rent is £135 a week, so that leaves me like £80 a week short, which literally means not even my Housing Benefit and my JSA will cover my rent anymore.'* As a result, he regularly runs out of money – once or twice in a typical month – and relies heavily on financial contributions from his girlfriend (who is employed), his parents and his girlfriend's parents. *'If I didn't have my girlfriend I would not be able to afford to live and even if I got a place that cost less to rent, I still wouldn't be able to afford to live.'*

He also uses payday loans when he doesn't feel able to ask family for help. He is actively looking for work, but the only work he can find locally is insecure and commission-based: he would ideally like a regular, salaried income like in his previous role.

One option that Alan is considering is to move to Dover, where he feels that rent is cheaper and there is a greater availability of suitable employment opportunities. However, he faces two barriers to making this move. First, although the reasons for moving would be chiefly financial, to save money on rent and to find work, he is conscious of the initial outlay of moving – having enough for a deposit, rent up-front and letting agents' fees – which he cannot currently afford. Second, he feels he would have difficulty finding a guarantor for the rent.

Another option that Alan has explored is for his girlfriend, who lives with her parents, to move into the current flat. This would mean sharing the rent between two people, as well as potentially entitling the couple to the one-bed LHA rate, higher than the SAR to which he is currently entitled. However, since Alan's girlfriend is employed, it would depend on the impact her income has on their entitlement to LHA and other benefits.

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7.4.3 Work-related actions to make up the shortfall

The list of possible actions on the showcard presented to respondents included four that were work-related (see Table 7.6).

In both the wave 1 and the wave 2 survey, about a quarter of claimants with a shortfall reported that they had **looked for a job** in order to make up the difference between their rent and the LHA payment they received.

For example, a 26 year-old single man living in Brent said that the LHA changes had *'...pushed me into a job I didn't want to do.'*

*'I just got fed up with the whole Benefit changes and everything so, yeah, it did push me, it did push me. Like it got to a point where I went to Yellow Pages and bought myself a stack of envelopes, like 200, and I wrote the addresses from the Yellow Pages on these envelopes and stuffed my CV in each one and sent them out to every office space and every bl**dy customer service building in the W or EC4 areas.'*

A 41-year-old female lone parent living in Edinburgh reported that she had taken 'cash in hand' work to make up the shortfall. Without the money this provided, her family would be:

'Struggling. If we didn't have cash in hand coming in, we wouldn't have probably the heating on as often as we do. The children certainly wouldn't be getting to do anything other than eat, sleep and go to school. We almost certainly would be forced to look to relocate somewhere and we would almost certainly have to borrow money from someone to help us relocate to somewhere else, and you know that's massively disruptive.'

Meanwhile, about one in ten claimants with a shortfall said they had looked for a better-paid job and a similar proportion that they had **increased the number of hours they did at work**. About one in 20 claimants said they had **looked for an additional job**.

This was reflected in the qualitative interviews. For example, a female lone parent living in Blackburn reported that she was doing more overtime, including working sometimes on Saturdays.

In contrast, a single man aged 58 living in Rhondda Cynon Taf and in paid work reported that he would do overtime if it was available, but it wasn't:

'Well if they did offer overtime I would do it. I would do it, but I can't see [it happening], we never had overtime last year. When I first started we got a bit of overtime but they don't do it now, with all the cutbacks, we might get on short time now, later on in the year.'

In contrast to the housing-related actions, there were quite a few statistically significant differences between the different socio-demographic groups in relation to the income-related types of action taken to make up shortfalls. This was particularly true of the work-related actions.

First, lone parents (nine per cent) and couples with dependent children (21 per cent) were more likely than all other household types (four per cent) to have increased the number of hours they worked in their current job in the previous year. However, this is likely to reflect that fact that members of households containing children were more likely to be doing part-time work.

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Second, older claimants aged 55 and above were only about half as likely as younger claimants to have looked for a job during the previous 12 months in order to make up the shortfall. Only 12 per cent of them had done so, but the figures for the younger age groups ranged from 25 per cent among 35 to 44 year-olds to 32 per cent among young adults aged under 25. An example of a single young adult who took work-related actions is shown in Box G.

Box G: Case study of a claimant who took work-related actions

Henry is a 26 year-old man in low paid employment living in the London Borough of Brent. He moved to the UK when he was 18. His first six years were unsettled, moving in and out of temporary employment and moving around a number of shared houses. Since 2010 he has been relatively settled, living in a one bedroom flat. For the first time he now has a permanent, full-time job, which he enjoys and sees as a source of both security and fulfilment, and as a result no longer claims LHA.

When Henry moved into his current flat he was in employment, but later lost his job and began to claim LHA and JSA. Initially, his rent was fully covered, but during this period his LHA entitlement was reduced, leaving him with a large shortfall of £100 per week to meet. He describes this change as directly incentivising him to find employment: while he had already been looking for work, the reduction in LHA made him *'apply for everything and anything'* and he eventually securing a position as a kitchen porter. He felt unsuited to the stress of the work and was sacked, the head chef noting that he *'wasn't born to work in a kitchen'*.

Henry was determined not to leave his flat, where he felt settled and independent, seeing moving back into shared accommodation as a 'backwards' step in his life. He returned to claiming LHA and JSA, and for a period had a friend stay on his sofa and contribute towards the rent. This informal arrangement ended when he secured his current, permanent job, affording him a degree of stability and independence.

However, while this was in many ways a positive outcome, Henry's finances remain stretched and he manages his budget very closely, wary of his previous difficulties. *'I watch every penny that comes in and out, I don't miss any bills. I don't know ... I guess because I've been in a position before where I've had to struggle so to avoid that coming back to me, I'd rather just like stay on top of my responsibilities.'* He is considering both taking on extra work, in evenings or weekends, and looking for a cheaper flat, albeit still within commuting distance of the job he enjoys.

Third, white claimants (28 per cent) were more likely than BME claimants (19 per cent) to have looked for a job in the previous 12 months in order to make up the shortfall between the rent and their LHA payment.

Fourth, claimants living in households where no-one had a long-term sickness or disability that affected the work they could do were about twice as likely to have looked for a job than those living in disabled households (30 per cent compared with 16 per cent respectively).

Fifth, there were statistically significant differences between some of the socio-demographic groups in relation to looking for a **better-paid job**. These are shown in Table 7.7, though it is important to bear in mind that the total number of claimants taking this action was only 75. The table shows only those groups for which differences were statistically significant. For example, there was no difference between men and women and hence gender is not shown in the table.

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Table 7.7 Claimants who looked for a better-paid job to make up the shortfall

	<i>Row percentages</i>
	Percentage who had looked for a better-paid job
Age of respondent **	
16 to 24	2
25 to 34	14
35 to 44	10
45 to 54	14
55+	2
Household type *	
Single person	7
Lone parent	9
Couple with children	17
Couple	7
Multi-person household	11
Household member with disability ***	
No	13
Yes	4
Household work status ***	
Working	21
Workless	1
<i>Base: claimants with a shortfall</i>	<i>716</i>

The table shows the percentage of claimants in each group who had looked for a better-paid job. Across the sample of claimants with a shortfall, 10 per cent had taken this action. Statistical significance levels: * $P < 0.05$; ** $P < 0.01$.

Claimants living in single person (52 per cent) or in multi-person (59 per cent) households were more likely to have cut back on household essentials than lone parents (38 per cent), couples with dependent children (45 per cent) and couples without dependent children (47 per cent).

There were also differences in the extent to which some of the socio-demographic groups had cut back on non-essentials in order to make up the shortfall between the rent and their LHA payment. Older people, BME claimants, and disabled households were less likely than other tenants to have reduced their expenditure on non-essentials over the previous 12 months.

Finally, older claimants aged 55 and above were much more likely than younger claimants to have taken none of the income-related actions. Indeed, 40 per cent of them had not taken any of these actions in the previous year. By contrast, the corresponding figures for the younger age groups ranged from 13 per cent among 45 to 54 year-olds to 18 per cent among claimants aged from 35 to 44 years.

7.5 How many LHA claimants were receiving a DHP?

LAs are able to make DHPs to LHA claimants who are suffering financial hardship. Thus, one of the ways in which tenants might try to make up a shortfall between the rent and their LHA – at least temporarily – is to apply for a DHP. In fact, Table 7.5 above showed, six per cent of claimants with a shortfall had applied for a DHP.

Table 7.8 shows that three per cent of LHA claimants with a shortfall reported being in receipt of a DHP at the time of the wave 2 survey. The differences in receipt of DHPs by area type shown in Table 4.5 were not statistically significant. ($p = 0.55$).

Table 7.8 Discretionary Housing Payments by type of area

Column percentages					
Receiving DHPs?	Inner London	LHA Dominant markets	Cities	Rural areas	All
Yes	2	6	3	0	3
No	98	94	97	100	97
<i>Base: LHA claimants with a shortfall</i>	80	280	179	167	706

Note: Excludes nine tenants who did not know whether they were receiving a DHP.

There were no statistically significant differences between the three nations of Great Britain in the extent to which LHA claimants were in receipt of a DHP (Table 7.9).

Table 7.9 Discretionary Housing Payments by nation

Column percentages			
Receiving a DHP?	England	Wales	Scotland
Yes	3	3	5
No	97	97	95
<i>Base: LHA claimants with a shortfall</i>	496	106	104

Single adults aged between 25 to 34 years who fell within the scope of the new SAR rule were significantly more likely to be receiving a DHP than were other types of tenant (13 per cent compared with three per cent).

Whether this much higher rate of DHP receipt among such households reflected greater awareness of these payments, or the willingness of local authorities to see them as in need of such assistance, is unclear from the survey data. However, it could well be the latter reason, as the 2013 Local Authority Insight Survey²⁹ conducted by DWP showed that nine out of ten local authorities responding said that they had used DHPs to support this group and that 25 to 34-year olds were the biggest priority group for DHPs (Beatty *et al.*, 2013).

²⁹ Formerly known as the 'Local Authority Omnibus Survey'.

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By contrast, large families – defined here as households with four or more dependent children aged under 16 years – were no more likely to be receiving a DHP than other tenants. In fact, none of the 30 large families in the sample who had a shortfall between the rent and their LHA payment were in receipt of a DHP. An example of a lone parent in receipt of a DHP is shown in Box X.

The qualitative interviews at wave 1 revealed that many claimants were unaware that DHPs were available, what they were called or how they could obtain one (Beatty *et al.*, 2013). This lack of knowledge was still common at wave 2, even among some tenants receiving a DHP.

For example, a lone parent in Barking and Dagenham was facing an increased shortfall of £16 per week on top of the existing shortfall of £52. The HB office was paying her a DHP that covered the £16. She was not clear what kind of payment it was, but was glad to have it:

‘So I was happy because it was going to really hit me hard financially and I didn’t know where I would get that money, because I still struggle with the £52. So I’m happy they gave me this, whatever it is.’

The DHP was due to be paid until April (she was interviewed in early 2013) and be reviewed after that.

In the few cases where tenants were in receipt of a DHP, it tended to be after they were referred by an advice agency or the council had drawn it to their attention. A lone parent in Edinburgh, for example, reported that she had rung the council after her LHA had been cut:

‘And then I got quite upset on the phone, I was arguing with the gentleman. ... and then eventually, during the conversation, I was basically ranting and I said, “I can’t afford my bills as it is and I’m in debt with my electricity and my gas and...” The next minutes, he says to me, “Have you heard of the Discretionary Payment?” He sent me the application form and told me just to fill it in and send it back.’

The outcome of her claim was that she was awarded a DHP for eight months. This illustrates the point that DHPs are essentially a temporary fix that at best provides a breathing space while tenants find a longer-term solution for making up the shortfall between the rent and their LHA payment. By the time the DHP comes to an end, the tenant will need to have taken one or more of the housing or income actions in order to provide that solution.³⁰

This is further illustrated by the case of a 22 year-old lone parent living in Westminster, who was under threat of eviction. She reported that the council had applied for two successive DHPs on her behalf. The first had been for nine months and the second for three months. Asked if she knew what would happen after that, she replied:

‘No, because then when I was awarded [the first one] in August, she said to me that while I’m secure here I’m to look for another property to move into ‘cause I will not be awarded DHP again. [...] But about a month ago she said to me that they was going to apply for another DHP. So I was like to her, “But you told me that I wouldn’t get it again and I was to look for somewhere to live.” And she says, “Oh well, they will apply for it anyway...”’

In another Westminster case, the landlord had reduced the rent and negotiated the DHP directly with the council. The original rent had been agreed between the landlord and the

³⁰ The 2013 Local Authority Insight Survey showed that the proportion of local authorities who granted short-term (less than three months) DHPs had increased (DWP, 2013).

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council in 2010 when the claimant – a 25 year-old lone parent in paid work – had been rehoused due to homelessness. Asked if she had been involved in the DHP application process, she replied:

'No, not at all, I wasn't involved; because the Council put me here, because I was homeless, the Council arranged with them, because the rent's obviously very high, the Council arranged that they would pay, you know, the high rent. And so really the landlord, I don't know, always goes through Housing Benefit.'

The landlord had reduced the rent from £513 to £420 per week and the DHP made up the difference between the £290 cap and the rent. The DHP had been awarded for a year, from August 2012 to August 2013.³¹ She had not begun looking for accommodation and meanwhile the landlord was pressing her to renew the tenancy at the £420 rent and assured her he had no intention of moving her out. But she was 'very nervous' about renewing the tenancy at a rent she could not afford with no guarantee that the DHP would be continued.

Box H: Case study of a lone parent in receipt of a DHP

Natasha is a 22 year-old lone parent living with her young son in a two bedroom flat in Westminster. She previously lived with her mother, but moved out when her son was born. She claims LHA, which used to cover the full amount of her rent, but due to the reforms this is now subject to a cap of £290 per week, leaving her with a large shortfall to pay.

The landlord agreed to lower the rent from £500 to £415 per week, with whom the council negotiated on her behalf. She receives a DHP, which covers the remaining shortfall for a fixed period of eight months. She was advised to use this time to look for alternative housing. *'This is my first time [on HB] and it's a nightmare. ...it's the Benefit changes and everything I guess messed everything up. Because I think if the changes never came into place I wouldn't have had to move from here.'*

Natasha's housing situation is now subject too great uncertainty and confusion. She has been issued with eviction notices, seemingly in anticipation of her not being able to afford the rent, and believed she was required to move out by the end of April 2013, coinciding with both the end of the DHP period and the date of her interview with the research team. However, she had been informed that day that the council had applied on her behalf for another DHP, potentially allowing her to stay in the current flat for a while longer.

Natasha is proactively looking for another flat and, although strongly attached to the immediate locality where much of her family lives, is willing to move elsewhere within London, recognising that she will probably need to do so to find affordable accommodation. But she has faced significant barriers, mainly in finding landlords that are willing to accept LHA claimants and that do not require a guarantor. Having money for a deposit is a further barrier to moving, although she is aware of possible help with this from the council. However, she is concerned that she would not be eligible for this if she were to leave her current property while a DHP is in place to meet her rent, as this might constitute making herself intentionally homeless.

Continued

³¹ This qualitative interview took place in early 2013.

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A further impact of the insecurity around her home is employment. She is currently undergoing a distance-learning course in childcare and is enthusiastic about the prospect of working. Recently, she was offered a child minding job, but felt unable to take it due to uncertainty about where she would be living and hence her ability to get to work early enough in the morning while also taking care of her own child. Similarly, she wants to start putting her son's name down for school places, but is unsure of where they will be based.

Despite currently being insulated from the effects of the cap by the temporary award of the DHP, Natasha is struggling to make ends meet and could not afford to pay the shortfall out of her current income. When she runs out of money during the week she will *'...just scrimp and scrape whatever's left in the cupboards. Or I go to my mum's ... or to my cousins, or someone.'*

Natasha is in debt to utilities companies due to falling behind with payments, but she has negotiated a repayment plan and is keen to avoid further arrears. She has cut down her spending, but rarely has money left after bills and food have been accounted for. She feels able to borrow from her mother in emergencies, but is conscious that she faces financial pressures of her own.

7.6 Key findings

It was inevitable, of course, that the LHA reductions would produce a significant increase in the number of LHA claimants that had a 'shortfall'. And this certainly proved to be the case: the proportion of claimants whose LHA was less than their rent increased from two-thirds at wave 1 to three-quarters at wave 2.

The prevalence of shortfalls varied significantly between different client groups. Female tenants, white people, couples with children, tenants living in a disabled household, and tenants in paid work were significantly more likely to have a shortfall than were other types of tenant.

Just under half of claimants with a shortfall have tried to make up the difference by taking housing-related actions, such as looking at lower rent properties in the private market and asking the landlord to lower the rent. And about eight out of ten had taken income-related actions, that is, had attempted to increase their income or reduce their outgoings to make up the shortfall.

The most common strategy for making up the shortfall was cutting back on spending, especially on essentials and to a lesser extent on non-essentials. It was clear from the qualitative interviews that 'tightening belts' was easier for some claimants than for others. Certainly in some cases it was causing considerable financial hardship and sacrifice. Meanwhile a substantial minority of claimants with a shortfall had borrowed money from family or friends, but it was not clear how sustainable this strategy was likely to be beyond the short-term.

Temporary relief from shortfalls was also provided by DHPs, but only three per cent of claimants with a shortfall were in receipt of a DHP and only six per cent had applied for one. DHPs were a temporary palliative and one moreover that would only ever be available to a small minority of claimants. The qualitative interviews suggested that many tenants were using them to hang onto their accommodation for the time being rather than as a breathing space to enable them to find somewhere cheaper in the meantime.

8 Were tenants behind with the rent?

Summary

- The proportion of tenants who said that it was difficult to afford to pay the rent increased from 42 per cent in the wave 1 survey to 46 per cent in wave 2.
- The proportion of tenants who reported that they were in arrears on their rent increased from ten per cent at wave 1 to 12 per cent at wave 2.
- Claimants with a shortfall were significantly more likely to be in arrears than were those who did not have a shortfall (14 per cent compared with eight per cent respectively).
- Two per cent of tenants in arrears at wave 1 said that reduction in HB was the single most important reason why they were behind with their rent. But at wave 2, one in five (20 per cent) of tenants ascribed their arrears to reductions in HB, and it was the most commonly cited reason for rent arrears.
- The most common response by landlords to the arrears, at both wave 1 and wave 2, was to ask the tenant to pay the money back gradually over time. In both surveys, about half of all tenants in arrears said that was how their landlord had responded.
- The next most common landlord response, cited by a quarter of tenants in arrears in both surveys, was nothing at all.
- Most other responses that might ultimately conclude with the tenant having to leave the accommodation – asking the tenant to pay the arrears back immediately, serving or threatening to serve a notice to quit, verbally asking the tenant to leave, refusing to renew the tenancy – declined in importance between wave 1 and 2.

8.1 Introduction

One of the concerns about the LHA reforms expressed by organisations representing tenants and landlords was that the reductions in LHA would make it difficult for claimants to afford their rent and cause some to get into rent arrears. It was further feared that in some cases the arrears might result in tenants being evicted from their homes if they were unable to repay the debt. The aim of this chapter, therefore, is to examine whether tenants were finding it difficult to afford their rent or were in arrears.

8.2 Were tenants finding it easy or difficult to afford the rent?

Tenants were asked how easy or difficult it was for them to afford the rent that they had to pay.³² Table 8.1 shows the proportions of tenants at wave 1 and wave 2 who reported finding it easy or difficult.

³² It was left to the respondents to interpret what was meant by 'easy' or 'difficult'.

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There was a statistically significant decline between wave 1 and wave 2 in the proportion of tenants who found it easy, and a corresponding increase in the proportion who found it difficult, to afford the rent. By wave 2, 46 per cent of tenants were finding it 'difficult', an increase of four percentage points on wave 1. Meanwhile, the proportion finding it 'easy' had fallen by four percentage points, from 38 per cent to 34 per cent, between wave 1 and 2 (Table 8.1).

Table 8.1 How easy or difficult was it for tenants to afford their rent?

Rent easy or difficult to afford? *	Column percentages	
	Wave 1	Wave 2
Easy	38	34
Neither	20	20
Difficult	42	46
<i>Base: all tenants</i>	<i>1,074</i>	<i>1,061</i>

Table excludes 31 tenants at wave 1 and 44 at wave 2 who did not know or had no opinion.

Neither = neither easy nor difficult.

Statistical significance level: ** $P < 0.05$ (based on difficult v easy and neither).

Table 8.2 shows that there was a statistically significant difference in the perceived affordability of the rent between the four area types. In Inner London, the proportion of tenants finding it easy to afford the rent was only about half that in the three other types of case study area. About one in five tenants in Inner London, compared with about two in five elsewhere, found it easy to afford to pay their rent.

Table 8.2 Did rent affordability vary by type of case study area?

Rent easy or difficult to afford? ***	Column percentages			
	Inner London	LHA Dominant markets	Cities	Rural areas
Easy	20	38	39	37
Neither	29	18	15	22
Difficult	51	45	56	41
<i>Base: all tenants</i>	<i>147</i>	<i>390</i>	<i>290</i>	<i>234</i>

Table excludes 35 tenants at wave 1 and 46 at wave 2 who did not know or had no opinion.

Statistical significance level: ** $P < 0.001$.

Rent affordability varied significantly between the three nations of Great Britain. Compared with England and Scotland, tenants in Wales were more likely both to say that the rent was easy to afford and (though to a lesser extent) that it was difficult to afford. Welsh tenants were only about half as likely as those elsewhere to report that the rent was neither easy nor difficult to afford (Table 8.3).

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Table 8.3 Did rent affordability vary by nation?

Rent easy or difficult to afford? **	Column percentages		
	England	Wales	Scotland
Easy	33	40	32
Neither	22	9	21
Difficult	45	51	47
<i>Base: all tenants</i>	<i>741</i>	<i>156</i>	<i>164</i>

Statistical significance levels: ** P<0.01.

Perhaps not surprisingly, LHA claimants who had a shortfall were significantly more likely to be finding it difficult to afford their rent than were those who did not have a shortfall. As Table 7.4 shows, three-fifths of claimants with a shortfall reported finding it either fairly difficult or very difficult to afford to pay their rent. By contrast, only one in 20 claimants whose LHA covered all of the rent found it difficult to pay the rent. Conversely, claimants with a shortfall were much less likely to find it easy to afford the rent.

Table 8.4 Did rent affordability vary by whether the claimant had a shortfall?

Rent easy or difficult to afford? ***	Column percentages	
	LHA covers all of the rent	LHA covers some of the rent
Easy	61	25
Neither	34	16
Difficult	5	59
<i>Base: claimants</i>	<i>178</i>	<i>717</i>

Statistical significance levels: *** P<0.001.

There were also statistically significant differences in the perceived affordability of the rent between different types of household. As Table 8.5 shows, the types of tenants who were most finding it difficult to afford the rent were tenants who were:

- female;
- aged between 25 and 54;
- from a BME background;
- not living in single person households;
- not living in households containing a disabled or long-term sick resident.

The difference between working and workless households in the perceived affordability of the rent was not statistically significant. The same was also the case when single young adults aged 25 to 34 who fell within the scope of the new SAR rule were compared with other tenants. And, again, it was also true for large families.

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Table 8.5 Did rent affordability vary by socio-demographic characteristics?

Rent easy or difficult to afford?	Row percentages		
	Easy	Neither	Difficult
Gender of respondent **			
Male	40	18	43
Female	31	21	49
Age of respondent *			
16 to 24	40	20	40
25 to 34	30	22	48
35 to 44	35	17	48
45 to 54	32	16	52
55+	44	22	35
Ethnicity of respondent ***			
White	38	18	44
Black or other ethnic minority	22	24	54
Household type **			
Single person	43	18	39
Lone parent	32	20	48
Couple with children	24	23	53
Couple	38	18	45
Multi-person household	32	17	52
Household member with disability **			
No	31	19	49
Yes	40	20	40
Household work status			
Working	31	19	50
Workless	37	20	43
<i>Base: all tenants</i>	365	212	484

Table excludes 35 tenants at wave 1 and 46 at wave 2 who did not know or had no opinion.
Statistical significance levels: * P<0.05; ** P<0.01; *** P<0.001.

8.3 Were tenants behind with their rent?

Table 8.6 shows the reported prevalence of rent arrears at the time of the wave 1 and the wave 2 surveys. The proportion of tenants who were behind with their rent increased by a fifth – from 10 to 12 per cent – in the year between the wave 1 survey in autumn 2011 and the wave 2 survey in autumn 2012.

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Table 8.6 How many tenants are behind with the rent?

Survey wave **	Column percentages	
	Wave 1	Wave 2
<i>In arrears?</i>		
Up to date	91	88
In arrears	10	12
<i>Base: all tenants</i>	1,098	1,090

Table excludes seven tenants at wave 1 and 15 at wave 2 who did not know or refused to say.
Statistical significance level: ** P<0.01.

There was a statistically significant change in the composition of tenants who reported being in rent arrears between the two surveys. Sixty-three per cent of tenants in arrears at wave 2 had been up to date with the rent at wave 1. Meanwhile, six per cent of tenants who were up to date at wave 2 had been in arrears at wave 1.

Thus in some cases tenants were able to escape from their arrears. But even more had got into arrears in the year between the surveys. The net change was that more tenants were behind with the rent at wave 2 than at wave 1.

The differences in rent arrears between the four types of case study area were not statistically significant (Table 8.7).

Table 8.7 Did rent arrears vary by type of case study area?

Type of case study area	Column percentages			
	Inner London	LHA Dominant markets	Cities	Rural areas
<i>In arrears?</i>				
Up to date	86	85	90	93
In arrears	14	15	11	7
<i>Base: all tenants</i>	154	402	296	236

Table excludes 15 tenants who did not know or refused to say.

There was also no significant difference between England, Wales and Scotland in the proportion of tenants who were behind with the rent. In all three nations, about nine out of ten tenants reported that they were not in rent arrears (Table 8.8).

Table 8.8 How many tenants were behind with the rent? – by nation

Nation	Column percentages		
	England	Wales	Scotland
<i>In arrears?</i>			
Up to date	87	87	91
In arrears	13	13	9
<i>Base: all tenants</i>	765	157	168

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Table 8.9 shows that there were few differences in the prevalence of rent arrears between tenants across the various socio-demographic characteristics. The only statistically significant difference was according to household work status. Workless households were more likely to be behind with the rent than working households (15 per cent compared with nine per cent respectively).

Compared to other respondents, single young adults aged 25 to 34 who fell within the scope of the new SAR rule were no more or less likely to be behind on their rent than were other respondents. The same was also true of large families.³³

Table 8.9 Did rent arrears vary by socio-demographic characteristics?

Behind with the rent?	Row percentages	
	Up to date	In arrears
Gender of respondent		
Male	89	11
Female	87	14
Age of respondent		
16 to 24	87	13
25 to 34	89	11
35 to 44	90	10
45 to 54	82	18
55+	85	16
Ethnicity of respondent		
White	88	12
Black or other ethnic minority	87	13
Household type		
Single person	86	14
Lone parent	86	14
Couple with children	91	9
Couple	94	6
Multi-person household	86	14
Household member with disability		
No	88	12
Yes	87	13
Household work status **		
Working	91	9
Workless	85	15
<i>Base: all respondents</i>	<i>964</i>	<i>126</i>

Table excludes 15 tenants who did not know or refused to say.

Statistical significance levels: ** P<0.01.

³³ Sixteen per cent of 25 to 34 years olds who fell within the new SAR rule, and likewise 16 per cent of large families, were behind with their rent; the figure for other tenants was 12 per cent. The lack of statistical significance in the difference in rent arrears of these two groups compared with other tenants is likely to have been affected by the very small numbers of them in the sample.

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There was no statistically significant difference in the prevalence of rent arrears between tenants who were still claiming LHA and those who were no longer getting this benefit. However, among claimants, rent arrears were significantly higher among those who had a shortfall and those who did not: 14 per cent compared with eight per cent respectively (Table 8.10).

Table 8.10 Were arrears higher among LHA claimants who had a shortfall?

LHA covers **	Column percentages	
	All of the rent	Less than the rent
<i>In arrears?</i>		
Up to date	92	86
In arrears	8	14
<i>Base: all LHA claimants</i>	207	715

Table excludes 27 tenants whose LHA claim was being processed and 21 who did not know or refused to say.

Statistical significance level: ** P<0.01.

Arrears was about three times higher among tenants who found the rent difficult to afford their rent than among tenants who did not find the rent difficult to afford (19 per cent compared with seven per cent respectively).

And, as Table 8.11 shows, rent arrears were about five times higher among tenants who ran out of money fairly or very often (20 per cent) than among those who only sometimes or hardly ever ran out (four per cent) or who never ran out of money (four per cent).

In fact, 87 per cent of the tenants who were behind with the rent reported that they had very often or fairly often ran out of money before the end of the week or month in the previous year. The corresponding figure for tenants who were not in arrears was 50 per cent.

Table 8.11 Were arrears higher among tenants who often ran out of money?

Run out of money ***	Column percentages		
	Very or fairly often	Sometimes or hardly ever	Never
<i>In arrears?</i>			
Up to date	81	96	96
In arrears	20	4	4
<i>Base: all tenants</i>	585	390	111

Table excludes 19 tenants who did not know or refused to say.

Statistical significance level: ** P<0.001.

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There was no statistically significant difference in arrears between those who had moved, and those who had not moved, by the time of the wave 2 survey. The difference in rent arrears between movers who had negotiated the rent on their new accommodation (two per cent) and those who had not negotiated it (13 per cent) was not quite statistically significant at the 95 per cent confidence level ($p = .052$). This lack of statistical significance is most likely to be due to the very small sample numbers who were in arrears ($n=17$) among the mover group.

However, among non-movers who had tried to renegotiate the rent with their existing landlord, the proportion of tenants in arrears (25 per cent) was more than double that of tenants who did not try to renegotiate (10 per cent). This suggests that being in arrears may have been one of the drivers behind attempts to renegotiate the rent among sitting tenants.

8.4 Why were tenants behind with their rent?

Table 8.12 presents the single most important reasons why tenants were behind with the rent at wave 1 and wave 2. It shows some marked differences between the two surveys. Not being paid enough, a change in income, and redundancy were the three most common reasons for rent arrears at wave 1, but were much less important at wave 2.

Instead, the most common reason for rent arrears in the wave 2 survey was reductions in HB. This reason increased from two per cent at wave 1 to 20 per cent at wave 2. This suggests the changes to LHA were having an impact on arrears. In the landlord survey, there was also a significant increase between waves one and two in the proportion of landlords who identified increased rent arrears as one effect of the LHA reforms (Beatty *et al.*, 2014).

Table 8.12 Why were tenants behind with their rent?

	Column percentages	
	Wave 1	Wave 2
The single most important reason		
Not paid enough	19	9
Change in income	17	11
Respondent or partner lost their job	10	3
Change in spending/had more to spend	6	13
HB is less than anticipated	6	5
HB was reduced	2	20
Rent has always been too high	2	2
Rent increases since moved into the property	<1	2
Respondent or partner unable to work/gave up work due to ill-health	4	3
Respondent or partner gave up work due to pregnancy/childcare	1	1
Divorce/relationship breakdown	1	1
Other reasons	32	30
<i>Base: tenants in arrears</i>	105	126

At both wave 1 and wave 2, about three out of ten tenants who were behind with the rent gave 'Other' as the single most important reason for the arrears. That is, they gave reasons other than those listed on the showcard that was presented to the respondents when the question was asked. These 'other' reasons covered a wide spectrum, but the majority of them concerned problems with the administration of HB, changes in their circumstances or both of these.

8.5 How did landlords respond to tenants' arrears?

Critics of the changes to LHA were concerned, not just that the reform might cause financial hardship or result in an increase in rent arrears, but also that the outcome might be eviction if tenants were unable to repay the debt. That in turn raises the question of how landlords have responded to rent arrears. In both the wave 1 and wave 2 survey, therefore, tenants who were behind with the rent were asked how their landlords had responded to the arrears. The answers are presented in Table 8.13.³⁴

In both the wave 1 and the wave 2 survey, the most common response by landlords to the arrears, as reported by the tenants in arrears, was to ask them to pay the arrears back gradually over time (Table 8.13). About half of the tenants in arrears in both surveys said that was how their landlord had reacted. It is probably the most realistic strategy that landlords can take to maximize the prospect of getting (at least some of) the money back.

The second most common response by landlords to the arrears, as reported by the tenants, was to do nothing at all (Table 8.13). In both surveys, a quarter of tenants who were in arrears said this was how their landlord had responded (that is, by not responding).

It is not clear why landlords might not respond. Some landlords might find it uncomfortable to talk about rent arrears, especially perhaps those with relatively little experience of property management and who are essentially sideline operators. Alternatively they may be prepared to live with the arrears for the duration of the tenancy, accepting that tenants may find it difficult to meet shortfalls. There were several examples of this approach being taken in the qualitative interviews with landlords in wave 2 (Beatty *et al.*, 2014).

³⁴ It goes without saying, of course, that the answers reflect tenant perceptions about how their landlord has responded of the arrears and not those of the landlords, which might be different. Moreover, whereas tenants have one landlord, landlords often have more than one tenant. The more tenants landlords have, the more likely it is that they will have a tenant who is behind with the rent.

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Table 8.13 How did tenants' landlords respond to their arrears?

	<i>Column percentages</i>	
	Wave 1	Wave 2
<i>How did landlord respond?</i>		
Asked you to pay back the arrears gradually over time	47	50
Asked you to pay back the arrears immediately	14	7
Served or threatened to serve you with a written notice to quit	13	8
Verbally asked you to leave	5	2
Refused to renew the tenancy	4	0
Asked to have HB paid directly to them	9	3
Changed payment methods (eg switch to direct debit)	6	2
Agreed to lower the rent	0	1
Other	5	3
Nothing/none of these	26	25
<i>Base: claimants with rent arrears</i>	105	126

Tenants could mention more than one action.

The next most common responses by landlords, again at both wave 1 and wave 2, were to serve or threaten to serve a notice to quit, and to ask the tenant to pay back immediately the amount that they owed. However, the proportions of tenants reporting this landlord response in wave 2 were about half the proportions that did so at wave 1. The proportions of tenants who said their landlord had verbally asked them to leave or had refused to renew the tenancy, also declined between wave 1 and 2 (Table 8.13). This contrasts with the finding in the landlord survey that more landlords were seeking to not renew tenancies in wave 2 (Beatty *et al.*, 2014).

The types of landlord responses that were the most likely to result in tenants losing their homes – asking for the arrears to be paid back immediately, serving a notice to quit, asking tenants to leave, and refusing to renew the tenancy – were therefore much less common at wave 2 than at wave 1 (Table 8.13).

Landlord responses to arrears that involved changes in payment – either switching to landlord payment of LHA or a change in rent payment methods – were also less common at wave 2 than at wave 1 (Table 8.13).

8.6 Key findings

A very substantial minority of tenants was finding it difficult to afford to pay their rent, and this had increased between wave 1 and 2. Thus, one impact of the LHA reductions was to make it more difficult for more people to afford their rent.

Females, BME tenants, and tenants who were not living in a household in which at least one person was disabled, were the client groups most likely to find it difficult to afford their rent. Meanwhile, tenants aged 55 and above, as well as people in single person households were less likely to find it difficult to afford their rent than were other types of tenant.

Not only were more tenants finding it difficult to afford their rent, but more of them were

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behind on their rental payments. In fact, arrears had increased by a fifth between the wave 1 and wave 2 surveys, from ten per cent in autumn 2011 to 12 per cent in autumn 2012.

There were very few significant differences between the key client groups in the proportion of tenants in arrears. However, tenants living in workless households were significantly more likely than those in working households to be behind on the rent.

Claimants who had a shortfall between the rent and their LHA were significantly more likely to be in arrears than were those who did not have a shortfall (14 per cent compared with eight per cent respectively).

The most significant change in reasons for the arrears between these two surveys was reductions in LHA payments, which increased from two per cent to 20 per cent of reasons in the course of a year. This suggests that LHA reductions were having an impact upon tenants' rent arrears.

Despite the increase in arrears, there was little evidence that it had led to a marked increase in evictions or possession action. The most common response of landlords was to ask the tenant to pay the arrears back over time. A quarter of landlords had taken no rent recovery action at all, according to tenants in arrears.

9 Conclusions

This report has sought to examine the responses of claimants to the recent changes in LHA. Most of these changes involved reductions in benefit for claimants and in some cases very substantial reductions. That is not surprising, as the aim of almost all of the changes was to reduce public expenditure on the HB scheme, of which LHA forms a part alongside HB for social housing tenants.

The scale of the LHA reductions was, by design, extensive and particularly so in Inner London. This inevitably led to concern and controversy about the amount by which claimants' LHA would be reduced and the implications for their welfare, either directly via the loss of income or indirectly via landlord willingness to continue letting to tenants in receipt of LHA. The reductions, and the subsequent debate about their likely impact, raised a series of questions about how tenants might respond. The questions in fact mirror the possible – not necessarily mutually exclusive – ways in which tenants might adjust their circumstances or behaviour in response to the reduction in their LHA.

Faced with a reduction in LHA, and therefore with an increased amount of rent to pay from their other sources of income, would tenants:

- move to less expensive – and perhaps smaller or less satisfactory – accommodation? And, if they did move, how far would they go?
- try to renegotiate a lower rent with their existing landlord? And, if they did try to renegotiate, how successful would that strategy be?
- cut back on their expenditure on other, non-housing items in their budget? And if so, would they cut back on non-essentials or essentials?
- increase their income by moving into work (if not already in a job) or increase their earnings?
- run down their savings (if they had any) or borrow money as a stopgap to tide them over in the short term?
- fall behind with the rent?

These are the questions that this component of the research project has addressed and that form the basis of the empirical chapters of this report (Chapters 5 to 9).

In assessing the evidence on these questions, however, it is important to bear in mind that LHA claimants – like many members of the public – are not necessarily perfectly informed, fully rational economic actors. That much is evident both from the findings in behavioural science about how people make decisions and from social research with benefit claimants and members of the general public. To a greater or lesser extent, knowledge and understanding are highly bounded and people are subject to emotions and have different moral rationalities, all of which influences the decisions that people make, and indeed whether they even make them at all.

In fact, as reported in the early findings from the project (Beatty *et al.*, 2012) claimant knowledge of the LHA changes was very limited. Although some claimants had heard about reductions, hardly any of them knew what the changes were. That alone could attenuate or influence claimants' responses to them.

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Moreover, the changes to LHA were not the only thing going on in people's lives. For one thing, changes in other benefits had been made or were due to be implemented that will have affected some LHA claimants. For another, as the qualitative interviews revealed, changes were occurring in other aspect of people's lives, some or all of which influenced the decisions that they made, for example, in the housing market. This makes it difficult to attribute changes in circumstances directly to the changes in LHA.

These points – about bounded knowledge and understanding, non-economic and not just economic factors affecting decision-making, and changes other than LHA in people's lives – may also help to explain why tenant responses to the LHA reductions have arguably been less dramatic than some commentators initially thought might be the case.

Bearing these points in mind, we can now consider the evidence in this report about the responses of claimants to the changes in LHA.

It was never likely that there would be large-scale movement of LHA claimants out of their existing homes. Although on average private tenants are highly mobile compared with social housing tenants and owner-occupiers, this is relatively less true of LHA claimants. In fact, 15 per cent of tenants – about one in seven – who were interviewed in wave 1 had moved by the time of the follow-up survey a year later.

What the scale of moves might have been in the absence of the LHA changes is difficult to tell from the survey alone. What the survey does show, however, is that tenants moved for a variety of reasons, many of which were not directly related to LHA. Indeed, at wave 2, just three per cent of tenants who had moved said that a reduction in their LHA was one of the main reasons for their move.

However, 15 per cent of movers at wave 2 had left their previous accommodation in order to live somewhere cheaper, and that proportion was three times the level found in the wave 1 survey. Thus, it is possible that these moves were at least indirectly prompted by the LHA reductions. Even so, most moves do not appear to have been prompted by the reductions in LHA.

A substantial minority of tenants – one in three movers – encountered difficulties in finding new accommodation. The sample numbers for this question were too small to be statistically reliable, but the three main difficulties were the same as found in relation to the whole sample at wave 1 when asked if they had faced difficulties moving into their home at that time. These three main difficulties were: finding landlords who would accept LHA claimants; finding accommodation with rents that were affordable; and finding the types of property that they wanted.

The first two of these barriers could easily have been affected by the LHA changes. The companion report on landlord responses to the changes showed that some landlords said they would cease letting their accommodation to claimants (Beatty *et al.*, 2014). The LHA changes left many tenants with less LHA money than previously, the result of which (other things being equal) is that rents would have become less affordable.

That said, these are long-standing barriers facing LHA claimants in the private rental housing market. Moreover, it was apparent from the qualitative interviews with claimants that it was precisely these two barriers – along with the need to pay a deposit and rent in advance – that had prevented some claimants from seeking to move in response to the LHA changes, even though some of them had said they wanted to move. In other words, these barriers appear to have been one reason why the number of claimants who moved was arguably less than some people thought might be the case.

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The nature of the moves that were made by tenants was complex. Although some had moved to cheaper or smaller homes as many had predicted, others had moved to larger or more expensive accommodation. This reflects, among other things, the diverse reasons why they had moved.

Moreover, and again contrary to fears expressed by some commentators, most moves were not long distance ones. The majority of movers remained within the same local area, and the same LA area. Most had moved only a few miles, if that.

However, tenants who were living in Inner London at wave 1 were significantly more likely than those elsewhere to have moved further away or to non-local places. This may have been caused by the scale of reductions in their LHA, and the lack of alternative affordable accommodation elsewhere. On the other hand, tenants in Inner London were significantly less likely to have moved, but that might also be because their ability to find cheaper accommodation was more constrained than those living elsewhere. This may be why tenants in Inner London had looked at more properties than tenants in the rest of Britain.

Tenants who did move were, on average, more satisfied with their new home than with their previous one and more satisfied than those who did not move. Thus, far from moving to worse accommodation as some commentators had feared, tenants who moved generally improved their housing.³⁵ This again in part reflects the diverse reasons why people moved and the fact that LHA-related reasons were not always among them or not the most important of them.

A subsidiary, but very important aspect of moving, is about those tenants who lose their home and are unable, at least for a short time, to find another. The survey found that 13 per cent of movers – two per cent of tenants – had been homeless at some point in the previous year. The case study approach to the research means that it is not possible to scale up these results to the national level with reliability. But **bearing that very important qualification in mind**, two per cent of a caseload of one million LHA claimants is equivalent to about 20,000 households nationally; a small percentage but a large number in absolute terms.

Of course, ‘selection effects’ may have affected the number of respondents who had been homeless because in a longitudinal study it is much more difficult to keep track of people who have no home than those who are housed.³⁶ So it is possible that claimants who had been homeless were under-represented in the wave 2 survey, despite the expert efforts of the Ipsos MORI research team to keep track of them.³⁷

A quarter of tenants who moved tried to negotiate the rent with their new landlord. That is the same proportion as tried to negotiate when tenants interviewed in the wave 1 survey had moved into the accommodation in which they were then living.

Movers at wave 2 who had a shortfall between the rent and their LHA were significantly more likely to have tried to negotiate a lower rent than were those who did not have a shortfall (37 per cent compared with eight per cent respectively). Yet at wave 1, there was no significant difference in attempting to negotiate the rent when tenants moved into their current property

³⁵ Measured in terms of how satisfied or dissatisfied they were with their accommodation.

³⁶ It is noteworthy that Ipsos MORI was able to achieve interviews with only 26 tenants in Westminster (the target was 60 interviews) in the wave 2 survey.

³⁷ If that was indeed the case, then two per cent or 20,000 households is an under-estimate.

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between those with a shortfall and those without one. This suggests that the LHA reductions had affected the incidence of rent negotiation when tenants moved home.

Trying to negotiate the rent on a **new** property is not that unusual, but it is quite a different case to go back to one's **existing** landlord to ask them to lower the rent that had previously been agreed and the tenant is legally bound to pay. Nevertheless, it was also found that one in five tenants who had not moved had tried to renegotiate the rent with their existing landlord. However, tenants with a shortfall were no more likely to have tried to renegotiate the rent than were those who did not have a shortfall.

Attempting to negotiate the rent is one thing but being successful when doing so is quite another. In fact, the survey found that negotiation and renegotiation could be a successful strategy, especially when moving home. Almost half of movers were able to negotiate a lower rent. And even among non-movers, one in three were able to persuade the landlord to charge less in rent. In total, 12 per cent of all movers, and six per cent of all non-movers, were successful in getting the landlord to lower the rent.

The proportion of claimants with a shortfall between the rent and their LHA increased from two-thirds to three-quarters between wave 1 and wave 2. In the qualitative interviews, while tenants with relatively small shortfalls said they were finding it relatively easy to make up the difference, those with substantial shortfalls were often struggling to manage or suffering financial hardship.

Tenants made up the difference between the rent and their LHA in a diverse range of ways. But the most commonly mentioned focused on cutting back on their other expenditures: in other words, by making economies on the non-housing items in their budgets.

These economies included cutting back on both 'essential' and 'non-essential' items. Far more claimants cut back their spending on non-housing items than moved to cheaper accommodation or managed to negotiate a lower rent on their existing home. In other words, by increasing net spending on rent, the reductions in LHA seem to have resulted in a relative decrease in spending on non-housing items in claimants' budgets. That is perhaps not surprising, as it is easier to cut back on, say, food, clothing or day trips with the children than it is on the rent.

The next most common way of making up the shortfall was to borrow from family or friends. This of course is an option that is not available to all claimants and also one that in most cases is likely to be time-limited. However, there was little evidence in the qualitative interviews that claimants who were borrowing money in this way were using it as a bridge to other, more affordable accommodation. It seemed, therefore, to be a short-term coping tactic rather than part of a longer-term strategy to tackle the shortfall between the rent and their LHA payment.

In the wave 2 survey, about one ten claimants with a shortfall had used their savings in order to make up the difference and a similar proportion had borrowed money via a loan or credit card. Again, it seems unlikely that either action could ever be much more than a short-term one rather than part of a longer-term solution. But in the case of taking out a loan or using a credit card, it is also one that was likely to leave these claimants in (even more) debt.

About a quarter of claimants said they had attempted to make up the shortfall by looking for a job and smaller proportions had taken other work-related actions such as increasing their hours of work, looking for a better paid job or looking for an additional job. With the exception of looking for an additional job, however, the claimants who were looking for a job

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at wave 2 were the same as those who were already doing so at wave 1. This suggests that, contrary to some expectations, the LHA reductions did not significantly increase work-related behaviour among non-employed claimants.

Another potential strategy for making up the shortfall is to apply for a DHP. Six per cent of claimants had applied for a DHP and three per cent were receiving one. This implies that there was a 50 per cent success rate for DHP applications.

However, the qualitative interviews found that many claimants had never heard of DHPs or how they might get one. Even those who did have a DHP were not necessarily sure exactly what they were – though all of them were very relieved that they did have one. In any event, the amount of money in DHP budgets is very small relative to the overall reductions in LHA rates, so only a minority of claimants is ever likely to be awarded one, even if awareness of DHPs were to become more widespread.

It was evident from the qualitative interviews that DHP awards were only temporary, though in some cases they might be renewed after a review. Thus, DHPs may be effective as a short-term strategy for claimants. Nevertheless, although a temporary palliative, they potentially provide a breathing space while a more long-term solution – which probably means moving home – might be found. Thus, DHPs may be serving to delay the impact of the LHA reductions for the very small minority of claimants in receipt of them.

If tenants are unable to make up the shortfall in one way or another, and they are unable or unwilling to move to somewhere more affordable, they face getting into arrears on their rent. There was certainly a widely voiced concern – expressed by organizations representing benefit claimants, landlords and lenders, as well as other groups – that the LHA changes would in fact result in a substantial increase in rent arrears.

The evidence from the surveys of tenants is that rent arrears increased between wave 1 and 2, rising from ten per cent to 12 per cent of tenants.³⁸ That is an increase of two percentage points or one-fifth over the course of a year. It was also found that there was significant turnover between wave 1 and wave 2 in the population of tenants who were in arrears. In other words, while some tenants had fallen into rent arrears, others had managed to pay them off during the year.

In contrast to wave 1, at wave 2 the most common reason for the arrears was reductions in HB. One in five tenants in arrears at wave 2 gave that as the single most important reason for the arrears. A further five per cent said their arrears were due to HB being less than they had anticipated. On the face of it, therefore, the LHA reductions have resulted in an increase in rent arrears among claimants.

This raises the important question of how their landlords had responded to the arrears (for example, whether they had taken possession action against the tenants concerned, as some predicted they would). In fact, a quarter of tenants who were behind with the rent said their landlord had done nothing about the arrears. However, about half of tenants in arrears at wave 2 reported that their landlord had asked them to pay the money back gradually. Only a relatively small minority had been asked to leave or had been served – or been threatened with being served – with a notice. None of their landlords had so far refused to renew the tenancy as a result of the arrears.

³⁸ In other words, the prevalence of rent arrears increased from one in ten tenants at wave 1 to about one in eight tenants at wave 2.

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These reported landlord responses to the rent arrears are consistent with the evidence on why tenant had moved home. Only two per cent of movers said the one of their main reasons for moving was that they had been evicted, and only six per cent that they had moved because the landlord had refused to renew the tenancy. These responses may also be one reason why the level of homelessness appears to have been lower than some feared might be the case when the LHA reductions were announced.

Overall, the evidence suggests that the reductions in LHA had a more muted impact on moving behaviour than some had predicted. However, by the wave 2 survey, reductions in LHA had become the most common 'main reason' for the arrears reported by tenants. Moreover, the reductions significantly increased the proportion of claimants who had shortfalls. Tenants who did not move therefore had to find the money to cover the shortfall from somewhere else, or cut back their expenditure on other things, including spending on items that they regarded as essentials. The changes to LHA therefore placed further pressure on claimants who already had a shortfall, and new pressures on claimants who did not previously have a shortfall, between the rent and their LHA.

Appendix A

Research methods

A.1 The tenant survey

The face-to-face surveys of tenants were conducted in autumn 2011 (wave 1) and autumn 2012 (wave 2). In between, a keeping in touch (KIT) exercise was conducted in order to maintain the size of the interview panel.

These are referred to in this appendix as Stage 1 (i.e. wave 1 survey), Stage 3 (i.e. wave 2 survey) and Stage 2 (i.e. the KIT exercise) respectively.

A.2 Objectives and overview

During the Stage 1 survey – wave 1 – of claimants in Great Britain, a total of 1,911 successful interviews were conducted between September and November 2011. Interviews were conducted across 19 case study areas.

The Stage 3 survey sought to build on the Stage 1 survey and qualitative work in Great Britain. The aim of the Stage 3 survey was to ascertain the impact and experiences of the changes to HB.

As had been done for Stage 1, a face-to-face in-home methodology was employed. The methodology was kept consistent with that of the Stage 1 survey to maximise the comparability of the data, and therefore the ability to detect change since the baseline.

The sample for Stage 3 was based on all claimants who had taken part in the Stage 1 survey, and had consented to being re-contacted for future research on this topic. The average consent to re-contact across the 19 areas was 92 per cent giving a total panel of 1,749 claimants for Stage 3.

A.3 Stage 2 – Panel maintenance

In addition to the Stage 1 face-to-face survey, 208 qualitative interviews had been conducted with claimants in early 2012. Following interviewing, 2 claimants no longer wished to take part in our research. At this point, 1,747 claimants remained as willing to take part in the research.

As the Stage 3 survey was taking place a year after the Stage 1 fieldwork, and in order to maintain the panel to ensure we were able to contact as many claimants as possible for Stage 3, a 'keeping in touch' (KIT) exercise took place in July and August 2012. The purposes of this were threefold to:

- 1 thank claimants for their involvement in the research project to date;
- 2 remind claimants that we would be trying to contact them again in September – November 2012 as discussed (and agreed) at the first interview; and

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- 3 ensure that the contact details (address and telephone numbers) held for claimants remained valid so that interviewers could make contact with them in advance of setting out for Stage 3 survey fieldwork assignments.

To do this four steps were employed:

Step 1 – Emails: email addresses were held for a total of **806** claimants. All of these claimants were sent a short email (based on the letter included at the end of this note). This thanked them for their participation to date, let them know what has been done with their input so far, reminded them that we would be trying to contact them again during September – November 2012, and checked if they had:

a moved since Ipsos MORI last spoke to them; or

b would be moving before the end of November 2012 (end of Stage 3 fieldwork).

If so, they were asked to contact Ipsos MORI by email, telephone, or post with their updated address, landline and/or mobile telephone number(s) by **21 August 2012**. This email was mailed out several days before the postal exercise (step 2), to allow for any undeliverable emails to be included in this postal mailing.

Step 2 – Postal letter: A total of **60** emails were returned as ‘undeliverable’ in Step 1.³⁹ A letter (at the end of this note) was sent to the **941** claimants for whom no email address was held, and the **60** claimants whose emails were undeliverable. This letter covered the same content as its email counterpart with claimants provided with a separate form on which to return their updated contact details, and a pre-paid Business Reply Envelope⁴⁰ in which to do so.

Step 3 – Email and postal reminder: In order to ensure that updated contact details were obtained from as many claimants as possible and details of any movers captured, we decided to send a reminder letter to all respondents whom we had not heard back from. This reminder followed the same format as the initial letter and a total of **1,642** reminders were sent (**708** by email and **934** by post).

Step 4 – Telephone calls to undeliverable mail: It was anticipated that where the claimant was no longer at the address, the letter would be ‘Returned to sender’. For this purpose all outgoing envelopes were printed with the request to return to the Ipsos MORI research team if undelivered. A total of **34** letters were returned without being delivered to date. In addition, **7** undeliverable email messages were received in response to the reminder mailout (these messages had apparently been received by the recipient at the initial mailout). Follow-up telephone calls were attempted to the majority of these claimants⁴¹. For **2** claimants, telephone numbers provided were ‘unobtainable’, while for a further **9** claimants telephoned were unavailable to talk at the time (e.g. engaged, straight to voicemail⁴²).

Claimants were only asked to contact the Ipsos MORI team if their address had changed

³⁹ The principle reason for emails being returned was the address being incorrect.

⁴⁰ Claimants who were emailed were provided with the FREEPOST address to make use of should they wish to.

⁴¹ No telephone number was available for 4 of those mailed out to.

⁴² In cases where a voicemail service was available, a short message was left letting claimants know that we had tried to contact them, and asking them to contact us if their address has changed.

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since September 2011, or if they knew that their address would change before the end of November 2012. However, in practice, claimants contacted the Ipsos MORI team for a variety of reasons.

A.3.1 Opt-out

A small number of claimants indicated to Ipsos MORI that they either no longer wished to, or were no longer able to, be involved in the research project. **2** claimants did so during Stage 1 Qualitative fieldwork, and **10** in response to the Stage 2 'KIT' activity.

A.3.2 Change of details

A total of **44** claimants informed Ipsos MORI that their address details had changed since the Stage 1 quantitative fieldwork. Of these changes, **12** were uncovered during the course of the Stage 1 qualitative fieldwork, and the remaining **32** during the Stage 2 KIT activities.

A number of claimants contacted Ipsos MORI to provide updated telephone contact details, whilst also confirming that their address was unchanged.

There were a further **2** claimants who informed Ipsos MORI that they were no longer at the address they were at during Stage 1 fieldwork.

A.4 Fieldwork

Following the Stage 2 panel maintenance exercise, and receipt of 2 further opt-outs from panel members, details for a total of 1,735 claimants were issued to interviewers.

Interviewers were provided with copies of the newsletter, contact sheets for all claimants, a doorstep introduction, hard copy and CAPI (Computer Assisted Personal Interviewing) versions of the questionnaire and showcards. Interviewers were also supplied with LA contact details for the case study area in which they were working in case a respondent requested information about the changes, or had concerns, which interviewers were unable to answer.

Ipsos MORI interviewers were briefed by a combination of written instructions and telephone conference-call briefings. A key point was that only the same claimant who took part in the Stage 1 survey was to be interviewed. Interviewers were encouraged to make use of telephone numbers provided by claimants at Stage 1 to call ahead of visiting the address. In addition, interviewers were required to make a minimum of 4 visits to each address issued (including 1 in the evening and 1 at the weekend). If claimants had moved, interviewers were asked to obtain, where possible, the new address for this claimant. Within reason, interviewers were then asked to visit the new address, and attempt to conduct an interview.

During fieldwork, after the first 4 visits to an address, a total of 145 addresses were re-issued for contact to be reattempted where it was thought that further visits may yield a successful interview. This re-issuing resulted in 46 further interviews being conducted.

A total of 45 interviewers worked on the survey during a fieldwork period lasting from 18

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September to 2 December 2012. All fieldwork was undertaken by Ipsos MORI interviewers in accordance with ISO 20252 and ISO 27001 systems and standards (further detail can be provided on request).

Table A.1 Interviews by case study area at wave 2

Case study area	Total
Barking and Dagenham	81
Blackburn with Darwen	68
Bradford	58
Brent	63
Caerdydd – Cardiff	52
City of Edinburgh	55
City of Portsmouth	56
City of Westminster	26
Exeter	63
Fenland	69
Hackney	75
Newcastle upon Tyne	78
North Lanarkshire	57
Perth and Kinross	58
Rhondda, Cynon, Taf – Rhondda, Cynon, Taff	55
Sir Ddinbych – Denbighshire	50
Tendring	53
Thanet	42
Walsall	53
Total	1,112

Table A.2 outlines the sample outcomes during Stage 3 fieldwork including outcomes for re-issued addresses. In addition to the detail below, 117 claimants were successfully traced and interviewed at a different address to that provided at Stage 1, while of those claimants interviewed, 180 reported that they had moved home at least once since they were interviewed in Stage 1.

Table A.2 Sample outcomes

	N	%
Eligible sample	1,735	
Total issued addresses	1,880	100%
Successful Interviews	1,112	64%*
Refusals	358	19%
No contact	200	11%
Ineligible properties	64	3%
Other	136	7%

* Unadjusted response rate calculated based on an eligible sample of 1,735.

A.5 Data processing, weighting and interpretation

Data was captured using CAPI (Computer Assisted Personal Interviewing). This allowed for accurate routing of questions and the questionnaire script included a number of logic checks. CAPI also reduced the need for manual data entry of returned questionnaires and, thus, improved accuracy.

The data output was a .sav file for use in SPSS. It was checked and cleaned. Some questions included 'other specifies' and these were reviewed as a matter of course with those generating 'others' greater than 10 per cent prioritised for back-coding. This involved reviewing the write-ins recorded by interviewers and in some cases coding the answers back into the pre-code lists. While new codes were not raised for commonly occurring mentions in the 'other specifies', these were analysed for selected questions.

Data was weighted following editing. A two stage weighting process was employed for the Stage 3 data. The first stage involved applying a survey design weight, adopting the same approach as that used for the Stage 1 survey data – namely weighting to a profile of caseload by area as well as new and existing split overall. This was originally applied to account for the area stratification (100 interviews in each area) and the new/existing claimant split target. The Stage 3 data was weighted to the same profile as the Stage 1 data meaning survey design corrections have been consistently applied to both data sets, enabling like-for-like comparisons.

The second stage of the weighting process was to correct for any non-response bias between the two surveys. Survey data was weighted according to key demographics including age group, household type (single person and multiperson household) and ethnicity (white, BME). This means the Stage 3 data is representative of Stage 1 data in relation to these variables at the aggregate level as well as broadly mirroring these profiles at the regional level (London, The North, Wales, Scotland, The South and The Midlands and East of England) – the lowest level of disaggregation the sample allows.

A sample, and not the entire population of claimants across the 19 areas, has been interviewed. As a result, all results are subject to sampling tolerances (referred to as confidence levels or 'margins of error'). The variation between the sample results and the 'true' values can be predicted from knowledge of the sample sizes on which the results are based and the number of times that a particular answer is given. The confidence with which we can make this prediction is usually chosen to be 95 per cent, that is, the chances are 95 in 100 that the 'true' values will fall within a specified range.

Sampling tolerances also mean that not all differences between sub-samples – for example between claimants in the four London case study areas and elsewhere – are statistically significant.

The variation between the sample results and the 'true' values (the findings which would be obtained if everyone in the county had taken part in the study) can be predicted from knowledge of the sample sizes on which the results are based and the number of times that a particular answer is given. The confidence with which we can make this prediction is usually chosen to be 95 per cent, that is, the chances are 95 in 100 that the 'true' values will fall within a specified range.

Table A.3 illustrates the predicted ranges for different percentage results at the '95 per cent confidence interval': assuming a normal distribution of residents.

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Table A.3 Sampling tolerances

	Approximate sampling tolerances to percentages at or near these levels		
	10% or 90%	30% or 70%	50%
	+ –	+ –	+ –
1,112 interviews (all claimants)	1.8	2.7	2.9
240 interviews (London areas) compared to 872 interviews (elsewhere)	4.3	6.6	7.2

The tolerances usually quoted for surveys assume a pure random sample with no stratification or clustering and no weighting. In fact, the imposition of weighting had limited impact on the data and the design effect according to our analysis of some key variables but, as with any weighting, its imposition widened confidence intervals. At the aggregate level, we estimate this to be a 20 per cent widening (based on certain assumptions).

Finally, throughout this report where percentages do not sum 100 this may be due to computer rounding, the exclusion of 'don't know' categories, or multiple answers. An asterisk (*) denotes any value less than half a per cent but greater than zero.

It is also worth remembering that this survey, like all surveys, deals with perceptions, recalled behaviour and anticipated behaviours at the time the survey was conducted and these may, or may not, necessarily reflect reality.

Appendix B

Tenant survey questionnaire

DWP HB Claimants – wave 2 survey

Doorstep introduction

INTERVIEWER:

- ADAPT AS NECESSARY INCL. REFERENCING PRE-FIELDWORK PHONE CALL
- SEEK TO SPEAK TO NAMED CLAIMANT(S) ONLY OR ARRANGE TIME TO CALL BACK
- SHOW LETTER AND RE-USE IF NECESSARY

‘Good morning/afternoon/evening, my name is I’m calling from Ipsos MORI, the independent research organisation.

We are conducting a short survey about the Housing Benefit system as part of a research project for Government. I would like to speak to...

You should have received a letter like this over the summer. We’re keen to see how things have, or have not, changed since we last interviewed you.

The survey should take no more than 20 minutes. As before, all of the answers you give will be treated in the strictest confidence and used for research purposes only. It will not be possible for our DWP or your landlord to identify any individual from the information you provide.

Helping with this study will never affect any benefit you receive or any contact you have with a government department or agency, now or in the future.’

Survey

HB1

Can I just check, are you currently receiving Housing Benefit? You might know Housing Benefit as the Local Housing Allowance or LHA.

Ask all // SC

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the private rented sector: The response of tenants**

1. Yes – GO TO HB2

IF NO, READ OUT: Was this because... [READ OUT]

2. No, your claim is still being processed – GO TO MH1
3. No, you are no longer claiming Housing Benefit – GO TO MH1

HB2

Is that the same claim as when we last spoke to you in [DATE] or a new claim?

Ask if HB1 = 1 // SC

1. The same claim for HB
2. A new claim for HB
3. Don't know/can't remember (DO NOT PROMPT)

HB3

Is your Housing Benefit paid to you or directly to your landlord (or their agent)?

Ask HB1=1 // SC

1. Paid to the claimant
2. Paid directly to the landlord (or their agent)

Moving Home (MH)

MH1

Since we last spoke to you in [DATE], have you moved home at all?

Ask all // SC

1. Yes, has moved home – GO TO MH2
2. Yes, has signed up for a new home, but not yet moved in – GO TO MH2
3. No, has not moved – GO TO SAT1

MH2

How many times have you moved since we last spoke to you in [DATE]?

Ask if MH1 = 1 or 2 // SC// If MH1 = 2, include the pending move.

1. Once
2. Twice
3. Three times
4. More than three times
5. Don't know (DO NOT PROMPT)

MH3

And have you been homeless, or stayed in temporary accommodation, since we last spoke to you in [DATE]?

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Ask if MH1 = 1 or 2 // MC

1. Yes, slept rough
2. Yes, stayed in temporary accommodation (e.g. B&B or hostel)
3. Yes, stayed with friends or relatives temporarily
4. Yes, other (SPECIFY)
5. No
6. Don't know (DO NOT PROMPT)

MH4

Ask if MH1 = 1 Thinking about your move to your current property, what are the two or three most important reasons why you left your previous accommodation?

Ask if MH1 = 2 Thinking about your upcoming move to your new property, what are the two or three most important reasons why you are leaving your present accommodation?

// MC (Maximum of 3 answers) // Do not read out (unprompted)

INTERVIEWER: PLEASE SCROLL DOWN FOR FULL LIST OF CODES

Change in type of accommodation/property

1. Want[ed] a larger house or flat
2. Want[ed] a smaller house or flat
3. Want[ed] self-contained accommodation (i.e. not sharing)
4. Want[ed] shared accommodation
5. Need[ed] an extra room for a (non-resident) son/daughter to stay overnight
6. Need[ed] an extra room for a carer to stay overnight
7. Want[ed] a different type of accommodation (e.g. change from flat to house or top floor to ground floor)
8. Sold my previous home

Financial reasons

9. Want[ed] to pay lower rent
10. Because Housing Benefit payment (£) was reduced
11. Positive change to claimant's financial situation – could afford a more expensive (e.g. bigger) property
12. Negative change to claimant's financial situation – lower income (excl. reduction in Housing Benefit)

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Tenancy related

13. Asked to leave/evicted – landlord selling the property / needed property for own use
14. Asked to leave/evicted – landlord no longer letting to Benefit claimants
15. Asked to leave/evicted – rent arrears
16. Didn't get on with the landlord
17. End of tenancy agreement

Other reasons

18. To move to this specific area/neighbourhood/town/city
19. To move to a better area/neighbourhood/town/city
20. Property in poor condition (incl. being demolished)
21. For personal or family reasons (e.g. closer to a particular school or friends, to move in with someone/got married, birth of a child, divorce/separation)
22. For job related reasons (e.g. new job)
23. Other (SPECIFY)

MH4a

Ask if MH1 = 1 Can I just check, has your new accommodation got more or fewer bedrooms than your previous place, or the same number?

Ask if MH1 = 2 Can I just check, will your new accommodation have more or fewer bedrooms than your current place or the same number?

// SC

1. More bedrooms
2. Fewer bedrooms
3. The same number of bedrooms

MH4b

What were your reasons for wanting shared accommodation?

Ask if MH4=4 // MC // Do not read out (unprompted)

1. Could only afford shared accommodation
2. Wanted to live with friends or other people
3. Could afford better quality shared than self-contained accommodation
4. Prefer to spend money on other (non-housing) things
5. Other (specify)

MH5

Ask if HB1=1 and MH1 = 1 Some people experience difficulties finding accommodation when renting. Did you face any difficulties, or not, in finding your current accommodation?

The impact of changes to the Local Housing Allowance in the private rented sector: The response of tenants

Ask if HB1=1 and MH1 = 2 Some people experience difficulties finding accommodation when renting. Did you face any difficulties, or not, in finding your new accommodation?

// SC

IF HB1= 2 or 3 GO TO MH7

INTERVIEWER: PROMPT IF NECESSARY 'BY DIFFICULTIES I MEAN, FOR EXAMPLE, ISSUES SUCH AS AFFORDABILITY OR AVAILABILITY OF PROPERTIES'

1. Yes – GO TO MH6
2. No – GO TO MH7
3. Not applicable – GO TO MH7

MH6

What difficulties did you face?

Ask if MH5=1 // MC // Do not read out (unprompted)

1. Landlords unwilling to rent to Housing Benefits claimants
2. Competition from / losing out to other tenants
3. Competition from / losing out to other HB claimants
4. Rent generally unaffordable
5. Rent unaffordable (due to low/lower Housing Benefit payments)
6. Lack of the types (e.g. size or layout) of property I need
7. Properties available are in poor condition
8. Hard to understand what Housing Benefit I will receive
9. Couldn't afford properties in better (desirable) areas
10. Other (specify)

MH7

How easy or difficult was it to find somewhere to rent?

// SC // SHOWCARD A

1. Very easy
2. Fairly easy

The impact of changes to the Local Housing Allowance in the private rented sector: The response of tenants

3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult
6. Don't know (DO NOT PROMPT)

MH8

Ask if MH1 = 1 How many other properties did you look at before taking this accommodation?

Ask if MH1 = 2 How many other properties did you look at before taking your new accommodation?

// SC

RECORD EXACT NUMBER OF PROPERTIES

1. Don't know / Can't remember (DO NOT PROMPT)
2. Refused (DO NOT PROMPT)

MH9

Ask if MH1 = 1 Is the rent charged for this accommodation lower, higher or about the same, as at your previous one?

Ask if MH1 = 2 Is the rent charged for your new accommodation lower, higher or about the same, as at your current one?

// SC

1. Lower
2. Higher
3. About the same
4. Don't know (DO NOT PROMPT)

MH10

Ask if MH1 = 1 Is this accommodation within the same local area as your previous one or have you moved to another area?

Ask if MH1 = 2 Is your new accommodation within the same local area as your current one or are you moving to another area?

// SC

1. Moved[Moving]] within the same local area
2. Moved[Moving][d] to another area

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3. Don't know (DO NOT PROMPT)

MH11

Ask if MH1 = 1 And is this accommodation within the same local council area as your previous one or have you moved to another council area?

Ask if MH1 = 2 And is your new accommodation within the same local council area as your current one or you moving to another council area?

// SC

1. Moved[Moving] within the same council area
2. Moved[Moving] to another council area
3. Don't know (DO NOT PROMPT)

MH12

Ask if MH1 = 1 How far did you move from your previous accommodation to your current one?

Ask if MH1 = 2 How far are you moving to your new accommodation?

// SC

1. A mile or less
2. More than a mile but less than 5 miles
3. More than 5 miles but less than 10 miles
4. More than 10 miles but less than 20 miles
5. More than 20 miles but less than 50 miles
6. More than 50 miles
7. Don't know (DO NOT PROMPT)

MH13

Ask if MH1 = 1 Can I check, do you rent your accommodation directly from the landlord or through a lettings or managing agent?

Ask if MH1 = 2 Can I check, is the accommodation you're moving to managed directly by the landlord or by a managing agent?

// SC

1. Directly from [by] the landlord
2. Through [By] a managing agent

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3. Other (specify)

Negotiating the Rent (NEGA)

NEGA1

Ask if MH1 = 1 Before you agreed to take your current accommodation did you, anyone in your household or anyone on your behalf, try to negotiate with the landlord over the rent?

Ask if MH1 = 2 Before you agreed to take your new accommodation did you, anyone in your household or anyone on your behalf, try to negotiate with the landlord over the rent?

// SC

1. Yes, respondent – **GO TO NEGA2**
2. Yes, someone else in household – **GO TO NEGA2**
3. Yes, someone on respondent's behalf – **GO TO NEGA1a**
4. No – **GO TO NEGA4**
5. Don't know (DO NOT PROMPT) – **GO TO NEGA4**

NEGA1a

Who negotiated the rent on behalf of your household?

Ask if NEGA1 = 3 // SC

1. The local council
2. A non-council advice centre
3. Someone else (specify)
4. Don't know (DO NOT PROMPT)

NEGA2

Ask if NEGA1=1, 2, 3 and MH1 = 1 And did you end up paying more, less, or about the same amount of rent as originally proposed by your landlord?

Ask if NEGA1=1, 2, 3 and MH1 = 2 And will you end up paying more, less, or about the same amount of rent as originally proposed by your landlord?

// SC

1. More rent
2. Less rent
3. About the same rent
4. Don't know (DO NOT PROMPT)

NEGA3

By how much was the rent increased or reduced as a result of the negotiation?

Ask if NEGA2=1 or 2 // Record exact amount

£

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3. Don't know (DO NOT PROMPT)
4. Refused (DO NOT PROMPT)

NEGA3a

For what period does this cover?

Ask all // SC

1. 1 week
2. 2 weeks
3. 4 weeks
4. Calendar month
5. 6 months
6. Year
7. Other (SPECIFY)

NEGA4

Were you receiving housing benefit when you first moved into your current accommodation or not?

// SC

1. Yes – **GO TO NEGA5**
2. No – **GO TO SAT1**
3. I was applying for housing benefit at the time – **GO TO NEGA5**
4. Don't know/ can't remember (DO NOT PROMPT) – **GO TO SAT1**

NEGA5

Ask if HB1=1,2or3 AND MH1=1 AND NEGA4=1or 3 Were you aware of how much Housing Benefit you would receive before you moved into your current accommodation, or not?

Ask if HB1=1or2 AND MH1=2 (Regardless of answer at NEGA4) Are you aware of how much Housing Benefit you will receive when you move into your new accommodation, or not?

// SC

1. Yes
2. No
3. Don't know / can't remember (DO NOT PROMPT)

SAT1

The impact of changes to the Local Housing Allowance in the private rented sector: The response of tenants

Taking everything into account, how satisfied or dissatisfied are you with this accommodation?

// SC // Showcard B

1. Very satisfied
2. Fairly satisfied
3. Neither satisfied nor dissatisfied
4. Fairly dissatisfied
5. Very dissatisfied
6. Don't know / No opinion (SPONTANEOUS ONLY)

SAT2

And how satisfied or dissatisfied are you with this area as a place to live?

// SC // Read Out // Showcard B

1. Very satisfied
2. Fairly satisfied
3. Neither satisfied nor dissatisfied
4. Fairly dissatisfied
5. Very dissatisfied
6. Don't know / No opinion (SPONTANEOUS ONLY)

ASK IF MH1 = 3 . IF MH1 = 1 or 2, GO TO R1

Negotiating the Rent (NEGB)

NEGB1

Since we last spoke to you in [DATE OF BASELINE INTERVIEW], have you, anyone in your household or anyone on your behalf, tried to negotiate with the landlord over the rent?

Ask MH1 = 3 // SC

1. Yes, respondent – **GO TO NEGB2**
2. Yes, someone else in household – **GO TO NEGB2**
3. Yes, someone on respondent's behalf – **GO TO NEGB1a**
4. No – **GO TO R1**
5. Don't know (DO NOT PROMPT) – **GO TO R1**

NEGB1a

Who negotiated the rent on behalf of your household?

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Ask if NEGB1 = 3 // SC

1. The local council
2. A non-council advice centre
3. Someone else (specify)
4. Don't know (DO NOT PROMPT)

NEGB2

And did you end up paying more, less, or about the same amount of rent as originally proposed by your landlord?

Ask if NEGB1=1, 2, 3 // SC

1. More rent – **GO TO NEGB3A**
2. Less rent – **GO TO NEGB3A**
3. About the same rent – **GO TO R1**
4. Don't know (DO NOT PROMPT) – **GO TO R1**

NEGB3

By how much was the rent increased or reduced as a result of the negotiation?

Ask if NEGB2=1 or 2 // Record exact amount

£

3. Don't know (DO NOT PROMPT)
4. Refused (DO NOT PROMPT)

NEGB3a

For what period does this cover?

// SC

1. 1 week
2. 2 weeks
3. 4 weeks
4. Calendar month

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5. 6 months
6. Year
7. Other (SPECIFY)

NEGB4

Did the landlord agree to lower the rent in return for the housing benefit being paid directly to them instead of to you?

Ask if NEGB2=2 // SC

1. Yes
2. No
3. Don't know (DO NOT PROMPT)

Rent (R)

ASK ALL

R1

How much in total does your landlord currently charge your household in rent? [That is, the total amount of rent INCLUDING any Housing Benefit element.]

// Record exact amount

£

1. Don't know (DO NOT PROMPT)
2. Refused (DO NOT PROMPT)

R2

For what period does this cover?

// SC

1. 1 week
2. 2 weeks
3. 4 weeks
4. Calendar month
5. 6 months
6. Year
7. Other (SPECIFY)

R3

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Can I check, which of these, if any, does the rent include? Please read out the letters on this card.

// Multicode (MC) // Showcard C

1. A Water bills
2. B Heating bills
3. C Other utility bills
4. D Council Tax
5. E Other (SPECIFY)
6. None of the above
7. Don't know (SPONTANEOUS ONLY)

Housing Benefit

Ask if HB = 1. If HB = 2 or 3, GO TO A1

LHA1

And how much Housing Benefit do you receive / does your landlord (or their agent) receive?

Ask if HB=1 // Record exact amount

£

1. Don't know (DO NOT PROMPT)
2. Refused (DO NOT PROMPT)

LHA2

For what period does this cover?

// SC

1. 1 week
2. 2 weeks
3. 4 weeks
4. Calendar month
5. 6 months
6. Year
7. Other (SPECIFY)

LHA3

Does your Housing Benefit cover all of the rent, just some of the rent or more than the rent?

// SC

1. All of the rent

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2. Some of the rent
3. More than the rent
4. Don't know (DO NOT PROMPT)

ARREARS (A)

A1

Taking your answer from this card, how easy or difficult is it to afford the amount of rent that you pay? [That is, the amount you have to pay after Housing Benefit?]

Ask all // SC // Showcard A AGAIN

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult
6. Don't know / No opinion (DO NOT PROMPT)

A2

Are you currently up to date with the rent or are you in arrears?

// SC

1. Up to date – GO TO SF1
2. In arrears – GO TO A3
3. Don't know (DO NOT PROMPT) – GO TO SF1
4. Refused (DO NOT PROMPT)– GO TO SF1

A3

Is this the first time you've been in arrears at this accommodation or have you been in arrears before?

Ask if A2=2 // SC

1. First time been in arrears
2. Been in arrears before
3. Don't know (DO NOT PROMPT)
4. Refused (DO NOT PROMPT)

A4

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How long have you been in arrears at this accommodation? Please tell me in years and in months – so, for example, 2 years would be 2 years and 0 months.

// SC

ENTER YEARS AND MONTHS

1. Don't know (DO NOT PROMPT)
2. Refused (DO NOT PROMPT)

A5

By how much are you currently in arrears at this accommodation?

// Record exact amount

£

1. Don't know (DO NOT PROMPT)
2. Refused (DO NOT PROMPT)

A6

What is the single most important reason why you are currently in arrears?

// SC // Do not read out (unprompted)

1. Respondent or partner lost their job
2. Not paid enough
3. Rent has always been too high
4. Change in income
5. Change in spending/had to spend more
6. Respondent or partner unable to work/gave up work due to ill health
7. Respondent or partner gave up work due to pregnancy or to provide childcare
8. Respondent or partner gave up work to care for someone
9. Divorce/relationship breakdown
10. Rent increases since moved into the property
11. Housing Benefit is less than had anticipated
12. Housing Benefit was reduced
13. Other reason(s) (SPECIFY)
14. Don't know (DO NOT PROMPT)

A7

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From the possible responses on this card, in which ways, if any, has your landlord (or their agent) responded to your rent arrears? Please just read out the letter.

// SC // Showcard D

1. A Refused to renew the tenancy
2. B Agreed to lower the rent
3. C Asked you to pay back the arrears immediately
4. D Asked you to pay back the arrears gradually over time
5. E Verbally asked you to leave
6. F Served or threatened to serve you with a written notice to quit
7. G Asked to have Housing Benefit paid directly to them
8. H Changed payment methods e.g. arranged direct debit payment
9. I Other (specify) (DO NOT PROMPT)
10. Nothing/none of these

A8

And how easy or difficult would it be to pay back the arrears?

// SC // SHOWCARD A AGAIN

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult
6. Don't know (DO NOT PROMPT)

Shortfalls (SF)

ASK IF HB1=1 and LHA3=2. OTHERS GO TO FC1

SF1

You mentioned earlier that the Housing Benefit you receive covers some, but not all, of your rent. Looking at this card, which of these, if any, have you (or your partner) done in the past 12 months to make up the shortfall between your Housing Benefit and rent? Please just read out the letters.

ASK IF HB1=1 and LHA3 = 2 // MC // Do not read out // Showcard E

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1. A Spoken to my council or other organisation for Housing Benefit advice
2. B Looked at lower rent properties in the private market
3. C Registered with a Council or Housing Association waiting list
4. D Applied to the Council for a discretionary or temporary Housing Benefit payment
5. E Spoken to my landlord about lowering the amount of rent charged
6. F Other (specify)
7. None of these
8. Don't know (DO NOT PROMPT)

SF2

And looking at this different card, which of these, if any, have you (or your partner) done in the past 12 months to make up the shortfall between your Housing Benefit and rent? Please just read out the letters.

// MC // Do not read out // Showcard F

1. A Increased the number of hours worked at current job
2. B Looked for a job
3. C Looked for a better paid job
4. D Looked for an additional (i.e. second or third) job
5. E Used savings
6. F Borrowed money from friends / family
7. G Borrowed money via a loan / credit card
8. H Moved home
9. I Spent less on household essentials (e.g. food, heating)
10. J Spent less on non-essentials (e.g. going out, holidays)
11. K Used income from other benefits
12. L Other (specify)
13. None of these
14. Don't know (DO NOT PROMPT)
15. Refused (DO NOT PROMPT)

SF3

You said that you had looked at lower rent properties in the private market. Did you look only in your local area, only in non-local areas, or in both the local area and non-local areas?

Ask if SF1=2 //SC

1. Only in the local area
2. Only in non-local areas

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3. In both the local and non-local areas
4. Don't know/can't remember (DO NOT PROMPT)

SF4

And were those non-local areas within the same council area as the one you are [were] or were they in other council areas?

ASK IF SF3 =2 or 3 // SC

1. Only within the same council local area
2. Only in other council areas
3. In both the same and other council areas
4. Don't know/can't remember (DO NOT PROMPT)

SF5

You said that you had looked at lower rent properties only in the local area, but not in non-local areas. Can you tell me why you did not look at non-local areas?

INTERVIEWER: PROBE '*WHAT ELSE?*'

Ask if code 1 at SF3 // MC // Do not read out

1. Prefer local area/like living here
2. Always lived here
3. Is a good/friendly neighbourhood
4. Want to remain close to family
5. Want to remain close to friends
6. Want to remain close to schools/good schools
7. Want to remain close to services – GP, hospital etc.
8. More expensive/higher cost of living in other areas
9. Worse quality property in other areas
10. Would be too far away from current job/place of work
11. Worse job opportunities in other areas
12. Other (SPECIFY)
13. Would consider looking at other non-local areas
14. None of these
15. Don't know (DO NOT PROMPT)

SF6

Can I just check, are you receiving a discretionary or temporary housing payment in addition to your Housing Benefit?

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Ask if HB1=1 // SC //

1. Yes
2. No
3. Don't know (DO NOT PROMPT)

Financial Capability (FC)

Ask all

FC1

Thinking about the past 12 months, how often have you (and your partner) run out of money before the end of the week or month?

If necessary add: Please include any times when you have run out of money and had to use your credit card, an overdraft or borrow to get by.

Ask all // SC // SHOWCARD G

1. Very often
2. Fairly often
3. Sometimes
4. Hardly ever
5. Never
6. Don't know (DO NOT PROMPT)

FC2

Taking everything into account, how well or poorly are you (and your partner) managing financially these days?

// SC// SHOWCARD H

1. Very well
2. Fairly well
3. Neither well nor poorly
4. Fairly poorly
5. Very poorly
6. Don't know (DO NOT PROMPT)

FC3

I am now going to read out some things that other people have said about managing money. Thinking about yourself, please tell me how strongly you agree or disagree with the statements.

// SHOW CARD I

'I am impulsive and tend to buy things even when I can't really afford them.'

'I am more of a saver than a spender.'

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'I prefer to buy things on credit rather than wait and save up.'

'I am very organised when it comes to managing my money day to day.'

'I am never late at paying my bills.'

1. Strongly agree
2. Tend to agree
3. Neither agree nor disagree
4. Tend to disagree
5. Strongly disagree

Don't know (DO NOT PROMPT)

Household Characteristics (HC)

HC1

Thinking back to when we last spoke to you in [DATE], have there been any of the following changes in your personal or household circumstances?

Ask all // MC // SHOWCARD AA // Do not read out

INTERVIEWER: PROMPT IF NECESSARY 'FOR EXAMPLE, ADDITIONS OR LOSSES TO YOUR HOUSEHOLD'

1. Partner (or spouse) left the home
2. Partner (or spouse) moved into the home
3. Birth or adoption of a child
4. Children or stepchildren moved into the home
5. Children or stepchildren left the home
6. Adults (other than your partner or spouse) left the home
7. Adults (other than your partner or spouse) moved into the home
8. Death of a household member (dependent)
9. Death of a household member (partner or spouse)
10. Death of a household member (other household member)
11. Other (specify)
12. No significant household changes
13. Refused (DO NOT PROMPT)
14. Don't know (DO NOT PROMPT)

INTERVIEWER READ OUT: Now I'd like to ask you about each of the people in your household. By household I mean the people living here who share a living/sitting room or share at least one meal a day. As with the rest of the questionnaire, I would like to assure you that your answers are completely confidential.

Starting with yourself...

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INTERVIEWER: FOR EACH HOUSEHOLD MEMBER RECORD JUST THE FIRST NAME OR ANY UNIQUE IDENTIFIER

	Name	Age (if exact age not known then banded)	Work status	State benefits or allowances
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

HC2

What was your/ (NAME)'s age last birthday?

Ask all // SC for each person // Record exact age and code by band. If exact age not know, record age band only // Showcard J

1. 0-4
2. 5-9
3. 10-15
4. 16-24
5. 25-34
6. 35-44
7. 45-54
8. 55-59
9. 60-64
10. 65+
11. Don't know (DO NOT PROMPT)
12. Refused (DO NOT PROMPT)

HC3

Which statement on this card applies best to each person aged 16 or over in the household?

Ask all // Showcard K// SC for each person

INTERVIEWER: FOR AGENCY WORKERS OR THOSE WITH FLEXIBLE HOURS USE THEIR AVERAGE HOURS WORKED IN THE LAST FOUR WEEKS/MONTH

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1. A Working full-time (30 hours a week or more)
2. B Working part-time (16-29 hours a week)
3. C Working part-time (Less than 16 hours a week)
4. D On a government training scheme/apprenticeship
5. E Unemployed
6. F At home/not seeking work
7. G Long term sick or disabled
8. H Full-time carer
9. I Full-time education
10. J Fully retired
11. Other
12. Refused (DO NOT PROMPT)
13. Don't know (DO NOT PROMPT)

HC4

Still thinking about each person aged 16 or over, can I just check are you/they receiving any of these state benefits or allowances? Your answers are completely confidential. Please just read out the letters that apply.

Ask all // Showcard L // MC for each person

Yes:

1. A Income support
2. B Job Seekers Allowance (formerly unemployment benefit or Income Support for unemployed people)
3. C State Retirement Pension
4. D Incapacity Benefit or Severe Disablement Allowance
5. E Employment and Support Allowance
6. F Some other benefit for people with disabilities (e.g. Industrial Injuries Benefit)
7. G Working Tax Credit
8. H Child Tax Credit
9. I Child Benefit
10. J Council Tax Benefit
11. K Free school meals
12. L Pension Credit (previously Minimum Income Guarantee)

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13. M Carer's allowance (formerly Invalid Care Allowance)
14. N Disability living allowance (mobility or care components)
15. O Attendance allowance
16. P Some other state benefit (PLEASE SPECIFY)
17. No, none of these
18. Refused (DO NOT PROMPT)
19. Don't know (DO NOT PROMPT)

HC5

Do you or does anyone in your household have any long-term illness, health problems or disability which limits your/ their daily activities or the work you/ they can do, including any problems which are due to old age?

Ask all // SC

1. Yes
2. No
3. Don't know (DO NOT PROMPT)

HC6

Can I just check, are you, or anyone in this household, currently registered on a Council or Housing Association waiting list?

Ask all // SC

1. Yes
2. No

HC7

If you are a single person household, can I just check, are you living in self-contained accommodation on your own or sharing the accommodation with other people?

SC //

1. Lives on own in self-contained accommodation
2. Shares accommodation with other people
3. Don't know (DO NOT PROMPT)
4. Not a single person household

Re-contact Questions (RQ)

RQ1

To help improve public services we would like to be able to add information from your housing benefit claim to this survey. If you give your consent, Ipsos MORI will receive this information from DWP.

Ipsos MORI will keep this information and your responses to the survey completely

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confidential. They will be used for research purposes only and the benefits you receive will not be affected in any way. Once the research analysis has been completed, the data will be fully anonymised.

Are you happy for Ipsos MORI to receive information about your claim from DWP and to add this to your responses to this survey?

Ask all // SC

1. Yes
2. No

RQ2

The Department for Work and Pensions together with its chosen research contractor may want to do further research next year about the issues we have discussed today. Would you be happy to be contacted again as part of this research?

Ask all // SC

1. Yes
2. No

IF YES – contact details to be recorded:

- name
- address
- telephone number, mobile number; and email address (to be entered twice to validate)

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