

in brief...

The bedroom tax

A UK government policy introduced in 2013 cut housing benefits for social tenants deemed to have a 'spare' bedroom. Research by **Steve Gibbons** and colleagues examines how the targeted families reacted to what became known as the 'bedroom tax' – and whether the policy achieved its objectives.

The 'bedroom tax' – known officially as the 'under-occupancy penalty' – is a controversial element of the UK government's recent social housing policy. The legislation, which was passed in April 2012 and came into effect in April 2013, reduced housing benefits for social tenants – mainly council and housing association tenants – deemed to have a 'spare' bedroom.

The aim of the legislation was twofold. On the one hand, it was an attempt to curb increases in social housing expenditure. On the other hand, the government was hoping to promote mobility and the reallocation of limited social housing stock to achieve a better match of households' size and needs.

But the policy has been strongly criticised by housing charities and in the media for its draconian regulation of

low-income tenants' entitlement to space, the penalty it imposed on those who were the least able to afford it, and its potentially adverse impact on their wellbeing. Typically, households would have ended up with a spare bedroom through no fault of their own – because of children leaving home, for example, or a lack of availability of smaller accommodation when they were originally housed.

Our recent study is the first to look directly at the impact of the bedroom tax on the affected tenants. Whereas previous studies have simply asked a sample of tenants how they adjusted to the tax, we turn to a large-scale survey of UK households who are followed year after year – the 'Understanding Society' longitudinal study. These data allow us to observe in detail how families actually reacted at the time the tax was introduced – in particular, tracking whether they moved house.



The bedroom tax saved some public money, with the burden falling on social tenants who were unwilling or unable to move

The bedroom tax legislation set out very specific rules about whom in a household was entitled to their own bedroom and hence which households were deemed to have a spare bedroom. These rules were based on the number of adults and the age and gender of any children in the household. Anyone deemed to have one spare bedroom would face a 14% cut in housing benefit, while households with two spare bedrooms would face cuts of 25%.

These rules allow us to deduce which social tenant households in our data were affected by the policy and which weren't. This means we can compare what happened to households who were affected by the policy because they had a spare bedroom with very similar households who didn't.

We can see, for example, whether there is any difference in what happens to a family with two adults and two children (a boy and girl) under 10 living in a flat with three bedrooms – who would be considered to have a spare room under the policy rules – compared with a family with two adults with a boy and girl aged over 10 – who wouldn't.

So how did families react – and did the policy achieve what it set out to do?

First, our results show very clearly that affected households did lose housing benefits – around £8 per week on average – and experienced a drop in overall income. But we are unable to find out precisely how tenants adjusted to these cuts.

The first thing that is clear is that the policy did not encourage households to move. We find no difference between affected and unaffected households in the likelihood of moving when the policy was introduced.

One concern of the policy's critics was that it would force households to move from places where they had settled, increase neighbourhood turnover, deprive poor children of a stable learning environment and push individuals already at the risk of being detached from the labour market into areas with even fewer employment opportunities. This evidently did not happen to any great extent.

We do find though that when social tenants did move after the introduction of the bedroom tax, they downsized to smaller accommodation. So the policy was partly successful in one of its aims: rationalising the use of publicly funded housing, albeit more slowly than might have been hoped.

Although the policy didn't encourage moves, it did encourage movers to downsize, so in the long run, under-occupancy of social housing might be reduced. But this change will only occur in conjunction with natural turnover of occupants of social housing.

Households who didn't move appear to have just taken the hit to their resources, presumably cutting back on other

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areas of spending, though we don't detect precisely in what dimensions. We find no systematic falls in spending on food or savings; and there is little evidence that individuals in affected households worked more or less than before.

In line with the critics' predictions, the policy appears to have reduced wellbeing, as captured by measures of material deprivation and self-reported life satisfaction. This evidence indicates that the policy added further strain to the finances and the standards of living of individuals who were already disadvantaged.

So did the policy save the government money? It was expected that the policy would affect 660,000 households at the time it was introduced. Given the £8 per week benefits cut that we observe in our data, this suggests direct savings of around £250 million per year – around half the government's own estimate of total savings.

This simply amounts to a benefit cut for tenants who were unwilling or unable to move. These savings will also have been partly offset by the 'discretionary payments' that the government boosted to help support families adversely affected by the bedroom tax – around £60 million per year up to 2015/16.

So the bottom line is that the policy seems to have saved some public money – with the burden falling on the affected tenants – but it will be slower than expected in achieving its aims of reducing social tenants' use of bedroom space.

This article summarises 'The Bedroom Tax' by Steve Gibbons, Maria Sánchez-Vidal and Olmo Silva, CEP Discussion Paper No. 1537 (<http://cep.lse.ac.uk/pubs/download/dp1537.pdf>).

Steve Gibbons is professor of economic geography at LSE and director of CEP's urban and spatial programme. **Maria Sánchez-Vidal** is a post-doctoral researcher at CEP.

Olmo Silva is professor in real estate economics and finance at LSE and a research associate in CEP's education and skills, and urban and spatial programmes.