

Research report

Monitoring the impact of changes to the Local Housing Allowance system of housing benefit: Summary of early findings

by Christina Beatty, Ian Cole, Peter Kemp,
Ben Marshall, Ryan Powell and Ian Wilson



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

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Abbreviations

BME	Black and Minority Ethnic
BRMA	Broad Rental Market Area
CB	Child Benefit
CPI	Consumer Price Index
CRESR	Centre for Regional Economic and Social Research, Sheffield Hallam University
CTC	Child Tax Credit
DHP	Discretionary Housing Payment
DWP	Department for Work and Pensions
HB	Housing Benefit
ESA	Employment Support Allowance
HMO	Housing in Multiple Occupation
IFS	Institute for Fiscal Studies
IM	Ipsos MORI
IS	Income Support
JSA	Jobseeker's Allowance
LHA	Local Housing Allowance
OISP	Oxford Institute of Social Policy
PRS	Private rented sector
ROW	Rent Officers Wales
RPI	Retail Price Index
RSS	Rent Services Scotland
SAR	Shared Accommodation Rate
SHBE	Single Housing Benefit Extract
SRR	Single Room Rate
VOA	Valuation Office Agency
WTC	Working Tax Credit

Summary

Chapter 1 – Introduction

This report is the first output from the independent evaluation commissioned by the Government of the recent changes to the Local Housing Allowance (LHA) and Housing Benefit (HB) in the private rented sector (PRS) in the United Kingdom. The research programme runs from April 2011 until June 2013 and is organised into three stages. This report concerns the findings from two elements in Stage 1 of the research – a postal survey of landlords and a face-to-face survey of claimants. The surveys are based in 19 case study areas in Great Britain. One cannot, therefore, generalise from the survey findings to assume this represents an accurate national picture of the impact of the LHA measures. The surveys were undertaken in autumn 2011, several months after the measures had been introduced for new claimants (from 1 April 2011), but before they had an impact on the rents and housing circumstances of existing claimants. This report therefore concerns emerging trends and early signs of impact only. The surveys will be repeated with both landlords and claimants in autumn 2012 when they will track changes in claimants' knowledge of LHA, their financial circumstances and patterns of residential mobility and changes in landlords' knowledge of the measures and in their lettings, management and investment priorities. It will then be possible to provide a much more robust analysis of the impact of the measures on claimants and landlords alike.

Chapter 2 – The policy context

LHA is a way of calculating HB for tenants in the deregulated PRS to ensure that tenants in similar circumstances in the same area receive the same amount of financial support for their housing costs. These arrangements were initially introduced nationally 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. Changes to LHA were announced in the June 2010 Budget and the Comprehensive Spending Review announcement of 2010. These measures involve: removing the £15 a week 'excess' payable to tenants who rented a property below LHA rates; changing the basis for setting LHA rates from the median to the 30th percentile of local market rents; capping LHA rates by property size and scrapping the five-bedroom rate; uprating HB rates using the Consumer Price Index (CPI) rather than the Retail Price Index (RPI) from April 2013; uprating non-dependant deductions; increasing financial support for Discretionary Housing Payments (DHPs); temporarily widening the discretion of local authorities to make direct rent payments to landlords; including an additional bedroom in the size criteria for some households with a non-resident carer; and raising the age at which the Shared Accommodation Rate (SAR) applies from 25 to 35. An additional measure, that has recently completed its passage through Parliament, will have an impact for some households receiving LHA: capping total household benefits at £500 per week from 2013.

Chapter 3 – The research programme

The staging of the research programme is designed to capture the impact of the new LHA measures amongst the shifting balance of new claimants and existing claimants over time. The research methodology combines quantitative measures, which can assess some national impacts and experiences across diverse local housing markets in Britain, and qualitative methods, which will assess behavioural change and the direct and indirect consequences for claimants and landlords. This approach will therefore generate statistical measurements and insights about impact and experiences in the short and medium term. It will be able to assess the extent to which LHA reforms are starting to induce attitudinal and behavioural changes amongst landlords and tenants in the PRS. The surveys and qualitative research with landlords and claimants in the evaluation are being undertaken in 19 case study areas across Great Britain. The areas have been selected to ensure that a wide range of local housing and labour market circumstances are covered. Four London Boroughs, nine other local authorities across the English regions, three Welsh and three Scottish local authorities have been selected. In some of the analysis, a further distinction is made between the three higher rent London Boroughs (Brent, Hackney, Westminster) where an ‘out-flow’ of claimants might be expected in the future and four other potential ‘in-flow’ areas in the south east (Barking and Dagenham, Portsmouth, Tendring and Thanet).

Chapter 4 – The survey of HB claimants receiving LHA

The survey of claimants included 1,910 face-to-face interviews with claimants across the 19 case study areas. Seventy-one per cent of the survey respondents had begun their current claim for the LHA prior to April 2011 (‘existing’ claimants); the remaining 29 per cent had claimed since 1 April 2011 (‘new’ claimants). The clear majority (72 per cent) of claimants in the survey were receiving the HB themselves; in the other 28 per cent of cases it was being paid directly to the landlord. Claimants were young relative to the general population, with just over half being under 35; only five per cent were aged 65 or older. Fifty-nine per cent were women and only 41 per cent were men. Half of all LHA claimant households included dependent children. Twenty-nine per cent of claimants were either in full-time or part-time work. About half of respondents had lived at their current address for less than a year; and more than one-third had been there for between one and two years. The great majority of claimants were satisfied with their current accommodation (76 per cent) and the area in which they lived (80 per cent).

Chapter 5 – Claimants’ awareness of the LHA measures

When asked how much they knew about HB, nearly half of all claimants said ‘not very much’. About a quarter said they knew ‘a fair amount’ and a similar proportion said they knew ‘nothing at all’. A higher proportion of claimants in London than in the rest of Britain reported that they knew a fair amount or a great deal about the scheme and a correspondingly smaller proportion said they knew nothing at all. There was little difference in self-perceived knowledge about HB between new and existing claimants. Claimants knew even less about specific changes to the LHA than they did about the scheme more generally. Claimants in the London case study areas appeared to be more aware than those living in the rest of Britain. Meanwhile, new claimants were **less** knowledgeable than existing claimants about the changes being made to the LHA. Claimants’ knowledge about each of the individual changes that are being made to the LHA was almost non-existent.

Chapter 6 – Moving home

Key factors associated with moving home were often, as might be expected, related to lifestage. The most commonly cited reason (34 per cent) why claimants had left their previous accommodation was **personal or family reasons** (e.g. the birth of a child). The next most common set of reasons was **housing factors** (e.g. wanting self-contained accommodation) followed by **locality-related** reasons (e.g. wanting to live in a particular area). Relatively few claimants gave **finance-related reasons** for the move from their previous accommodation and hardly any mentioned cuts in benefit. There was little difference in the responses of existing and new claimants to this question. This set of reasons is similar to those given by respondents in other surveys of this type. While one might expect that the reasons for moving among claimants would not be radically different from other respondents at the time of the first survey, it will be important to track whether the balance of reasons changes by the time of the follow-up claimant survey.

Two-thirds of respondents were unaware of how much HB they would get before they moved into their current accommodation and three out of ten reported that they **did** know how much they would get. Nearly a quarter of claimants had tried to negotiate with the landlord over the rent to be charged. A significantly higher proportion of claimants in London (33 per cent) than elsewhere (19 per cent) had tried to negotiate the rent beforehand. There was little difference between new and existing claimants in attempts to negotiate the rent. Two out of five claimants who had tried negotiating were successful in getting the rent reduced. Claimants living in London (31 per cent) were less successful in their rent negotiation than those living elsewhere in Britain (48 per cent).

Over a third of respondents who had moved while claiming the LHA had faced difficulties finding accommodation. For those who reported that they had faced difficulties, the two main problems were: encountering landlords who were unwilling to let to HB claimants (53 per cent); and finding that rents were generally unaffordable (32 per cent). Sixty-two per cent of claimants living in London, compared with 47 per cent of those living in other parts of the country, reported that landlords were generally unwilling to let their accommodation to tenants in receipt of HB. It is not possible to indicate from these responses how far the reasons might be attributed to the recent LHA measures as opposed to more general housing market factors. As might be expected, half of claimants in London had found that rents were generally unaffordable to them, compared to a quarter of claimants living in other parts of the country.

Chapter 7 – Living with shortfalls

Just over two-thirds of claimants had a 'shortfall' in the sense that their LHA was less than their rent (many of these will not be true shortfalls, see Chapter 7). New claimants (79 per cent) were more likely to have a shortfall than existing claimants (65 per cent). Shortfalls were **less** prevalent in London (56 per cent of respondents) than elsewhere (71 per cent). Respondents whose LHA was less than their rent had taken a range of actions in the previous year to make up the shortfall. The most commonly cited actions were to economise on essential (42 per cent) or non-essential (36 per cent) items in their household budget. Three out of ten claimants had drawn on their other benefits (such as Jobseeker's Allowance (JSA)). And over a third had borrowed money from family or friends to make up the shortfall. Shortfalls appeared to have affected some claimants' work behaviour. For example, over a quarter of claimants with a shortfall said they had looked for a job to make up the difference and about one in ten had looked for a better paid job to help make up the shortfall. Only three per cent of claimants said they had moved home in order to make up the shortfall between their rent and the LHA. This is another indicator that needs to be tracked in the course of the evaluation in order to assess the longer-term impact of the measures.

Chapter 8 – Affordability and arrears

More than two-fifths of claimants reported that they found it difficult to afford the rent charged for their current accommodation. Claimants in London (45 per cent) were more likely than those in other parts of the country (41 per cent) to say this; and far fewer claimants in London said that it was easy to afford (21 per cent compared with 40 per cent elsewhere). Nine out of ten claimants were up to date with the rent and one in ten were in arrears. Claimants who had a shortfall (13 per cent) between the rent and their LHA were significantly more likely to be in arrears than those who did not have a shortfall (seven per cent).

When asked to name the single most important reason for being behind with the rent, a wide range of factors were mentioned, including income shocks such as job loss (nine per cent) and a change in income (13 per cent). The proportion of London claimants who cited high rents as a factor was more than five times higher than for claimants living in other parts of Britain (12 per cent compared to two per cent). Only two per cent of claimants reported that the single most important reason why they were behind with the rent in their current accommodation was a cut in their HB. By far the most common response to the arrears by landlords (or their agents) was to ask for the money to be paid back gradually over time (48 per cent). Fifteen per cent of claimants in arrears reported that their landlord (or the agent) had served them, or had threatened to serve them, with a notice to quit. A further eight per cent said their landlord had verbally asked them to leave.

Chapter 9 – Looking ahead

Respondents were asked what they would do to make up the (increased) shortfall if their HB was to be reduced. These **hypothetical** actions may not be the actions that claimants actually take if and when their HB is cut, but it is also worth noting that the responses were broadly similar to the actions that claimants with a shortfall reported that they **had** taken over the past year to make up the difference. The most common likely responses to a possible cut in HB that claimants mentioned were cutting back on spending on essential (45 per cent) and non-essential (37 per cent) budget items. A quarter of claimants said they would borrow money from family and friends; and one in ten thought that they would take out a loan or borrow from a credit card. A future cut in their LHA might encourage some claimants to take employment-related actions to make up the (increased) shortfall. For example, a third said they would look for work and one in six that they might look for a better paid job.

A quarter of respondents thought they would speak to their landlord about the possibility of lowering the rent if they could no longer afford their current accommodation. A third said they would look at lower rent properties but only within the local area, and one in five said they would look at lower rent properties but not just within their local area. Claimants' reluctance to consider moving to other areas appears to reflect a considerable attachment to their local area as a place to live. Eighteen per cent said they had always lived there and 36 per cent said that they liked living in their current locality or preferred it to elsewhere. Sixteen per cent said it was because they were currently living in a good or friendly neighbourhood. Attachment to the locality also reflected the proximity it offered respondents in relation to things that were important to them: family (39 per cent), friends (17 per cent), (good) schools (35 per cent) and their current job or place of work (11 per cent). More than twice as many respondents living in London (31 per cent) compared with those living elsewhere (14 per cent) gave the fact that they had always lived in their current locality as a reason why they were reluctant to move to another area. Over half of the respondents in London, compared with three out of ten living elsewhere, said they were reluctant to move because they liked where they were currently living.

Chapter 10 – The postal survey of landlords

In total, there were 1,867 respondents to the postal survey of landlords across all 19 case study areas. The survey asked landlords about their awareness of the changes to LHA, their perceptions of the impact on them so far and their plans for the future. Seventy-eight per cent of the respondents were currently letting to tenants receiving LHA, and 22 per cent were not. Over half the respondents had been landlords for more than ten years, and there was little difference between LHA and non-LHA landlords. Two-thirds of landlords (both LHA and non-LHA landlords) stated that they preferred to let to working people; however, 11 per cent of LHA landlords also stated that they preferred to let to out-of-work benefit claimants. Twenty-eight per cent of LHA landlords had more than ten properties, and this accounted for 87 per cent of the total stock held by all LHA landlords in the case study areas. Although larger landlords make up just over a quarter of the sample, their responses will, therefore, have an important bearing on the LHA sector overall in the case study areas. In a similar vein, just eight per cent of non-LHA landlords had more than ten properties, but this accounted for 65 per cent of the total stock held by non-LHA landlords. Nearly two-thirds (61 per cent) of LHA landlords reported that LHA lettings accounted for at least half their lettings, and 30 per cent let exclusively to the HB sub-market. The profile of the landlords who took part in the survey was similar to that found in previous surveys of LHA landlords on many indicators.

Chapter 11 – Landlords' awareness of the LHA measures

Just over a third of landlords with stock in the case study areas outside London, and a similar proportion with ten or fewer properties, stated that they were not aware of the changes to LHA. By contrast, four-fifths of landlords in the three potential London out-flow areas reported that they were aware of the LHA measures, compared to six in ten landlords in potential in-flow areas. In terms of the more specific measures, a majority of all LHA landlords were aware of the caps on LHA rates by bedroom size, and over a third were aware of the removal of the five-bedroom rate and the abolition of the £15 excess payment. Forty-six per cent of LHA landlords (who held an estimated 68 per cent of the total stock held by respondents in the case study areas) were aware of the proposed introduction of the overall benefit cap equivalent to median household income. A considerably higher proportion of landlords with tenancies in the London case study areas were aware of the specific measures than landlords elsewhere.

Chapter 12 – Perceived impact of LHA measures on landlords

The survey asked landlords if, and how, the LHA measures had made an impact on their role, their business and their tenants. The introduction of many LHA measures was still at an early stage at the time of the survey, and other measures had yet to come into effect, but the questions were posed to enable some indications over the relative salience of the different measures on landlords currently letting to LHA tenants. The questions were phrased in terms of the perceived impact of LHA measures, but it is naturally very difficult for landlords to disentangle these effects from other factors such as overall housing market conditions, more specific trends in demand for private renting or the dynamics of the local labour market. It is not possible to ascertain how far the LHA measures were the sole influence on landlords' perceptions of change or part of a composite set of influences on them.

Just under a third of LHA landlords stated that the LHA reforms had affected them 'a lot' or 'a fair amount' so far, while the same proportion stated that they had not had any impact yet. Of the 52 per cent of the sample who stated that one or more of the specific measures had affected them, the most frequently mentioned measures were the overall LHA rate caps by property size and setting

rents on the 30th percentile of local market rents. Although the increase in the age limit for the SAR had not come into effect at the time of the survey, a quarter of landlords with more than ten properties mentioned that the changes had already affected them, compared to just four per cent of smaller landlords. This could be a pre-emptive response about the forthcoming impact of the measure or landlords may have already taken anticipatory actions (for example, in their lettings and investment decisions).

Landlords were asked if any of their current tenants were in arrears because of the LHA measures. Just over a third of all LHA landlords stated that they were and, of course, the chances of having a tenant in arrears increase with the size of landlords' overall portfolio. Therefore, just over a quarter of landlords with ten or fewer properties had current tenants in arrears, compared with over half of larger landlords. There are differences between those landlords who currently let to LHA tenants and those who do not in terms of their perceptions of recent changes in the local housing market and these are not necessarily attributable to the LHA measures. When asked about the general state of the local housing market, for example, 45 per cent of LHA landlords stated that the number of tenants in rent arrears had increased, compared with only 19 per cent of non-LHA landlords.

A quarter of all LHA landlords stated that they had undertaken at least one of the following actions – to evict tenants, not to renew or to terminate tenancies – because of the effect of the LHA measures on tenants' ability to afford the rent. When asked more generally about changes in the local housing market, just over a third of LHA landlords reported that the number of evictions had increased, compared to 14 per cent of non-LHA landlords. Thirty-two per cent of landlords in the London potential out-flow areas stated that they had not renewed some LHA tenancies and 19 per cent of this group said they no longer let to LHA tenants. This compared to figures of 14 per cent and six per cent respectively for those landlords letting in areas outside London. When all landlords are considered, the 18 per cent who had not renewed tenancies because of the changes to LHA is very similar to the 17 per cent of landlords in a previous survey who said they had decided not to renew an existing tenancy after the introduction of the LHA pilot programme in 2006.

Around eight per cent of all LHA landlords (and 12 per cent of larger landlords) said they had negotiated a lower rent with either current or prospective tenants. It should again be borne in mind that the LHA measures were at an early stage of implementation at the time of survey and it will be important to track any changes in the level of activity in the follow-up surveys. In terms of activity in the general housing market, not just among claimants, just under a third of LHA landlords reported an increase in **prospective** tenants asking for lower rent in the past year, compared to 17 per cent of non-LHA landlords. Similarly, 31 per cent of LHA landlords reported an increase in **current** tenants asking for lower rent in the past year, compared to 15 per cent of non-LHA landlords.

Chapter 13 – Landlords' plans for the future

Landlords were asked about their future intentions in letting, investing and rent setting over the next 12 months. Of course, what landlords say they plan to do and what they actually end up doing may be quite different, for a whole host of reasons. Still, the responses may provide some insights into landlords' main concerns, their priorities and their overall strategy in the months ahead. Seventy per cent of all LHA landlords said they intend to continue letting to LHA tenants in the next 12 months. Around a third of all LHA landlords stated that they would either 'consider' or 'planned' ceasing to let to HB/LHA tenants in the next 12 months. Just under a quarter of all LHA landlords said they would either consider or planned to reduce their lettings overall in the case study area in the next year. Eleven per cent of all LHA landlords mentioned (from a predetermined list of options) the changes to LHA rules as the reason for not continuing to let to HB/LHA tenants in the next year. This varied from just four per cent of landlords with stock in the Scottish case studies, to 20 per cent of those with stock in the three potential London out-flow areas.

About a third of all LHA landlords stated that they had either already reduced rents for tenants in exchange for direct payments or would consider doing so. Half of all LHA landlords say they would not consider doing this and these landlords own an estimated two-thirds of the total LHA stock covered by the survey. Landlords in less pressurised housing markets said they would be more prepared to negotiate on the rent, as one might expect. It remains to be seen whether any of these hypothetical outcomes will be realised in practice, but rent negotiations may become more extensive in the next year. Those landlords in lower value markets where LHA caseloads are likely to increase (in relative terms) will probably be more prepared to negotiate with tenants, not least because there may be fewer alternative sources of demand for their properties.

Chapter 14 – Conclusion

The results of the two surveys do not lend themselves to a concise or straightforward summary of the main effects so far. Local housing market differences emerge clearly from the responses, especially between the three London areas, characterised by high demand and relatively high rent levels, and local authority areas elsewhere. While only a small minority of claimants mentioned that they had already reacted to the LHA changes by seeking lower rented property in their locality or further afield, around one in five thought they might do so in the next year in order to meet any gap between their LHA and the rent charged. However, a sizeable minority of all claimants, and over half of those living in the London case study areas, said they were reluctant to move because they liked where they were currently living. Among landlords, when asked whether they intended to continue letting to tenants who claim HB, the clear majority (70 per cent) said they would do so. Of the remainder, 15 per cent said they would not let to HB tenants in the next year and 15 per cent either did not know or were not sure. In terms of considering future behaviour, it is not of course possible to insulate LHA landlords or claimants from wider factors affecting local housing and labour markets. In order to isolate the impact of the LHA measures from other influences on the PRS in the next stage of the research, it will be important to bring into play the different strands of the evaluation, including robust national data analysis, to see if they all suggest a consistent pattern of cause and effect in local housing markets across Great Britain.

1 Introduction

This report is the first output from the independent evaluation of the recent changes to the Local Housing Allowance (LHA) and Housing Benefit (HB) in the private rented sector (PRS) in the United Kingdom, commissioned by the Government. The evaluation is being undertaken by a research consortium from the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University, the Institute for Fiscal Studies (IFS), the Institute of Social Policy at the University of Oxford and Ipsos MORI (IM). The evaluation is funded by the Department for Work and Pensions (DWP), the Department of Communities and Local Government (CLG), the Scottish Government and the Welsh Government. It comprises national analysis of secondary data and primary research undertaken in 19 local housing markets in Great Britain (including three areas in Scotland and three in Wales). During 2012, the evaluation will be extended to cover three additional case study areas in Northern Ireland and this element of the research is being funded by the Northern Ireland Executive through the Department for Social Development.

The research programme, described in more detail in Chapter 3, runs from April 2011 until June 2013 and is organised into three stages. This report concerns the findings from two elements from Stage 1 of the research – a large-scale face-to-face survey of claimants and a postal survey of landlords in the 19 case study areas in Great Britain. It should be emphasised that this report concerns **emerging trends** and the **early signs of impact** only. The surveys were undertaken in autumn 2011, several months after the measures had been introduced for new claimants, but before they had an impact on the rents and housing circumstances of existing (pre-April 2011) claimants. Furthermore, while the majority of landlords responding to the postal survey had LHA tenants living in their properties, many may not have been directly affected by the new measures so far, unless they had taken on new LHA tenancies by the time of survey.

It was decided at the outset to concentrate the primary research at the local authority case study level, and the sample of 19 areas was drawn purposively rather than designed to be explicitly representative of the national picture. In addition to the three case studies in both Scotland and Wales, four of the cases were in London, where the impacts of the LHA measures are likely to be more pronounced, and three more areas are in a broadly defined ‘outer London’ area, where any ‘displacement effects’ from London might be at the strongest. Further information about case study selection is given in Chapter 3. The information here is then presented in terms of aggregate responses across the 19 areas, with some sub-groups within the overall samples. However, the results of both of these surveys should not be taken as nationally representative of HB claimants and private landlords as a whole. This is an important caveat to indicate that these results cannot be transferred directly on to the national picture in England, Scotland and Wales. Other elements of the research programme to be undertaken later this year will have a national, rather than local, focus and will address broader trends and impacts of the LHA measures.

In many cases, as the results show, both claimants and landlords had only limited knowledge of all the measures that have been introduced in 2011, and this should be borne in mind when considering responses from both groups about their future plans in the short and medium term. Nevertheless, this report does contain the first robust primary research on the early impacts of the measures and may be of particular interest given the widespread speculation and prediction about what effects the LHA changes may have on the PRS and the prospects for claimants and landlords alike.

The surveys will be repeated with both claimants and landlords in autumn 2012, when it will be possible to track changes in claimants’ and landlords’ knowledge of LHA, any changes in claimants’ financial circumstances, and to identify any emerging trends in issues such as residential mobility among claimants and investment decisions taken by landlords. It will also be possible at that stage

to set some of the future intentions expressed by claimants and landlords in this report on how they **might** react to these measures against their **actual** actions over the intervening 12 months. This will provide a firmer empirical foundation on which to assess whether the various measures described in Chapter 2 are having the effects on housing markets and on claimant and landlord behaviour that the Government would hope to see.

Following the summary of the policy context, Chapter 3 outlines the overall research programme and Chapter 4 describes the methods used in the claimants survey and Chapters 5 to 9 discuss the survey findings. Chapter 10 discusses the methods used in the landlords postal survey and the general characteristics of the sample. Chapters 11 to 13 discuss the findings of the landlords survey. Chapter 14 is the conclusion; and fuller information on the methodology, the survey instruments and additional tables on the findings are provided in the appendices.

2 The policy context

2.1 Background to Local Housing Allowance

The Local Housing Allowance (LHA) is a way of calculating Housing Benefit (HB) for tenants in the deregulated private rented sector (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 initially introduced nationally 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. (If households have not had any changes or any break in their claim since April 2008, they will still be subject to the 'old' HB rules, which pre-date LHA.)

LHA rates are set within Broad Rental Market Areas (BRMAs) which are determined by rent officers from the Valuation Office Agency (VOA) in England, the Rent Services Scotland (RSS) in Scotland and the Rent Officer Wales (ROW) in Wales. BRMAs are intended to reflect the areas in which people live and access services. Under the 2008 LHA scheme, rent officers collected rental market evidence in these areas and then set rates for properties ranging from a room in a shared property up to a property with five bedrooms.

Until April 2011 LHA rates were set at the median level of private sector rents on the basis that tenants could then afford at least 50 per cent of privately rented properties within their area. The local authority used the appropriate rate, based on the area where the person lived and the size of their household, to determine the maximum amount to be included in the HB calculation. Size criteria were used to determine the number of bedrooms a household required.

Under LHA arrangements, benefit is normally paid directly to the tenant. However, payment of benefit can be made to the landlord if the claimant is in arrears equivalent to eight weeks' rent. Additionally, a local authority has discretion to make payment to the landlord where it considers the tenant would have difficulty in the management of their financial affairs, or where it considers it improbable that the customer would pay their rent. The DWP published a two-year review of LHA in February 2011 (DWP, 2011a) which noted that 81 per cent of claimants were receiving direct payments of their benefits. Eight per cent of the LHA caseload had fallen into arrears and were having LHA paid direct to their landlords as a result.

2.2 Recent changes to Local Housing Allowance

The changes to LHA announced in the June 2010 Budget and the Comprehensive Spending Review of 2010 formed an important part of the Government's package of measures to reform HB. Expenditure on HB in cash terms has increased from £11 billion in 1999/2000 to £21.4 billion in 2010/11 and has been predicted to reach £24 billion by 2015/16 (DWP, 2010). Just over half of the increase in HB expenditure from 1999/2000 to 2010/11 was in the last three years of this period, reflecting an increase in HB caseloads as well as increases in rent levels. Of the £21.4 billion HB expenditure in 2010/11, £8.7 billion was for tenants in the PRS. The national figures also conceal sharp regional variations in caseloads and hence, expenditure, reflecting the diversity of local housing markets. In 2010/11, for example, London accounted for **17 per cent** of the total HB caseload in the PRS in Great Britain, but accounted for an estimated **29 per cent** of all PRS HB expenditure in Great Britain (DWP, 2011b)

When the LHA was initially introduced, tenants who rented a property below the LHA rate were allowed to keep the difference between the LHA and the rent charged (i.e. the ‘excess’) up to a cap of £15 a week. They could also rent above the LHA rate and pay the difference out of their own income. It was hoped that this would have a downward influence on rent levels as tenants would resist any increases if possible. The previous Government announced it would remove the retention of the £15 a week ‘excess’ in the 2009 Budget, although implementation was then delayed from April 2010 until 2011. This measure was then implemented by the current Government in its June 2010 Budget.

Several other measures affecting HB were also announced by the Government in the June 2010 Budget. The following applied only to the private rented sector:

- **changing the basis for setting LHA rates from the median to the 30th percentile of local market rents from April 2011.** (This was originally planned for October 2011, but brought forward to reduce complexity for claimants and to increase savings.) This measure was designed to bear down on private rent levels in local markets and the estimated savings from this change were calculated (in June 2010) as £425m by 2014/15;
- **capping LHA rates by property size** (£250 per week for 1 bed; £290 per week for two bed; £340 per week for three bed; £400 per week for four bed or more – thereby scrapping the five-bed rate) from **April 2011**; an estimated saving (in June 2010) of £65m by 2014/15;
- **uprating HB rates by the Consumer Price Index (CPI)** – rather than the Retail Price Index (RPI) – from **April 2013**. This would bring an estimated saving (as of June 2010) of £390m by 2014/15.

The following two measures applied to all HB claimants, though one has since been dropped:

- **uprating non-dependent deductions** to reflect rent increases since 2001/02, and then annually on the same basis, from **April 2011**. This would bring an estimated saving (in June 2010) of £340m by 2014/15;
- **restricting HB to 90 per cent of the full award after 12 months to Jobseeker’s Allowance (JSA) claimants.** This was due to be introduced from April 2013 and would have brought an estimated saving of £110m by 2014/15, but it was then dropped after widespread opposition to the proposal.

The June 2010 Budget also introduced three measures that would incur additional expenditure for the Government:

- it increased the Government’s contribution to the Discretionary Housing Payment (DHP) budget by £10m in **2011/12** and by £40m by **2012/13**. This had an estimated additional cost (as of June 2010) of £55m by 2014/15. DHPs can be paid to claimants where there is a shortfall between the benefit paid and their rent. Councils were expected to take into account any special circumstances facing private tenants;
- the Government also announced in 2010 that the discretion of local authorities to make direct payments to landlords would be widened temporarily where it was considered this would support tenants in retaining and securing a tenancy;
- the Government also announced that, from **April 2011**, it would include an additional bedroom within the size criteria used to assess HB claims in the PRS 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. This had an estimated cost (in June 2010) of £15m per year.

The measures were originally due to be introduced for all claimants from April 2011. However, in response to concerns raised by Members of Parliament, the Social Security Advisory Committee, local government and other stakeholders, the timing for these proposals was subsequently modified. A period of nine months' transitional protection against reductions in LHA rates was included for existing claimants. It was announced that the changes would apply to new claimants from April 2011 and to existing claimants from the anniversary of their claim, unless they had a change of circumstances which required the local authority to re-determine the maximum rent. Existing claimants are therefore to be brought under these measures (depending on the date of their review) in the period from **January 2012 to December 2012**.

In the Spending Review announcement of October 2010, two further measures were proposed which will have a direct impact on HB claimants in the PRS. The first of these measures involves **raising the age at which the Shared Accommodation Rate (SAR) (formerly the Single Room Rate (SRR)) applies from 25 to 35**. This would bring estimated savings (as of June 2010) of £215m a year by 2014/15. This was originally going to apply for new claimants from April 2012, but was brought forward in the Budget of 2011 to **January 2012**. This change also applies to those on HB in the PRS with claims prior to April 2008. For existing claimants, it will apply on their next review after January 2012 or, if they are covered by the transitional protection period, when this period ends.

The statutory instruments which give effect to the changes concerning HB are contained within the Housing Benefit (Amendment) Regulations 2010 and the Rent Officers (Housing Benefit Functions) Amendment Order 2010¹.

The second measure announced in the 2010 Spending Review concerns **capping household benefits at £500 per week** from 2013, which has recently gone through the Parliamentary process. It does not form part of this evaluation directly, but it will have a potential impact on HB claimants in the PRS and was an issue raised by some landlords in the survey discussed later in this report. This will pave the way for the introduction of Universal Credit (UC), a single consolidated payment that replaces non-contributory JSA, Income Support (IS), non-contributory Employment Support Allowance (ESA), HB, Working Tax Credit (WTC) and Child Tax Credit (CTC) and Child Benefit (CB), and will be paid directly to claimants. UC will apply to social housing tenants as well as private tenants. Under current plans, it will be introduced for new claimants between **October 2013 and April 2014**. Existing claimants will be moved on to UC if it is considered that they will benefit from this (for example, if they are currently on WTC and work a small number of hours a week but could work for more hours with support from UC).

Through these combined measures, the Government wished to encourage HB claimants to operate in a more 'cost-conscious' manner in the private rented housing market, by moving to cheaper accommodation if they cannot afford to continue to meet any gap between LHA rates and the rent charged. Of course, the ability to move to cheaper private rented accommodation in the same area will be mediated by the nature of the local housing market, and may require a move further afield in tighter markets.

As a second aim, the Government introduced these measures to make sure that people on benefit were not living in private rented accommodation that would be out of reach of most people in work. The changes were also designed to address perceived disincentives to work in the existing system created by benefit rates, given that in 2010 the average HB award for LHA cases was over £9 per week more than for customers still on the pre 2008 scheme in the PRS (DWP, 2010).

¹ <http://www.official-documents.gov.uk/document/other/9780108509551/9780108509551.pdf>

The third aim of these measures was that working age tenants would be more prepared to find work to help pay their rents and would negotiate with their landlords to reduce rents. Landlords, it is anticipated, may not want to lose their tenants, and may wish to reduce rents to prevent rising turnover and the additional transaction costs this involves. A key factor here will be the extent to which the HB sub-market is substitutable with other sub-markets. Overall, the Government hopes that the reforms to HB and LHA in the PRS will instil greater awareness of the wider housing market among both tenants and landlords. The changes seek to create a virtuous circle, in which tenants become more discerning about the offer from landlords, and landlords have to reduce rents in some properties and in some neighbourhoods. The overall HB expenditure in the PRS would fall as a consequence. That would be the desired policy outcome.

3 The research programme

3.1 Aims and structure of the evaluation

The main aim of the research programme is to assess the impact of the changes to Housing Benefit (HB) and the Local Housing Allowance (LHA) on claimants and landlords over an 18-month period, to inform the future direction of policy and strategy. Overall, the evaluation will involve monitoring the experiences of claimants and landlords in 22 local areas throughout the United Kingdom, interviewing housing advisers in these areas and undertaking ongoing econometric and spatial analysis at the national level (in Great Britain only).

The research programme is divided into three stages, partly reflecting the fact that the LHA measures are being phased in gradually. As described in Chapter 2, new claimants in the private rented sector (PRS) were subject to the new regulations from April 2011; existing claimants had a nine-month period of transitional protection until January 2012 and then only become subject to the new rules at the point of anniversary of their claim; the extension of the shared accommodation rate (SAR) to the under 35s was introduced in January 2012; and the introduction of non-dependant deductions occurs in three stages. As a result, the LHA changes will not impact on all claimants at one point in time, and it will not be until the end of December 2012 that all claimants will be subject to the new system. The staging of the research programme is therefore designed to capture impacts amongst the shifting balance of new claimants and existing claimants over time.

The research methodology comprises a combination of quantitative measures, which can assess some national impacts and experiences across diverse local housing markets in Britain, and qualitative methods, to assess behavioural change and the direct and indirect consequences for claimants (for example, on residential mobility decisions, household budgeting strategies, job seeking experiences) and landlords (on issues such as the propensity to let to HB claimants, rent setting decisions and future intentions on investment). This approach will, therefore, generate statistical measurements and insights about impact and experiences in the short to medium term, while being sensitive to local housing market context, and it will be able to assess the extent to which LHA reforms are starting to induce attitudinal and behavioural changes among landlords and tenants in the PRS.

3.2 The phasing of the research programme

Stage 1 of the research runs until May 2012 and involves:

- assessing awareness of the LHA changes among both existing HB claimants (i.e. those who had started claiming before April 2011) and new claimants;
- gaining insights into the experiences of both new and existing claimants in terms of their property search, affordability, rent arrears and negotiations over rent levels with landlords;
- assessing the awareness of the LHA changes among landlords and how this differs according to local housing market conditions;
- establishing whether landlords currently letting to the HB market intend to remain in that market or not, whether they have considered, or would consider in the future, reducing rents in order to stay in the market, and the potential influence on their decisions of receiving direct payments of HB from the local authority.

These issues are reviewed later in the report on the basis of the findings from the large scale surveys of landlords and HB claimants. The methodology for these surveys, which are the focus of this report, is described in the subsequent chapters. In order to build a more detailed picture of the initial impact of the measures it was considered important to capture attitudes, concerns and expectations, and changes (moving to a new area, changes in employment, relationships with local communities) among claimants throughout the research period. The claimant survey reported here will, therefore, be followed by qualitative in-depth interviews with a sub-sample of respondents to the claimants' survey (11 interviews in each case study area). A quarter of these interviews will be conducted as 'paired depth interviews' to assess how impacts are being felt by the household as a whole. This sub-sample has been selected on a purposive basis, to capture particular groups of claimant.

Similarly, the postal survey of landlords reported here has been followed up by in-depth interviews with around eight landlords in each case study area. As with the claimants' research, landlords have been recruited from respondents to the postal survey and this sample was purposively selected, on the basis of criteria such as size of stock, portfolio characteristics and the proportion of LHA tenancies.

The **spatial analysis** component of the evaluation will involve mapping analysis for different types of housing and labour markets across Britain using national data on HB caseloads, on-flows, off-flows and rents. Potential explanatory variables for the analysis include supply in the PRS, wage levels, low income estimates and labour demand.

Stage 2 of the research, which runs until September 2012, involves a small number of interviews in each of the 19 case study areas to follow up and monitor the experiences of claimants, landlords and local authority housing advisers and others working in the public and voluntary sectors to provide advice and support for HB claimants. The interviews with advisers will shed light on the wider impacts of the LHA reforms in the case study areas and the implications for local services. The **econometric analysis** to be undertaken by the Institute for Fiscal Studies (IFS) will commence in Stage 2 and will provide estimates of the causal impact of the reforms on outcomes such as property type and rent paid. This will provide evidence on the extent to which the reforms have had an impact on LHA recipients (on their non-housing or housing consumption), or on landlords through rent levels, comparing evidence to findings from the analysis of the landlord survey data. Measuring the causal impact of the reforms requires an estimate of what would have happened in their absence. By using a calibrated 'before and after' comparison of these groups, the variations can be used to estimate causal impacts. Nationally based Single Housing Benefit Extract (SHBE) data will be used for this analysis.

Stage 3 of the evaluation, which runs until June 2013, will involve an assessment of the impact of the changes once they have been established amongst 'new' claimants for a longer period of time and when most of those who were receiving LHA before April 2011 have been made subject to the measures. This stage involves a follow-up large scale claimant survey, measuring the impact of changes by returning to those respondents from the Stage 1 survey who consent to be re-contacted. There will also be five in-depth qualitative interviews with claimants in each of the case study areas.

The Stage 1 landlord postal survey will also be repeated at Stage 3, and it is estimated that around half of the landlords from Stage 1 will respond to the second questionnaire. This will establish how landlord responses to the LHA measures have changed; changes to rent setting and letting strategies and future investment intentions; the extent to which landlords have left or increased their involvement in the HB market as a result of the LHA changes, and the reasons for this decision; and factors that have contributed to a decision to stay in the market, such as rent negotiation and payment methods. This will be followed up with in-depth qualitative interviews with five landlords in each case study area to assess in more detail attitudinal and behavioural changes, experiences of negotiations with tenants over rents, attitudes to future letting practices in different PRS markets,

the balance between HB and non-HB tenants and plans to extend, maintain or curtail the scale of their investment in the private rented housing market. Five housing adviser focus groups will also be held in Stage 3, bringing together stakeholders across the case studies, with discussion targeted on specific LHA impacts.

The spatial analysis undertaken in Stage 1 will be updated in Stage 3 to evaluate how patterns have shifted over time as the LHA policy measures become embedded. This will draw together the different strands of the research programme in a thematic analysis, to assess how far a consistent picture of financial, spatial and social impacts emerges from the different data sources. Similarly, the econometric analysis in Stage 2 will be followed through in Stage 3.

3.3 The selection of case study areas

As stated earlier, the surveys and qualitative research with claimants and private landlords, and the interviews with housing advisers is being undertaken in 19 case study areas across Great Britain and in a further three areas in Northern Ireland (not covered in this report). The econometric analysis and spatial analysis, to be undertaken solely in Great Britain, will utilise individual and aggregate data for claimants at a national level. The case study areas were not chosen to provide a nationally representative sample, but to ensure that a wide range of local housing market and labour market circumstances were included. The case study areas were selected 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 Black and Minority Ethnic (BME) population in the local authority area; and seaside towns with concentrations of PRS housing. The case study areas, the region they are based in, and the size of the PRS HB caseload as at September 2011, are shown in Table 3.1.

Table 3.1 Case study areas

	Region	Local Authority District	PRS HB claimants September 2011
1	London	Barking and Dagenham	6,930
2	London	Brent	16,580
3	London	Hackney	10,310
4	London	Westminster	8,660
5	South East	Portsmouth	7,720
6	South East	Thanet	9,030
7	East	Fenland	2,760
8	East	Tendring	7,480
9	South West	Exeter	3,130
10	West Midlands	Walsall	6,590
11	Yorkshire and the Humber	Bradford	17,680
12	North West	Blackburn	4,600
13	North East	Newcastle	6,430
14	Wales	Cardiff	10,050
15	Wales	Denbighshire	3,870
16	Wales	Rhondda Cynon Taf	7,890
17	Scotland	Edinburgh	11,530
18	Scotland	North Lanarkshire	5,250
19	Scotland	Perth and Kinross	2,370

Source: SHBE.

Table 3.2 shows that there are 29 separate Broad Rental Market Areas (BRMAs) covering the 19 local authority case study areas. There is more than one BRMA within some of the case study areas. Potentially this may provide an incentive or ability for claimants to move within a borough in some case study areas more than in others. Some of the London case study areas share the same BRMA. The new maximum LHA caps by bedroom size only affect rent levels in three of the four London case study areas. Barking and Dagenham had LHA rates **below** maximum caps. By February 2012, all rates in the other three London areas were subject to the maximum caps, except for the one-bedroom rate only for the Inner East London part of Hackney and the one-bedroom rate only for the Inner West London part of Brent.

Table 3.2 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 and 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 and Darwen	Bolton and Bury
Blackburn and 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 and Kinross	Fife
Perth and Kinross	Forth Valley
Perth and Kinross	Perth and Kinross

Source: The Valuation Office Agency (VOA), the Scottish Government, the Welsh Government.

Table 3.3 LHA weekly rates for a selection of case study areas and bedroom sizes

Case study area	BRMA	March 2011	April 2011	February 2012	March 2011-February 2012
Shared accommodation					
Westminster	Central London	£140.94	£137.50	£123.50	-£17.44
Hackney	Inner East London	£100.58	£91.00	£91.85	-£8.73
Barking and Dagenham	Outer North East London	£73.50	£67.50	£69.27	-£4.23
Edinburgh	Lothian	£75.00	£66.92	£66.92	-£8.08
Thanet	Thanet	£58.70	£56.73	£57.73	-£0.97
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 and 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 and Dagenham	Outer North East London	£196.15	£184.62	£185.00	-£11.15
Edinburgh	Lothian	£150.00	£137.31	£138.46	-£11.54
Thanet	Thanet	£121.15	£109.62	£109.62	-£11.53
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 and Dagenham	Outer North East London	£242.31	£219.23	£229.85	-£12.46
Edinburgh	Lothian	£206.54	£173.08	£173.08	-£33.46
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 and Dagenham	Outer North East London	£323.08	£300.00	£300.00	-£23.08
Edinburgh	Lothian	£294.81	£253.83	£265.38	-£29.43
Thanet	Thanet	£177.70	£160.38	£160.38	-£17.32
Rhondda Cynon Taf	Merthyr Cynon	£144.23	£132.69	£121.15	-£23.08

Source: VOA, the Scottish Government, the Welsh Government.

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

LHA rates for a diverse selection of case study areas are provided in Table 3.3. The rates illustrate the range of housing market circumstances and rents within the larger group of 19 case study areas. (A full set of LHA rates over time and by bedroom size for all areas is provided in Appendix A.) The LHA rates for March 2011 are given, as they were the last rates based on median rents in the BRMA. The April 2011 LHA rates were based on the new rules of the 30th percentile of rents in the area and the maximum caps by bedroom size. The February 2012 data were the latest available at the time of writing. The change in weekly rates over the entire period is also given. It should be remembered that these are weekly rates and so a decline in rates over time of £5.77 a week, for example, is equivalent to approximately £25 per calendar monthly rent.

Table 3.3 highlights that since April 2011 rents for certain property types have remained static in some areas. However, in some cases this occurred alongside rising rents for other types of property in the same areas. This is likely to reflect trends in supply as well as demand for certain property types within an area. Table 3.3 illustrates the impact of the caps in central London across all property sizes; the variation in rates across London boroughs; and that the difference in LHA rates over time in low rent areas (such as Rhonda Cynon Taf) can be as much as that seen in parts of London for four-bedroom properties.

3.4 Research outputs

In terms of outputs from the research, the findings from all components of Stage 1 will be brought together into an Interim Report, which DWP plans to publish towards the end of 2012. The final report of the research is planned to be published in summer 2013.

The next chapter outlines the methodology for the claimants' survey.

4 The survey of HB claimants receiving LHA

4.1 Overview of the face-to-face claimant survey

The Stage 1 baseline survey of claimants was designed to generate statistical measurements of claimant awareness of changes to Housing Benefit (HB) as well as ascertain the early impact and experiences of the changes. It involved 100 at-home interviews in each of the 19 case study areas in Great Britain and was undertaken by Ipsos MORI (IM) between September and November 2011.

The sample for the survey was derived from Department for the Work and Pensions' (DWP's) Single Housing Benefit Extract (SHBE) database for August 2011. A quota sampling methodology was employed. Claimants were categorised according to the date of their claim. 'New' Local Housing Allowance (LHA) claimants were respondents whose most recent claim for HB had taken place on or after 1 April 2011 and who, therefore, had consequently applied under the new rules that were introduced on that date. 'Existing' claimants were respondents whose current claim for HB had occurred before 1 April 2011. Hence, unless they had moved home or undergone a change of circumstances since that date, existing claimants were still covered by the old, pre-April 2011 LHA rules at the point at which sampling was undertaken.

Sampling was structured to achieve a broadly proportionate balance of new and existing claimants **within** and across the 19 case study areas. In addition, broad quotas were used to ensure a balanced cross-section of claimants across the areas as a whole. It should be remembered, however, that this design was intended to generate samples within 19 areas (which, as has already been described, were selected purposively) and **not** an aggregate sample representative of the national profile of claimants.

A total of 1,910 useable interviews were achieved across the 19 case study areas, comprising 1,356 'existing' claimants and 554 'new' claimants (see Appendix C). In total, four per cent of claimants who were contacted refused to participate in the survey. Interviewers encountered a high percentage of movers (13 per cent), especially in London. Five per cent of properties were ineligible.

The data was weighted by HB caseload by area proportionately and relative to the pan-19 area profile. In addition, weights were also applied in accordance to the 'new'/'existing' profile within and across the 19 areas. All of the claimant survey results in this report are based on the weighted data. Any differences between groups of claimants that are referred to in the text (such as between new and existing claimants) are statistically significant at the 95 per cent confidence level. Column totals may not sum to exactly 100 per cent due to rounding. Further details on the methodology for the claimants' survey are provided in Appendix C.

4.2 Characteristics of HB claimants receiving LHA

This section describes the characteristics of the sample of 1,910 eligible claimants who took part in the face-to-face survey conducted by IM. As Table 4.1 shows, 29 per cent of the weighted claimant sample was living in London and between 11 per cent and 19 per cent in the other regions and nations of Great Britain. The distribution of new and existing claimants within the sample was significantly different. In particular, a much smaller proportion of new claimants compared with existing claimants were living in London. Thus, whereas 31 per cent of the existing claimant sample was living in London, only 18 per cent of new claimants were living there.

Table 4.1 Claimants by region and nation

Region or nation	Column percentages		
	Existing claimants	New claimants	Percentage
London	31	18	29
South of England	13	17	13
Midlands and East of England	11	15	11
North of England	20	18	19
Wales	14	18	15
Scotland	13	14	13
<i>Base: All claimants</i>	<i>1,624</i>	<i>285</i>	<i>1,910</i>

The default arrangement under the LHA is that the benefit is paid to the claimant. However, the LHA is paid directly to the landlord if the claimant is eight or more weeks in arrears on their rent or if the claimant is deemed by the local authority to be 'vulnerable' or otherwise unlikely to be capable of paying the rent themselves.

Table 4.2 shows that the great majority (71 per cent) of claimants in the survey were receiving their LHA themselves. In 29 per cent of cases, the LHA was being paid directly to the landlord. There was no statistically significant difference between new and existing claimants in the proportion of them receiving the LHA themselves.

As discussed later in more detail, nearly eight out of ten claimants whose LHA was being paid direct to the landlord were not currently behind with their rent. This implies that the reason why the great majority of claimants whose LHA was being paid to their landlord were in that situation was because the local authority had deemed them to be vulnerable or otherwise incapable of being able to pay the rent themselves, rather than because they were in rent arrears.

Table 4.2 LHA payment

Paid to	Column percentages		
	Existing claimants	New claimants	All claimants
Claimant	71	74	71
Landlord	29	26	29
<i>Base: All claimants</i>	<i>1,625</i>	<i>284</i>	<i>1,910</i>

The demographic characteristics of the claimant sample are shown in Table 4.3. As is the case in the private rented sector (PRS) more generally (Kemp, 2004), the LHA sample is young relative to the population as a whole. About one in six claimants were aged under 25 years and in total just over a half were under 35 years old. At the other extreme, only five per cent of claimants were aged over 65 and in total only 11 per cent were aged over 55 years. Seven per cent of households included at least one person who was over retirement age.

Like the PRS more generally, claimants were disproportionately female: 59 per cent were women and 41 per cent were men. Three-quarters of respondents described their ethnic background as white, while the remainder were from a black or other minority ethnic (BME) background (Table 4.3). A significantly smaller proportion of new claimants (18 per cent) than existing claimants (26 per cent) were from a minority ethnic background.

Half of all households included dependent children living with their parents: just over three out of ten were lone parents with dependent children and the remainder comprised couples with dependent children. Three out of ten claimants were living in single person households and a further one in ten was living in multi-adult or shared households. The remaining one in ten respondents was part of a couple without dependent children living in their household. The differences in household type between new and existing claimants were not statistically significant (Table 4.3).

Table 4.3 Demographic characteristics

	<i>Column percentages</i>		
	Existing claimants	New claimants	All claimants
Age of respondent			
16 to 24	17	21	18
25 to 34	33	36	33
35 to 44	25	23	24
45 to 54	14	14	14
55 to 59	3	2	3
60 to 64	3	2	3
65+	5	3	5
Gender of respondent			
Male	41	44	41
Female	59	56	59
Ethnicity of respondent			
White	74	83	75
Black or other ethnic minority	26	18	25
Household type			
Single person	29	32	30
Lone parent	32	27	31
Couple with children	20	20	20
Couple	9	11	9
Multi-person household	10	10	10
<i>Base: All claimants</i>	1,625	285	1,910

Just over a third of claimants responding to the survey lived in households that included someone who had a long-term illness, chronic health problem or disability that limited their daily activities or the work they could do. Forty-three per cent of the residents with such a long-term condition were receiving care to help them manage their daily activities. In most cases, the carer was another member of the household (ten per cent), but other carers visited during the day (five per cent) or stayed overnight at least occasionally (four per cent).

As Table 4.4 shows, three out of ten respondents were working, of whom a third (one in ten of the total sample) were working full-time (defined here as 30 or more hours per week) and two-thirds (20 per cent of the total sample) were working part-time hours of less than 30 hours per week.

Thus, although media coverage often distinguishes between HB recipients and working households, **a substantial minority of claimants were in paid work.** To some extent, therefore, the distinction often made in the media is an artificial one. It is evidently the case that the LHA is playing an important role in helping low paid households to afford their accommodation in the private rental housing market.

In total, 38 per cent of the LHA sample was living in workless households. A third was unemployed and looking for work at the time of the survey. A further 15 per cent were looking after the home or not looking for work; and a similar proportion (12 per cent) were long-term sick or disabled (Table 4.4).

Table 4.4 Respondent employment status

	Column percentages		
	Existing claimants	New claimants	All claimants
Working full-time (30+ hours)	9	14	10
Working part-time (16-29 hours)	16	14	16
Working part-time (<16 hours)	4	5	4
Unemployed*	32	32	32
At home / not seeking work	15	13	15
Long-term sick or disabled	12	12	12
Full-time carer	2	1	2
Full-time student	2	3	2
Retired	6	3	5
Other	2	2	2
<i>Base: All claimants</i>	1,625	285	1,910

* Including on a government training scheme.

Table 4.5 shows the other social security benefits and tax credits received by the respondents to the LHA claimant survey. Roughly nine out of ten claimants were also in receipt of one or more social security benefits or tax credits or free school meals. The most common other benefit was Council Tax Benefit (CTB), which was received by three out of five (56 per cent) respondents in addition to their HB.

Not surprisingly, given the employment status of respondents, many claimants were receiving out-of-work benefits in addition to their LHA. A quarter was receiving Income Support (IS), a fifth was on Jobseeker's Allowance, and one in eight was in receipt either of Employment and Support Allowance (ESA) (seven per cent) or its predecessors, Incapacity Benefit (IB) and Severe Disablement Allowance (SDA) (six per cent).

Meanwhile, one in five of claimants were in receipt of Working Tax Credit (WTC) (Table 4.5). Only small percentages of respondents were getting retirement benefits. Almost half of claimants were receiving the Child Tax Credit (CTC) (48 per cent) and/or Child Benefit (CB) (49 per cent). About one in eight claimant households were in receipt of free school meals. Finally, one in ten claimants were also recipients of Disability Living Allowance (DLA) (Table 4.5).

Table 4.5 Welfare benefits received by respondents

	<i>Column percentages</i>		
	Existing claimants	New claimants	All claimants
Council Tax Benefit	56	54	56
Income Support	26	20	25
Jobseeker's Allowance	20	25	21
Incapacity Benefit*	6	6	6
Support and Employment Allowance	7	6	7
Working Tax Credit	18	21	19
Child Tax Credit	49	43	48
Child Benefit	49	45	49
Free school meals	13	11	13
Carer's Allowance	4	2	4
Disability Living Allowance	10	8	9
Attendance Allowance	1	1	1
Other disability benefits	1	<1	1
State Retirement Pension	4	3	4
Pension Credit	4	2	4
Other benefits	2	3	2
None of these	7	7	7
Don't know or refused	1	<1	<1
<i>Base: All claimants</i>	1,625	285	1,910

* or SDA.

Table 4.6 shows various accommodation and area related characteristics of the claimants participating in the survey.

As is true of private tenants more generally, the great majority of claimants had lived at their current address for only a very few years (Table 4.6). Forty-five per cent had lived in their current accommodation for less than one year. In addition, 40 per cent had lived at their address for only one to two years. In total, therefore, 85 per cent of claimants had lived in their current home for up to two years and only 15 per cent for more than two years. This very high level of turnover is perhaps not surprising given that the modal (most common) length of tenancy within the PRS is just six months (Department of Communities and Local Government (CLG), 2009).

New claimants were significantly more likely than existing claimants to have rented their current accommodation for less than one year (68 per cent compared with 41 per cent respectively). However, as Table 4.6 shows, new claimants were less likely than existing claimants to have lived in their current accommodation for one to two years (20 per cent compared with 43 per cent respectively).

The great majority of claimants were to a greater or lesser extent satisfied with their accommodation (76 per cent said they were either very or fairly satisfied). Likewise, a very large majority of them were satisfied with the area in which they live (80 per cent were either very or fairly satisfied). New claimants were neither more nor less satisfied than existing claimants with

their current accommodation and the area in which they lived. Three out of ten new and existing LHA claimant households had registered with their council, or with a housing association, housing waiting list (Table 4.6).

Table 4.6 Accommodation and area characteristics

	<i>Column percentages</i>		
	Existing claimants	New claimants	All claimants
Accommodation rented			
Directly from the landlord	64	69	64
Through a managing agent	36	31	35
Length of residence			
Less than one year	41	68	45
1 to 2 years	43	20	40
3 to 5 years	9	8	9
6 to 10 years	4	4	4
11 to 20 years	2	1	2
21+ years	<1	<1	<1
Satisfaction with accommodation			
Very satisfied	40	37	40
Fairly satisfied	36	38	36
Neither satisfied nor dissatisfied	6	8	7
Fairly dissatisfied	8	8	8
Very dissatisfied	9	8	9
Satisfaction with area			
Very satisfied	44	37	43
Fairly satisfied	36	41	37
Neither satisfied nor dissatisfied	7	6	7
Fairly dissatisfied	7	8	7
Very dissatisfied	6	9	6
Registered on LA or HA waiting list			
Yes	31	31	31
No	69	69	69
All claimants	1,625	285	1,910

4.3 Summary

- Seventy-one per cent of the respondents to the face-to-face claimant survey had begun their current claim for LHA prior to April 2011 ('existing' claimants); the remaining 29 per cent had claimed since 1 April 2011 ('new' claimants).
- The majority (72 per cent) of claimants in the survey were receiving the LHA themselves; in the other 28 per cent of cases it was being paid directly to the landlord.
- Claimants were young relative to the general population, with just over half being aged under 35; only five per cent were aged 65 or older.
- Claimants were disproportionately female: 59 per cent were women and only 41 per cent were men.
- Half of all LHA claimant households included dependent children. Three out of ten were single people living alone and a further one in ten were single people living in multi-adult or shared accommodation. The remaining one in ten were couples without dependent children.
- One in five respondents had a BME background. Just over a third of LHA claimant households included someone who had a long-term illness, chronic health problem or disability that limited their daily activities or the work they could do. In 43 per cent of those households, at least one person was being cared for by a resident or non-resident carer.
- Twenty-nine per cent of claimants were either in full-time or part-time work.
- Forty-five per cent of respondents had lived at their current address for less than a year; and two-fifths had been there for between one and two years. The remaining 15 per cent had been resident in their current accommodation for more than two years.
- The great majority of claimants were satisfied with their current accommodation (76 per cent) and the area in which they lived (80 per cent).

5 Claimants' awareness of the LHA measures

Government estimates of the measures introduced in 2011/12 indicated that almost all Local Housing Allowance (LHA) claimants would have their benefit cut, on average by £12 per week (Department for Work and Pensions (DWP), 2010). However, these estimates take no account of any behavioural responses to the measures by either landlords or claimants. In principal, the ways in which claimants adjust is likely to be affected, at least to some extent, by their awareness and understanding of the measures. In this chapter the report explores the extent to which claimants knew about the LHA in general and about the changes that were being made to the scheme.

5.1 Awareness of Housing Benefit

Table 5.1 shows that self-perceived knowledge of Housing Benefit (HB) among claimants ranged from a great deal to nothing at all. They were asked 'How much, if anything, would you say you know about HB – that is, how someone qualifies for HB and what they are paid?'. The most common response, given by nearly half of all claimants, was 'not very much'. About a quarter of claimants said they knew 'a fair amount' while a similar proportion said they knew 'nothing at all'. These results are broadly consistent with previous research on HB claimants in the private rented sector (PRS) (e.g. Hill *et al.*, 2006; Turley & Thomas, 2006).

Table 5.1 Claimants' self-perceived knowledge of the LHA

	<i>Column percentages</i>				
	London	Rest of Great Britain	Existing claimants	New claimants	All claimants
Great deal	6	2	3	3	3
Fair amount	28	23	25	24	24
Not very much	47	49	48	47	48
Nothing at all	19	27	24	27	25
Total	100	100	100	100	100
<i>Base: All claimants*</i>	394	1,506	1,346	554	1,900

* Excluding those who did not know.

Note: Column totals may not sum to 100 due to rounding.

However, a higher proportion of claimants in London than in the rest of Britain felt they knew a fair amount or a great deal about the scheme and a correspondingly smaller proportion said they knew nothing at all. Thus, in London a third of claimants said they knew either a fair amount or a great deal about the scheme, but the same was true of only a quarter of claimants elsewhere in Britain. At the other end of the spectrum, about one in five London claimants, compared with nearly three out of ten claimants elsewhere, said they knew nothing at all about HB. There was little difference in self-perceived knowledge about HB between new and existing claimants.

Table 5.2 shows that claimants knew even less about the changes to the LHA than they did about the scheme more generally. Thirty-one per cent of respondents said they knew 'not very much' and 56 per cent said they knew 'nothing at all' about the changes to the LHA. Again, claimants in the London case study areas appeared to be more aware than those living in the rest of Britain. In the London areas, 23 per cent of claimants said they knew a fair amount about the changes to the LHA but the same was true of only seven per cent of claimants living in the rest of Britain. Meanwhile, a third of claimants in the London case study areas reported that they knew nothing at all about the LHA measures, but among those elsewhere in the country the proportion saying they knew nothing at all was two-thirds.

Table 5.2 shows that, in general, new claimants were less knowledgeable than existing claimants about the changes being made to the LHA. Thus, whereas just over half of existing claimants reported knowing nothing at all about the changes, as many as two-thirds of new claimants said the same.

Table 5.2 Claimant awareness of changes to the LHA prior to the interview

	<i>Column percentages</i>				
	London	Rest of Great Britain	Existing claimants	New claimants	All claimants
Great deal	3	1	1	1	1
Fair amount	23	7	12	8	12
Not very much	40	28	32	25	31
Nothing at all	33	65	54	65	56
Total	100	100	100	100	100
<i>Base: all claimants*</i>	392	1,504	1,344	552	1,896

* Excluding those who did not know.

Note: Column totals may not sum to 100 due to rounding.

5.2 Awareness of the specific LHA measures

Claimants' knowledge about each of the individual changes that are being made to the LHA was almost non-existent (Table 5.3). When asked about the changes that had been introduced, very few claimants were able to mention any of them. In fact, the most common answer, made by 30 per cent of respondents, was simply 'cuts to HB'. The next most common answer, made by five per cent of claimants, referred to the cap on the total amount of benefit that can be claimed, a measure that had not been enacted at the time of the survey but which had received considerable media attention. Three per cent said it was being made harder for people to claim HB.

A higher proportion of London claimants (55 per cent) than those living elsewhere (20 per cent) mentioned cuts to HB (Table 5.3), perhaps reflecting the fact that the changes probably attracted more media attention in the capital, and potentially will have a greater impact there, than in many other parts of the country. A higher proportion of existing than new claimants also mentioned cuts to HB when asked what they knew about the changes.

As Table 5.3 shows, only four per cent of respondents were aware of the caps that had been introduced on the maximum weekly LHA rates by bedroom sizes, another measure that had received a great deal of media attention.

Table 5.3 Awareness of specific changes to LHA prior to the interview

	<i>Column percentages</i>				
	London	Rest of Great Britain	Existing claimants	New claimants	All claimants
Cuts to Housing Benefit	55	20	31	23	30
Caps on the total benefit claimants can receive (including HB)	8	4	5	3	5
Capping maximum weekly LHA rates by property size	6	3	4	2	4
Making it harder for people to claim HB	3	2	3	3	3
Removal of £15 weekly excess payment to claimants	1	2	2	1	2
Five-bedroom rate abolished	5	1	2	2	2
<i>Base: All claimants</i>	399	1,511	1,355	555	1,910

Note: Only categories with two per cent or more of 'All claimants' are presented. Respondents could indicate more than one category and will not sum to 100 per cent.

Table 5.3 only includes responses that were made by at least two per cent of claimants. However, it is worth noting that less than one per cent of respondents were able to mention the reduction in the LHA rate from the median (50th percentile) rent to the 30th percentile rent. Only one per cent knew about the increase from 25 to 35 in the age limit for the shared accommodation rate (SAR). Less than one per cent of claimants knew about the increases in the deductions from HB where households include a non-dependant adult (such as an elderly parent or grown up son/ daughter). None at all were able to mention the fact that future increases in the LHA rate would be linked to the Consumer Price Index (CPI) rather than movements in market rents. Less than one per cent of respondents mentioned the increased budget for Discretionary Housing Payments (DHPs). Less than one per cent knew about the extra room rate for carers staying overnight to look after severely disabled people.

5.3 Summary

- The self-perceived knowledge of HB among claimants ranged from a great deal to nothing at all. When asked how much they knew about HB, nearly a half of all claimants said was 'not very much'. About a quarter said they knew 'a fair amount' and a similar proportion said they knew 'nothing at all'.
- A higher proportion of claimants in London than in the rest of Britain felt they knew a fair amount or a great deal about the scheme and a correspondingly smaller proportion said they knew nothing at all. But there was little difference in self-perceived knowledge about HB between new and existing claimants.
- Claimants knew even less about specific changes to the LHA than they did about the scheme more generally. More than three out of ten respondents said they knew 'not very much' and more than half said they knew 'nothing at all' about the changes to the LHA.
- Claimants in the London case study areas appeared to be more aware than those living in the rest of Britain. Meanwhile, new claimants were less knowledgeable than existing claimants about the changes being made to the LHA.
- Claimants' knowledge about each of the individual changes that are being made to the LHA was almost non-existent. Very few claimants were able to mention any of the specific changes.

6 Moving home

This chapter explores why claimants had moved from their previous accommodation to their present one; whether they were in receipt of Housing Benefit (HB) when they did so; and, if they were, whether, before they moved in, they were aware of how much HB they would receive. It also looks at whether or not Local Housing Allowance (LHA) claimants tried to negotiate over the rent with the landlord or agent before taking their current accommodation. Finally, it examines whether claimants faced any difficulties when they were looking for accommodation while on HB; and, if they did, what difficulties they faced.

6.1 Why claimants left their previous accommodation

Claimants were asked what the 'two or three most important reasons' why they left their previous accommodation were. Table 6.1 shows their responses to this question.

The most commonly cited reason for the move, mentioned by 29 per cent of claimants, was **personal or family reasons** (such as to live with someone, relationship breakdown, birth of a child, to be closer to a particular school). This preponderance of family and other personal reasons for moving is a common finding of surveys of private sector tenants (Kemp & Keoghan, 2001; Department of Communities and Local Government (CLG), 2008).

After personal or family factors, the two most frequently mentioned reasons for leaving their previous accommodation were **housing reasons**: 22 per cent of claimants reported they left their previous address because they wanted a larger house or flat; and 11 per cent said they wanted self-contained (i.e. non-shared) accommodation. Meanwhile, six per cent left because of the poor condition of the property in which they had been living (Table 6.1). Four per cent wanted a different type of accommodation (such as a house instead of a flat or a first floor instead of a ground floor apartment).

Locality-related reasons were the next most commonly cited reasons why claimants had moved out of their previous accommodation. One in ten reported that they wanted to move 'to this area' and exactly the same proportion of claimants said they wanted to move 'to a better area'.

Relatively few claimants gave **finance-related reasons** for the move from their previous accommodation and, hardly any mentioned cuts in benefit (and so the percentage was too small to be shown in the table). Thus, four per cent reported that they moved home in order to pay a lower rent (Table 6.1). Although not shown in the table, it is worth noting that only two per cent of claimants said they had moved because their LHA had been reduced. However, it is important to note that most existing claimants would still have been receiving the LHA under the old, pre-April 2011 rules, and hence would not yet have **experienced** a cut in their benefit by the time of the survey. Meanwhile, most new claimants, while receiving the LHA under the new rules, would not have experienced a cut in their benefit because their claim began after the cuts were introduced.

Only two per cent of claimants in the London case study areas and three per cent outside London gave **job-related reasons** for moving from their previous home to their new one.

Relatively few claimants mentioned **tenancy-related reasons** for the move from their previous accommodation. Five per cent had left because the tenancy had come to an end (and hence, for whatever reason, was presumably not renewed by the landlord). Only one per cent said they had moved out because their landlord was no longer letting to benefit claimants. And only one per cent reported that they had been asked to move or evicted because of rent arrears at their previous accommodation.

Table 6.1 Main reasons why claimants left their previous accommodation

	<i>Column percentages</i>				
	London	Rest of Great Britain	Existing claimants	New claimants	All claimants
Personal or family reasons	13	36	29	32	29
Wanted a larger house or flat	31	18	22	18	22
Wanted self-contained accommodation	18	9	12	11	11
To move to this area	9	10	9	11	10
To move to a better area	8	11	10	8	10
Property in poor condition (including being demolished)	6	7	7	6	6
End of tenancy agreement	7	4	5	4	5
Wanted a different type of accommodation	2	5	4	5	4
Wanted to pay a lower rent	4	4	4	4	4
Other reasons	12	10	11	9	10
<i>Base: All claimants</i>	399	1,511	1,355	555	1,910

Note: Categories with four per cent or more of 'All LHA landlords' are presented.

Respondents could indicate more than one category and therefore may not sum to 100 per cent.

Personal or family reasons were much less important for the sample of claimants living in London (13 per cent) than they were for respondents living elsewhere in Britain (36 per cent). Instead, London claimants were much more likely than those living in the rest of the country to cite housing reasons for their move. Thus, 31 per cent of London claimants, compared with 18 per cent of those living elsewhere, said they moved in order to live in a larger house or flat. And 18 per cent of claimants living in London, compared with nine per cent of respondents living in the rest of Britain, moved in order to live in self-contained accommodation.

6.2 Moving on Housing Benefit

While respondents were in receipt of the LHA when the sampling was undertaken for the survey, they were not necessarily so when they moved into their current accommodation. In fact, as Table 6.2 shows, about half of respondents were not in receipt of HB when they moved into their current accommodation. Forty-one per cent had moved while in receipt of HB and seven per cent were in the process of making a claim for HB at the time of their move.

Perhaps not surprisingly, new claimants (31 per cent) were less likely than existing claimants (43 per cent) to have been receiving HB when they moved into their current accommodation. Respondents living in the London case study areas (46 per cent) were a little more likely than respondents living in the rest of Britain (40 per cent) to have been on HB when they moved, but less likely than those elsewhere to have been in the process of claiming HB at the time of the move into their current accommodation (five per cent compared with eight per cent respectively).

Table 6.2 Whether claimants were on HB when they moved to their current accommodation

	<i>Column percentages</i>				
	London	Rest of Great Britain	Existing claimants	New claimants	All claimants
Yes	46	40	43	31	41
No	49	52	50	59	51
Applying for HB when moved	5	8	7	10	7
Total	100	100	100	100	100
<i>Base: All claimants*</i>	397	1,496	1,341	552	1,893

* Excluding those who could not remember.

Note: Column totals may not sum to 100 due to rounding.

Table 6.3 shows that nearly two out of three respondents were not aware of how much HB they would get before they moved into their current accommodation. This lack of knowledge on their part is not surprising given the general lack of understanding that most claimants have about how the scheme works (discussed in Chapter 5). However, around three out of ten respondents reported that they did know before the move into their current accommodation how much HB they would get. Existing claimants were more likely than new claimants to be aware of how much HB they would get. Thus, just under a third of existing claimants, but less than a quarter (24 per cent) of new claimants, knew before moving into their current accommodation how much HB they would get.

Table 6.3 Whether claimants were aware of how much HB they would get before they moved into their current accommodation

	<i>Column percentages</i>				
	London	Rest of Great Britain	Existing claimants	New claimants	All claimants
Yes	33	30	32	22	31
No	60	64	61	70	63
Claimed HB at a later date	7	7	7	8	7
Total	100	100	100	100	100
<i>Base: All claimants*</i>	392	1,488	1,331	549	1,880

* Excluding those who could not remember.

Note: Column totals may not sum to 100 due to rounding.

6.3 Negotiating the rent

One of the aims behind the introduction of the LHA in 2008 was to give claimants an incentive to 'shop around' when looking for accommodation in the private rented housing market and to negotiate the rent with the landlord rather than simply accept the amount that was advertised (Department for Work and Pensions (DWP), 2002). Meanwhile, the Coalition Government has expressed the hope that the changes to the LHA will result in landlords lowering rents in response to the reductions in claimants' benefit entitlement. That outcome might be the result of claimants

negotiating lower rents when viewing properties. In this section, therefore, we look at the extent to which claimants had negotiated with their landlord (or the agent) over the rent when they took their current accommodation.

Table 6.4 shows that nearly a quarter of claimants (or someone on their behalf) **had** tried to negotiate with the landlord over the rent to be charged, but over three-quarters had **not** done so. A slightly higher percentage of existing than new claimants had attempted to negotiate the rent. This suggests that, at least in this early stage of the reform, the LHA measures had not, in practice, resulted in an increase in negotiation between claimants and landlords over rent levels. However, demand for private rented accommodation is growing very strongly; and hence, it is possible that this may make it more difficult for claimants to try negotiating the rent, at least in high demand areas.

A considerably higher proportion of claimants in London than elsewhere had tried to negotiate the rent before they took their current accommodation (Table 6.4). A third of claimants had done so in London compared with just under a fifth in the rest of Britain.

Table 6.4 Whether claimants had attempted to negotiate with the landlord over the rent

	<i>Column percentages</i>				
	London	Rest of Great Britain	Existing claimants	New claimants	All claimants
Yes	33	19	24	22	23
No	67	81	77	78	77
Total	100	100	100	100	100
<i>Base: All claimants*</i>	397	1,501	1,346	552	1,898

* Excluding those who did not know.

In the great majority of cases (83 per cent), it was the respondent who had sought to negotiate over the rent with the landlord or agent. In five per cent of cases, someone else in the household had entered into negotiation over the rent rather than the respondent. However, in 12 per cent of cases where negotiation had been attempted, someone had done so on behalf of the respondent's household. It is not possible to tell from the survey who had negotiated on the claimant's behalf. But it is known that some local authority HB offices have been involved in negotiating rent levels for claimants.

Table 6.5 shows how successful respondents were in their negotiations over the rent with the landlord or agent when taking their current accommodation. It indicates that, in more than half of the cases where negotiation had been tried, the outcome was that the rent remained the same. About two out of five claimants who had tried to negotiate had been successful in getting the rent reduced when they took their current accommodation. In a very small number of cases (three per cent) the rent was actually increased.

As Table 6.5 shows, new claimants were slightly more successful than existing claimants at getting the rent reduced when they attempted to negotiate it prior to taking their current accommodation. Meanwhile, London claimants were less successful in their rent negotiation than were those living elsewhere in Britain. Almost half of claimants living outside of the capital were successful compared with just over three out of ten living in London.

Table 6.5 Outcomes of rent negotiations with landlords

	<i>Column percentages</i>				
	London	Rest of Great Britain	Existing claimants	New claimants	All claimants
More rent	5	3	4	5	4
Less rent	31	48	42	39	42
About the same rent	64	49	55	57	55
Total	100	100	100	100	100
<i>Base: claimants who tried to negotiate the rent *</i>	127	251	263	115	378

* Excluding those who did not know.

Note: Column totals may not sum to 100 due to rounding.

6.4 Difficulties finding accommodation

Claimants were asked whether they had faced any difficulties finding accommodation while on HB. As Table 6.6 shows, just over a third of respondents reported that they had faced difficulties. Exactly the same proportion (35 per cent) of new and existing claimants had faced difficulties finding accommodation. Thus, despite the fact that new claimants were living under the new LHA rules, they were no more likely to have encountered difficulties than were existing claimants (most of whom would have been receiving LHA under the old, pre-April 2011 rules).

London claimants (43 per cent) were more likely than claimants living elsewhere in Britain (31 per cent) to have faced difficulties finding accommodation while in receipt of HB.

When respondents to whom this question was not applicable (because they had not moved while on HB) are excluded from the figures, the proportion of claimants who had faced difficulties finding accommodation while on HB increases to 37 per cent. And the proportion of London claimants who faced such difficulties rises to 48 per cent (33 per cent elsewhere in Britain).

Table 6.6 Whether claimant had faced any difficulties finding accommodation (while on HB)

	<i>Column percentages</i>				
	London	Rest of Great Britain	Existing claimants	New claimants	All claimants
Yes	43	31	35	35	35
No	47	63	59	57	59
Not applicable	10	5	7	8	7
Total	100	100	100	100	100
<i>Base: All claimants</i>	399	1,511	1,355	555	1,910

Note: Column totals may not sum to 100 due to rounding.

Table 6.7 shows the types of difficulty that claimants report having faced while finding accommodation on HB. The percentages in the table refer to the proportion of respondents who had encountered difficulties (34 per cent of all respondents, or 37 per cent of respondents who had moved while on HB), not the proportion of all survey respondents.

Two difficulties stand out from Table 6.7 that have affected substantial numbers of claimants. First, over half of those who had experienced any difficulties reported encountering landlords who were unwilling to let their accommodation to HB claimants. Second, just over a third of claimants said that the difficulty they faced was that rents were generally unaffordable.

New claimants (58 per cent) were more likely than existing claimants (52 per cent) to report facing the difficulty that landlords would not let to tenants on HB. However, new claimants were no more likely than existing claimants to say that they found rents to be generally unaffordable.

Table 6.7 shows that 62 per cent of claimants living in London, compared with 47 per cent of those living in other parts of the country, reported that landlords were generally unwilling to let their accommodation to tenants in receipt of HB. Most strikingly of all, half of claimants in London had found that rents were generally unaffordable to them, whereas a quarter of claimants living in other parts of the country said the same.

Thus, not only had a significantly higher proportion of London claimants encountered difficulties finding accommodation; but among respondents who had faced difficulties, London claimants were significantly more likely to say they had encountered landlords who would not let to them; and they were also twice as likely to be unable to afford the rents that were being charged.

Table 6.7 Difficulties for claimants in finding accommodation (while on HB)

	<i>Column percentages</i>				
	London	Rest of Great Britain	Existing claimants	New claimants	All claimants
Landlords unwilling to let to HB claimants	62	47	52	58	53
Rents generally unaffordable	50	25	34	34	34
Lack of the types of property I need	14	16	15	12	15
Properties available are in poor condition	11	8	10	6	9
Rents unaffordable (due to low/lower HB payments)	9	8	8	8	8
Couldn't afford properties in better (more desirable) areas	11	4	7	5	7
Competition from/losing out to other tenants	9	4	6	5	6
Competition from/losing out to other HB claimants	2	2	2	2	2
Hard to understand what HB I will receive	2	2	2	3	2
Other difficulties	16	24	22	20	21
<i>Base: claimants who encountered difficulties</i>	154	496	459	191	650

Respondents could indicate more than one category and therefore may not sum to 100 per cent.

6.5 Summary

- The most commonly cited reason (34 per cent) why claimants had left their previous accommodation was **personal or family reasons** (e.g. the birth of a child). The next most common set of reasons was housing factors (e.g. wanting self-contained accommodation) followed by **locality-related** reasons (e.g. wanting to live in a particular area).
- Relatively few claimants gave **finance-related reasons** for the move from their previous accommodation and hardly any mentioned cuts in benefit. However, most existing claimants would still have been receiving the LHA under the pre-April 2011 rules and hence, would not yet have experienced a cut in their benefit. Meanwhile, most new claimants, while receiving the LHA under the new rules, would not have **experienced** a cut in their benefit because their claim began after the cuts were introduced.
- Very few claimants mentioned **tenancy-related reasons** for the move from their previous accommodation. Four per cent had left because the tenancy had come to an end. Only one per cent said they had moved out because their landlord was no longer letting to benefit claimants or because of rent arrears at their previous accommodation.
- Two-thirds of respondents were unaware of how much HB they would get before they moved into their current accommodation and three out of ten reported that they **did** know how much they would get. Existing claimants (32 per cent) were more likely than new claimants (22 per cent) to know how much HB they would get.
- Nearly a quarter of claimants (or someone on their behalf) had tried to negotiate with the landlord over the rent to be charged, but over three-quarters had not done so. A significantly higher proportion of claimants in London (33 per cent) than elsewhere (19 per cent) had tried to negotiate the rent beforehand.
- There was little difference between new and existing claimants in attempts to negotiate the rent. This suggests that, at least in this early stage of the reform, the LHA measures had not in practice resulted in a significant increase in rent negotiation.
- Two out of five claimants who had tried negotiating were successful in getting the rent reduced. New claimants were slightly less successful than existing claimants. Meanwhile, claimants living in London (31 per cent) were less successful in their rent negotiation than were those living elsewhere in Britain (48 per cent).
- Over a third of respondents who had moved while claiming the LHA had faced difficulties finding accommodation. There was no difference in this respect between new and existing claimants. But claimants living in London (43 per cent) were more likely than claimants elsewhere (31 per cent) to have faced difficulties finding accommodation.
- For those who had faced difficulties in finding accommodation, the two main problems were: encountering landlords who were unwilling to let to HB claimants (53 per cent); and finding that rents were generally unaffordable (32 per cent).
- New claimants (58 per cent) were more likely than existing claimants (52 per cent) to report facing the difficulty that landlords would not let to tenants on HB. However, the same proportion of both new and existing claimants (34 per cent) said that they found rents to be generally unaffordable.
- Sixty-two per cent of claimants living in London, compared with 47 per cent of those living in other parts of the country, reported that landlords were generally unwilling to let their accommodation to tenants in receipt of HB. Half of claimants in London had found that rents were generally unaffordable to them, compared to a quarter of claimants living in other parts of the country.

7 Living with shortfalls

In this chapter we examine the extent to which there was a shortfall, if any, between the rent that respondents had to pay their landlord and the amount of Local Housing Allowance (LHA) they received. Because the amount of LHA to which claimants are entitled under the new rules, in most cases, is less than under the old rules, the number of claimants with such a shortfall is likely to increase.

7.1 Shortfalls

Table 7.1 shows whether the amount of LHA that claimants were receiving (at the time of the survey) was more than, the same, or less than their rent.

However, it is important to note that shortfalls are not necessarily due to a difference between the LHA rates calculated by the Valuation Office Agency (VOA) in England, the Rent Services Scotland (RSS) in Scotland and the Rent Officers Wales (ROW) in Wales, and the rent that the claimant has to be pay. They may also be because respondents have an income that is above the ‘applicable amount’ that qualifies claimants for full benefit or because they have non-dependents living with them.

Table 7.1 How much of the rent is covered by the LHA

	<i>Column percentages</i>				
	London	Rest of Great Britain	Existing claimants	New claimants	All claimants
All of the rent	37	19	26	17	24
More than the rent	7	7	8	3	7
Less than the rent	56	71	65	79	67
Don't know	1	2	2	1	2
Total	100	100	100	100	100
<i>Base: All claimants</i>	399	1,511	1,355	555	1,910

Note: Column totals may not sum to 100 due to rounding.

As Table 7.1 shows, two-thirds of respondents had a ‘shortfall’ in the sense that their LHA was less than their rent. In just under a quarter of the cases, the amount of LHA received by the claimant was the same as their rent – and hence, there was no shortfall. Finally, in seven per cent of cases the LHA was actually greater than the rent; that is, claimants had found accommodation on which the landlord charged a rent that was below the LHA rate.

As expected, Table 7.1 shows that new claimants were more likely to have a shortfall than existing claimants: nearly eight out of ten new claimants had a shortfall compared with under two-thirds of existing claimants. Perhaps surprisingly, shortfalls were **less** prevalent in the London case study areas than elsewhere in the country. Thus, 56 per cent of respondents living in London, compared with 71 per cent of claimants living in other parts of Britain, had a shortfall between the rent they have to pay and the LHA they receive. London claimants were, therefore, much more likely than those living elsewhere to have all of their rent covered by the LHA (37 per cent compared with 19 per cent respectively).

7.2 Making up the shortfall

Table 7.2 shows actions that claimants whose LHA was less than their rent had taken in the previous 12 months to make up the shortfall.

It is clear from the table that the most commonly cited actions were to economise on spending. In total, 42 per cent of respondents with a shortfall said they had cut back on household essentials (such as heating and food) and 36 per cent had cut back on non-essentials. Just over a third had borrowed money from family or friends to make up the shortfall. Three out of ten claimants said they had drawn on their other benefit income (such as Income Support (IS) or Jobseeker's Allowance (JSA)) to make up the shortfall between their rent and the LHA that they received.

Table 7.2 suggests that the shortfalls had affected some claimants' work behaviour. Over a quarter of claimants with a shortfall said they had looked for a job; more than one in ten had looked for a better paid job and the same proportion said they had increased the number of hours they worked in their current job. Four per cent reported that they had looked for an additional (second or third) job to help make up the shortfall.

Only three per cent of claimants said they had moved home in order to make up the shortfall between their rent and the LHA. It is not clear from the survey why the proportion who reported moving home was relatively low but this is something that is being explored in the companion qualitative interviews that are being conducted as part of the evaluation.

As Table 7.2 indicates, the actions taken by new and existing claimants were broadly similar. However, London claimants were more likely to have taken employment-related actions than those living elsewhere in Britain. Thus, over a third of claimants living in London had looked for another job, compared to a quarter of those living elsewhere; and seven per cent, compared to three per cent elsewhere, had looked for another job. This may well reflect better employment opportunities in the capital than in the rest of the country.

Table 7.2 Actions claimants had taken in the past 12 months to make up the shortfall

	<i>Column percentages</i>				
	London	Rest of Great Britain	Existing claimants	New claimants	All claimants
Spent less on household essentials	38	43	41	46	42
Borrowed money from friends or family	34	36	35	39	36
Spent less on non-essentials	35	37	36	38	36
Used income from other benefits	21	34	31	29	31
Looked for a job	34	25	26	31	27
Used savings	13	12	11	17	12
Increased hours of work at current job	14	10	11	11	11
Looked for a better paid job	20	8	11	12	11
Borrowed money via a loan or credit card	10	9	9	12	9
Looked for an additional job	7	4	4	4	4
Moved home	3	3	3	5	3
Other	1	2	2	1	2
None of these	12	11	11	12	11
<i>Base: claimants with shortfalls</i>	253	1,096	910	439	1,349

Respondents could indicate more than one category and therefore may not sum to 100 per cent.

Table 7.3 shows a range of possible housing- and benefit-related actions that claimants might have considered in order to make up the shortfall between their rent and the LHA they receive. Over half of claimants had taken none of these possible actions. However, 18 per cent of respondents had looked at lower rent properties in the private rented housing market. A slightly smaller proportion (16 per cent) had registered with their local authority, or a housing association, waiting list in the previous 12 months, and the same proportion had sought advice about HB from their council or some other organisation. Twelve per cent of claimants had spoken to their landlord about the possibility of lowering the amount of rent they are charged.

There are marked differences between the actions of claimants living in London compared to claimants living elsewhere. Thus, nearly a quarter of respondents living in London said they had spoken to the council or other organisation for advice, compared with around one in seven of those elsewhere; and over a fifth had spoken to their landlord about reducing the rent charged, compared to one in ten of those living elsewhere (Table 7.3). There is little difference in the responses of new and existing claimants on the actions they have taken.

Table 7.3 Other actions claimants had taken in the last 12 months to make up the shortfall

	<i>Column percentages</i>				
	London	Rest of Great Britain	Existing claimants	New claimants	All claimants
Looked at lower rent properties in the PRS	17	19	18	20	19
Spoken to council or other organisation for HB advice	23	14	16	16	16
Registered with a council or HA waiting list	15	17	16	17	16
Spoken to landlord about lowering the rent charged	21	10	13	11	12
Applied for a discretionary or extra HB payment	5	8	7	8	7
None of these	48	55	53	51	53
<i>Base: claimants with shortfalls</i>	253	1,096	910	439	1,349

Note: Respondents could indicate more than one category and therefore may not sum to 100 per cent.

7.3 Summary

- Just over two-thirds of claimants had a ‘shortfall’ in the sense that their LHA was less than their rent. New claimants (79 per cent) were more likely to have a shortfall than existing claimants (65 per cent). However, shortfalls were less prevalent in London (56 per cent of respondents) than elsewhere (71 per cent).
- Respondents whose LHA was less than their rent had taken a range of actions in the previous year to make up the shortfall. The most commonly cited actions were to economise on essential (42 per cent) or non-essential (36 per cent) items in their household budget. Three out of ten claimants had drawn on their other benefits (such as JSA). And over a third had borrowed money from family or friends to make up the shortfall.
- Shortfalls appeared to have affected some claimants’ work behaviour. For example, over a quarter of claimants with a shortfall said they had looked for a job to make up the difference and about one in ten had looked for a better paid job to help make up the shortfall.
- However, only three per cent of claimants said they had moved home in order to make up the shortfall between their rent and the LHA.
- The actions taken by new and existing claimants were broadly similar, but London claimants were more likely to have taken employment-related actions than those living elsewhere in Britain.

8 Affordability and arrears

One of the concerns raised by groups representing both landlords and claimants is that the changes to Housing Benefit (HB) would result in an increase in the incidence of rent arrears. This was accompanied by the further concern that increased arrears would result in evictions and possibly homelessness if the claimants concerned could not find somewhere cheaper to rent either in their local area or in another locality. This chapter examines how prevalent rent arrears were in the Local Housing Allowance (LHA) sample, why the arrears had occurred and how landlords (or their agents) had responded to the arrears. Before doing so, we look at how easy or difficult it was for claimants to afford their rent.

8.1 Claimants' ability to afford the rent

Claimants were asked how easy or difficult it was for them to afford their rent (after HB is taken into account). Table 8.1 shows their responses to this question.

More than two-fifths of claimants reported that they found it difficult to afford the rent charged for their current accommodation. Twenty per cent said it was fairly difficult and 23 per cent that it was very difficult. Meanwhile, just over a third of claimants reported that it was either fairly easy (17 per cent) or very easy (17 per cent) for them to afford the rent. Just under one in five said it was neither easy nor difficult.

As Table 8.1 also shows, more claimants in London (45 per cent) than in other parts of the country (41 per cent) reported that it was difficult for them to afford their rent; and a much smaller proportion of them said that it was easy to afford (21 per cent in London compared with 40 per cent elsewhere).

A slightly higher proportion (47 per cent) of new claimants than existing claimants (43 per cent) said that it was difficult for them to afford the rent payments on their current accommodation. Similar proportions of new (36 per cent) and existing (34 per cent) claimants reported that it was easy to afford the rent charged. However, existing claimants (18 per cent) were more likely to say it was very easy than were new claimants (13 per cent).

Table 8.1 Ease or difficulty of affording the rent (after HB)

	<i>Column percentages</i>				
	London	Rest of Great Britain	Existing claimants	New claimants	All claimants
Very easy	10	20	18	13	17
Fairly easy	11	20	16	24	17
Neither easy nor difficult	26	16	19	15	19
Fairly difficult	17	21	20	23	20
Very difficult	28	20	23	24	23
Don't know	8	2	4	3	4
Total	100	100	100	100	100
<i>Base: All claimants</i>	399	1,511	1,355	555	1,910

Note: Column totals may not sum to 100 due to rounding.

8.2 Prevalence of rent arrears

At the time of the survey, just under nine out of ten claimants were up to date with the rent and 11 per cent were in arrears (Table 8.2). There was little or no differences in levels of rent arrears between new and existing claimants or between those living in London and those living elsewhere in Britain. For all four of these groups, around nine out of ten claimants were up to date with their rental payments (Table 8.2).

Table 8.2 Whether tenants were up-to-date with the rent or in arrears

	<i>Column percentages</i>				
	London	Rest of Great Britain	Existing claimants	New claimants	All claimants
Up to date	90	88	88	89	88
In arrears	9	11	11	11	11
Don't know	1	1	1	0	1
Total	100	100	100	100	100
Base: All claimants*	399	1,510	1,355	554	1,909

* Excluding one refusal.

Note: Column totals may not sum to 100 due to rounding.

Claimants whose LHA was paid directly to their landlord were more likely to be in arrears than were those whose LHA was paid to them (18 per cent compared with eight per cent respectively). This is perhaps not surprising, as one of the grounds for paying the LHA directly to landlords is eight or more weeks' rent arrears. Nevertheless, 81 per cent of claimants whose LHA was paid to their landlord were not behind with their rent.

Claimants who had a shortfall between the rent and their LHA were significantly more likely to be in arrears than those who did not have a shortfall. Thus, 13 per cent of claimants with a shortfall, compared with seven per cent of those with no shortfall, were behind with their rent.

Two-thirds of claimants who were behind with the rent at the time of the survey said it was their first spell of arrears in their current accommodation. The fact that the remaining third had been in arrears on a previous occasion at that address suggests that rent arrears can be temporary and not just permanent, but also that they can be recurrent phenomena.

Claimants whose LHA was paid direct to their landlord (33 per cent) were no more likely to have been behind with their rent on a previous occasion in their current accommodation than were claimants whose LHA was paid to them (38 per cent).

8.3 Reasons for arrears

Claimants who were behind with their rent were asked what the single most important reason for the arrears was. Their responses are shown in Table 8.3.

Previous research on rent arrears has found that the most common causes are sudden drops in household income – due to events such as losing a job, the onset of ill-health and relationship breakdown – that necessitate a corresponding reduction in spending, which can take some time to achieve (Duncan & Kirby, 1983; Gray *et al.*, 1994; Kempson *et al.*, 2004). These kinds of income shocks were apparent among the causes of rent arrears in the LHA sample.

As Table 8.3 shows, nine per cent of claimants who were behind with the rent reported that the single most important reason for the arrears was that they or their partner had lost their job. New claimants (17 per cent) were more than twice as likely as existing claimants (seven per cent) to report that job loss was the most important reason why they had fallen behind with the rent. Meanwhile, London claimants (three per cent) were much less likely than those living elsewhere (ten per cent) to mention job loss as the single most important reason for their arrears, although the number of respondents involved here is small.

Table 8.3 The single most important reason for the rent arrears

	<i>Column percentages</i>				
	London	Rest of Great Britain	Existing claimants	New claimants	All claimants
Not paid enough	22	17	18	17	18
Change in income	2	16	13	13	13
Respondent or partner lost their job	4	10	7	17	9
Housing Benefit is less than anticipated	12	6	8	7	7
Rent has always been too high	12	2	4	7	4
Change in spending/had to spend more	4	4	5	3	4
Divorce/relationship breakdown	0	5	3	3	3
Other reasons	37	30	33	23	32
<i>Base: claimants with arrears</i>	38	185	157	66	223

Note: Only categories with at least ten respondents are presented.

Thirteen per cent of claimants reported that a change (presumably a fall) in income was the single most important reason why they had fallen behind with the rent. The figure for London (two per cent) was again substantially lower than for elsewhere in the country (16 per cent), but there was no difference in this respect between new and existing claimants. Three per cent of respondents cited divorce or relationship breakdown as the main reason why they were behind with the rent.

As well as income shocks, other respondents mentioned on-going financial causes of their arrears in their current accommodation. These financial reasons related either to their income or to their rent (Table 8.3). Thus, more than one in six claimants in arrears said that the single most important reason why they were behind with their rent was that they were not paid enough. In London, over a fifth of claimants in arrears cited low pay as the main reason for their arrears, whereas elsewhere about one in six did so. Four per cent of respondents said that their rent had always been too high for them. The proportion of London claimants who cited high rents was more than five times higher than for claimants living in other parts of Britain (12 per cent compared with two per cent respectively).

Only two per cent of claimants had reported that the single most important reason why they were behind with the rent in their current accommodation was a cut in their HB. A further seven per cent said that the HB they were awarded was less than they had expected it to be. London claimants (12 per cent) were twice as likely as those living in other parts of the country (six per cent) to report that this was the single most important reason for their arrears (Table 8.3). The differences between new and existing claimants were not statistically significant.

8.4 The response of claimants' landlords to their arrears

One of the concerns raised in the media about the impact of the changes to the LHA is that claimants who fell into arrears would be evicted by their landlords. Claimants who were behind with their rent were therefore asked how their landlord (or the agent) had responded to the arrears.

Table 8.4 shows that by far the most common response to the arrears by landlords (or their agents) was to ask for the money to be paid back gradually over time. Just under half of claimants reported that this was how their landlord had responded to the onset of the arrears in their current accommodation. Meanwhile, around one in seven claimants in arrears said the landlord has asked for the money to be repaid immediately. It is not clear from the survey how easy it would be for these claimants to pay off the arrears straight away; though by definition they had not done so by the time of the interview, as they were still behind with the rent.

Table 8.4 also shows that 15 per cent of claimants who were behind with the rent reported that their landlord (or the agent) had served them, or had threatened to serve them, with a notice to quit. A further eight per cent said their landlord had verbally asked them to leave (though the law requires landlords to issue a written notice if they want to evict a tenant). In addition, four per cent of claimants reported that the landlord had responded to the arrears by refusing to renew the tenancy when the lease comes to an end.

Table 8.4 Ways in which the landlord (or their agent) has responded to the arrears

	<i>Column percentages</i>
	All claimants
Asked you to pay back the arrears gradually over time	48
Served or threatened to serve you with a written notice to quit	15
Asked you to pay back the arrears immediately	14
Verbally asked you to leave	8
Asked to have the LHA paid directly to them	8
Changed payment methods	4
Refused to renew the tenancy	4
Agreed to lower the rent	1
Other	4
Nothing /none of these	21
<i>Base: claimants with arrears</i>	223

This evidence therefore suggests that some claimants may well lose their current accommodation as a result of their rent arrears, though at this stage it is impossible to know how many of them will do so. However, it is important to note that the rent arrears were not necessarily due to the changes to the LHA. As reported above, only a minority of claimants said that the single most important reason for their arrears was a reduction in the HB, or that their HB was less than they had anticipated.

Only one per cent of claimants who were behind with their rent reported that their landlord had agreed to lower the rent as a result of the arrears (Table 8.4). The low incidence of this response is perhaps not surprising given that rents in the private rented sector (PRS) were generally increasing faster than inflation or earnings growth at the time of the survey.

The Government has introduced a temporary measure that aims to encourage landlords to lower the rents charged to claimants. Under this arrangement, landlords who agree to lower the rent can have the LHA paid directly to them instead of it being paid to the claimant. In effect, this measure gives landlords the opportunity to trade off a lower rent against both the security of guaranteed rental income from the property and reduced rent collection costs.

Since landlords commonly complain about the perceived high cost of employing managing agents, the saving in rent collection costs that results from direct payment of the LHA should, in theory, be attractive to them. In fact, as Table 8.4 shows, eight per cent of claimants who were behind with the rent said their landlord had responded by asking for the LHA to be paid directly to them (i.e. to the landlord). Yet, as we have seen, only one per cent reported that the landlord had lowered the rent.

Finally, just over one in five claimants (who were behind with the rent at the time of the survey) reported that their landlord had not responded at all to the arrears (Table 8.4). It is not clear why the landlords or agents had not done anything in response to the onset of the arrears. However, good practice guidance on rent arrears recovery is that landlords should take early action when tenants fall behind with the rent (Department of Communities and Local Government (CLG), 2006).

8.5 Summary

- More than two-fifths of claimants reported that they found it difficult to afford the rent charged for their current accommodation. Claimants in London (45 per cent) were more likely than those in other parts of the country (41 per cent) to say this; and far fewer of claimants in London said that it was easy to afford (21 per cent compared with 40 per cent elsewhere). Forty-seven per cent of new claimants, compared with 43 per cent of existing claimants, said that it was difficult for them to afford their rent payments.
- Nine out of ten claimants were up to date with the rent and one in ten were in arrears. There were no statistically significant differences in levels of rent arrears between new and existing claimants or between those living in London and those living elsewhere. Claimants who had a shortfall (13 per cent) between the rent and their LHA were significantly more likely to be in arrears than those who did not have a shortfall (seven per cent).
- When asked to name the single most important reason for being behind with the rent, a wide range of factors were mentioned, including income shocks such as job loss (nine per cent) and a change in income (13 per cent). Other respondents mentioned on-going financial causes of their arrears in their current accommodation, which related either to their income or to their rent. For example, one in six said that the single most important reason for their arrears was that they were not paid enough.
- In London, just over a fifth of claimants in arrears cited low pay as the main reason for their arrears, whereas elsewhere one in six did so. Four per cent said that their rent had always been too high for them. The proportion of London claimants who cited high rents was more than five times higher than for claimants living in other parts of Britain (12 per cent compared with two per cent respectively).
- Only two per cent of claimants reported that the single most important reason why they were behind with the rent in their current accommodation was a cut in their HB. However, seven per cent said that the HB they were awarded was less than they had expected it to be. Claimants living in the London case study areas (12 per cent) were twice as likely as those living in other parts of the country (six per cent) to report this factor as the most important reason for their arrears. The differences between new and existing claimants were not statistically significant.

- By far the most common response to the arrears by landlords (or their agents) was to ask for the money to be paid back gradually over time (48 per cent). Meanwhile, 14 per cent of claimants in arrears said the landlord has asked for the money to be repaid immediately.
- Fifteen per cent of claimants in arrears reported that their landlord (or the agent) had served them, or had threatened to serve them, with a notice to quit. A further eight per cent said their landlord had verbally asked them to leave. In addition, four per cent of claimants reported that the landlord had told them they would not renew the tenancy when the lease came to an end because of the arrears.
- Only one per cent of claimants who were behind with their rent reported that their landlord had agreed to lower the rent as a result of the arrears. The low incidence of this response is perhaps not surprising given that rents in the PRS were generally increasing faster than inflation or earnings growth at the time of the survey.

9 Looking ahead

9.1 The potential response of claimants to a cut in their LHA

Respondents were asked what, if anything, they would do from a list of possible responses to make up the (increased) shortfall if their Housing Benefit (HB) was to be reduced. It should be noted that these **hypothetical** actions may not be the actions that claimants **actually** take if and when their HB is cut. However, it is also worth noting that the responses to this question were broadly similar to the actions that claimants with a shortfall reported they had taken over the past year to make up the difference.

The most common likely responses to a possible cut in HB that claimants mentioned were cutting back on spending on essential (45 per cent) and non-essential (37 per cent) budget items. A quarter of claimants said they would borrow money from family and friends; and nearly one in ten thought that they would take out a loan or borrow from a credit card (Table 9.1).

Table 9.1 also suggests that a future cut in their Local Housing Allowance (LHA) might encourage some claimants to take employment-related actions to make up the (increased) shortfall. A third said they would look for work; one in six thought they might look for a better paid job; one in ten reported that they might increase their hours of work in their current job; and one in eight said they would look for an additional job, to help them make up the shortfall.

Table 9.1 Actions claimants say they would take to make up the (increased) shortfall if their LHA is cut

	<i>Column percentages</i>				
	London	Rest of Great Britain	Existing claimants	New claimants	All claimants
Spend less on household essentials	39	48	44	52	45
Spend less on non-essentials	36	37	36	40	37
Look for a job	35	32	32	32	32
Borrow money from friends or family	22	26	24	29	25
Look for a better paid job	22	13	15	19	16
Increase hours of work at current job	10	11	10	13	11
Borrow money via a loan or credit card	8	10	9	11	9
Look for an additional job	6	7	6	9	7
Use savings	6	6	6	8	6
Other	6	7	7	5	7
Don't know	5	5	5	3	5
None of these	10	6	8	6	7
<i>Base: All claimants</i>	399	1,511	1,355	555	1,910

9.2 How claimants might respond if they could no longer afford their current accommodation

There has been much speculation in the media about the possibility of claimants, especially in London, having to move to other areas as a result of reductions in their LHA. Respondents were therefore asked whether they would do any of the things listed in Table 9.2 if they could no longer afford their current accommodation. Again, it is important to note that this was a hypothetical question for many respondents; and, of course, how they **think** they might respond may not be the same as how they do respond in practice when a real rather than a hypothetical situation arises.

As Table 9.2 shows, two out of five respondents said that they would contact their council or other organisation for advice about HB if they could no longer afford their current accommodation. A third thought they would register on their council or a housing association accommodation waiting list and a quarter said they would apply to their council for a discretionary housing payment (DHP).

Table 9.2 Actions claimants say they would take if they could no longer afford their current accommodation

	<i>Column percentages</i>				
	London	Rest of Great Britain	Existing claimants	New claimants	All claimants
Speak to my council or other organisation for HB advice	58	36	42	43	42
Look at lower rent properties but only in the local area	28	37	34	39	35
Register with a council or HA waiting list	30	35	33	33	33
Speak to landlord about lowering the rent charged	26	27	27	24	27
Look at lower rent properties in other areas even if not local	18	24	21	28	22
Apply for a discretionary or extra HB payment	20	23	22	23	22
Other	2	5	4	4	4
Don't know	5	5	5	2	5
None of these	6	10	8	10	9
<i>Base: All claimants</i>	399	1,511	1,355	555	1,910

Note: Respondents could indicate more than one category and therefore may not sum to 100 per cent.

A quarter of respondents thought they would speak to their landlord about the possibility of lowering the rent if they could no longer afford their current accommodation (Table 9.2). One in five reported that they would look at lower rent properties and would not confine themselves just to their local area. Meanwhile, a third said they would look at lower rent properties, but only within the local area, if they could no longer afford their current accommodation (Table 9.2).

Table 9.2 shows that the responses of new and existing claimants were broadly similar to the question about what they would do if they could no longer afford their current accommodation.

However, 28 per cent of new claimants, compared to 21 per cent of existing claimants, said they would look for lower rent properties elsewhere even if they were not local. Claimants living in London (58 per cent) were more likely than those living elsewhere in the country (39 per cent) to say that they would seek advice about HB from their council or other organisation. Perhaps surprisingly, London claimants (18 per cent) were less likely than those elsewhere (24 per cent) to report that they would look for lower rent properties including non-local ones; and also less likely (28 per cent compared with 37 per cent) to say they would look at lower rent properties but only in their local area.

9.3 Why claimants would not look in other areas for cheaper accommodation

Respondents who said they would look for cheaper properties but only within their local area, were asked why they would prefer not to look at lower rent properties in non-local areas. The results are presented in Table 9.3.

Claimants' reluctance to consider moving to other areas appears, from Table 9.3, to reflect a considerable attachment to their local area as a place to live. One in six said they had always lived there. Over a third reported that they liked living in their current locality or preferred it to elsewhere. One in six said it was because they were currently living in a good or friendly neighbourhood. Table 9.3 shows that attachment to the locality also reflected the proximity it offered respondents in relation to things that were important to them: family (39 per cent), friends (17 per cent), (good) schools (35 per cent) and their current job or place of work (11 per cent). These results are consistent with the finding, reported in Chapter 4, that the great majority of claimants were satisfied with the area in which they currently lived (Table 4.7).

Once again, the responses of new and existing claimants were broadly similar, though a higher proportion of new (48 per cent) than existing (37 per cent) claimants mentioned the desire to stay close to friends. London claimants gave somewhat different answers from those living elsewhere in terms of why they would prefer not to move away from their local area if they could no longer afford their current accommodation (Table 13.3). Twice as many London respondents (31 per cent) compared with those living elsewhere (14 per cent) said they had always lived in their current locality, as a reason why they were reluctant to move to another area. Just over half of respondents living in the London case study areas, compared with three out of ten living in the rest of Britain, said they were reluctant to move elsewhere because they liked where they were currently living (Table 9.3).

Fewer London claimants (26 per cent) than those living in other parts of the country (43 per cent) mentioned living close to their family as the reason for their reluctance to move, possibly because fewer of them currently did so. However, more London respondents (23 per cent) than others (15 per cent) mentioned being close to friends as the reason why they preferred not to look for lower rent properties in non-local areas (Table 9.3).

Table 9.3 Why claimants would not look at lower rent properties in other areas

	<i>Column percentages</i>				
	London	Rest of Great Britain	Existing claimants	New claimants	All claimants
Want to remain close to family	26	43	37	48	39
Prefer local area/like living here	55	30	37	32	36
Want to remain close to schools/good schools	27	38	35	34	35
Always lived here	31	14	18	18	18
Want to remain close to friends	23	15	17	17	17
Is a good/friendly neighbourhood	28	12	17	11	16
Would be too far away from current job/place of work	11	10	11	9	11
Want to remain close to services – GP, hospital, etc.	10	7	8	8	8
Worse job opportunities in other areas	6	1	2	4	3
Other	2	2	3	1	2
<i>Base: claimants who would look at lower rent properties only in the local area</i>	77	371	317	131	448

Note: Only categories with at least ten respondents are presented.

9.4 Summary

- Respondents were asked what they would do to make up the (increased) shortfall if their HB was to be reduced. These **hypothetical** actions may not be the actions that claimants **actually** take if and when their HB is cut, but it is also worth noting that the responses were broadly similar to the actions that claimants with a shortfall reported that they **had** taken over the past year to make up the difference.
- The most common likely responses to a possible cut in HB that claimants mentioned were cutting back on spending on essential (45 per cent) and non-essential (37 per cent) budget items. A quarter of claimants said they would borrow money from family and friends; and one in ten thought that they would take out a loan or borrow from a credit card.
- A future cut in their LHA might encourage some claimants to take employment-related actions to make up the (increased) shortfall. For example, a third said they would look for work and one in six that they might look for a better paid job.
- Forty-two per cent of respondents said that they would contact their council or other organisation for advice about HB if they could no longer afford their current accommodation. A third thought they would register on the council or a housing association waiting list, and one in five said they would apply to the council for a DHP.

- Over a quarter of respondents thought they would speak to their landlord about the possibility of lowering the rent if they could no longer afford their current accommodation. A third said they would look at lower rent properties but only within the local area, and one in five said they would look at lower rent properties but not just within their local area.
- Claimants living in the London case study areas (18 per cent) were **less** likely than those living elsewhere (24 per cent) to report that they would look for lower rent properties including non-local ones; and also **less** likely (28 per cent compared with 37 per cent) to say they would only look at lower rent properties in their local area. The responses of new and existing claimants were broadly the same.
- Claimants' reluctance to consider moving to other areas appears to reflect a considerable attachment to their local area as a place to live. Eighteen per cent said they had always lived there and 36 per cent said that they liked living in their current locality or preferred it to elsewhere. Sixteen per cent said it was because they were currently living in a good or friendly neighbourhood. Attachment to the locality also reflected the proximity it offered respondents in relation to things that were important to them: family (39 per cent), friends (17 per cent), (good) schools (35 per cent) and their current job or place of work (11 per cent).
- More than twice as many respondents living in London (31 per cent) compared with those living elsewhere (14 per cent) gave the fact that they had always lived in their current locality as a reason why they were reluctant to move to another area. Over half of the respondents in London, compared with three out of ten living elsewhere, said they were reluctant to move because they liked where they were currently living. The responses of new and existing claimants were broadly similar as to why some of them would not look for cheaper properties in other areas.

10 The postal survey of landlords

This chapter briefly describes how the postal survey of landlords was undertaken and outlines the general characteristics of the 1,867 landlords who returned the survey questionnaire. Where relevant, comparisons are made with the sample of landlords in the 2006 Department for Work and Pensions (DWP) evaluation of the Local Housing Allowance (LHA) Pathfinder programme. The characteristics of those landlords who currently let to tenants claiming Housing Benefit (HB)/LHA are compared to those who do not. The proportion of lettings made to tenants on HB/LHA is then described, to indicate which landlords operated in a distinct HB sub-market in the case study areas.

10.1 Overview of the private landlords survey

The postal survey of private landlords and letting or managing agents was carried out between September and October 2011. The new rules for LHAs had been in force for new tenants since April 2011 – a period of six months by the time the survey was conducted. Only new claimants or claimants with a change in circumstances would have been subject to the new LHA rules at the time of the survey. A nine-month transitional protection period was still in force for existing tenants and the changes would not have affected LHA payments to existing tenants when the survey was undertaken.

The aim of the survey was to gauge the **attitudes, perceptions and likely intentions of landlords** in relation to the changes being made to the LHA system. Landlords were asked about awareness of the changes, if they felt that the changes had affected them so far, whether they had altered their letting strategy specifically because of the changes underway, and future intentions over their lettings portfolio.

A wide range of small and large landlords, letting agents or managing agents with lettings within the 19 case study areas in Great Britain were covered by the postal survey. As shown in Chapter 3, the 19 case studies were selected to cover a range of housing and labour market circumstances. The sampling frame included landlord contact details held locally by the local authorities, by landlord associations, on Housing in Multiple Occupation (HMO) lists and from HB records contained on the Single Housing Benefit Extract (SHBE). The final sample, therefore, included both landlords who had LHA tenants and those who did not.

In total 1,867 respondents completed the questionnaire. Of these, 1,443 respondents (78 per cent of the total) currently let to tenants who claim HB or LHA. This sub-sample of respondents forms the basis for the main analysis presented in Chapters 11 to 13 in this report, which cover landlords' awareness, attitudes, perceptions and plans in relation to LHA reform. Questions about LHA were asked **specifically in relation to lettings held within the relevant case study areas**, not about their overall portfolio. As the results discussed in the following chapters indicate, the LHA changes are likely to have quite different effects in different localities, so landlords were asked to focus on the specific case study area rather than on their business as a whole.

The survey was designed to provide adequate sample sizes for sub-groups of areas or types of landlords rather than for the individual case study area. The data have been weighted to take account of the uneven sample sizes by area, and variation in response rates at the local level, in order to provide estimates which reflect the 19 case study areas as a whole and the known distribution of claimants across them. The weighting is based on the assumption that areas with more LHA tenants are also likely to have more landlords with LHA tenants in their portfolios. This reflects the distribution of the size of landlord across areas, as this tends to be dominated by small

landlords with ten or fewer properties. The distribution of small and large landlords in this postal survey is similar to that found in other surveys, including the previous survey of LHA pathfinder areas in 2006. In practice, the weighting made minimal difference to the percentages reported.

An overall response rate of 12 per cent was achieved from a single mail out of the postal questionnaire. Respondents were also given the choice to complete the questionnaire on-line if preferred. Appendix B provides a full breakdown of the response rates for individual case study areas and further detail on the methodology.

10.2 Landlords' characteristics

The characteristics of the respondents to the survey (N = 1,867) are examined here by comparing those landlords with HB/LHA tenants (78 per cent of the sample) alongside those landlords who do not have HB/LHA tenants (22 per cent)². The data for LHA landlords have been weighted by the known LHA caseload across the 19 areas. Landlords with no LHA tenants at the time of the survey are given a weighting factor of one. Notable differences in characteristics between these two groups of landlords are described and, where appropriate, the results are benchmarked against data from the survey of private landlords and letting agents carried out in 2006 for the LHA Final Evaluation.

The postal survey included letting agents and managing agents as well as private landlords. Table 10.1 shows that 83 per cent of respondents were landlords – a slightly higher proportion than the 71 per cent found in the 2006 LHA survey. Respondents with LHA tenants were also more likely to be a letting agent, or to combine roles as landlord and letting agent, than those without LHA tenants; 19 per cent compared to ten per cent.

Table 10.2 below shows that the majority of respondents had been operating as landlords for a considerable time. Over half had been a landlord for at least ten years and over three-quarters had been a landlord for more than five years, and would therefore have been in business when the LHA system was initially introduced in 2008. There was little difference between the LHA and non-LHA landlords on this measure.

Table 10.1 Landlord or letting/managing agent

	<i>Column percentages</i>		
	LHA landlords	Non-LHA landlords	All landlords
Landlord	81	90	83
Landlord and letting/managing agent	13	6	11
Letting/managing agent	6	4	6
Total	100	100	100
<i>Base: All landlords</i>	1,436	407	1,843

² This is similar to the 80 per cent of respondents who had HB/LHA tenants in the 2006 survey of landlords and letting agents in LHA pathfinder areas [DWP, p45).

Table 10.2 Length of time as a landlord

	<i>Column percentages</i>		
	LHA landlords	Non-LHA landlords	All landlords
Less than 2 years	5	7	5
For at least 2 years but less than 5 years	16	16	16
For at least 5 years but less than 10 years	26	29	26
For 10 years or more	53	47	52
Don't know/Not sure	0	1	0
Total	100	100	100
<i>Base: All landlords (excluding letting agents)</i>	1,335	388	1,723

Note: Column totals may not sum to 100 due to rounding.

Table 10.3 Type of private landlord

	<i>Column percentages</i>		
	LHA landlords	Non-LHA landlords	All landlords
Private individual/family	85	90	86
Private company	18	10	17
Public company	1	1	1
Partnership	5	3	5
Other	1	1	1
<i>Base: All landlords (excluding letting agents)</i>	1,334	385	1,719

Note: Respondents could indicate more than one category and therefore may not sum to 100 per cent.

The prevalence of smaller, individual landlords operating in the private rented sector is highlighted in Table 10.3 and in subsequent tables in this chapter. Eighty-five per cent of respondents who were landlords with LHA tenants were private individuals or families. Non-LHA landlords were even more likely to be private individuals/families (90 per cent). The overall figure of 86 per cent for the sample is fairly similar to the previous 2006 LHA survey, where the comparable figure was 81 per cent.

Table 10.4 Status of landlord

	<i>Column percentages</i>		
	LHA landlords	Non-LHA landlords	All landlords
Full-time	34	16	30
Part-time	66	84	70
Total	100	100	100
<i>Base: all landlords (excluding letting agents)</i>	1,327	383	1,710

There are also slightly more 'professional' landlords operating in the LHA market; 19 per cent were private or public companies, compared to 11 per cent of non-LHA landlords. Table 10.4 indicates that a higher proportion of LHA than non-LHA landlords were full-time (34 per cent and 16 per cent

respectively). The proportion of part-time landlords (70 per cent) is very similar to the proportion in the landlord sample in the LHA pathfinder survey in 2006 (71 per cent).

Table 10.5 Reasons for letting property

	<i>Column percentages</i>		
	LHA landlords	Non-LHA landlords	All landlords
An investment for capital growth	12	10	11
An investment for rental income	19	20	19
An investment for both capital growth and rental income	52	50	52
A future home for myself/family	5	5	5
Current or future home for a relative	2	2	2
A property I would like to sell, but can't	4	8	5
Somewhere to house an employee	0	1	0
Somewhere to house people in need	4	2	3
Don't know/not sure	2	3	2
Total	100	100	100
<i>Base: All landlords (exc. letting agents)</i>	<i>1,301</i>	<i>374</i>	<i>1,675</i>

Note: Column totals may not sum to 100 due to rounding.

In the responses to a predetermined list of reasons why respondents rented out property privately, just over half of all landlords considered their properties as an investment for both capital growth and rental income, and a further one in five stated that they rented properties to provide a rental income (Table 10.5). This emphasis on rented properties as a source of income may influence attitudes and decisions about the re-negotiation of rents with tenants which forms an important part of the new LHA regime. The only notable difference between the responses from landlords with or without LHA tenants to this question was the slightly higher proportion of landlords without LHA tenants who were landlords 'by default'. Eight per cent of this group said they would like to sell their property but were not able to, twice the rate seen amongst landlords with LHA tenants. Although one should not overstate this difference, it suggests that fewer LHA landlords might sell up and exit the sector if or when the owner-occupied market picks up.

Table 10.6 Letting preferences: tenants' economic status

	<i>Column percentages</i>		
	LHA landlords	Non-LHA landlords	All landlords
Working people	65	67	65
Out-of-work benefit claimants	11	1	9
Students	2	21	6
Retirees	3	3	3
No preference	19	8	17
Total	100	100	100
<i>Base: All landlords</i>	<i>1,386</i>	<i>392</i>	<i>1,778</i>

Table 10.7 Letting preferences: household characteristics

	<i>Column percentages</i>		
	LHA landlords	Non-LHA landlords	All landlords
Single people under 25	3	19	6
Single people aged 25+	19	22	20
Childless couples	13	16	14
Couples with children	21	10	19
Lone parents	5	1	4
Elderly people	9	7	8
No preference	31	25	29
Total	100	100	100
<i>Base: All landlords</i>	1,368	383	1,751

Note: Column totals may not sum to 100 due to rounding.

Two-thirds of landlords, both with and without LHA tenants, stated that they preferred letting to working people (Table 10.6). This is the same as the proportion of landlords (65 per cent) in the LHA Pathfinder survey in 2006. However, 11 per cent of LHA landlords stated that out-of-work benefit claimants were their preferred tenants and 19 per cent had no preference; just over twice the percentage of non-LHA landlords. Indications that LHA and non-LHA landlords sometimes operate in different sub-markets is supported by the finding (Table 10.6) that a fifth of non-LHA landlords preferred student tenants, compared to only two per cent of LHA landlords.

Of those who stated a preference, a key difference is discernible (Table 10.7) between LHA and non-LHA landlords over their attitudes to letting to single people under 25 (where the shared accommodation rate (SAR) applied, under the 'old' rules). This difference is also reflected in Table 10.8, which indicates that landlords with LHA tenants were also less likely to have shared accommodation than non-LHA landlords. This pattern held true for both large and small landlords. Seventy-six per cent of small LHA landlords, compared to 59 per cent of small non-LHA landlords, did not have shared accommodation; 60 per cent of large LHA landlords, compared to just 37 per cent of large non-LHA landlords, did not have shared accommodation.

Table 10.8 Letting of shared accommodation

	<i>Column percentages</i>		
	LHA landlords	Non-LHA landlords	All landlords
Shared house/flat with joint tenancy agreement	17	28	19
Shared house/flat with individual tenancy agreements	12	17	13
Bedsits with individual tenancy agreements	7	3	6
Other types of shared tenancy arrangements	2	2	2
No	72	57	69
<i>Base: All landlords</i>	1,403	386	1,789

Note: Respondents could indicate more than one category and therefore may not sum to 100 per cent.

All respondents were asked about the scale of their portfolio within both the case study area and across Great Britain. The dominance of small landlords in the PRS market is indicated in Table 10.9, although there are clear differences between landlords who were letting to LHA tenants and those who were not. A quarter of LHA landlords only have one property compared to half the non-LHA landlords. Seventy-two per cent of landlords with LHA tenants have ten properties or fewer compared to 92 per cent of non-LHA landlords. This reflects the fact noted earlier about more ‘professional’ and full-time landlords operating in the LHA market than in the PRS sector more generally.

Table 10.9 Portfolio within case study area

	Column percentages		
	LHA landlords	Non-LHA landlords	All landlords
1	24	51	30
2-5	33	35	33
6-10	15	6	13
11-50	20	7	17
Over 50	8	1	6
Total	100	100	100
<i>Base: All landlords</i>	1,416	392	1,808

Note: Column totals may not sum to 100 due to rounding.

Small landlords dominated the sample in terms of the survey respondents. Fifty-seven per cent of LHA landlords own five or fewer properties, compared to 51 per cent in the sample of landlords in the LHA Pathfinder survey in 2006. It is, however, the landlords with more than ten properties who hold the vast majority of the stock. The decisions made by these larger landlords will, therefore, have a greater impact on tenants in these areas. The **28 per cent** of LHA landlords with more than ten properties hold **87 per cent** of the total stock held by all LHA landlords in the case study areas. For non-LHA landlords only **eight per cent** have more than ten properties, but this accounts for **65 per cent** of the total stock held by them. For this reason, at times in the discussion of survey findings in the following chapters, the implications for the estimated number of stock in the case studies are considered, alongside the number of survey respondents.

Table 10.10 Dwellings let by landlords

	LHA landlords	Non-LHA landlords	All landlords
Dwellings let within Great Britain	77,700	5,500	83,200
Dwellings let within case study area	27,600	2,200	29,800
Percentage of all Great Britain dwellings within case study area	36	40	36
Estimated lettings to LHA/HB tenants	12,500	0	12,500
Estimated percentage of lettings to LHA/HB tenants	45	0	42
<i>Base: All landlords</i>	1,443	409	1,852

Note: Total dwellings in GB is unweighted.

Table 10.10 shows that landlords included in this survey hold nearly 30,000 dwellings in the 19 case study areas. The stock within the case study areas only accounts for just over a third of the 83,000 dwellings held by these landlords across Great Britain. It is not possible to ascertain from the survey how far decisions made by the landlords about their lettings strategy in these case study areas would be replicated for stock they hold in other housing markets. An estimated 12,500 LHA lettings were held by the LHA landlords within the case study areas, accounting for 45 per cent of their total lettings within these areas. The 12,500 LHA tenants account for eight per cent of the total 150,000 LHA caseload within the 19 case study areas.

Table 10.11 Lettings to LHA tenants as a percentage of all lettings

	<i>Column percentages</i>
	LHA landlords
Less than 10%	11
At least 10% but less than 20%	8
At least 20% but less than 50%	15
At least 50% but less than 100%	30
100%	31
Don't know/not sure	4
Total	100
<i>Base: LHA landlords</i>	1,436

Note: Column totals may not sum to 100 due to rounding.

Landlords with LHA tenants were asked to estimate the proportion of their stock within the case study local authority which was let to HB/LHA tenants. Table 10.11 shows that 61 per cent reported that LHA lettings accounted for at least half of their lettings, and over 30 per cent let exclusively to the HB sub-market.

Table 10.12 Member of a landlord association

	<i>Column percentages</i>		
	LHA landlords	Non-LHA landlords	All landlords
Yes	32	28	31
No	64	67	65
Don't know/not sure	4	5	4
Total	100	100	100
<i>Base: All landlords</i>	1,421	400	1,821

Table 10.12 indicates that 32 per cent of LHA landlords are a member of a landlord association. This may make the communication of changes in the LHA rules to the landlords with LHA tenants quite difficult if there are few standard ways of engaging with this group as a whole. The proportion belonging to a landlord association also varies considerably by size of the landlord. Whilst 49 per cent of landlords with more than ten properties belong to a landlord association, the comparable figure for smaller landlords is only 25 per cent and, as Chapter 5 will show, awareness of the LHA changes is more limited among this group.

10.3 Summary

- Seventy-eight per cent of the respondents to the postal survey were currently letting to tenants receiving LHA, and 22 per cent were not.
- Over half the respondents had been landlords for more than ten years, and there was little difference between LHA and non-LHA landlords.
- A higher proportion of LHA landlords were full-time (34 per cent) compared to non-LHA landlords (16 per cent).
- Two-thirds of landlords (both LHA and non-LHA landlords) stated that they preferred to let to working people; however, 11 per cent of LHA landlords also stated that they preferred to let to out-of-work benefit claimants .
- Twenty-eight per cent of LHA landlords had more than ten properties, and this accounted for 87 per cent of the total stock held by all LHA landlords in the case study areas. Just eight per cent of non-LHA landlords had more than ten properties, accounting for 65 per cent of the total stock.
- An estimated 12,500 LHA lettings were held by LHA landlords in the case study areas, accounting for 45 per cent of their total lettings and accounting for eight per cent of the total 150,000 LHA caseload in all 19 areas.
- Nearly two-thirds (61 per cent) of LHA landlords reported that LHA lettings accounted for at least half their lettings, and 30 per cent let exclusively to the HB sub-market.

11 Landlords' awareness of the LHA measures

As Chapter 2 showed, a range of measures affecting the Local Housing Allowance (LHA) were introduced by the Government in the June 2010 Budget and 2010 Spending Review, and the implementation of these changes is to be phased in over a 21-month period. The survey therefore asked respondents about their general level of awareness of these measures (in autumn 2011) prior to receiving the questionnaire from the research team. The introduction of the new measures had received considerable coverage in the media, especially in the professional press and the Government, local authorities, advice agencies and landlords' organisations had all published information about the detail of the changes and their wider implications. Awareness of the specific measures introduced by the Government (described in Chapter 2) is then discussed.

11.1 Awareness of overall LHA changes

Table 11.1 Landlord awareness of changes to LHA

	<i>Column percentages</i>				
	London	Rest of Great Britain	Small landlords	Large landlords	All landlords
Yes	78	59	58	82	64
No	20	35	36	15	30
Don't know/not sure	3	6	6	3	5
Total	100	100	100	100	100
<i>Base: All LHA landlords</i>	244	1,191	1,036	372	1,435

Note: Column totals may not sum to 100 due to rounding.

Table 11.1 shows that, among those landlords who were currently letting to LHA tenants (1,435 in all), just over a third of those with stock outside London, and a similar proportion with ten or fewer properties said that they were **not** aware of the changes to LHA. Given the phased introduction of the measures, the majority of LHA tenants for these landlords would not yet have changed to the new rules at the time of the survey. The results show a greater lack of knowledge from those landlords with smaller portfolios. Thus, although 30 per cent of landlords overall said they had not heard of the changes, they owned only an estimated 12 per cent of the overall LHA stock held by survey respondents.

In further analysis, the responses from landlords in three London case study areas, where there might be an expected out-flow of tenants under the new rules, due to relatively high private rents (Brent, Hackney, Westminster), have been compared with the four areas where median rents are lower and where an in-flow of 'displaced' claimants from tight housing markets might be expected in the future (Barking and Dagenham, Portsmouth, Tendring and Thanet). (For this report, these flows have been **assumed** on the basis of different rent levels and market conditions. At subsequent stages in the research the spatial analysis will indicate whether such assumptions are supported by empirical data.) Table 11.1 shows that awareness of the new LHA measures is considerably higher

among landlords in areas where the Housing Benefit (HB) caseload might be expected to fall in relative terms in the future than in the areas where it is expected to rise. Eighty-one per cent of landlords in potential 'out-flow' areas said they were aware of the new measures, compared to 60 per cent of landlords in the potential 'in-flow' areas.

11.2 Awareness of specific LHA measures

Table 11.2 Awareness of specific changes to LHA and benefit cap

	<i>Column percentages</i>				
	London	Rest of Great Britain	Small landlords	Large landlords	All landlords
Capping maximum weekly LHA rates by property size	73	55	53	79	60
Caps on total benefit claimants can receive	58	41	41	59	46
5-bedroom LHA rate abolished	56	35	32	62	41
Removal of £15 weekly excess payment to claimants	39	31	25	54	33
Setting LHA rates on the 30th percentile of rents	42	27	24	50	31
Increasing age limit for shared accommodation rate	37	26	22	49	29
Increasing future LHA rate by Consumer Price Index (CPI)	36	21	21	37	25
Increasing the rate of non-dependant deductions	18	13	10	26	15
<i>Base: all LHA landlords</i>	243	1,175	1,022	370	1,418

Note: Respondents could indicate more than one category and therefore may not sum to 100 per cent.

Table 11.2 shows the different levels of awareness among LHA landlords of the various measures introduced by the Government in 2010. A majority of all landlords with LHA tenancies were aware of the caps on LHA rates by bedroom size, and between a third and a half of all landlords were aware of the removal of the five-bedroom rate and the abolition of the £15 excess payment for tenants. Furthermore, the 60 per cent of all landlords who said they were aware of the caps on LHA rates, for example, owned an estimated 84 per cent of all the LHA stock owned by survey respondents in the case study areas. In terms of a measure that goes wider than LHA but may affect tenants' ability to pay the rent, 46 per cent of all LHA landlords (who owned an estimated 68 per cent of the LHA stock held by respondents in the case study areas) were aware of the proposed introduction of the overall benefit cap equivalent to median household income. Less than a third of all respondents said they were aware of the changes to setting LHA rates (although they owned an estimated 61 per cent of the LHA stock), increasing the age limit for the shared accommodation rate (where respondents owned an estimated 63 per cent of total LHA stock) and restricting future LHA rate increases to the Consumer Price Index (CPI) (where they owned an estimated 45 per cent of total LHA stock). Just 15 per cent of respondents (owning an estimated 40 per cent of total LHA stock in the case study areas) knew of the measure to increase the rate of non-dependant deductions.

A fairly consistent pattern emerged in that a considerably higher proportion of landlords with tenancies in the London case study areas knew about the specific measures than landlords letting elsewhere. This 'knowledge gap' between the two groups ranged from five percentage points on awareness of the changes to non-dependant deductions to 21 percentage points on awareness of the abolition of the five-bedroom rate. There was a similar pattern of difference between landlords in potential out-flow London areas (where 73 per cent of respondents were aware of the caps by property size, for example) and those in potential in-flow areas (where the comparable figure was 61 per cent).

In further analysis, the level of awareness of these measures was broadly similar among landlords with stock in the 'rest of England' case study areas (i.e. outside London) compared to Wales and Scotland, although there were some differences – for example only 19 per cent of landlords in Wales were aware of changes to the shared accommodation rate (SAR) compared to 27 per cent in the rest of England and 29 per cent in Scotland; and 22 per cent of landlords with stock in both the Scottish and Welsh case study areas were aware of the 30th percentile rule, compared with 30 per cent of landlords with stock in the rest of England.

It stands to reason that those landlords with a larger number of tenancies, who are more likely to be full-time, or more reliant on rents for their income than smaller or 'sideline' landlords, would have wider knowledge of the measures than smaller landlords. They are more likely to have experience of letting to tenants under the new rules. Table 11.2 bears this out. Indeed, there was a difference of more than 25 percentage points between larger and smaller landlords in their awareness of five of the eight measures listed in the questionnaire. As more tenancies are created under the new LHA rules, the level of awareness of the measures is bound to increase, but even so it is worthy of comment that, over six months after the introduction of the LHA caps for different property sizes, only 53 per cent of LHA landlords with ten or fewer properties said they were aware of it.

11.3 Summary

- Just over a third of landlords with stock in the case study areas outside London, and a similar proportion with ten or fewer properties, stated that they were not aware of changes to LHA.
- Four-fifths of landlords in potential London out-flow areas said they were aware of the LHA measures, compared to six in ten landlords in potential in-flow areas.
- A majority of all LHA landlords were aware of the caps on LHA rates by bedroom size, and over a third were aware of the removal of the five-bedroom rate and the abolition of the £15 excess payment.
- Forty-six per cent of LHA landlords (who held an estimated 68 per cent of the total stock held by respondents in the case study areas) were aware of the proposed introduction of the overall benefit cap equivalent to median household income.
- A considerably higher proportion of landlords with tenancies in the London case study areas were aware of the specific measures than landlords elsewhere; and a similar difference was noted between those in potential in-flow areas and those in potential out-flow areas.
- Only just over half of LHA landlords with ten or fewer properties stated that they were aware of the LHA caps for different property sizes.

12 Perceived impact of LHA measures on landlords

The survey asked landlords if, and how, the new Local Housing Allowance (LHA) measures had made an impact on their role, their business and their tenants. Of course, the introduction of many of the new LHA measures was still at an early stage by the time of the survey and other policies (such as the increased age limit for the shared accommodation rate) were yet to take effect, but the questions enabled some indications to be given about the relative salience of the different measures on landlords currently letting to LHA tenants. In this chapter we explore the extent to which the reforms have made an impact so far and which measures have had most impact. We then consider the perceived impact on rent arrears among LHA tenants and on the extent of eviction, and non-renewal or closure of tenancies. Finally, the effects of the measures on the landlords' overall role, letting strategy and business priorities are considered.

12.1 Impact of LHA measures

The questions asked specifically about the impact of the LHA policy measures rather than more general influences such as overall housing market conditions, more specific trends in demand for private renting, the performance of the local labour market or the wider ramifications of the recession, but in practice it is naturally difficult to disentangle these various factors.

Table 12.1 Whether LHA reforms had had an effect so far

	<i>Column percentages</i>				
	London	Rest of Great Britain	Small landlords	Large landlords	All landlords
Yes, a lot	24	10	11	22	14
Yes, a fair amount	22	17	15	28	18
Not very much	18	20	18	23	20
Not at all	24	35	37	19	32
Don't know/not sure	12	18	19	8	16
Total	100	100	100	100	100
<i>Base: All LHA landlords</i>	244	1,185	1,035	368	1,429

Table 12.1 shows that just under a third of all landlords letting to LHA tenants felt that the measures had affected them 'a lot' or 'a fair amount' and, at the other end of the scale, the same proportion felt the measures had not had any impact as yet. There is a considerable difference between the landlords operating in the four London case study areas and those elsewhere, with more than twice the percentage of London landlords saying that the measures had affected them a lot. Nevertheless, around a quarter of London landlords also said that the measures had not affected them at all as yet. In further analysis, the proportion of those landlords with stock in Scotland and Wales who said the measures had affected them 'a lot' or a 'fair amount' was broadly similar (30 per cent and 24 per cent respectively) to landlords in the 'rest of England'. Nearly twice the percentage of LHA landlords with more than ten properties said the measures had affected them 'a lot' or 'a fair amount' compared to smaller landlords.

Table 12.2 Effects of specific elements of the LHA reforms so far

	<i>Column percentages</i>				
	London	Rest of Great Britain	Small landlords	Large landlords	All landlords
Capping maximum weekly LHA rates by property size	41	17	19	38	24
Setting LHA rates on the 30th percentile of rents	27	16	13	36	19
Removing the £15 weekly excess payment to claimants	8	12	8	17	11
Increasing the age limit for shared accommodation rate	13	9	4	25	10
Five-bedroom LHA rate abolished	13	2	2	12	5
Affected but don't know/not sure by which changes	13	14	15	12	14
Not at all/don't know/not sure if affected	36	53	56	27	48
<i>Base: All LHA landlords</i>	<i>244</i>	<i>1,185</i>	<i>1,035</i>	<i>368</i>	<i>1,429</i>

Note: Respondents could indicate more than one category and therefore may not sum to 100 per cent.

Table 12.2 differentiates between the various measures in terms of their impact on landlords. It shows that the overall LHA rate caps by property size and, to a lesser extent, setting LHA rates on the 30th percentile, were mentioned by a higher proportion of landlords than the other measures. Given the relatively higher level of private sector rents in London than elsewhere, it is perhaps no surprise that 41 per cent of LHA landlords in the four London case studies mentioned the rate caps and 27 per cent mentioned the 30th percentile as affecting them, compared to 17 per cent and 16 per cent respectively of those outside London. If one excludes the lower rent London area of Barking and Dagenham from the analysis, the proportion of landlords from the other three London areas saying they have been affected by the caps and the 30th percentile rises to 45 per cent and 29 per cent respectively.

A considerably higher proportion of landlords with more than ten properties said they had been affected by the LHA rate caps and the 30th percentile rule, which will naturally reflect the larger number of tenants they let to. It is also likely that larger landlords may be more attuned to the introduction of the measures and therefore more prone to attribute perceived changes in recent months to this factor. They may also wish to take action at an earlier stage on their tenancies than smaller landlords. This is suggested in terms of the contrast between the two groups over the perceived impact of changes to the shared accommodation rate (SAR). Although this had not come into effect at the time of the survey, some landlords appeared to be looking ahead and responding pro-actively to the changed position of those single people aged between 25 and 35 who are currently living in self-contained accommodation. A quarter of larger landlords said the SAR changes had already affected them, compared to just four per cent of smaller landlords.

12.2 Rent arrears and tenancy management

Table 12.3 Whether aware of any current tenants being in rent arrears because of the LHA reforms

	<i>Column percentages</i>				
	London	Rest of Great Britain	Small landlords	Large landlords	All landlords
Yes	41	34	28	58	36
No	48	57	62	33	54
Don't know/not sure	11	9	10	9	9
Total	100	100	100	100	100
<i>Base: All LHA landlords</i>	241	1,182	1,029	367	1,423

Note: Column totals may not sum to 100 due to rounding.

Table 12.4 Whether taken action to evict, not renew or end tenancies because of the LHA reforms

	<i>Column percentages</i>				
	London	Rest of Great Britain	Small landlords	Large landlords	All landlords
Yes	37	25	21	50	29
No	57	71	74	46	67
Don't know/not sure	6	4	5	5	5
Total	100	100	100	100	100
<i>Base: All LHA landlords</i>	240	1,185	1,031	367	1,425

Note: Column totals may not sum to 100 due to rounding.

The responses shown in Table 12.3 are of interest, as concerns had been expressed that the introduction of the new LHA measures might cause more private tenants to fall into arrears in some higher rent markets, as they would not be able to afford to meet the gap between the LHA rate and the rent charged by the landlord. Over a third of all LHA landlords felt that some of their tenants were in arrears because of the new measures. A higher proportion of landlords with properties in the London case studies (41 per cent) than elsewhere said they perceived that the new measures had increased the number of their tenants who were in rent arrears. Of the others, 37 per cent of landlords with stock in the 'rest of England' areas said that some tenants now had arrears problems due to the impact of the reforms, and this falls to 30 per cent of landlords with stock in Wales and 28 per cent of those in Scotland, which may partly reflect the smaller gap between LHA rates and rents charged in these areas. Over half of LHA landlords with more than ten properties said that some of their tenants now had arrears due to the measures, which was over twice the proportion of smaller landlords.

Table 12.4 indicates the proportion of LHA landlords who felt they had to evict tenants, not renew or end tenancies as a result of their tenants being unable to afford the rent under the new LHA rules. However, it is important to note that, in practice, landlords may not know the exact reasons why

a tenant has fallen behind with the rent. Table 12.4 shows that over a quarter of all LHA landlords said they had taken such actions because of the effects of the LHA measures on tenants' ability to afford the rent. Thirty-seven per cent of London landlords (rising to 39 per cent of landlords in the three potential 'out-flow' London areas) said they had taken action of some kind because of the LHA measures. By contrast, just 16 per cent of landlords with stock in Scotland and 25 per cent of those with stock in Wales said they had taken action over tenancies due to the measures.

12.3 Impact on landlord role, letting and business strategy

The responses in Table 12.5 show that the perceived effects mentioned by the highest percentages of landlords concern rent arrears, evictions and the non-renewal of tenancies, although in each case a majority of LHA landlords felt that there had been no effect on these issues as yet. A higher proportion of landlords with ten or more properties and with stock in the London case study areas perceived that the LHA measures had impacted on these issues. While 38 per cent of landlords in London, for example, said that actions to evict tenants had increased due to the measures, only 27 per cent of landlords in the 'rest of England', 22 per cent in Scotland and 20 per cent in Wales felt this had been the case.

Table 12.5 Whether LHA reforms have affected the landlord role in the following ways

	<i>Column percentages</i>				
	London	Rest of Great Britain	Small landlords	Large landlords	All landlords
Rent arrears	48	40	33	66	42
Action to evict tenants	38	25	22	46	29
Not renewing tenancies	43	22	22	44	28
Rental yields (decreased)	34	23	23	36	27
Prospective tenants asking for rent lower than advertised	34	22	19	40	25
Dealings with the HB service	26	23	19	37	24
Current tenants requesting rent reductions/renege	34	20	19	36	24
Tenants with HB/LHA direct payments to landlord	22	20	16	34	21
Tenants moved as they could no longer afford rent	24	19	14	35	20
<i>Base: All LHA landlords</i>	235	1,153	996	368	1,388

Note: Respondents were given the option of increased/decreased/stayed the same; the responses given here are those recording an increase in each option, except for 'rental yields'. Respondents could indicate more than one category and will not sum to 100 per cent. Categories for which 20 per cent or more of 'All LHA landlords' are presented.

One of the aims of the measures was to encourage more negotiation between landlords and prospective and current tenants over rent levels. Table 12.5 shows that around a third of London landlords, and over a third of larger landlords, have noticed an increase in negotiations over the rent, with a lower level of activity outside London and among smaller landlords. Over a third of

London and larger landlords reported that rental yields had decreased as a result of these measures (which is not the same, it should be pointed out, as suggesting that the rental yields across their whole stock portfolio will necessarily have decreased). This compares with 24 per cent of landlords elsewhere in England and only 19 per cent of landlords in Wales, where there is less evidence of negotiations between landlords and tenants (perhaps because the difference between LHA rates and rents charged is small or non-existent).

A fifth of all landlords noted that the number of Housing Benefit (HB) cases where payment is made direct to the landlord (either because of arrears or the vulnerability of the claimant) had increased due to the LHA measures. Dealing with the local authority’s HB service has also increased for about a quarter of all landlords, no doubt reflecting the greater level of activity around rent levels, HB payment methods, tenancy management and arrears.

One of the issues that had been prominent in debates about the impact of the LHA measures has concerned the prospect of LHA tenants being priced out of some local private rented markets and having to move to other areas where any shortfall between the rent charged and the LHA rent would be lower. Particular interest has concerned the potential impact in central London, given the relatively high levels of rents and the dearth of lower rental areas nearby. The results in Table 12.5 suggest there has only been a small ‘London effect’ on this outcome so far. Twenty-four per cent of landlords with tenancies in the four London case study areas said there had been an increase in tenants moving elsewhere because of affordability problems, compared to 19 per cent of landlords elsewhere (and, within this group, only 14 per cent of landlords in Wales). Over a third of larger landlords perceived that the prevalence of tenants moving for this reason had increased.

Table 12.6 Whether letting strategy has changed because of the LHA reforms

	<i>Column percentages</i>				
	London	Rest of Great Britain	Small landlords	Large landlords	All landlords
Yes	47	25	25	49	31
No	48	70	69	47	63
Don’t know/not sure	5	5	6	3	5
Total	100	100	100	100	100
<i>Base: All LHA landlords</i>	239	1,171	1,020	365	1,410

Note: Column totals may not sum to 100 due to rounding.

Table 12.7 Changes made to rental business because of the LHA reforms

	<i>Column percentages</i>				
	London	Rest of Great Britain	Small landlords	Large landlords	All landlords
Not renewing tenancies for some HB/LHA tenants	30	14	13	33	18
Reduced my lettings in this local authority	18	7	8	15	10
No longer let to HB/LHA tenants	17	6	8	14	9
Negotiated a lower rent with a current tenant	5	6	5	7	6
No longer let five-bed properties	13	2	3	9	5
Negotiated a lower rent with a prospective tenant	5	5	3	10	5
Not/don't know/not sure if changed letting strategy	53	75	75	51	69
<i>Base: All LHA landlords</i>	239	1,171	1,020	365	1,410

Note: Categories with 5% or more of 'All LHA landlords' are presented.

Respondents could indicate more than one category and therefore may not sum to 100 per cent.

Tables 12.6 and 12.7 consider how the LHA measures have affected landlords' letting strategies so far. Less than a third of all LHA landlords said that they had made any changes, though nearly half of London landlords and larger landlords said that they had made some changes. Further analysis indicates that only 24 per cent of landlords in Scotland and 21 per cent in Wales say they have changed their letting strategy due to the LHA measures.

Table 12.7 shows the impact on letting strategies in more detail. Thirty per cent of London landlords (rising to 32 per cent of landlords in the three potential out-flow areas in this grouping) said they had not renewed some LHA tenancies because of the LHA reforms. However, when landlords are considered as a whole, the 18 per cent who had not renewed tenancies because of the changes to LHA was virtually the same as the 17 per cent of landlords who said they had decided not to renew an existing tenancy because of the introduction of the LHA in the 2006 survey.

Some nine per cent of landlords (rising to 17 per cent for all London areas, and 19 per cent in the three potential out-flow areas) said that they no longer let to LHA tenants. A much smaller proportion of landlords outside London (and just four per cent in Scotland) said they had exited the HB/LHA market. This may reflect the fact that there are fewer alternative sources of demand, that the gap between rent charged and LHA rates will be smaller, and that the more testing conditions in the wider housing market will make it more difficult to sell up stock.

One way that landlords, especially larger landlords, may respond to the changes is to change the geographical distribution of their stock across different local housing markets. A key group here are the landlords in the three higher rental London markets. Further analysis shows that 21 per cent of landlords in these three areas said they had reduced the number of their properties in the case study local authority, compared to seven per cent in the four potential 'in-flow' areas, eight per cent elsewhere in England, five per cent in Scotland and six per cent in Wales.

A similar picture emerges when respondents were asked about increasing their stock elsewhere in response to the measures. Eleven per cent of landlords in the three London out-flow areas said they had increased their stock in other local authority areas, compared to three per cent of landlords in the in-flow areas, one per cent elsewhere in England, two per cent in Scotland and three per cent in Wales. It is not possible to indicate from the survey the type of housing markets where landlords had increased their portfolios, but the qualitative follow-up interviews will shed more light on the extent to which some landlords are relocating to cheaper markets where they expect HB caseloads to increase in the future.

Around one in 20 landlords said they had negotiated a lower rent with a current tenant and the same proportion had done so with prospective tenants, although one needs to bear in mind that the survey was undertaken at a relatively early stage in the 'new rules' LHA regime. When these two categories are combined to negotiating with current and/or prospective tenants the coverage rises to eight per cent of landlords overall and 12 per cent amongst large landlords.

It will be possible to track whether there is an increase in rent negotiations when more tenants are brought under the new LHA measures once the postal survey is repeated towards the end of 2012.

12.4 Summary

- Just under a third of LHA landlords felt that the LHA reforms had affected them 'a lot' or 'a fair amount' while the same proportion felt that they had not had any impact yet.
- The measures perceived to have most impact were the overall LHA rate caps by property size and setting rents on the 30th percentile of local market rents. Forty-five per cent of LHA landlords in the three potential London out-flow case study areas mentioned rate caps and 29 per cent mentioned the 30th percentile, compared to 17 per cent and 16 per cent respectively among landlords letting outside London.
- Although the measure had not come into effect at the time of the survey, a quarter of landlords with more than ten properties stated that the SAR changes had already affected them, compared to just four per cent of smaller landlords.
- A third of all LHA landlords (and four in ten of those in the four London areas) said that some of their tenants were in arrears because of the new LHA measures.
- A quarter of all LHA landlords (and 39 per cent of those in the three London potential out-flow areas) stated that they had taken action to evict tenants or not renew or to terminate tenancies because of the effect of the LHA measures on tenants' ability to afford the rent. By comparison, 16 per cent of landlords with stock in the Scottish case study areas and 25 per cent with stock in the Welsh areas stated that they had taken such action over tenancies.
- Over a third of landlords in the London case studies and over a third of those with more than ten properties stated that rental yields had decreased as a result of the LHA measures.
- There was relatively little difference in the proportion of landlords in the London case studies (24 per cent) and those elsewhere (19 per cent) who stated that there had been an increase in tenants moving elsewhere because of affordability problems.
- Thirty-two per cent of landlords in the London potential out-flow areas stated that they had not renewed some LHA tenancies and 19 per cent of this group said they no longer let to LHA tenants. This compared to figures of 14 per cent and six per cent respectively for those landlords letting in areas outside London.

- Around one in five landlords with stock in the three potential London out-flow areas said they had reduced the number of their properties within the local authority area, compared to seven per cent in potential in-flow areas and seven per cent elsewhere in England.
- Eight per cent of landlords said they had negotiated a lower rent with current and/or prospective tenants, though the survey was undertaken at a relatively early stage in the 'new rules' regime.

13 Landlords' plans for the future

While the previous chapter concentrated on landlords' perceptions about the effects of the Local Housing Allowance (LHA) measures on their portfolio, their management practices and on their tenants, the questions covered in this chapter look ahead to their intentions over the next 12 months. Clearly, as with any other group of survey respondents, what landlords say they plan to do and what they **actually** end up doing may be quite different once the 12 months have elapsed, for a whole host of reasons. Still, the responses may provide some insight into their main concerns, their priorities and the overall direction of travel, if not the precise route map, in how they expect to change what they do in the forthcoming months.

This chapter examines the main changes landlords are thinking of making or plan to make in the next year. It looks more specifically at their plans either to continue to let to Housing Benefit (HB)/LHA tenants or to cease letting to such tenants. It examines the extent to which landlords have already negotiated reduced rents with tenants in order to receive rental payments, and whether landlords would be prepared to do so in the future.

13.1 Changes planned or under consideration in the next year

Table 13.1 Changes considered or planned by landlords in the next year specifically because of the LHA reforms

	Column percentages				
	London	Rest of Great Britain	Small landlords	Large landlords	All landlords
Cease letting to HB/LHA tenants	40	30	29	42	33
Reduce my lettings in this local authority	26	23	22	26	24
Expand my lettings in other local authorities	27	11	14	21	16
Increase my lettings in cheaper parts of the area	18	11	11	17	13
Negotiating a lower rent with a prospective tenant	9	14	10	19	12
Negotiating a lower rent with a current tenant	6	13	9	16	11
Expand my lettings in this local authority	12	10	9	15	11
Reduce my lettings in other local authorities	11	9	9	12	10
Cease letting 5 bedroom properties	19	6	7	17	10
<i>Base: All LHA landlords</i>	229	1,107	973	342	1,336

Note: Respondents could indicate more than one category and will not sum to 100 per cent. Percentage of landlords that either have 'considered' or 'plan to' make each of the changes in the next 12 months; Categories with ten per cent or more of 'All LHA landlords' are presented.

Table 13.1 asked respondents whether they planned to or had considered undertaking a predefined list of potential actions. It was assumed that the 'plan to' category had a greater likelihood of taking place than the 'considered' category'. The two categories are grouped together in Table 13.1, but a note has been made if there are marked differences in the distribution of responses. The findings show that around a third of all LHA landlords said they would consider/plan to cease letting to HB tenants in the next year. The proportion of those saying they would consider/plan to cease letting to HB tenants rises to 40 per cent in London (and 42 per cent in the three potential out-flow areas) and 42 per cent of larger landlords. This compares with 32 per cent of respondents in Scotland and 25 per cent of respondents in Wales. It should be noted, however, that a higher proportion of those responses are about considering the option as a possibility. Thus, 29 per cent of landlords in the three out-flow London areas said they had **considered** this option, while 13 per cent said they **planned to**. Across all LHA landlords 22 per cent said they had considered it and ten per cent say they plan to do so.

Just under a quarter of all LHA landlords (rising to 26 per cent of London and larger landlords) said they would consider/plan to reduce their lettings in the case study local authority area and 13 per cent say they would increase lettings in the cheaper parts of the local authority area rather than exit altogether. Clearly, local housing markets will vary considerably in the extent to which such options exist for landlords to relocate, but it does suggest that there will be reconfigurations in the nature of the sector, both within as well as across local authority boundaries, as landlords seek to reduce the difference between rents charged and LHA rates for at least some of their tenancies.

The following three tables concern the extent to which LHA landlords intend to continue to let to LHA tenants in the next 12 months. It then explores the main reasons informing these decisions.

Table 13.2 Whether landlords intend to continue to let to tenants who claim HB in the next year

	<i>Column percentages</i>				
	London	Rest of Great Britain	Small landlords	Large landlords	All landlords
Yes	55	77	71	67	70
No	24	12	15	17	15
Don't know/not sure	21	12	14	15	15
Total	100	100	100	100	100
<i>Base: All LHA landlords</i>	243	1,193	1,037	372	1,436

Note: Column totals may not sum to 100 due to rounding.

Table 13.2 shows that 70 per cent of all LHA landlords intend to continue letting to LHA tenants. There are considerable geographical variations in these responses, and further analysis shows that the proportion of landlords continuing to let is higher than average in both Wales (78 per cent) and Scotland (80 per cent). The other responses are divided fairly evenly between those intending to cease letting and those who are not sure what they will do. The highest proportion of those who intend to cease letting to LHA tenants is in London (24 per cent) and if one examines the responses of landlords in the three higher value potential out-flow London areas (Brent, Hackney, Westminster) this proportion rises to 26 per cent. It is not possible to judge from the survey whether this response represents a pro-active strategic business decision by the landlords to change the market they will operate in, or whether it is because they anticipate that many LHA tenants will have to move out of the area anyway, and landlords will need to adapt accordingly. It could be a mixture of both reasons.

Table 13.3 shows that the main reason (from the predetermined list of options in the survey questionnaire) given by landlords for continuing to let to LHA tenants is that a secure rental stream is more important than the source of tenants' income. In further analysis, 53 per cent of landlords in both Scotland and Wales mentioned this as a reason. The importance of secure rental payments is underlined by the fact that 40 per cent also mentioned direct rent payments to landlords as a factor in their decision to continue letting to LHA tenants.

Table 13.3 Reasons behind the intention to continue letting to tenants who claim LHA in the next year

	<i>Column percentages</i>				
	London	Rest of Great Britain	Small landlords	Large landlords	All landlords
Don't mind letting to HB/LHA tenants so long as rent is paid	35	49	45	46	45
Direct payment of HB/LHA to landlord	32	43	39	43	40
HB/LHA tenants are a large element of local rental market	18	33	26	36	29
HB/LHA tenants form a substantial part of my lettings	12	18	14	25	17
Increasing HB/LHA tenants looking to rent in this area	13	17	14	21	16
Find it easy to get HB/LHA tenants	10	14	12	14	13
Few alternative tenants for some of my properties	3	13	8	15	10
Do not intend to continue letting to HB/LHA/Don't Know	45	23	29	33	30
<i>Base: All LHA landlords</i>	243	1,193	1,037	372	1,436

Note: Respondents could indicate more than one category and therefore may not sum to 100 per cent. Categories with ten per cent or more of 'All LHA landlords' are presented.

Of course, any decision to decide **not** to let to LHA tenants presupposes that there are alternative sources of demand for the tenancies and the other responses in Table 13.3 show that this was a factor for a substantial minority of LHA landlords. Many landlords will not want to invest an undue amount of time in finding alternative tenants if there is a ready supply of HB/LHA tenants at hand who will provide a steady income stream. This is particularly the case for landlords with properties in the Scottish and Welsh case study areas. Further analysis shows that 30 per cent of landlords in Scotland and 42 per cent in Wales mentioned the fact that HB/LHA tenants form a large part of the rental market as a reason, and 19 per cent in Scotland and 20 per cent in Wales referred to the fact that HB/LHA tenants formed a substantial part of their lettings. They were also more likely to point to an increase in HB/LHA tenants looking to rent in their area (mentioned by 21 per cent of respondents in Scotland and 22 per cent in Wales).

At the other end of the scale, a considerably smaller proportion of landlords in the three London potential out-flow areas mentioned these factors (16 per cent referred to the large proportion of HB/LHA tenants in the area, 11 per cent mentioned the proportion of HB/LHA tenants in their lettings

and 12 per cent mentioned an increase in HB/LHA tenants looking to rent in the area). Only three per cent of respondents in the potential out-flow areas mentioned the lack of an alternative supply of tenants in their area as a factor, compared to 11 per cent in the four potential in-flow areas (Barking and Dagenham, Portsmouth, Tendring, Thanet). Fifteen per cent of landlords in Scotland mentioned this as a reason for continuing to let to LHA tenants.

Table 13.4 Reasons behind the intention not to continue letting to tenants who claim LHA in the next year

	<i>Column percentages</i>				
	London	Rest of Great Britain	Small landlords	Large landlords	All landlords
Too much hassle with rent arrears	14	10	10	15	11
Changes in HB/LHA rules	18	8	10	14	11
Prefer not to let to HB/LHA tenants	9	6	5	11	7
Reduction in rent yields for HB/LHA tenants	12	4	5	9	6
Does not stack up financially	10	4	5	7	6
Difficult to get HB/LHA tenants that can cover the rent	7	4	3	9	5
Intend to continue letting or Don't Know	76	88	85	83	85
<i>Base: All LHA landlords</i>	243	1,193	1,037	372	1,436

Note: Respondents could indicate more than one category and therefore may not sum to 100 per cent. Categories with five per cent or more of 'All LHA landlords' are presented.

Table 13.4 shows that the two main reasons given for not continuing letting to HB/LHA tenants (by 11 per cent of LHA landlords in each case) were concerns over rent arrears and the changes to HB/LHA rules. The extent to which the new LHA rules are likely to have a differential impact on local housing markets is underlined by the different priority given to this issue by landlords in different parts of the country. While 18 per cent of landlords in London (and 20 per cent of those in the three potential London out-flow areas) mentioned the issue, only nine per cent of landlords in the in-flow areas and the rest of England, eight per cent in Wales and four per cent in Scotland did so. Problems with rent arrears figure more prominently than the new rules in the responses of landlords outside the three London potential out-flow areas.

It is also notable that responses in London also refer to the potential reduction in rental income by continuing to rent to HB/LHA tenants. It is in higher value markets like London where the largest gaps between rents charged and LHA rates are likely to arise. Among the three potential out-flow areas in London, 14 per cent of respondents mentioned the reduction in rental yields, 11 per cent said it did not stack up financially and eight per cent said it would be difficult to find tenants who could cover the rent. These are considerably higher percentages than the responses from landlords with properties elsewhere in the country, though it should be noted that they represent a relatively small proportion of the sample of LHA landlords as a whole.

13.2 Future rent negotiations with tenants

Table 13.5 If a tenant could no longer afford the rent, whether the landlord would agree to lower the rent if it was paid directly to landlord

	<i>Column percentages</i>				
	London	Rest of Great Britain	Small landlords	Large landlords	All landlords
Yes, I have done this already	11	14	14	11	13
Yes, I would consider it in the future	16	20	19	18	19
No, I am not willing to do this	59	55	54	63	56
Don't know/not sure	14	11	13	9	12
Total	100	100	100	100	100
<i>Base: All LHA landlords</i>	239	1,181	1,020	373	1,420

Note: Column totals may not sum to 100 due to rounding.

Table 13.5 indicates how far LHA landlords would be willing to negotiate lower rents with HB/LHA tenants if, by doing so, the rent was then paid directly to them rather than the tenant. About a third of the respondents have either done this already or say they would consider doing this, whereas over half of the respondents say they would not be willing to do so. A higher proportion of larger than smaller landlords say they would not be prepared to negotiate and the 56 per cent of respondents who reported this (Table 13.5) own an estimated 66 per cent of the total LHA stock covered by the survey.

Further analysis shows some differences between different geographical areas, with landlords in less pressurised housing markets saying they would be more prepared to negotiate, as one might expect. Ten per cent of landlords in the three potential out-flow London areas said they had negotiated lower rents already, compared to 18 per cent in potential in-flow areas, 11 per cent in the rest of England, 16 per cent in Scotland and 14 per cent in Wales. A similar pattern emerges in terms of whether landlords would consider rent negotiation in the future, though the differences are smaller. 16 per cent of landlords in the three potential out-flow areas said they would consider negotiation, compared to 17 per cent in potential in-flow areas, 20 per cent in the rest of England, 24 per cent in Wales and 18 per cent in Scotland.

Of course, it remains to be seen for all the findings covered in this chapter whether the hypothetical outcomes will be actualised in practice 12 months hence. Nevertheless these results suggest that rent negotiations between landlords and HB/LHA tenants may become more extensive, as landlords in those lower value markets where HB caseloads are likely to increase (in relative terms) will be more prepared to negotiate, not least because there may be fewer alternative sources of demand for their properties.

13.3 Summary

- Around a third of all LHA landlords stated that they would either consider or plan to cease letting to HB/LHA tenants in the next 12 months. This rises to 42 per cent of landlords with stock in the three potential out-flow London areas and the same proportion of landlords with more than ten properties.
- Just under a quarter of all LHA landlords said they would either consider or plan to reduce their lettings in the case study area in the next year.
- Seventy per cent of all LHA landlords said they intend to continue letting to LHA tenants in the next 12 months. This proportion rises to 78 per cent of landlords with stock in the Welsh case study areas and 80 per cent with stock in the Scottish areas.
- Just over a quarter of landlords in the three potential out-flow London areas say they intend to cease letting to HB/LHA tenants in the next year, compared to 12 per cent of those with stock outside London.
- The main reason given for **continuing to let** to HB/LHA tenants in the future is the secure rental stream it provides. Four in ten LHA landlords also mentioned direct payments to landlords as a reason.
- Eleven per cent of all LHA landlords mentioned the changes to LHA rules as reason for not continuing to let to HB/LHA tenants in the next year – this varied from just four per cent of landlords with stock in the Scottish case studies to 20 per cent of those with stock in the three potential London out-flow areas.
- About a third of all LHA landlords stated that they had either already reduced rents for tenants in exchange for direct payments or would consider doing so. Half of all LHA landlords say they would not consider doing this and this group owns an estimated two-thirds of the total LHA stock covered by the survey.

14 Conclusion

14.1 The findings in context

It is important, as with any research findings, to understand the nature of the evidence presented in this report. The surveys of claimants and landlords analysed in this report represent the first stage of a longitudinal study of the impact of the recent Local Housing Allowance (LHA) measures (see Chapter 3). However, the findings from the two surveys do not represent a 'baseline' in the strict sense of a 'before and after' evaluation.

At the time when the survey was undertaken, the measures had been in place for about six months. A proportion of respondents in both surveys had experience of the new measures. Thus, 29 per cent of the 1,910 claimants in the survey had been assessed under the 'new' (post-April 2011) rules. And of the 1,867 respondents to the landlord postal survey, 78 per cent had tenants currently claiming LHA, while the remainder had no claimants. While it is not possible to estimate a precise figure, it is reasonable to assume that a similar proportion of lettings (around three in ten) made by those landlords with LHA tenants would have been made under the new rules. **The findings from the two surveys therefore refer to emerging impacts as the LHA measures are phased in.** In the follow-on surveys of both groups towards the end of 2012, a much higher proportion of respondents will have direct experience of the new measures (although, due to the phasing of implementation, a small proportion will still be operating under the old LHA rules).

A second caveat (see Chapter 3) is that the survey findings apply to the 19 case study areas – they are not nationally representative samples. The case study approach was taken because it seemed likely that the impacts of the measure would vary according to local housing market circumstances. Unlike a case study approach, a generic nationally representative sample survey would not have been able to examine the impact in different housing market types with sufficiently robust levels of statistical confidence. Nevertheless, one cannot generalise from these findings to present a national picture across Britain. However, a nation-wide analysis of LHA statistical data will be undertaken in the spatial and econometric studies later in this evaluation and this will help to provide an account of impact across Britain as a whole.

The findings in this report do not lend themselves to any universal or pithy assessment of impact so far. This is perhaps not surprising, given the eclectic nature of the private rented sector (PRS), the predominance of small landlords, the high rate of household turnover and the disparate nature of local housing market dynamics. As the preceding chapters have shown, marked differences arise on many issues between respondents in the London case studies and those based outside London. These differences are often magnified when one focuses on the three London areas characterised by high demand in the PRS and relatively high rent levels (namely, Brent, Hackney, and Westminster). These areas – which are described as potential out-flow areas where proportionately more claimants may leave for more affordable housing markets elsewhere – often show quite distinct responses among both landlords and claimants compared to respondents in other areas in Britain. Any contrasts between respondents in case study areas in Scotland and Wales and those in the rest of England outside London are less marked. The same is generally true, perhaps surprisingly, of difference between 'new' and existing' claimants.

A final point to bear in mind is that nearly all the findings are presented in the report in terms of the number of **respondents**, rather than the size of **housing stock** affected. In the landlords survey, for example, it should be recalled that the minority of LHA landlords (28 per cent) who had more than

ten properties accounted for the vast majority (87 per cent) of the estimated total housing stock. Their responses, in other words, will have a disproportionate impact on the market overall.

14.2 Claimant and landlord experiences to date

A substantial minority of claimants in the survey (nearly three in ten) were in full-time or part-time work, which does not perhaps conform to the popular view of the employment status of Housing Benefit (HB) claimants. This indicates that the LHA is playing an important role in helping low-paid workers to afford their accommodation. For the sizeable majority of claimants, the LHA was being paid to them (72 per cent) rather than directly to their landlords (28 per cent). While concerns are sometimes expressed about the standards of properties in parts of the PRS, it should be noted that the vast majority of claimants were satisfied with both their home (76 per cent) and the area where they live (80 per cent). This general level of satisfaction may, of course, affect their propensity to move elsewhere, even if there is a gap between their LHA and the rent charged.

Despite high rates of household turnover in the sector and the rapid growth in recent years of the PRS, the majority of landlords (52 per cent) had been letting for more than ten years. The significance of the LHA sector to many of the landlords is illustrated by the fact that LHA lettings accounted for at least half the lettings of 61 per cent of LHA landlords in the survey, and that 30 per cent were letting exclusively to the LHA sub-market at the time of survey. Over one in ten landlords also stated that they preferred to let to out-of-work benefit claimants.

Nearly two-thirds of claimants in areas outside London said they knew nothing at all about the LHA changes, compared to a third of claimants living in the London areas. Claimants' more detailed knowledge was framed in terms of concerns about 'cuts to HB' rather than the more specific measures introduced in the legislation. Again, there is a marked difference between claimants living in London (where 55 per cent mentioned this as a factor) and those living elsewhere (where 20 per cent mentioned it). In general, new claimants were less knowledgeable than existing claimants about the changes being made to LHA. While new claimants may well be concerned about any difference between the benefit they receive and the rent charged, it seems they are less aware of how these calculations have actually been arrived at under the new regime.

Claimants were also very much less aware of the detailed changes being made to the LHA than were landlords. Indeed, claimants' knowledge of the specific changes to the LHA was negligible. For example, less than one per cent of them knew about the reduction in the LHA rate from the 50th to the 30th percentile. The most commonly mentioned individual LHA change was the new cap on LHA rates by property size, but even that was mentioned by just four per cent of claimants in the survey.

Landlords' level of awareness of the changes to LHA in general, and the different measures in particular, was higher among larger landlords and landlords in the four London case study areas. Over a third of landlords with ten properties or fewer, and a similar proportion of landlords with stock outside London, stated that they were not aware of the changes. In terms of the various LHA measures that have been introduced, the overall LHA rate caps and setting rates on the 30th percentile of local market rents were perceived by landlords to have the most impact on their business so far. However, a quarter also mentioned the extension of the shared accommodation rate (SAR) to the under 35s, even though this had not been implemented at the time of survey.

Claimants were asked about arrears but this was not attributed to any particular set of reasons. It is therefore not possible to differentiate the impact of the new LHA measures from other factors. Nine out of ten claimants reported that they were not behind with their rent and one in ten stated that they were in arrears. The prevalence of rent arrears was the same in London as elsewhere, and among both new and existing claimants. However, rent arrears were less prevalent among

claimants whose LHA was paid to them (nine per cent) than those whose LHA was being paid directly to their landlord (20 per cent). About half of claimants in arrears said their landlord (or the agent) had asked them to pay the money back gradually over time and one in seven that they had been asked to repay the debt immediately. Meanwhile, 14 per cent of claimants in arrears reported that they had been served with a notice to quit or threatened with being served one; and eight per cent that they had been verbally asked to leave by the landlord or agent.

Around a third of all landlords in the postal survey (and four in ten in the London case study areas) said that they perceived that some of their tenants were in arrears as a result of the LHA measures. A much higher proportion of landlords with large letting portfolios (58 per cent) than those with small portfolios (28 per cent) reported that they had tenants who were behind with the rent because of the changes to the LHA. This difference between large and small-scale landlords is of course not surprising because, other things being equal, the more tenants a landlord has, the greater the probability that one of them will be in arrears. Three out of ten landlords reported having taken action to evict, not renew or to end tenancies because of the LHA reforms. Nearly four in ten landlords in the three London potential out-flow areas (and a quarter outside London) said they had taken some action (eviction, termination or non-renewal of tenancy) because of the new measures.

The results also provide early evidence about effects which are likely to emerge over a much longer time period in terms of landlords' lettings priorities, the extent of negotiations between tenants and landlords over rent levels and the potential geographical displacement of some LHA tenants from some high rent markets to more affordable property elsewhere.

Just under a fifth of landlords in the three out-flow areas said that they no longer let to LHA tenants (considerably higher than the six per cent of landlords letting in areas outside London). Similar proportions (for both in and outside London) said they were reducing their lettings within the local authority area due to the measures. Sixty-two per cent of claimants living in the London case study areas said that landlords were generally unwilling to let their accommodation to HB claimants, compared to a quarter of claimants living outside London.

Around five per cent of LHA landlords (rising to ten per cent of landlords with more than ten properties) stated that they had negotiated a lower rent with current or prospective tenants. Nearly a quarter of claimants said they had tried to negotiate with the landlord over the rent to be charged. However, there is a gap between the level of activity and the outcome of these negotiations. Thus, a third of claimants living in London had tried to negotiate over the rent compared to just under a fifth of those living elsewhere. However, a lower proportion of those in London undertaking rent negotiation were successful in reducing the rent than those living elsewhere (31 per cent compared to 49 per cent).

Over a third of claimants had experienced difficulties when looking for accommodation while in receipt of the LHA. Those living in London were more likely to have experienced such difficulties than were claimants elsewhere. Among respondents who had experienced difficulties finding accommodation, half of those living in London, compared to a quarter of claimants living elsewhere, had found that rents were generally unaffordable to them. Among the sample of claimants as a whole, a fifth reported that the rent was **fairly** difficult for them to afford and a quarter that it was **very** difficult to afford.

Just over two-thirds of claimants (and eight out of ten new claimants) had a 'shortfall' between their LHA and the rent. Perhaps surprisingly, shortfalls were less prevalent in London than elsewhere (56 per cent and 71 per cent of claimants respectively). In order to make up any shortfall, the most common response was to economise on both essential and non-essential items in the household budget. Over a quarter of all claimants (and over a third of those living in London) said they had

looked for a job to make up the difference. Only three per cent of claimants said they had moved home in order to make up the shortfall.

14.3 Looking ahead

Both surveys asked respondents about their future plans over the next year. Clearly, it would be unwise to read off from these general statements of intent any firm predictions about future actions and impacts, for what respondents say they will do is not necessarily the same as what they actually do in practice. Nevertheless, the findings may provide some general indications about the likely direction of change in the sector as a result of the LHA measures.

Among claimants, the most likely response to any future gap between their LHA and the rent charged was cutting back on essential (45 per cent) and non-essential (37 per cent) budget items. Just under a third of claimants said they would look for a job to make up any future shortfall. Claimants living in the London case study areas were less likely than those elsewhere to report that they would look for lower rent properties, whether locally or further afield (18 per cent compared to 24 per cent). The responses of new and existing claimants were broadly the same. This reluctance to move reflected a considerable attachment to their local area as a place to live, as well as its proximity to family and friends. Over half the claimants living in London, compared to three out of ten of those living elsewhere, said they were reluctant to move because they liked where they were currently living.

Among landlords, when asked whether they intended to continue letting to tenants who claim HB, the clear majority (70 per cent) said they would do so. The proportion of landlords saying they would continue letting to tenants on HB was 78 per cent in Wales and 80 per cent in Scotland: this may well reflect the different demand profile for PRS properties in these areas. Of the remainder, 15 per cent said they would not let to HB tenants in the next year and 15 per cent either did not know or were not sure. When asked more speculatively whether they would plan to cease, or to **consider** ceasing, to let to LHA tenants in the next year (from the time of survey), around a third of all LHA landlords said they would do so. This figure rises to 42 per cent of landlords with more than ten properties and in the three potential London out-flow areas.

Around a third of all LHA landlords stated that they had either already reduced rents after negotiating with tenants in exchange for direct payments, or that they would do so in the next year. Half of the LHA landlords said they would not consider doing this, and this group owns two-thirds of the total estimated LHA stock covered by the survey.

It is only possible at this stage to speculate on how far these intentions will be realised in practice. One scenario is that there will be a period of market adjustment, that PRS rent levels will fall in some markets, that landlords will work from smaller margins and that the gap between LHA rates and rents charged will remain generally low or non-existent. A second scenario is that there will be a 'ripple effect' of change working outwards from London to other higher value markets as landlords become more acquainted with the new regime, prioritise non-LHA tenants in their lettings, and reduce their involvement in the HB sub-market because of concerns about future affordability for tenants. A third possibility is that many tenants will seek to adjust their budgeting arrangements in order to be able to stay put even if they are having to fund a greater shortfall between the rent charged and that covered by LHA. This kind of adaptation may be a temporary or permanent course of action. These possibilities are not, of course, mutually exclusive and it is likely that a mixed picture will emerge across the country.

Finally, it needs to be noted that it is, of course, not possible to insulate LHA landlords or claimants from other factors affecting their decision-making. The context within which that decision-making takes place includes not only the changing patterns of supply and demand in the private rental market, and in local housing markets more generally (such as what happens to barriers to entering owner-occupation or to waiting lists in social housing), but also developments in the wider economy. For the evaluation as a whole, it may become more straightforward to attribute (with appropriate degrees of caution) the impact of the LHA measures if the findings of the follow-up claimants and landlords surveys, and the econometric and the spatial analyses, all suggest a similar pattern of potential cause and effect.

Appendix A

LHA rates by bedroom size for case study areas, March 2011-February 2012

Case study areas – shared accommodation LHA rates

Case study area	BRMA	March 2011	April 2011	February 2012	March 2011-February 2012
Westminster	Central London	£140.94	£137.50	£123.50	-£17.44
Westminster	Inner North London	£115.38	£103.89	£87.50	-£27.88
Brent	Inner North London	£115.38	£103.89	£87.50	-£27.88
Brent	Inner West London	£113.50	£98.50	£100.00	-£13.50
Hackney	Inner North London	£115.38	£103.89	£87.50	-£27.88
Hackney	Central London	£140.94	£137.50	£123.50	-£17.44
Hackney	Inner East London	£100.58	£91.00	£91.85	-£8.73
Barking and Dagenham	Outer North East London	£73.50	£67.50	£69.27	-£4.23
Portsmouth	Portsmouth	£68.50	£65.00	£65.00	-£3.50
Thanet	Thanet	£58.70	£56.73	£57.73	-£0.97
Tendring	Colchester	£69.23	£62.50	£63.50	-£5.73
Fenland	Kings Lynn	£57.12	£51.00	£50.00	-£7.12
Fenland	Peterborough	£60.25	£55.00	£54.00	-£6.25
Exeter	Exeter	£80.00	£73.42	£69.27	-£10.73
Walsall	Birmingham	£60.00	£55.00	£55.00	-£5.00
Walsall	Black Country	£60.00	£55.00	£57.00	-£3.00
Bradford	Bradford & South Dales	£55.43	£45.00	£57.73	£2.30
Bradford	Leeds	£61.50	£59.00	£61.50	£0.00
Blackburn and Darwen	Bolton and Bury	£50.00	£45.00	£45.00	-£5.00
Blackburn and Darwen	East Lancs	£58.10	£50.50	£53.50	-£4.60
Newcastle	Tyneside	£64.00	£58.00	£60.00	-£4.00
Cardiff	Cardiff	£57.69	£55.38	£55.38	-£2.31
Denbighshire	North Clwyd	£65.00	£55.00	£55.00	-£10.00

Continued

Case study areas – shared accommodation LHA rates (continued)

Case study area	BRMA	March 2011	April 2011	February 2012	March 2011-February 2012
Denbighshire	Wrexham	£67.00	£63.46	£65.00	-£2.00
Rhondda Cynon Taf	Merthyr Cynon	£46.15	£43.31	£45.00	-£1.15
Rhondda Cynon Taf	Taf Rhondda	£46.15	£43.31	£45.00	-£1.15
Edinburgh	Lothian	£75.00	£66.92	£66.92	-£8.08
North Lanarkshire	North Lanarkshire	£69.23	£67.85	£69.23	£0.00
North Lanarkshire	South Lanarkshire	£69.23	£63.46	£63.46	-£5.77
Perth and Kinross	Fife	£58.85	£55.00	£51.92	-£6.93
Perth and Kinross	Forth Valley	£65.77	£60.00	£60.00	-£5.77
Perth and Kinross	Perth and Kinross	£61.15	£54.23	£54.60	-£6.55

Source: Valuation Office Agency (VOA), the Welsh Government, the Scottish Government.

Case study areas – one-bedroom LHA rates

Case study area	BRMA	March 2011	April 2011	February 2012	March 2011-February 2012
Westminster	Central London	£375.00	£250.00	£250.00	-£125.00
Westminster	Inner North London	£275.00	£245.00	£250.00	-£25.00
Brent	Inner North London	£275.00	£245.00	£250.00	-£25.00
Brent	Inner West London	£242.00	£219.23	£230.00	-£12.00
Hackney	Inner North London	£275.00	£245.00	£250.00	-£25.00
Hackney	Central London	£375.00	£250.00	£250.00	-£125.00
Hackney	Inner East London	£250.00	£230.00	£240.00	-£10.00
Barking and Dagenham	Outer North East London	£155.77	£150.00	£150.00	-£5.77
Portsmouth	Portsmouth	£118.85	£114.23	£114.23	-£4.62
Thanet	Thanet	£90.00	£80.77	£80.77	-£9.23
Tendring	Colchester	£104.31	£99.23	£98.08	-£6.23
Fenland	Kings Lynn	£92.31	£87.69	£90.00	-£2.31
Fenland	Peterborough	£92.31	£88.85	£91.15	-£1.16
Exeter	Exeter	£121.15	£109.62	£114.23	-£6.92
Walsall	Birmingham	£103.85	£98.08	£96.92	-£6.93

Continued

**86 Appendices – LHA rates by bedroom size for case study areas,
March 2011-February 2012**

Case study areas – one-bedroom LHA rates (continued)

Case study area	BRMA	March 2011	April 2011	February 2012	March 2011-February 2012
Walsall	Black Country	£91.15	£84.23	£86.54	-£4.61
Bradford	Bradford & South Dales	£86.54	£80.77	£80.77	-£5.77
Bradford	Leeds	£109.62	£98.08	£100.00	-£9.62
Blackburn and Darwen	Bolton and Bury	£86.54	£80.77	£80.77	-£5.77
Blackburn and Darwen	East Lancs	£86.08	£80.00	£79.00	-£7.08
Newcastle	Tyneside	£96.92	£91.15	£91.15	-£5.77
Cardiff	Cardiff	£109.62	£100.38	£103.85	-£5.77
Denbighshire	North Clwyd	£80.00	£75.00	£79.92	-£0.08
Denbighshire	Wrexham	£86.54	£80.00	£80.77	-£5.77
Rhondda Cynon Taf	Merthyr Cynon	£75.00	£69.23	£65.00	-£10.00
Rhondda Cynon Taf	Taf Rhondda	£80.77	£69.23	£69.00	-£11.77
Edinburgh	Lothian	£115.38	£109.62	£114.23	-£1.15
North Lanarkshire	North Lanarkshire	£86.54	£80.77	£80.77	-£5.77
North Lanarkshire	South Lanarkshire	£86.54	£83.08	£83.08	-£3.46
Perth and Kinross	Fife	£86.54	£80.77	£80.77	-£5.77
Perth and Kinross	Forth Valley	£88.85	£83.08	£86.54	-£2.31
Perth and Kinross	Perth and Kinross	£89.43	£80.77	£80.77	-£8.66

Source: VOA, the Welsh Government, the Scottish Government.

Note: Scottish and Welsh data is for January 2012.

Case study areas – two-bedroom LHA rates

Case study area	BRMA	March 2011	April 2011	February 2012	March 2011-February 2012
Westminster	Central London	£550.00	£290.00	£290.00	-£260.00
Westminster	Inner North London	£350.00	£290.00	£290.00	-£60.00
Brent	Inner North London	£350.00	£290.00	£290.00	-£60.00
Brent	Inner West London	£320.00	£280.00	£290.00	-£30.00
Hackney	Inner North London	£350.00	£290.00	£290.00	-£60.00
Hackney	Central London	£550.00	£290.00	£290.00	-£260.00

Continued

Case study areas – two-bedroom LHA rates (continued)

Case study area	BRMA	March 2011	April 2011	February 2012	March 2011-February 2012
Hackney	Inner East London	£310.00	£280.00	£290.00	-£20.00
Barking and Dagenham	Outer North East London	£196.15	£184.62	£185.00	-£11.15
Portsmouth	Portsmouth	£144.23	£137.31	£138.46	-£5.77
Thanet	Thanet	£121.15	£109.62	£109.62	-£11.53
Tendring	Colchester	£137.31	£126.92	£126.92	-£10.39
Fenland	Kings Lynn	£115.38	£109.62	£109.62	-£5.76
Fenland	Peterborough	£115.38	£109.62	£111.92	-£3.46
Exeter	Exeter	£150.00	£133.85	£138.46	-£11.54
Walsall	Birmingham	£126.92	£115.38	£115.38	-£11.54
Walsall	Black Country	£109.62	£103.85	£103.85	-£5.77
Bradford	Bradford & South Dales	£103.85	£98.08	£98.08	-£5.77
Bradford	Leeds	£126.92	£114.23	£121.15	-£5.77
Blackburn and Darwen	Bolton and Bury	£103.85	£96.69	£98.08	-£5.77
Blackburn and Darwen	East Lancs	£98.08	£90.00	£90.00	-£8.08
Newcastle	Tyneside	£109.62	£103.85	£103.85	-£5.77
Cardiff	Cardiff	£137.31	£126.92	£126.92	-£10.39
Denbighshire	North Clwyd	£103.85	£94.62	£99.23	-£4.62
Denbighshire	Wrexham	£109.62	£103.85	£103.85	-£5.77
Rhondda Cynon Taf	Merthyr Cynon	£85.00	£80.00	£80.00	-£5.00
Rhondda Cynon Taf	Taf Rhondda	£98.08	£87.69	£90.00	-£8.08
Edinburgh	Lothian	£150.00	£137.31	£138.46	-£11.54
North Lanarkshire	North Lanarkshire	£103.85	£98.08	£99.23	-£4.62
North Lanarkshire	South Lanarkshire	£109.62	£101.54	£103.85	-£5.77
Perth and Kinross	Fife	£103.85	£99.23	£103.85	£0.00
Perth and Kinross	Forth Valley	£114.23	£103.85	£103.85	-£10.38
Perth and Kinross	Perth and Kinross	£115.38	£108.46	£109.62	-£5.76

Source: VOA, the Welsh Government, the Scottish Government.

**88 Appendices – LHA rates by bedroom size for case study areas,
March 2011-February 2012**

Case study areas – three-bedroom LHA rates

Case study area	BRMA	March 2011	April 2011	February 2012	March 2011-February 2012
Westminster	Central London	£795.00	£340.00	£340.00	-£455.00
Westminster	Inner North London	£485.00	£340.00	£340.00	-£145.00
Brent	Inner North London	£485.00	£340.00	£340.00	-£145.00
Brent	Inner West London	£417.69	£340.00	£340.00	-£77.69
Hackney	Inner North London	£485.00	£340.00	£340.00	-£145.00
Hackney	Central London	£795.00	£340.00	£340.00	-£455.00
Hackney	Inner East London	£365.00	£330.00	£340.00	-£25.00
Barking and Dagenham	Outer North East London	£242.31	£219.23	£229.85	-£12.46
Portsmouth	Portsmouth	£173.08	£165.00	£167.31	-£5.77
Thanet	Thanet	£144.23	£132.69	£138.46	-£5.77
Tendring	Colchester	£167.31	£160.38	£160.38	-£6.93
Fenland	Kings Lynn	£137.31	£126.92	£132.69	-£4.62
Fenland	Peterborough	£137.31	£126.92	£126.92	-£10.39
Exeter	Exeter	£173.08	£158.08	£166.15	-£6.93
Walsall	Birmingham	£137.31	£126.92	£126.92	-£10.39
Walsall	Black Country	£126.92	£115.38	£115.38	-£11.54
Bradford	Bradford & South Dales	£121.15	£109.62	£109.62	-£11.53
Bradford	Leeds	£144.23	£126.92	£138.46	-£5.77
Blackburn and Darwen	Bolton and Bury	£125.20	£114.23	£114.23	-£10.97
Blackburn and Darwen	East Lancs	£115.38	£103.85	£103.85	-£11.53
Newcastle	Tyneside	£126.92	£114.23	£114.23	-£12.69
Cardiff	Cardiff	£160.38	£150.00	£150.00	-£10.38
Denbighshire	North Clwyd	£126.92	£114.23	£115.38	-£11.54
Denbighshire	Wrexham	£126.92	£114.23	£121.15	-£5.77
Rhondda Cynon Taf	Merthyr Cynon	£92.31	£90.00	£85.00	-£7.31
Rhondda Cynon Taf	Taf Rhondda	£103.85	£92.31	£92.31	-£11.54
Edinburgh	Lothian	£206.54	£173.08	£173.08	-£33.46
North Lanarkshire	North Lanarkshire	£126.35	£114.23	£115.38	-£10.97
North Lanarkshire	South Lanarkshire	£138.35	£126.92	£126.92	-£11.43
Perth and Kinross	Fife	£126.92	£115.38	£115.38	-£11.54
Perth and Kinross	Forth Valley	£138.46	£126.92	£126.92	-£11.54
Perth and Kinross	Perth and Kinross	£150.00	£138.46	£137.31	-£12.69

Source: VOA, the Welsh Government, the Scottish Government.

Case study areas – four-bedroom LHA rates

Case study area	BRMA	March 2011	April 2011	February 2012	March 2011-February 2012
Westminster	Central London	£1,250.00	£400.00	£400.00	-£850.00
Westminster	Inner North London	£610.00	£400.00	£400.00	-£210.00
Brent	Inner North London	£610.00	£400.00	£400.00	-£210.00
Brent	Inner West London	£553.85	£400.00	£400.00	-£153.85
Hackney	Inner North London	£610.00	£400.00	£400.00	-£210.00
Hackney	Central London	£1,250.00	£400.00	£400.00	-£850.00
Hackney	Inner East London	£465.00	£400.00	£400.00	-£65.00
Barking and Dagenham	Outer North East London	£323.08	£300.00	£300.00	-£23.08
Portsmouth	Portsmouth	£253.85	£230.77	£230.77	-£23.08
Thanet	Thanet	£177.70	£160.38	£160.38	-£17.32
Tendring	Colchester	£229.62	£206.54	£201.92	-£27.70
Fenland	Kings Lynn	£183.46	£161.54	£161.54	-£21.92
Fenland	Peterborough	£183.46	£161.54	£161.54	-£21.92
Exeter	Exeter	£230.77	£206.54	£219.23	-£11.54
Walsall	Birmingham	£184.62	£161.54	£161.54	-£23.08
Walsall	Black Country	£160.38	£150.00	£150.00	-£10.38
Bradford	Bradford & South Dales	£137.31	£115.38	£126.92	-£10.39
Bradford	Leeds	£206.54	£173.08	£196.15	-£10.39
Blackburn and Darwen	Bolton and Bury	£161.27	£148.85	£150.00	-£11.27
Blackburn and Darwen	East Lancs	£160.38	£138.46	£138.46	-£21.92
Newcastle	Tyneside	£183.46	£160.38	£150.00	-£33.46
Cardiff	Cardiff	£207.69	£190.38	£184.62	-£23.07
Denbighshire	North Clwyd	£160.38	£150.00	£144.23	-£16.15
Denbighshire	Wrexham	£161.54	£144.23	£158.23	-£3.31
Rhondda Cynon Taf	Merthyr Cynon	£144.23	£132.69	£121.15	-£23.08
Rhondda Cynon Taf	Taf Rhondda	£150.00	£126.92	£138.46	-£11.54
Edinburgh	Lothian	£294.81	£253.83	£265.38	-£29.43
North Lanarkshire	North Lanarkshire	£174.81	£171.92	£161.54	-£13.27
North Lanarkshire	South Lanarkshire	£196.15	£173.08	£184.38	-£11.77
Perth and Kinross	Fife	£183.46	£173.08	£173.08	-£10.38
Perth and Kinross	Forth Valley	£196.15	£173.08	£173.08	-£23.07
Perth and Kinross	Perth and Kinross	£196.15	£177.69	£178.85	-£17.30

Source: VOA, the Welsh Government, the Scottish Government.

**90 Appendices – LHA rates by bedroom size for case study areas,
March 2011-February 2012**

Case study areas – five-bedroom LHA rates

Case study area	BRMA	March 2011	April 2011	February 2012	March 2011-February 2012
Westminster	Central London	£2,000.00	£400.00	£400.00	-£1,600.00
Westminster	Inner North London	£750.00	£400.00	£400.00	-£350.00
Brent	Inner North London	£750.00	£400.00	£400.00	-£350.00
Brent	Inner West London	£950.00	£400.00	£400.00	-£550.00
Hackney	Inner North London	£750.00	£400.00	£400.00	-£350.00
Hackney	Central London	£2,000.00	£400.00	£400.00	-£1,600.00
Hackney	Inner East London	£573.46	£400.00	£400.00	-£173.46
Barking and Dagenham	Outer North East London	£426.92	£300.00	£300.00	-£126.92
Portsmouth	Portsmouth	£340.38	£230.77	£230.77	-£109.61
Thanet	Thanet	£219.23	£160.38	£160.38	-£58.85
Tendring	Colchester	£288.00	£206.54	£201.92	-£86.08
Fenland	Kings Lynn	£273.46	£161.54	£161.54	-£111.92
Fenland	Peterborough	£230.77	£161.54	£161.54	-£69.23
Exeter	Exeter	£342.35	£206.54	£219.23	-£123.12
Walsall	Birmingham	£229.62	£161.54	£161.54	-£68.08
Walsall	Black Country	£183.46	£150.00	£150.00	-£33.46
Bradford	Bradford & South Dales	£150.00	£115.38	£126.92	-£23.08
Bradford	Leeds	£335.00	£173.08	£196.15	-£138.85
Blackburn and Darwen	Bolton and Bury	£207.46	£148.85	£150.00	-£57.46
Blackburn and Darwen	East Lancs	£196.15	£138.46	£138.46	-£57.69
Newcastle	Tyneside	£207.69	£160.38	£150.00	-£57.69
Cardiff	Cardiff	£276.92	£190.38	£184.62	-£92.30
Denbighshire	North Clwyd	£160.38	£150.00	£144.23	-£16.15
Denbighshire	Wrexham	£201.35	£144.23	£158.23	-£43.12
Rhondda Cynon Taf	Merthyr Cynon	£144.23	£132.69	£121.15	-£23.08
Rhondda Cynon Taf	Taf Rhondda	£167.31	£126.92	£138.46	-£28.85
Edinburgh	Lothian	£386.54	£253.85	£265.38	-£121.16
North Lanarkshire	North Lanarkshire	£219.23	£171.92	£161.54	-£57.69
North Lanarkshire	South Lanarkshire	£265.38	£173.08	£184.38	-£81.00
Perth and Kinross	Fife	£207.69	£173.08	£173.08	-£34.61
Perth and Kinross	Forth Valley	£276.92	£173.08	£173.08	-£103.84
Perth and Kinross	Perth and Kinross	£230.77	£177.69	£178.85	-£51.92

Source: VOA, the Welsh Government, the Scottish Government.

Note: Data post-March 2011 is based on four bedroom rate as five-bedroom rate no longer exists.

Appendix B

Methodology for the private landlord survey

Overview

A postal survey of private landlords and letting or managing agents was carried out between September and October 2011. The aim of the survey was to gauge **attitudes and perceptions of landlords** in relation to the changes being made to the Local Housing allowance (LHA) system. Landlords were asked about awareness of the changes, if they felt that the changes had affected them so far, whether they had altered their letting strategy specifically because of the changes underway and their intentions with regard to their lettings portfolio in the future.

The new rules for LHA had been in force for new tenants since April 2011 – a period of six months – by the time the survey was conducted. Only new claimants or claimants with a change in circumstances would have been subject to the new LHA rules at the time of the survey. A nine-month transitional period was still in force for existing tenants and the changes would not have affected LHA payments to existing tenants over this time.

A wide range of small and large landlords, letting or managing agents with lettings within the 19 case study areas were surveyed. The case study areas covered a wide range of housing and labour market circumstances. The survey was not designed to be analysed by individual case study area, but to provide adequate sample sizes for sub-groups of areas or types of landlords.

The sampling frame included landlord contact details held by various organisations locally in the 19 case study areas and from Housing Benefit (HB) records contained on the Single Housing Benefit Extract (SHBE). The final sample therefore included both landlords with and without LHA tenants.

In total **1,867 respondents completed a questionnaire**. Of these, 1,443 respondents (78 per cent of the total) currently let to tenants who claim HB or LHA. This sub-sample of respondents forms the basis for the main analysis presented in Chapter 5 to 7 which report on landlords' awareness, attitudes, perceptions and plans in relation to LHA reform. Questions about LHA were asked specifically in relation to lettings held within the relevant case study areas. The data for responses from LHA landlords has been weighted to reflect the distribution of LHA tenancies across the 19 case study areas.

Sampling frame

The sampling frame was derived from a number of sources, including landlord contact lists and House in Multiple Occupation (HMO) lists provided by the case study local authorities, landlord contacts via the National Landlords Association and British Property Federation, and names and addresses of landlords held via claimant records within the Department for Work and Pensions' (DWP's) SHBE. The potential sampling frame across each of the areas varied in terms of overall numbers available and balance between these sources. This was due to varied practices across the local authorities in terms of the extent and purpose for which landlord contact information was collected, local interpretation of Data Protection protocols and data management systems for submission of HB records to the central SHBE system.

The size of the sampling frame available therefore varied across the 19 areas. The research team aimed to maximise overall sample achieved by increasing the sample in areas where this was possible to compensate for lower sample sizes available in others. In total, just under 17,000 questionnaires were sent out across the 19 areas. Sample sizes ranged from between 750 and 870 in the majority of areas (average of 770). Only just over 600 were posted out in Hackney due to limited availability of sample in that area. This area was therefore the only area to receive a reminder to maximise the returns for this area. A booster sample was added to the London case study areas of Westminster and Barking and Dagenham to bring the total sample in each to 1,500, and 1,000 questionnaires were mailed out in Brent. This booster was to take account of a lower response rate in the four London case study areas, the lower sample available in Hackney and the need to maintain a suitable overall sub-sample for the London areas.

Response rates

The overall response rate from a single mail out (with the exception of Hackney, which received a reminder) was 12 per cent. The response rate varied across the 19 areas ranging from six per cent to 18 per cent (Table B.1).

Table B.1 Response rates for postal survey of landlords

	Total sample	Ineligible or invalid cases	Valid sample	Total responded	Response rate %
Barking & Dagenham	1,500	105	1,395	95	7
Blackburn	750	18	732	103	14
Bradford	750	23	727	101	14
Brent	1,000	39	961	84	9
Cardiff	950	28	922	99	11
Denbighshire	750	32	718	90	13
Edinburgh	750	26	724	118	16
Exeter	750	27	723	97	13
Fenland	750	39	711	84	12
Hackney	618	45	573	60	10
Newcastle	750	18	732	102	14
North Lanarkshire	750	33	717	74	10
Perth & Kinross	750	23	727	114	16
Portsmouth	777	23	754	105	14
Rhondda	850	36	814	99	12
Tendring	985	32	953	115	12
Thanet	870	35	835	154	18
Walsall	1,150	38	1,112	90	8
Westminster	1,500	108	1,392	83	6
Total	16,950	728	16,222	1,867	12

The overall response rate reflects: the inclusion of non-LHA landlords in the sample who may be less inclined to complete the questionnaire which was predominantly about LHA; the quality and maintenance of the source sample information available in some local areas; and lower response rates in London (an average of eight per cent compared to an average elsewhere of 13 per cent).

The questionnaire

The questionnaire covered a range of landlord characteristics and issues concerning the changes to the HB regime in the private rental market initially introduced in April 2011. It took approximately 15-20 minutes to complete. A web-based version of the questionnaire was available for respondents who wished to complete it via this method. Topics covered included:

- landlord characteristics and size of portfolio;
- changes in portfolio over the past 12 months;
- letting strategy and types of tenants housed;
- current LHA tenants and future plans;
- renewal of tenancies for LHA tenants;
- willingness to negotiate rents;
- awareness of LHA and the reforms introduced since April 2011;
- changes in letting strategy due to reforms;
- perceived impacts so far due to reforms;
- future plans for letting strategy and portfolio.

A full copy of the questionnaire can be found at the end of this appendix.

Data processing and weighting

The data have been weighted to take account of the uneven sample sizes available by area, and variation in response rates at the local level, to provide estimates which reflect the 19 case study areas as a whole and the known distribution of claimants across them. The weighting is based on the assumption that areas with more LHA tenants are also likely to have more landlords. This reflects the distribution of size of landlord across areas which tend to be dominated by small landlords with ten or less properties. The distribution of small and large landlords in this survey is similar to that found in other surveys including the previous survey of LHA pathfinder areas in 2006. In practice the weighting made minimal difference to the percentages reported.

Data from the returned questionnaires were scanned, captured and verified using Teleform scanning software. An extensive range of logic checks were also undertaken to check routing and the quality of the data captured.

Confidence intervals

A sample, and not the entire population of landlords and letting agents across the 19 areas, has been surveyed. 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 landlords 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 have been 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 B.2 illustrates the predicted ranges for different percentage results at the 95 per cent confidence interval.

Table B.2 Sampling tolerances for the private landlord survey

Approximate sampling tolerances to percentages at or near these levels ¹			
	10% or 90%	30% or 70%	50%
	±	±	±
All landlords, N=1,867	1.3	2.0	2.2
All LHA landlords, N=1,443	1.5	2.3	2.5
London LHA landlords, N=246	3.7	5.6	6.0
Rest of Great Britain LHA landlords, N=1,197	1.6	2.5	2.7
Small LHA landlords (10 properties or less), N=1,042	1.7	2.7	2.9
Large LHA landlords (more than 10 properties), N=374	2.9	4.5	4.9

¹ The calculation of these figures assumes a pure random sample. As the sampling approach employed on the survey was not purely random, these figures are indicative only.

The tolerances usually quoted for surveys assume a pure random sample with no stratification, clustering or weighting. The imposition of weighting had limited impact on the data and the design effect³ according to our analysis of some key variables. However, as with any weighting, its imposition widened confidence intervals. At the aggregate level, we estimate this to be by 20 per cent.

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 actual or future behaviour.

Research instruments

A copy of the covering letter and questionnaire are included below. These instruments were personalised for each of the 19 areas.

³ When weighting is used in a survey, this can affect the statistical margin of error. This difference between the margin of error for a survey as designed and the margin of error in a pure random sample of the same size is called the ‘design effect’.

30 September 2011

<<Landlord name>>

Ref No: <<XXXXXX>>

<<First line of address>>

<<Second line of address>>

<<Town>>

<<Postcode>>

Dear Landlord,

Share your views and experiences as a landlord, letting or managing agent

The Department for Work and Pensions (DWP) is conducting research to find out your views and experiences of the **reforms to Local Housing Allowance: the way that Housing Benefit is paid to tenants in the private rented sector**. DWP has asked us, an independent research centre called the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University, to carry out this research on its behalf.

Landlords will be particularly affected by the changes and DWP are keen to hear from you about your views and experiences. They need to hear from as wide a range of landlords, letting and managing agents as possible **including those without Housing Benefit/Local Housing Allowance tenants**.

We hope that you will take this opportunity to take part in this survey and have your say. You have been chosen at random to take part in this survey from a wide range of sources which include publicly available landlord contact details, Housing Benefit records held by the DWP, local authority details and support provided by various landlord associations.

Please **return the questionnaire in the pre-paid envelope provided by 17th October 2011**.

Alternatively the survey can be completed on line at:

<https://buffalo.hallam.shu.ac.uk/CRESR/LHA/Bradford.PDF>

We will enter all returned questionnaires into a free prize draw with a first prize of £250, a second prize of £100 and a third prize of £50 by way of saying thank you for taking part.

If you do take part it will not be possible to identify you from the research and the information you give will be **completely anonymous and confidential**. DWP will **ensure all data is handled securely** throughout the study. Any personal information will not be shared with any other party.

The questionnaire should only take about 15 minutes to fill in. **You will not have to answer all the questions, only those appropriate to you**. You will be routed to the relevant questions. I do hope you can help us in this evaluation of these crucially important policies. If you have any questions please call Emma Smith or Sarah Ward at CRESR (0114 225 3073) and they will route your enquiry to one of the research team, or via email at CRESR@shu.ac.uk.

With many thanks for your co-operation.

Yours sincerely

Ian Wilson

Research Fellow

Survey of private landlords

REF NO: XXXXX

Your views count. Currently Government reforms are underway which will affect some tenants and landlords in the private renting sector and how much Local Housing Allowance (LHA), (the way Housing Benefit (HB) is calculated for claims in the private rented sector) they might be able to receive.

We are an **independent research centre** based at Sheffield Hallam University and are being funded by the Department for Work and Pensions to carry out this study.

We are interested in finding out how much landlords and letting/managing agents are aware of the reforms underway. We would like to hear whether you think the changes are likely to impact on the rental market in [XXX], on you and your rental business, either now or in the future.

We will enter all returned questionnaires into a free prize draw with a first prize of £250, a second prize of £100 and a third prize of £50 by way of saying thank you for taking part.

We are interested in hearing views from as wide a range of landlords and letting/managing agents as possible, including those without HB or LHA tenants. We would like to hear from you if you:

- own or manage rental properties within the district of [XXX];
- are a landlord or letting/managing agent with only one or a few rental properties;
- are a landlord or letting/managing agent with a large rental portfolio;
- whether or not you have tenants receiving HB or LHA.

Your response to the survey will be COMPLETELY CONFIDENTIAL AND ANONYMOUS.

Absolutely no details provided by you will be made available to any government department or anybody other than the research team. Your information will be added together with responses from other landlords to produce anonymous statistics for a report.

Ease of completion. The questionnaire should only take about 15 minutes to fill in. Some sections will not be applicable to you but the questionnaire will guide you past these. Most of the questions require you to put a cross in a box or are multiple choice. Please keep your cross within the box outline. At the end of the survey you will also have an opportunity to let us know if there is anything else you would like to tell us.



Please return in the enclosed FREEPOST envelope

OR



You can complete this questionnaire ONLINE at
www.XXXXXXXXXX

If there are any questions that do not apply to you, please leave the response to that question blank and go on to the next one.

Thanks for taking part. If you have any questions please call Emma or Sarah at The Centre for Regional Economic and Social Research (0114 225 3073) and they will route your enquiry to one of the research team.

Yours sincerely,

Ian Wilson
Research Fellow

A – Landlords and portfolio

This section of the questionnaire asks some general questions about you as a landlord or letting/ managing agent

A1 Are you answering this as a landlord or as a letting/managing agent?

(please put a cross in one box only)

I am a landlord

Continue to
Question A2

I am both a landlord and letting/managing agent for others

Continue to
Question A2

I am a letting/managing agent

Go to Question A6

A2 As a private landlord, are you a...

(please put a cross in as many boxes as apply)

Private individual/family

Private company

Public company (i.e. plc)

Partnership (i.e. legal entity)

Other (please specify in box below)

A3 Would you describe yourself as a part-time or a full-time landlord?

(please put a cross in one box only)

Full-time landlord

(i.e. a full-time job, or a company/organisation
whose main business is letting residential accommodation)

Part-time landlord

(i.e. not a full-time job, or not a company/organisation
whose main business is letting residential accommodation)

A4 How long have you been a landlord for?

(please put a cross in one box only)

- Less than 1 year
- For at least 1 year but less than 2 years
- For at least 2 years but less than 5 years
- For at least 5 years but less than 10 years
- For 10 years or more
- Don't know/not sure

A5 Which of the following statements best describes how you regard the properties you currently let?

(please put a cross in one box only)

- An investment for capital growth
- An investment for rental income
- An investment for both capital growth and rental income
- A future home for myself/family
- Current or future home for a relative
- A property I would like to sell, but can't
- Somewhere to house an employee
- Somewhere to house people in need
- Don't know/not sure

A6 Are you a member of a landlords association?

(please put a cross in one box only)

- Yes
- No
- Don't know/not sure

A7 In total, how many dwellings do you let across Britain?

A dwelling is a self-contained unit of accommodation (normally a house or flat) where all the rooms and amenities (i.e. kitchen, bath/shower room and WC) are for the exclusive use of the household(s) occupying them. In rare cases, amenities may be located outside the front door but provided they are for the exclusive use of the occupants, the accommodation is still classed as a dwelling. For the most part a dwelling will be occupied by one household. However, it may contain none (vacant dwelling) or may contain more than one (House in Multiple Occupation or HMO).

Please write in the **number** of dwellings in each box
(estimate if you do not know exactly)

Dwellings in England	<input type="text"/>
Dwellings in Scotland	<input type="text"/>
Dwellings in Wales	<input type="text"/>
TOTAL in GB	<input type="text"/>

A8 And how many of these dwellings are within [XXX]?

Please write in the **number** of dwellings
(estimate if you do not know exactly)

Our study is specifically to do with the rental market within [XXX].

So for the following section(s) the questions refer to just the properties that you have specified in question A8 which are within [XXX].

A9 Over the last 12 months has the number of properties you let within [XXX]

(please put a cross in **one** box only)

Increased	<input type="checkbox"/>	Continue to Question A10
Decreased	<input type="checkbox"/>	Go to Question A11
Stayed the same	<input type="checkbox"/>	Go to Question A12
Don't know/Not sure	<input type="checkbox"/>	Go to Question A12

A10 What are the main reasons for the increase in lettings over the past 12 months?

(please put a cross in as many boxes as apply)

- Wanted to invest more of my assets in the rental market
- Wanted to increase lettings in this locality/local authority
- Wanted to maximise my rental income
- Housing market means more people looking to rent
- Changes in Housing Benefit/Local Housing Allowance rules
- Cost/availability of loan finance
- Availability of cheaper properties to buy
- Tenants moving here to find cheaper areas/properties
- Find it easy to get tenants
- Rental market strong
- Rental yields increasing
- Other (please specify in box below)

Now go to question A12

A11 What are the main reasons for the decrease in lettings over the past 12 months?

(please put a cross in as many boxes as apply)

- Couldn't cover my outgoings on properties
- Concern about stability of interest rates
- Wanted to increase lettings in another locality/local authority
- Too much hassle with rent arrears
- I wanted to liquidate some of my assets
- Changes in Housing Benefit/Local Housing Allowance rules
- Cost/availability of loan finance
- Tenants moving elsewhere to find cheaper areas/properties
- Finding it difficult to get tenants that can cover the rent
- Rental market weak
- Rental yields decreasing
- Too much bureaucracy/regulations/associated costs for landlords
- Other (please specify in box below)

A12 Over the next 12 months do you think the number of properties you let within [XXX] will change?

(please put a cross in one box only)

- Increase Continue to Question A13
- Decrease Go to Question A14
- Stay the same Go to Question B1
- Don't know/Not sure Go to Question B1

A13 What are the main reasons for thinking your lettings in this area will increase over the next 12 months?

(please put a cross in as many boxes as apply)

- Want to invest more of my assets in the rental market
- Want to increase lettings in this locality/local authority
- Want to maximise my rental income
- Housing market means more people looking to rent
- Changes in Housing Benefit/Local Housing Allowance rules
- Cost/availability of loan finance
- Availability of cheaper properties to buy
- Tenants moving to here to find cheaper areas/properties
- Find it easy to get tenants
- Rental market strong
- Rental yields increasing
- Other (please specify in box below)

Now go to question B1

A14 What are the main reasons for thinking your lettings in this area will decrease over the next 12 months?

(please put a cross in as many boxes as apply)

- | | |
|---|--------------------------|
| Can't cover my outgoings on properties | <input type="checkbox"/> |
| Concern about stability of interest rates | <input type="checkbox"/> |
| Want to increase lettings in another locality/local authority | <input type="checkbox"/> |
| Too much hassle with rent arrears | <input type="checkbox"/> |
| I want to liquidate some of my assets | <input type="checkbox"/> |
| Changes in Housing Benefit/Local Housing Allowance rules | <input type="checkbox"/> |
| Cost/availability of loan finance | <input type="checkbox"/> |
| Tenants moving elsewhere to find cheaper areas/properties | <input type="checkbox"/> |
| Finding it difficult to get tenants that can cover the rent | <input type="checkbox"/> |
| Rental market weak | <input type="checkbox"/> |
| Rental yields decreasing | <input type="checkbox"/> |
| Too much bureaucracy/regulations/associated costs for landlords | <input type="checkbox"/> |
| Other (please specify in box below) | <input type="checkbox"/> |

B – Letting strategy

The next set of questions are about your letting policies and experiences as a landlord or letting/ managing agent and relate to the views you have, taking into account the accommodation you own or manage in [XXX] only.

B1 Thinking of the properties you let within [XXX] which of the following types of tenant do you let to?

(please put a cross in as many boxes that apply)

- | | |
|-------------------------------|--------------------------|
| Working people | <input type="checkbox"/> |
| Out-of-work benefit claimants | <input type="checkbox"/> |
| Students | <input type="checkbox"/> |
| Retirees | <input type="checkbox"/> |
| Other | <input type="checkbox"/> |

B2 In general, when letting accommodation, which one of the following types of tenant do you most prefer letting to?

(please put a cross in one box only)

- Working people
- Out-of-work benefit claimants
- Students
- Retirees
- No preference

B3 Thinking of the properties you let within [XXX] which of the following types of household do you let to?

(please put a cross in as many boxes that apply)

- Single people under 25
- Single people aged 25+
- Childless couples
- Couples with children
- Lone parents
- Elderly people
- Other

B4 In general, when letting accommodation, which one of the following types of household do you most prefer to let to?

(please put a cross in one box only)

- Single people under 25
- Single people aged 25+
- Childless couples
- Couples with children
- Lone parents
- Elderly people
- No preference

B5 Do you let any shared accommodation?

(please put a cross in as many boxes that apply)

- Yes, shared house/flat with joint tenancy agreement
- Yes, shared house/flat with individual tenancy agreements
- Yes, bedsits with individual tenancy agreements
- Yes, resident landlord with tenants
- Yes, other types of shared tenancy arrangements
- No
- Don't know/not sure

B6 In general, when letting accommodation, do you prefer to let to tenants who are on Housing Benefit/Local Housing Allowance or to those who are not?

(please put a cross in one box only)

- Tenants on Housing Benefit/Local Housing Allowance
- Tenants not on Housing Benefit / Local Housing Allowance
- No preference

B7 Do you currently let to any tenants in [XXX] who claim Housing Benefit/Local Housing Allowance?

(please put a cross in one box only)

- Yes Continue to Question B8
- No Go to Question B14
- Don't know/not sure Go to Question B14

B8 Approximately, what proportion of your stock in [XXX] is currently let to tenants who claim Housing Benefit/Local Housing Allowance?

(please put a cross in one box only)

- Less than 10%
- At least 10% but less than 20%
- At least 20% but less than 50%
- At least 50% but less than 100%
- 100%
- Don't know/not sure

B9 Do you intend to continue to let to tenants who claim Housing Benefit/ Local Housing Allowance in [XXX] in the next 12 months?

(please put a cross in one box only)

- Yes Continue to Question B10
No Go to Question B12
Don't know/not sure Go to Question B13

B10 Approximately, what proportion of your lettings in [XXX] do you think you will continue to let to tenants who claim Housing Benefit/Local Housing Allowance?

(please put a cross in one box only)

- Less than 10%
At least 10% but less than 20%
At least 20% but less than 50%
At least 50% but less than 100%
100%
Don't know/not sure

B11 Which of these reasons have contributed to your intention to continue letting to tenants who claim Housing Benefit/Local Housing Allowance in this area over the next 12 months?

(please put a cross in as many boxes as apply)

- HB/LHA tenants form a large element of the rental market in this area
Increasing numbers of HB/LHA tenants looking to rent in this area
HB/LHA tenants form a substantial part of my lettings
Don't mind letting to HB/LHA tenants so long as rent is paid
Changes in Housing Benefit/Local Housing Allowance rules
Direct payment of HB/LHA to landlord
Rent yields for HB/LHA tenants
HB/LHA tenants moving here to find cheaper areas/properties
Find it easy to get HB/LHA tenants
Few alternative supplies of tenants for some of my properties
Don't know/not sure/no particular reason
Other (please specify in box below)

Now go to question B13

B12 Which of these reasons have contributed to your intention not to continue letting to tenants who claim Housing Benefit/Local Housing Allowance in this area over the next 12 months?

(please put a cross in as many boxes as apply)

- | | |
|---|--------------------------|
| HB/LHA tenants form a small element of the rental market in this area | <input type="checkbox"/> |
| Decreasing numbers of HB/LHA tenants looking to rent in this area | <input type="checkbox"/> |
| HB/LHA tenants form only a small part of my lettings | <input type="checkbox"/> |
| I am reducing my lettings in this local authority area | <input type="checkbox"/> |
| Want to increase portfolio in another locality/local authority | <input type="checkbox"/> |
| I want to diversify my lettings portfolio | <input type="checkbox"/> |
| Prefer not to let to HB/LHA tenants | <input type="checkbox"/> |
| Changes in Housing Benefit/Local Housing Allowance rules | <input type="checkbox"/> |
| Requests to re-negotiate rents | <input type="checkbox"/> |
| Reduction in rent yields for HB/LHA tenants | <input type="checkbox"/> |
| Too much hassle with rent arrears | <input type="checkbox"/> |
| HB/LHA tenants moving elsewhere to find cheaper areas/properties | <input type="checkbox"/> |
| Find it difficult to get HB/LHA tenants that can cover the rent | <input type="checkbox"/> |
| Does not stack up financially | <input type="checkbox"/> |
| I have an alternative supply of tenants | <input type="checkbox"/> |
| Don't know/not sure/no particular reason | <input type="checkbox"/> |
| Other (please specify in box below) | <input type="checkbox"/> |

B13 If a tenant could no longer afford the rent following changes to HB/LHA would you agree to lower the rent to a level the tenant could afford if the LHA was paid directly to you rather than the tenant?

(please put a cross in one box only)

- | | |
|--|--------------------------|
| Yes, I have done this already | <input type="checkbox"/> |
| Yes, I would consider it in the future | <input type="checkbox"/> |
| No, I am not willing to do this | <input type="checkbox"/> |
| Don't know/not sure | <input type="checkbox"/> |

Now go to Question C1

B14 Have you ever let accommodation to tenants in receipt of Housing Benefit/Local Housing Allowance?

(please put a cross in one box only)

- Yes
- No
- Don't know/not sure

B15 Would you consider letting to tenants who are in receipt of Housing Benefit /Local Housing Allowance in this area in the future?

(please put a cross in one box only)

- Yes Continue to B16
- No Go to question B17
- Don't know/not sure Go to question C1

B16 And why is it that you would consider letting to Housing Benefit /Local Housing Allowance tenants in this area in the future?

(please put a cross in as many boxes as apply)

- HB/LHA tenants form a large element of the rental market in this area
- Increasing numbers of HB/LHA tenants looking to rent in this area
- I want to diversify my lettings portfolio
- I do not mind letting to HB/LHA tenants so long as rent is paid
- Changes in Housing Benefit/Local Housing Allowance rules
- I want to increase my lettings in this locality/local authority area
- I want to decrease my lettings in another locality/local authority area
- Direct payment of HB/LHA to landlord
- Rent yields for HB/LHA tenants
- HB/LHA tenants moving here to find cheaper areas/properties
- Find it easy to get HB/LHA tenants
- Few alternative supplies of tenants for some of my properties
- Don't know/not sure/no particular reason
- Other (please specify in box below)

Now go to Question C1

B17 And why is it that you would not consider letting to Housing Benefit/ Local Housing Allowance tenants in this area in the future?

(please put a cross in as many boxes as apply)

- They form a small element of the rental market in this area
- I want to decrease my lettings in this local authority area
- I want to increase my lettings in another locality/local authority area
- Decreasing numbers of HB/LHA tenants looking to rent in this area
- Reduction in rent yields for HB/LHA tenants
- Prefer not to let to HB/LHA tenants
- Too much hassle with rent arrears
- Changes in Housing Benefit/Local Housing Allowance rules
- Does not stack up financially
- Requests to re-negotiate rents
- Alternative supply of tenants
- Find it difficult to get HB/LHA tenants that can cover the rent
- HB/LHA tenants moving elsewhere to find cheaper areas/properties
- Don't know/not sure/no particular reason
- Other (please specify in box below)

C – Local Housing Allowance

The next section is about Local Housing Allowance (LHA) (this is how some tenants in private renting receive their Housing Benefit (HB)). We are interested in hearing from landlords and letting/managing agents who do and do not have tenants who receive HB/LHA.

C1 Had you heard of Local Housing Allowance prior to receiving this questionnaire?

(please put a cross in one box only)

- Yes
- No
- Don't know/not sure

C2 The Government announced that from April 2011 the Housing Benefit system and payment of Local Housing Allowance to tenants in the private rented sector would begin to change. Had you heard about the changes to Local Housing Allowance prior to receiving this questionnaire?

(please put a cross in one box only)

- Yes
- No
- Don't know/not sure

C3 Are you aware of any of the following specific elements of the changes and proposed changes to the HB/LHA system?

(please put a cross in one box for each element of the question below)

	Yes	No	Not sure/ Don't know
5-bedroom LHA rate abolished	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Capping maximum weekly LHA rates by property size (i.e. number of bedrooms)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Setting LHA rates on the 30th percentile of rents in an area as opposed to the median	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Removing the £15 weekly excess payment available to some claimants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increasing the age limit for the shared room rate for Private Rented Sector tenants from 25 to 35 from January 2012	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increasing the rate of non-dependant deductions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Restricting future LHA rate increases to increases in the Consumer Price Index (CPI)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Introducing caps on the total amount of benefit claimants can receive inc. LHA payments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

C4 Thinking of your lettings located within [XXX], have any of the HB/LHA reforms introduced in April 2011 affected you so far?

(please put a cross in one box only)

- Yes, a lot Continue to Question C5
- Yes, a fair amount Continue to Question C5
- Not very much Continue to Question C5
- Not at all Go to Question C6
- Don't know Go to Question C6

C5 Which specific elements of the HB/LHA reforms have affected you so far?

(please put a cross in as many boxes as apply)

- 5-bedroom LHA rate abolished
- Capping maximum weekly LHA rates by property size (i.e. number of bedrooms)
- Setting LHA rates on the 30th percentile of rents in an area as opposed to the median
- Removing the £15 weekly excess payment available to some claimants
- Increasing the age limit for the shared room rate for Private Rented Sector tenants from 25 to 35 from January 2012
- Don't know/Not sure

C6 Are you aware of any of your tenants currently being in rent arrears because they can no longer afford the rent due to the HB/LHA reforms introduced in April 2011?

(please put a cross in one box only)

- Yes
- No
- Don't know/not sure

C7 Have you taken action to evict, not renew or end tenancies of any of your HB/LHA tenants specifically because they can no longer afford their rent because of the HB/LHA reforms introduced in April 2011?

(please put a cross in one box only)

- Yes
- No
- Don't know/not sure

C8 Do you think that the current HB/LHA reforms introduced in April 2011 have already affected your role as a landlord/letting/management agent in [XXX] in the following ways?

(please put a cross in one box on each line)

	Increased	Decreased	Stayed the same	No/Not an issue	Don't know/ Not sure
Dealings with the HB service	<input type="checkbox"/>				
Tenants with HB/LHA direct payments to landlord	<input type="checkbox"/>				
Current tenants requesting rent reductions/renegotiate rent	<input type="checkbox"/>				
Prospective tenants asking for rent lower than advertised	<input type="checkbox"/>				
Negotiated lower rent with tenant(s)	<input type="checkbox"/>				
Tenants moved as they could no longer afford rent	<input type="checkbox"/>				
Tenants moved as worried about ability to pay rent in future	<input type="checkbox"/>				
Some types of properties are hard to let	<input type="checkbox"/>				
Demand for large properties	<input type="checkbox"/>				
Demand for shared accommodation	<input type="checkbox"/>				
Certain locations in the local authority are hard to let	<input type="checkbox"/>				
Rent prices in the area	<input type="checkbox"/>				
Action to evict tenants	<input type="checkbox"/>				
Not renewing tenancies	<input type="checkbox"/>				
Rent arrears	<input type="checkbox"/>				
Rental yields	<input type="checkbox"/>				
Rental voids	<input type="checkbox"/>				
Other (please specific in box below)	<input type="checkbox"/>				

C9 Thinking of your rental properties located within [XXX], have you changed your letting strategy since April 2011 because of the current reforms to the HB/LHA system?

(please put a cross in one box only)

Yes Continue to Question C10

No Go to Question C11

Don't know/not sure Go to Question C11

C10 Have you already made any of the following changes to your rental business in [XXX] specifically because of the changes to HB/LHA rules introduced since April 2011?

(please put a cross in as many boxes as apply)

Expanded my rental business in this local authority

Expanded my rental business in other local authorities

Reduced the number of properties I rent in this local authority

Reduced the number of properties I rent in other local authorities

Negotiated a lower rent with a current tenant

Negotiated a lower rent with a prospective tenant

I have pulled out of renting in more expensive parts of the area

I have increased my stock in cheaper parts of the area

I have expanded the number of shared accommodation I let

Not renewing tenancies for some HB/LHA tenants

I no longer let 5 bedroom properties

I no longer let to HB/LHA tenants

Other (please specify in box below)

C11 Do you plan to make any of the following/additional changes in the next 12 months specifically because of the changes to HB/LHA rules introduced since April 2011?

(please put a cross in one box on each line)

	Not considered	Considered	Plan to	Don't know/ Not sure	Not an issue
Expand my lettings in this local authority	<input type="checkbox"/>				
Expand my lettings in other local authorities	<input type="checkbox"/>				
Reduce my lettings in this local authority	<input type="checkbox"/>				
Reduce my lettings in other local authorities	<input type="checkbox"/>				
Pull out of letting in more expensive parts of the area	<input type="checkbox"/>				
Increase my lettings in cheaper areas of the area	<input type="checkbox"/>				
Negotiating a lower rent with a current tenant	<input type="checkbox"/>				
Negotiating a lower rent with a prospective tenant	<input type="checkbox"/>				
Expand the number of shared accommodation I let	<input type="checkbox"/>				
Cease letting 5 bedroom properties	<input type="checkbox"/>				
Cease letting to HB/LHA tenants	<input type="checkbox"/>				
Other (please specify in box below)	<input type="checkbox"/>				

C12 Please write in the box below any further views you have on the impacts of the reforms to HB/LHA introduced in April 2011 to you and your rental business:

D – The local rental market

The next set of questions are about the conditions in the local rental market within [XXX]. We are interested in hearing from both landlords/letting/managing agents who do and do not have tenants who receive HB/LHA.

D1 In your experience, has the rental market in [XXX] (for all types of tenants) changed noticeably since April 2011 for each of the following factors?

(please put a cross in one box on each line)

	Increased	Decreased	Stayed the same	No/Not an issue	Don't know/ Not sure
Tenants in rent arrears	<input type="checkbox"/>				
Number of evictions	<input type="checkbox"/>				
Current tenants requesting rent reductions	<input type="checkbox"/>				
Prospective tenants asking for rent lower than advertised	<input type="checkbox"/>				
Negotiated lower rent with tenant(s)	<input type="checkbox"/>				
Tenants moved as they could no longer afford rent	<input type="checkbox"/>				
Tenants moved as worried about ability to pay rent in future	<input type="checkbox"/>				
Some types of properties are hard to let	<input type="checkbox"/>				
Demand for large properties	<input type="checkbox"/>				
Demand for shared accommodation	<input type="checkbox"/>				
Certain locations in the local authority are hard to let	<input type="checkbox"/>				
Rent prices in the area	<input type="checkbox"/>				
Rental yields	<input type="checkbox"/>				
Voids	<input type="checkbox"/>				
Other (please specific in box below)	<input type="checkbox"/>				

Thank you for taking part in this survey.

Please return the questionnaire in the pre-paid envelope provided.

We also plan to conduct another survey next year to see how the reform of the HB/LHA system have affected landlords as increasing numbers of HB/LHA tenants are subjected to the new rules. We will send you another questionnaire at that time but you are under no obligation to take part again if you do not wish to do so.

Would you like to be entered into the Prize Draw for this survey?

(please put a cross in one box only)

YES

NO

If yes please provide contact details below:

Name:

Address:

Phone number:

Mobile:

We would also really like to speak to a selection of landlords/letting agents in the area in more depth about some of the issues raised in this survey.

Are you willing for a member of the research team to contact you at a later date about the extent that HB and LHA reforms are impacting on you and your rental business?

(please put a cross in one box only)

YES

NO

If yes, please provide contact details below or put a cross in the box if the same as above:

SAME AS ABOVE

Name:

Address:

Phone number:

Mobile:

Appendix C

Methodology for the claimants survey

Claimant survey objectives and overview

The Stage 1 survey of claimants was designed to generate statistical measurements of claimant awareness of changes to Housing Benefit as well as ascertain the early impact and experiences of the changes. It involved 100 interviews in each of the 19 case study areas and was undertaken between September and November 2011.

A face-to-face in-home methodology was employed. An alternative telephone methodology was impractical because the sampling frame to be used for the survey – the Single Housing Benefit Extract (SHBE) held by the Department for Work and Pensions (DWP) – lacked adequate landline/mobile telephone details.

In-home, interviewer-administered fieldwork was also considered beneficial given the potential sensitivities of topics covering personal finances and future plans, and because rapport was key to securing longer-term participation in the research. The survey also needed to recruit a ‘panel’ of respondents willing in principle to take part in Stage 1-3 qualitative research and a survey at Stage 3. Securing sufficient numbers for these components of the evaluation was vital if a key research objective – building a longitudinal picture of change over time – was to be achieved.

A quota sampling methodology was used alongside a face-to-face in-home methodology. The use of quotas allowed greater control over the sample generated; by comparison, self-completion postal surveys would have been less likely to generate representative samples and, thus, more likely to involve non-response biases.

Sampling was structured to achieve a broadly proportionate balance of ‘new’/‘existing’ claimants **within** and **across** the 19 case study areas. Claimants were categorised according to the anniversary of their claim. At the time of sampling, ‘new’ claimants had already moved on to the new rules relating to Local Housing Allowance (LHA) and Housing Benefit (HB) in the private rented sector (PRS) in the United Kingdom, i.e. their previous claim elapsed **after** 1 April 2011 or they had claimed for the first time after this date. ‘Existing’ claimants had not yet moved on to the new rules.

The new/existing quota was set at local level. In addition, broad quotas were used to ensure a balanced cross-section of claimants across the areas as a whole. It should be remembered, however, that this design was intended to generate samples within 19 areas (which, as has already been described, were selected purposively) and **not** an aggregate sample representative of the national profile of HB claimants.

Sampling

The sampling frame used for the Stage 1 survey of claimants was the SHBE August extract. The Primary Sampling Unit (PSU) was postal sector.

In accordance with the data security conventions and protocols established for this particular project (and more generally for projects delivered by Ipsos MORI on behalf of the DWP), the Department sent Ipsos MORI an encrypted datafile containing anonymised data for SHBE claimants across the 19 case study areas. This included a unique ID, local authority name, full postcode and nine sampling variables.

There were five subsequent steps to sample selection:

Stage 1 involved generating PSU-level data, selecting sample points and then selecting specific claimants for the opt-out stage. Specifically:

- PSU-level data files were produced, allowing generation of penetration levels for key variables including existing/new;
- six PSUs (or combinations of postal sectors) were selected for each case study area. The six were selected to provide a sufficient number of cases to draw a sample from allowing for DWP exclusions, the likely extent of opt-out and taking into account the interview length, assumptions about response rates, etc. Selection was designed to generate viable blocks of addresses for interviewers and took account of the following (in order of importance): the overall number of claimants, the number of new and existing claimants, the geographical spread and other variables including property type, household size and age;
- all cases (claimants) within each PSU were selected.

Stage 2 involved sending a list of unique IDs for all the selected cases to DWP. DWP then provided secure sample files containing unique IDs, name and address, and local authority name for each case. In accordance with data security requirements, Ipsos MORI deleted initial Stage 1 sample variables except the new/existing claimant flag.

Stage 3 involved adding in other sampling variables and selecting claimant cases. Specifically:

- other sample variables were added to the sample data file;
- frequency tables for each case study area were produced showing: the ID for each PSU, the postal sector(s), the total number of HB claimants in each PSU, the total number (and percentage of the whole) of new and existing claimants in each PSU;
- five PSUs were selected per case study area; four primary units and one reserve unit. Selection was based on same criteria as at Stage 1;
- 150 cases were selected within each PSU and, in total, a minimum of 750 cases per case study area (6 x 150). This meant selecting 50 new claimants per PSU which, in turn, involved using a fixed interval '1 in n' approach where there were more than 50, or selecting all of them if fewer than 50 were available. A minimum of 100 existing claimants were selected using the same procedures.

Stage 4 involved creating a list of selected claimant names and addresses then mail-merging this with the agreed opt-out letter (included at the end of this Appendix). A Welsh language version letter was used in Wales. The letter informed recipients of the survey and provided them with the option of opting-out via telephone, email or letter.

Stage 5 involved removing all opt-outs from the selected sample. Once the sample was finalised, address lists were then generated and issued to interviewers in advance of the telephone briefings run by Ipsos MORI researchers and the start of fieldwork (see below).

Fieldwork

A small-scale pilot was undertaken in August 2011. It involved a total of three interviewers working in Barking and Dagenham and Westminster and was designed to test the sampling, opt-out and contact procedures, as well as to provide feedback on the questionnaire. The SHBE April extract was used for sampling purposes. The pilot generated 15 interviews.

A total of 13,946 claimants were selected for the main stage. 10,855 'existing' claimants and 3,091 'new' claimants were mailed to in August 2011. 558 opted-out, representing four per cent of sampled claimants. Following the removal of 'deadwood', 11,644 claimant addresses were issued to Ipsos MORI interviewers, including five reserve points.

Interviewers were provided with copies of the opt-out letter, address lists, doorstep introduction, hard copy and CAPI (Computer Assisted Personal Interviewing) versions of the questionnaire and showcards. Interviewers were also supplied with local authority 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 named claimant at each address was eligible. Interviewers were not required to make a set minimum number of calls to each address, but were encouraged to reattempt contacts at initially non-productive addresses.

A total of 41 interviewers worked on the survey covering 95 sampling points and over a fieldwork period lasting from 15 September to 21 November 2011. 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).

A total of 1,911 interviews were achieved across the 19 case study areas. One interview was subsequently removed at the data editing stage because the respondent was ineligible to take part. The 1,910 interviews were achieved as shown in Table C.1.

The shortfall in Westminster was partly the product of the SHBE sample available, as well as the additional challenges involved in securing contact and strong response rates in this part of London. To illustrate this, we issued 635 addresses there including only 62 'new' claimants (approximately 10% of the issued sample, compared to around 20-30 per cent in other areas).

The 1,910 interviews comprised 1,356 'existing' claimants and 554 'new' claimants. Again, reflecting the availability of sample overall and in terms of the 'existing/new' split, there was some variation by case study area (also shown in Table C.1).

Table C.1 Target and actual interviews by case study area

Case study area	Target	Actual total	New	Existing
Barking and Dagenham	100	117	33	84
Blackburn with Darwen	100	103	31	72
Bradford	100	99	30	69
Brent	100	110	31	79
Caerdydd – Cardiff	100	101	29	72
City of Edinburgh	100	103	35	68
City of Portsmouth	100	100	25	75
City of Westminster	100	54	1	53
Exeter	100	99	24	74
Fenland	100	100	30	70
Hackney	100	117	36	81
Newcastle upon Tyne	100	108	37	71
North Lanarkshire	100	101	46	55
Perth and Kinross	100	96	10	86
Rhondda, Cynon, Taff	100	100	31	69
Sir Ddinbych – Denbighshire	100	100	23	77
Tendring	100	100	32	68
Thanet	100	100	40	60
Walsall	100	103	30	73
Total	1,900	1,910	554	1,356

Interviewers logged 431 refusals, a four per cent refusal rate (at addresses where contact was established) across the 19 areas. Interviewers encountered a high percentage of movers (13 per cent aggregate, higher across the four London areas) and also found five per cent of properties were ineligible. It is important to note that the quota methodology employed for this survey meant that, in contrast to face-to-face surveys involving pre-selected sampling and fieldwork procedures, interviewers were not required to attempt (and where necessary re-attempt) contact at each address or to record an outcome for each.

The questionnaire is included below. RQ1 sought informed consent for data matching and RQ2 did so for re-contact. Consent was given by 87 per cent and 92 per cent of respondents respectively.

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 (as mentioned above, one case was removed due to ineligibility). Some questions included ‘other specifies’ and these were reviewed as a matter of course with those generating ‘others’ greater than ten 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. Our weighting scheme took into account the principal research objective to generate statistical measurements in 19 purposively selected areas as distinct from undertaking a national survey of claimants. We also considered the availability (or not) of robust profile data for claimants, and the potential effects on confidence intervals of alternative options such as weighting at regional level and/or applying weights at aggregate or area level.

Design weights were applied to account for the disproportionate stratification of the sample so that 100 interviews were undertaken in each of the 19 case study areas immaterial of their relative claimant populations. The data were weighted by Housing Benefit caseload by area proportionately and relative to the pan-19 profile. In addition, weights were also applied in accordance to the ‘new’/‘existing’ profile within and across the 19 areas. Both weighting schemes were based on the available profile data sourced from SHBE (August 2011).

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 C.2 illustrates the predicted ranges for different percentage results at the 95 per cent confidence interval: assuming a normal distribution of residents.

Table C.2 Sampling tolerances

Approximate sampling tolerances¹ to percentages at or near these levels			
	10% or 90%	30% or 70%	50%
	±	±	±
1,910 interviews (all claimants)	1.3	2.0	2.2
554 interviews (‘new’ claimants)	2.4	3.7	4.0
1,330 interviews (‘existing’ claimants)	1.6	2.4	2.6
398 interviews (London areas) versus 1,512 interviews (elsewhere)	3.2	4.9	5.4

¹ The calculation of these figures assumes a pure random sample. As the sampling approach employed on the survey was not purely random, these figures are indicative only.

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 effect⁴ 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 by 20 per cent (based on certain assumptions).

Finally, throughout the report, where percentages do not sum to 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.

Materials

We provide the following materials in the pages which follow:

- opt-out letter (English);
- finalised questionnaire.

⁴ When a survey is stratified (i.e. the target population is split up into sub-groups and each is sampled separately as in the survey of claimants), clustered or where weighting is used, this can affect the statistical margin of error. This difference between the margin of error for a survey as designed and the margin of error in a pure random sample of the same size is called the 'design effect'.



<<SHBE_TITLE>>
<<SHBE_FORENAME>> <<SHBE_SURNAME>>
<<SHBE_ADDRESS_LINE_1>>
<<SHBE_ADDRESS_LINE_2>>
<<SHBE_ADDRESS_LINE_3>>
<<SHBE_ADDRESS_LINE_4>>
<<SHBE_POSTCODE>>

Ref No: <<SERIAL NUMBER>>

August 2011

Dear <<SALUTATION>>,

Share your views and experiences

You may have heard that the Government is making changes to the Housing Benefit system.

We are writing to ask for your help with a research study about the new Housing Benefit system, which will be administered by the Department for Work and Pensions (DWP). This research is being conducted on behalf of the DWP by Ipsos MORI, an independent research organisation.

Ipsos MORI will be conducting interviews with nearly 2,000 people across England, Scotland and Wales. An interviewer may visit you in the next few weeks. Your name has been selected at random from people claiming Housing Benefit and we are contacting you for research purposes only. We would like to include you to find out more about your experiences.

Your details are protected by the Data Protection Act and anything you say to the interviewer will be treated as strictly confidential. No-one looking at the study findings will be able to identify you in any way. **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.**

If you have any questions about the research or if you do not wish to take part in this research study please contact Ipsos MORI by 29th August on 0808 238 5451, via email dwphb@ipsos.com, or you can write to us at the address below. Please quote the reference number at the top of this letter. Or you can just let the interviewer know when they visit you.

We hope that you will take this opportunity to have your say about the new system.

Yours sincerely,

Andy Brittan
Housing Research & Analysis Division
Department for Work and Pensions

Stephen Finlay
Project Director
Ipsos MORI

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Market & Opinion Research International Ltd
Registered in England and Wales No 948470

LHA Evaluation Stage 1 2011

Final questionnaire for main stage

Doorstep introduction

INTERVIEWER:

- SEEK TO SPEAK TO NAMED CLAIMANT(S) ONLY OR ARRANGE TIME TO CALL BACK
- CHECK THAT NAMED CLAIMANT IS STILL ON HB (I.E. “CAN I JUST CHECK, ARE YOU STILL CLAIMING HOUSING BENEFIT?”)
- SHOW OPT-OUT 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 and other housing-related issues as part of a research project for Government. I would like to speak to...

You should have received a letter like this introducing the survey.

The survey should take no more than twenty minutes. I would like to reassure you that all the answers you give will be treated in the strictest confidence and 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

Local Area (LA) and Current Accommodation (CA)

LA1

How satisfied or dissatisfied are you with this area as a place to live?

Ask all//SC//Read Out//Showcard A:

- 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).

CA1

And taking everything into account, how satisfied or dissatisfied are you with this accommodation?

Ask all//SC//Showcard A (AGAIN):

- 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).

CA2

How long have you personally lived at this address? Please tell me in years and in months – so, for example, two years would be two years and 0 months.

Ask all//Record exact amount.

INTERVIEWER: IF RESPONDENT KNOWS YEARS BUT NOT MONTHS, RECORD TWO YEARS AND DON'T KNOW. IF SIX MONTHS, RECORD 0 YEARS AND SIX MONTHS. IF UNSURE, PROBE FOR ESTIMATE.

ENTER YEARS AND MONTHS (LOGIC CHECK 0-99 YEARS, 0-11 MONTHS).

CA3

Can I check do you rent your accommodation directly from the landlord or through a managing agent?

Ask all//SC:

- 1 Directly from the landlord.
- 2 Through a lettings/managing agent.
- 3 Other (specify).

CA4

Thinking about your move to your current property, what are the two or three most important reasons why you left your previous accommodation?

Ask all//MC (Maximum of three answers)//Do not read out (unprompted).

INTERVIEWER: PLEASE SCROLL DOWN FOR FULL LIST OF CODES

Change in type of accommodation/property

- 1 Wanted a larger house or flat.
- 2 Wanted a smaller house or flat.
- 3 Wanted self-contained accommodation (i.e. not sharing).
- 4 Wanted shared accommodation.
- 5 Needed an extra room for a (non-resident) son/daughter to stay overnight.
- 6 Needed an extra room for a carer to stay overnight.
- 7 Wanted 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 Wanted 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).

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).

Rent and Housing Benefit (RHB)

INTERVIEWER READ OUT: I'd now like to ask you some questions about your rent and Housing Benefit. You might know Housing Benefit as the Local Housing Allowance, the LHA.

RHB1

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 all//SC:

- 1 Yes, respondent – GO TO RHB2.
- 2 Yes, someone else in household – GO TO RHB2.
- 3 Yes, someone on respondent's behalf – GO TO RHB2.
- 4 No – GO TO RHB3.
- 5 Don't know – GO TO RHB3.

RHB2

And did you end up paying more, less, or about the same amount of rent as originally proposed by your landlord?

Ask if RHB1=1, 2, 3//SC:

- 1 More rent.
- 2 Less rent.
- 3 About the same rent.
- 4 Don't know.

RHB3

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.

Ask all//Record exact amount:

£

- 1 Don't know.
- 2 Refused.

RHB4

For what period does this cover?

Ask all//SC:

- 1 One week.
- 2 Two weeks.
- 3 Four weeks.
- 4 Calendar month.
- 5 Six months.
- 6 Year.
- 7 Other (SPECIFY).

RHB5

Can I check, which of these if any, does the rent include? Please read out the letters on this card.

Ask all//Multicode (MC)//Showcard A2:

- 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).

RHB6

Were you receiving Housing Benefit when you first moved into this accommodation or not?

Ask all//SC:

- 1 Yes.
- 2 No.
- 3 I was applying for Housing Benefit at the time.
- 4 Don't know/ can't remember.

RHB7

Were you aware of how much Housing Benefit you would receive before you moved into your current accommodation, or not?

Ask all//SC:

INTERVIEWER: IF RESPONDENT ANSWERS NO, PROBE ON REASON – I.E. NO BECAUSE THEY DIDN'T NEED TO CLAIM/WEREN'T YET CLAIMING.

- 1 Yes.
- 2 No.
- 3 Didn't need to claim HB until after moved into current accommodation (i.e. wouldn't be expected to know at the time they moved in).
- 4 Don't know/can't remember (DO NOT PROMPT).

RHB8

Is your Housing Benefit paid to you or directly to your landlord (or their agent)?

Ask all//SC:

- 1 Paid to the claimant.
- 2 Paid directly to the landlord (or their agent).

RHB9

And how much Housing Benefit do you receive/does your landlord (or their agent) receive?

Ask all//Record exact amount:

£

- 1 Don't know
- 2 Refused

RHB10

For what period does this cover?

Ask all//SC:

- 1 One week.
- 2 Two weeks.
- 3 Four weeks.
- 4 Calendar month.
- 5 Six months.
- 6 Year.
- 7 Other (SPECIFY).

RHB11

Does your Housing Benefit cover all of the rent, more than the rent, or just some of the rent?

Ask all//SC:

- 1 All of the rent.
- 2 More than the rent.
- 3 Less than the rent.
- 4 Don't know.

RHB12

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 B:

- 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).

RHB13

Are you currently up to date with the rent or are you in arrears?

Ask all//SC:

- 1 Up to date – GO TO AHB1.
- 2 In arrears – GO TO RBH13a.
- 3 Don't know – GO TO AHB1.
- 4 Refused – GO TO AHB1.

RHB13a

Is this the first time you've been in arrears at this accommodation or have you been in arrears before?

Ask if RBH13=2//SC:

- 1 First time been in arrears.
- 2 Been in arrears before.
- 3 Don't know.
- 4 Refused.

RHB14

What is the single most important reason why you are currently in arrears?

Ask if RBH13=2//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).

RHB15

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.

Ask if RBH13=2//SC//Showcard C:

- 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.

Awareness of Housing Benefit (AHB)

I'd now like to ask some questions about Housing Benefit. As a reminder, you might know Housing Benefit better as the Local Housing Allowance, the LHA.

AHB1

How much, if anything, would you say you know about Housing Benefit – that is, how someone qualifies for Housing Benefit and what they are paid.

Ask all//SC//Read Out//Showcard D:

- 1 Great deal.
- 2 Fair amount.
- 3 Not very much.
- 4 Nothing at all.
- 5 Don't know (DO NOT PROMPT).

AHB2

As you may know, the Government has introduced changes to Housing Benefit this year. Before this interview how much, if anything, did you know about these changes?

Ask all//SC//Read Out//Showcard D (AGAIN):

- 1 Great deal – GO TO AHB3.
- 2 Fair amount – GO TO AHB3.
- 3 Not very much – GO TO AHB3.
- 4 Nothing at all – GO TO AHB6.
- 5 Don't know (DO NOT PROMPT) – GO TO AHB6.

AHB3

Can I check, had you heard about these changes before moving to your current accommodation?

Ask if CA2 = LESS THAN 2 YEARS AND AHB2=1-3//SC:

- 1 Yes – GO TO AHB4.
- 2 No – GO TO AHB5.

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AHB4

And did what you had heard about the changes affect your choice about where to live?

Ask if CA2 = LESS THAN 2 YEARS AND AHB3=1//SC:

- 1 Yes
- 2 No

AHB5

From what you know or have heard, what changes have been introduced?

Ask if AHB2=1-3//SC//Do not read out//MC

INTERVIEWER: PROBE 'WHAT ELSE?'

Cuts/caps

- 1 Cuts to Housing Benefit.
- 2 Introducing caps on the total amount of benefit claimants can receive including Housing Benefit.
- 3 Capping maximum weekly rates by number of bedrooms.
- 4 Removing the £15 weekly excess payment available to some.

Rates

- 5 Five bedroom rate abolished.
- 6 Setting rates on the 30th percentile of rents in area (used to be based on the median).
- 7 Restricting future (LHA) rate increases to increases in Consumer Price Index.
- 8 Introducing an extra room rate for carers staying overnight.

Other

- 9 Increasing the age limit for the shared room rate (from 25 to 35).
- 10 Increasing deductions to Housing Benefit due to non-dependants being resident.
- 11 Increasing Discretionary Payments.
- 12 Making it harder for people to claim Housing Benefit.
- 13 Other (SPECIFY).

AHB6

Some people whose rent is paid partly or fully from Housing Benefit experience difficulties finding accommodation. How about you? Have you faced any difficulties in finding accommodation or not?
Ask all//SC.

INTERVIEWER: PROMPT IF NECESSARY 'BY DIFFICULTIES I MEAN, FOR EXAMPLE, ISSUES SUCH AS AFFORDABILITY OR AVAILABILITY OF PROPERTIES'

- 1 Yes – GO TO AHB7.
- 2 No – GO TO AHB8.
- 3 Not applicable – GO TO AHB8.

AHB7

What difficulties have you faced?

Ask if AHB6=1//MC//Do not read out (unprompted):

- 1 Landlords unwilling to rent to Housing Benefit 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).

AHB8

You mentioned earlier that the Housing Benefit you receive covers some of your rent. 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? Please just read out the letters.

Ask if RHB11 = 3//MC//Do not read out//Showcard E:

- 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.

AHB8a

You mentioned earlier that the Housing Benefit you receive covers all of your rent/more than your rent. Which, if any, of these things have you (or your partner) done in the past 12 months to make sure that your rent remains affordable in the future? Please just read out the letter(s) of any that apply.

Ask if RHB11 = 1 or 2//MC//Do not read out//Showcard E:

- 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 Other (specify).
- 12 None of these.
- 13 Don't know (DO NOT PROMPT).
- 14 Refused.

AHB9

And looking at this different 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? Please just read out the letters.

Ask if RHB11 = 3//MC//Do not read out//Showcard F:

- 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 extra 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).

AHB9a

And looking at this different card, which, if any, of these have you (or your partner) done in the past 12 months to make sure that your rent remains affordable in the future? Please just read out the letters.

Ask if RHB11 = 1 or 2//MC//Do not read out//Showcard F:

- 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 extra 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).

AHB10

If you were to receive a reduction in the amount of Housing Benefit you receive, which if any of the things on this card would you (or your partner) do to make up the shortfall between your Housing Benefit and rent. Please just read out the letters.

If RHB11 = 3//MC.

If you were to receive a reduction in the amount of Housing Benefit you receive, which if any of the things on this card would you (or your partner) do to make up a larger shortfall between your Housing Benefit and rent. Please just read out the letters.

Ask all//MC//Do not read out//Showcard G:

- 1 A Increase the number of hours worked at current job.
- 2 B Look for a job.
- 3 C Look for a better paid job.
- 4 D Look for an additional (i.e. second or third) job.
- 5 E Use savings.
- 6 F Borrow money from friends/family.
- 7 G Borrow money via a loan/credit card.
- 8 H Spend less on household **essentials** (e.g. food, heating).
- 9 I Spend less on **non-essentials** (e.g. going out, holidays).
- 10 J Other (SPECIFY).
- 11 None of these.
- 12 Don't know (DO NOT PROMPT).

AHB12

And, if you could no longer afford your current accommodation, which, if any, of the things on this card **would you do?** Please just read out the letters.

Ask all//MC//Do not read out//Showcard H:

- 1 A Speak to my council or other organisation for Housing Benefit advice.
- 2 B Look at lower rent properties but only in the local area.
- 3 C Look at lower rent properties in other areas even if they are not local.
- 4 D Register with a Council or Housing Association waiting list.
- 5 E Apply to the Council for a discretionary or extra Housing Benefit payment.
- 6 F Speak to my landlord about lowering the amount of rent charged.
- 7 G Other (SPECIFY).
- 8 None of these.
- 9 Don't know (DO NOT PROMPT).

AHB12b

You said that you would look at lower rent properties only in the local area but not other areas which aren't local. Can you tell me why you would **not** prefer to look at other areas?

INTERVIEWER: PROBE 'WHAT ELSE?'

Ask if code 2 at AHB12 AND NOT code 3//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.

Household Characteristics (HC)

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...

INTERVIEWER: FOR EACH HOUSEHOLD MEMBER RECORD JUST THE FIRST NAME OR ANY UNIQUE IDENTIFIER.

	Name	Gender	Age (if exact age not known then banded)	Relationship to respondent	Work status
1				N/A	
2					
3					
4					
5					
7					
8					
9					
10					

HC1

Is (NAME) male or female?

Ask all//Single Code (SC) for each person//Interviewer to code for respondent as well:

- 1 Male.
- 2 Female.

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 known, record age band only//Showcard I:

- 1 0-4.
- 2 5-9.
- 3 10-15.
- 4 16-24.
- 5 25-34.
- 6 35-44.
- 7 45-54.
- 8 55-59.

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- 9 60-64.
- 10 65+.
- 11 Don't know.
- 12 Refused.

HC3

I would now like to ask how the people in your household are related to you.

Ask all//SC for each person their relationship to respondent:

- 1 Spouse or civil partner.
- 2 Cohabitee.
- 3 Son/daughter (incl. adopted).
- 4 Step-son/daughter.
- 5 Foster child.
- 6 Son-in-law/daughter-in-law.
- 7 Parent/guardian.
- 8 Step-parent.
- 9 Foster parent.
- 10 Parent-in-law.
- 11 Brother/sister (incl. adopted).
- 12 Step-brother/sister.
- 13 Foster brother/sister.
- 14 Brother/sister-in-law.
- 15 Grand-child.
- 16 Grand-parent.
- 17 Other relative.
- 18 Other non-relative.

HC4

Which statement on this card applies best to each person aged 16 or over in the household? Please just read out the letter that applies.

Ask all//Showcard J//SC for each person

INTERVIEWER: FOR AGENCY WORKERS OR THOSE WITH FLEXIBLE HOURS USE THEIR AVERAGE HOURS WORKED IN THE LAST FOUR WEEKS/MONTH

- 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.
- 13 Don't know.

HC5

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 K (not reversed)//MC for each person.

Yes:

- 1 A Income support.
- 2 B Jobseeker's 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).
- 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 (SPECIFY).

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17 No, none of these.

18 Refused.

19 Don't know.

HC6

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.

HC6b

Do you/they receive any of these types of care?

Ask if HC6 = 1//Read out//SC:

1 Care from a member of the household who lives here.

2 Care from a visitor who comes during the day and does not stay overnight .

3 Care from a visitor who stays overnight at least occasionally.

4 None of these.

5 Don't know.

HC7

Can I just check please, are you or anyone in this household currently registered on a Council or Housing Association waiting list, or not?

Ask all//SC:

1 Yes.

2 No.

HC8

From this card, which of these groups do you personally belong to? Please just read out the letter that applies.

Ask all//SC for respondent only//Showcard L1.

ETHNICITY QUESTION FOR ENGLAND AND WALES SAMPLE.

White

- 1 A English/Welsh/Scottish/Northern Irish/British.
- 2 B Irish.
- 3 C Gypsy or Irish Traveller.
- 4 D Any other white background (specify).

Mixed/multiple ethnic group

- 5 E White and Black Caribbean.
- 6 F White and Black African.
- 7 G White and Asian.
- 8 H Any other mixed/multiple ethnic background (specify).

Asian/Asian British

- 9 I Asian/Asian British – Indian.
- 10 J Asian/Asian British – Pakistani.
- 11 K Asian/Asian British – Bangladeshi.
- 12 L Asian/Asian British – Chinese.
- 13 M Any other Asian background (specify).

Black/African/Caribbean/Black British

- 14 N African.
- 15 O Caribbean.
- 16 P Any other Black/African/Caribbean background (specify).

Other ethnic group

- 17 Q Arab.
- 18 R Any other ethnic group (specify).

ETHNICITY QUESTION FOR SCOTLAND SAMPLE.

Ask all//SC for respondent only//Showcard L2.

White

- 1 Scottish.
- 2 Other British.
- 3 Irish.
- 4 Gypsy/Traveller.
- 5 Polish.
- 6 Any other white background (specify).

Mixed or multiple ethnic group

- 7 Any mixed or multiple ethnic groups (specify).

Asian/Asian Scottish/Asian British

- 8 Pakistani, Pakistani Scottish or Pakistani British.
- 9 Indian, Indian Scottish or Indian British.
- 10 Bangladeshi, Bangladeshi Scottish or Bangladeshi British.
- 11 Chinese, Chinese Scottish or Chinese British.
- 12 Other (specify).

African

- 13 African, African Scottish or African British.
- 14 Other (specify).

Caribbean or British

- 15 Caribbean, Caribbean Scottish or Caribbean British.
- 16 Black, Black Scottish or Black British.
- 17 Other (specify).

Other ethnic group

- 18 Arab, Arab Scottish or Arab British.
- 19 Other (specify).

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 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.

INTERVIEWER: IF YES OBTAIN CONSENT ON DATA MATCHING FORM

RQ2

This project will be running until 2013 and we are keen to contact participants in this first survey again about Housing Benefit over this period. Can we take your details to contact you again about this study in the future?

IF NECESSARY (i.e. only if respondent seems unsure about whether to participate in the future): As a thank you for your continued participation we will be offering incentives at later stages.

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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This report is the first output from the independent evaluation commissioned by the Government of the recent changes to the Local Housing Allowance (LHA) system of Housing Benefit (HB) in the private rented sector (PRS) in the United Kingdom. The report covers findings from two surveys, one covering HB claimants claiming under the LHA rules, and another covering landlords letting to LHA/HB claimants.

This is the first stage of a longer research programme and as such is early findings at a stage when the new policy is still taking effect in most cases. Future work will include repeat surveys and analysis of administrative data to look at effects on rents.

If you would like to know more about DWP research, please contact:
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<http://research.dwp.gov.uk/asd/asd5/rrs-index.asp>

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