The Effects of Benefit on Housing Decisions

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Chapter 1 - Introduction

- There has been much less policy debate about the effect of benefit on housing decisions than there has about its influence on decisions about employment and hours of work.

- The relationship between benefit and housing decisions is attracting increasing attention, partly as a result of recent changes in housing policy and provision. These changes include the deregulation of new private lettings, rising real rent levels in all rented tenures and an emerging shift towards a more market oriented and pluralist system of rented housing.

- Concern has been expressed in some quarters about the possibility of benefit recipients moving up-market to better and more expensive properties in the knowledge that the increased cost may be met in full by Housing Benefit or Income Support.

- Furthermore, claims have been made that young adults are leaving the parental home with the expectation that Housing Benefit will cover the costs of rent.

- Despite these fears there is little research evidence available about the extent to which, if at all, Housing Benefit recipients, home-owners on Income Support, and young adults making their first housing decisions take benefit into account when deciding to move house.

- However, regulations exist in both the Housing Benefit scheme and Income Support to restrict, for benefit purposes, housing costs that are excessive.

Chapter 2 - The Research methods

- The aims of the research were to examine the extent to which benefit influenced two related housing decisions: (i) the decision to move home and (ii) the choice of new accommodation.

- The research involved depth interviews with three samples: (i) 39 private tenants on Housing Benefit who had recently moved home; (ii) 25 home-owners whose Income Support entitlement included an amount for mortgage interest, of whom eight had moved home and 17 had not moved; and (iii) 15 young adults who were or had been part of the home-owner's households.

- The sampling procedure was designed to include only those in receipt of benefit who had moved to properties which were more expensive. This intention was realised with the Housing Benefit group, but few of the recipients of Income Support Mortgage Interest Payments (ISMIPS) had moved, and none had moved to a property which entailed more expensive mortgage interest payments. Thus the research did not examine people who had moved downmarket or to cheaper accommodation or to properties with a similar rent to their previous home.

- The fieldwork was conducted in two local authorities - a northern metropolitan borough and a London borough - and their corresponding Benefits Agency district office areas.
Chapter 3 - An Overview of Moving Decisions

- Previous research has shown that there is a wide range of reasons why people move home.

- The decision to move can be understood within a behavioural model in which people decide to move when the discordance between their housing circumstances and their needs, income-constrained preferences and expectations, is such that the benefits of moving outweigh the costs of doing so.

- In searching for new accommodation, people more or less consciously develop a set of criteria by which to evaluate vacancies; this study aimed to examine whether or not for benefit recipients these criteria include benefit-related factors (such as whether landlords will let to tenants receiving Housing Benefit).

Chapter 4 - The Decision to Move

- The chapter examines the extent to which knowledge of the level and availability of benefit influences the decision to move.

- The findings relate to the 39 Housing Benefit recipients who had recently moved within the private rented sector and the eight owner-occupiers who had moved.

- The two samples belong to populations which differ markedly both in mobility and benefit characteristics. Owner-occupiers move less frequently than private renters and whilst a third of those living in the private rented sector (excluding those living in the private rented sector) are in receipt of benefit, only a very small proportion of owner occupied households are in receipt of ISMIPS.

- The slump in the owner occupied housing market at the time of the study impacted directly on those people in receipt of ISMIP who were attempting to resolve their mortgage difficulties.

- Benefit, in the main, rather than being a facilitator was a constraint on moving.

- Generally respondents moved for reasons unconnected with benefit. A third of the Housing Benefit recipients moved because they had to rather than because they wanted to. Two of the owner-occupier moves were also ‘forced moves’.

- In a small number of cases benefit played a direct role in a move. All these moves were involuntary and occurred because of rent restrictions, landlords disliking Housing Benefit recipients, repossession or lender insistence.

- Benefit played a subordinate role in the decision to move. The availability of benefit was not the reason why people moved and generally it acted as a constraint. As far as the Housing Benefit recipients were concerned these constraints included the respondents’ knowledge, assumptions or previous experience of:
  - delays in Housing Benefit payments;
  - difficulties in finding landlords who would let to benefit recipients;
  - uncertainties about whether Housing Benefit would cover all or most of the rent;
  - the attitudes of Housing Benefit and DSS staff; and
  - difficulties stemming from the need to pay relatively large deposits and rent in advance.

- The advantages of changing address outweighed the difficulties associated with moving on benefit, such as possible delays in payment of Housing Benefit and the problem of finding deposits and rent in advance.

- Three owner-occupier householders had some difficulty finding a lender who would advance a mortgage to unemployed people. There was no real explanation as to why
there was intervention by either the Benefits Agency or the lender in some cases but not in others.

- The Housing Benefit recipients differed greatly from the owner-occupiers in their knowledge of benefit. Most of the Housing Benefit recipients were aware of the rules concerning reasonable market rents and a third were aware of the rules concerning over-large accommodation. In contrast to the owner-occupiers, nearly all the tenants knew that there was the possibility that their benefit might be restricted. The owner-occupiers had no knowledge of the excessive housing costs regulations.

Chapter 5 - Choosing Accommodation

- The aims of this part of the study were to examine:
  - if benefit played a role in respondents' search for choice of new accommodation;
  - whether people took into account the rules concerning excessive housing costs when deciding to rent or buy particular properties; and
  - the potential for trading up whilst on benefit.

- The trend which emerged with greatest strength is that for the majority of those interviewed - both tenants and owner-occupiers - the reliance on help with housing costs acted as a considerable constraint. Housing Benefit and Income Support Mortgage Interest Payments, far from introducing to the recipient a choice of more expensive properties, actually restricted the possible housing options.

- Most private renters had at least a basic understanding of the provisions concerning reasonable market rents. Just under a third knew something about the concept of over-large accommodation. In contrast, none of the owner-occupiers were aware of these limitations on their choice of accommodation.

- Private renters felt that landlords' attitudes towards Housing Benefit recipients influenced and limited the housing market opportunities available to them. ISMIP recipients had to find a mortgage lender willing to advance loans to unemployed customers.

- Financial constraints limited both groups' choices of new accommodation. Although the costs of moving were greater for the owner-occupiers than the private renters, the problems caused by these expenses were often worse for the Housing Benefit recipients. Those on ISMIP usually met these costs through the sale of their previous homes. The private renters had either to borrow the money needed for deposits or rent in advance from friends, family or banks or to try to find properties with low or no deposits or no rent in advance. A minority chose other properties owned by their landlord and carried their deposit forward.

- Private renters faced uncertainty over whether Housing Benefit would cover all or most of the rent on their new accommodation; though most had some understanding of what sort of rent levels were acceptable for Housing Benefit. The owner-occupiers did not consider whether or not the DSS would pay all their mortgage interest payment.

- The owner-occupiers had far less contact with their local benefit office than the private renters. The Housing Benefit recipients often telephoned or visited the local authority for advice. In contrast, ISMIP recipients' attentions were focused upon the mortgage lenders and other agencies.

- Both groups reported similar personal, housing, environmental or other reasons for choosing their new home.

- Despite the benefit-related problems, all private renters found alternative accommodation and most thought that their new homes were better than their previous addresses. In contrast, the owner-occupiers were divided equally as to whether their new homes were better or not.
Chapter 6 - Non-movers' Housing Strategies

- Of the 25 owner-occupiers in receipt of ISMIP, 17 had not moved house. The aims of this part of the study were to examine:
  - if benefit was acting as a prohibitor to moving;
  - whether people had considered moving as a way of resolving mortgage problems;
  - the effect of restrictions on housing decisions;
  - the potential of trading up whilst on benefit; and
  - issues surrounding house maintenance and upkeep whilst on benefit.

- The group's circumstances varied quite considerably in terms of factors such as age and size of mortgage and mortgage-to-value ratios. However all but four of the respondents shared one characteristic: their TSMTP fell short of the mortgage interest payable. In no case, however, was this shortfall attributable to the excessive housing costs regulations.

- Moving house was not a salient issue for the respondents. One respondent's house was on the market at the time of the interview but the decision to sell her house predated her claim for Income Support. No one else had seriously considered moving.

- The non-movers' concern was to keep a roof over their heads; they saw the availability of benefit as the main means of achieving that aim. Moving was, typically, equated with forced moving or with repossession. Benefit was thus seen as a key factor in avoiding a move.

- A strong sense of attachment to the home emerged. Moving was thus seen as a negative process. Most respondents believed that their period of time on Income Support was temporary, thus making unnecessary any long-term strategy such as moving.

- Many respondents felt that it would have been very difficult for them to move: some thought they would not be able to get a mortgage, some had insufficient equity, and some believed their houses would not sell.

- Unlike the renters in the study, the non-mover owner-occupiers had no realisation that excessive housing costs could potentially involve them in moving. They had no knowledge of these regulations at all. The group, particularly those who were building up arrears because of a shortfall between their mortgages and their benefit, looked anxiously towards their lenders. None saw benefit impacting directly on their decision to move.

- No one had considered the possibility of trading up whilst on benefit.

Chapter 7 - Restricted Housing Costs

- Welt over half the claimants in the study experienced a shortfall between the benefit they received for their housing costs and the payment they had to make to their lender or landlord.

- A claimant may have a shortfall either because eligible housing costs are being limited or because certain housing costs are ineligible, that is outside the scope of housing assistance through social security. In addition to excessive housing costs restrictions, a shortfall might arise because of: non-dependant deductions, interest on mortgage arrears, ineligible loans, secure tenants regulations, delays in paying benefit, the capital element in loans and the first sixteen week rule.

- The possibility of restrictions affected three distinct aspects of a housing decision: the search and choosing process, after the move, and future moves.

- Although several respondents noted that it was fair that Housing Benefit recipients should be limited in the amount they could claim for rent costs - no one expected to live in ‘palatial’ accommodation - there was a great deal of uncertainty surrounding the possibility that Housing Benefit would not cover all the rent. As a consequence, the
The possibility of restricted rent played a major role in the process of finding a place to live. The respondents' search was limited to those rents they hoped or assumed would be covered by Housing Benefit. Frequently they tried to find out from Housing Benefit sections, advice agencies, estate agents and from informal networks whether a rent was 'reasonable'. Two respondents had had to move as a direct result of previous rent restrictions.

- Any claimant who finds their Housing Benefit is restricted has a number of possible options. They can challenge the decision through the review system; attempt to persuade their landlords to lower the rent; move to a cheaper property; or they can try to meet the shortfall through benefit or other income. All these options were encountered in the study.

- Benefit was not the dominant factor likely to influence future moves. Around half the renters believed they would probably move again within a year but mainly for non-benefit reasons. Some felt they would be forced to move because landlords would not renew contracts. A minority reported that they might have to move again because of restricted housing costs. Attitudes and behaviour towards restriction largely depended on its size.

- None of the owner-occupiers were affected by excessive housing costs regulations. Those affected by a shortfall had their ISMIP limited for other reasons. Some people experienced shortfalls for more than one reason. In comparison with renters, owners were very unclear about the regulations generally and the grounds for restrictions in particular. None of the owner-occupiers understood the excessive housing cost rules.

- Many of the owner-occupiers affected by a shortfall, even those with slightly reduced benefit, felt vulnerable. Some of these people would have had great difficulty selling their houses.

Chapter 8 - Young Adults

- The research also studied the effect of benefit on the housing decisions of young adults, in particular the operation of non-dependant deductions and the availability of Housing Benefit.

- The 15 young adults interviewed were classified: as voluntary or involuntary stayers; those who had left home and returned; and those who had left home and not returned.

- It was shown that the benefit regulations had minimal impact on young adults' housing decisions in all three categories. The sample interviewed displayed a marked lack of knowledge of the way in which non-dependant deductions operate, and were in some cases unaware of the existence of Housing Benefit.

Chapter 9 - Conclusions

- There was little evidence of recipients deliberately deciding to move up-market in order to take advantage of the availability of benefit. No one in any of the samples had chosen to move because of the structure or availability of benefit; but a minority of private tenants had been forced to move because they were on benefit.

- All the respondents on Housing Benefit had some idea that the rent might be restricted on the grounds of being too high. But none of the home-owners in the sample were aware of the Income Support restrictions on eligible mortgage costs.

- Benefit played a major role in the accommodation search and selection process of the private renters, but it was largely a negative one. It inhibited their choice of new accommodation rather than facilitated it (though without Housing Benefit they would not have been able to afford any accommodation).
• For private tenants on Housing Benefit, moving home entails a significant degree of risk. This is because of uncertainty about whether the rent will be restricted for Housing Benefit purposes and because of the possibility of delays in the processing of their Housing Benefit claim at the new address. Moving may also entail the payment of significant sums for such items as rent in advance and deposits, which benefit recipients find difficult to pay.

• In order to minimise the risk of taking on the tenancy of a place that they might not, in the end, be able to afford, most of the respondents devised strategies to ensure that they got somewhere with a rent that would be acceptable to the local authority. Thus the respondents did not see the rent as unconstrained because they were on benefit.

• There was no evidence of tenants seeking to move to accommodation that was over-large for their needs. Almost all of them were living in accommodation that did not breach the rent office's size criteria.

• In contrast to private renters receiving Housing Benefit, very few of the home-owners getting ISMIPs had moved home. Owners' attachment to their homes and the day to day realities of getting by on Income Support made moving on benefit something to be avoided at all costs.

• Benefit played a peripheral role in the housing decisions of the young adults. In no case was the decision to move made because of financial pressure felt by the family as a consequence of non-dependant deductions.

• None of the young adults moved on the basis of the availability of help with rent costs. Indeed, knowledge of Housing Benefit was remarkably limited amongst this group.
Chapter 1 Introduction

Introduction

Concern about incentives, and particularly about ‘perverse incentives’, has been a recurrent feature of debates about social security since the introduction of the Poor Law. For the most part, this concern has focused upon the effects of social security on decisions to take up employment or to work extra hours (e.g. Beenstock et al., 1987; McLaughlin et al., 1989).

There has been much less policy debate about the effect of benefit on housing decisions than there has been about employment and hours of work. It is an issue about which little is known and on which there has been relatively little research. The questions of whether, in what ways and to what extent, benefit affects the housing decisions of people receiving housing assistance is scarcely known.

Nevertheless, the relationship between benefit and housing decisions is increasingly being debated. This is hardly surprising, for the scale of housing assistance provided by the social security system, in terms both of numbers of recipients and of cost, is considerable and increasing. At the same time, concern has also been expressed about difficulties in gaining access to accommodation by people on Housing Benefit (NACAB, 1989).

Social security and help with housing costs

The social security system provides help with housing costs in two main ways. First, the Housing Benefit scheme provides rent rebates for council tenants and rent allowances for private and housing association tenants. The scheme is administered by local authorities under regulations and guidance drawn up by the Department of Social Security.

Recipients of Income Support as well as other low income renters are eligible for Housing Benefit. For tenants on Income Support or who have an income at or below the Income Support level, Housing Benefit provides 100 per cent help with the rent; above the Income Support level, Housing Benefit tapers off at 65 per cent of the difference between net income and the Income Support applicable amount.

In 1992-3 it is estimated that 4.3 million households received Housing Benefit (Table 1.1). Of these, two-thirds were council tenants receiving a rent rebate and one-third were housing

<table>
<thead>
<tr>
<th>Year</th>
<th>Rent rebates</th>
<th>Rent allowances</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>000s recipients</td>
<td>£m</td>
</tr>
<tr>
<td>1983/84</td>
<td>1980</td>
<td>3735</td>
<td>536</td>
</tr>
<tr>
<td>1984/85</td>
<td>2146</td>
<td>3745</td>
<td>687</td>
</tr>
<tr>
<td>1985/86</td>
<td>2296</td>
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<td>881</td>
</tr>
<tr>
<td>1986/87</td>
<td>2419</td>
<td>3720</td>
<td>998</td>
</tr>
<tr>
<td>1987/88</td>
<td>2506</td>
<td>3665</td>
<td>1030</td>
</tr>
<tr>
<td>1988/89</td>
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<td>1596</td>
</tr>
<tr>
<td>1991/92</td>
<td>3659</td>
<td>2960</td>
<td>2399</td>
</tr>
<tr>
<td>1992/93 est</td>
<td>4445</td>
<td>3105</td>
<td>2903</td>
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</tbody>
</table>

Sources: public expenditure white papers (various years)
association or private tenants receiving a rent allowance. About three-fifths of all council and housing association tenants were receiving Housing Benefit, as were about a third of private tenants.

Second, home-owners on Income Support receive help with their mortgage interest payments, through Income Support Mortgage Interest Payments (ISMIPs). The Income Support scheme is administered by the district offices of the Benefits Agency, again under regulations and guidance drawn up by the Department of Social Security.

For people under 60, Income Support provides 50 per cent of the mortgage interest for the first 16 weeks of a claim and 100 per cent thereafter (other people receive 100 per cent from the date of claim). It does not provide help with the capital element of repayment mortgages or the premiums on endowment mortgages.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of recipients</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>134,000</td>
<td>71</td>
</tr>
<tr>
<td>1981</td>
<td>196,000</td>
<td>124</td>
</tr>
<tr>
<td>1982</td>
<td>235,000</td>
<td>170</td>
</tr>
<tr>
<td>1983</td>
<td>242,000</td>
<td>150</td>
</tr>
<tr>
<td>1984</td>
<td>277,000</td>
<td>219</td>
</tr>
<tr>
<td>1985</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>1986</td>
<td>356,000</td>
<td>351</td>
</tr>
<tr>
<td>1987</td>
<td>334,000</td>
<td>335</td>
</tr>
<tr>
<td>1988</td>
<td>200,000</td>
<td>286</td>
</tr>
<tr>
<td>1989</td>
<td>281,000</td>
<td>355</td>
</tr>
<tr>
<td>1990</td>
<td>310,000</td>
<td>554</td>
</tr>
<tr>
<td>1991</td>
<td>411,000</td>
<td>949</td>
</tr>
<tr>
<td>1992</td>
<td>499,000</td>
<td>N/A</td>
</tr>
</tbody>
</table>


In May 1991, 411,000 Income Support recipients had an amount for mortgage interest included in their Income Support assessment, at a total cost of £949 million (Table 1.2). Approximately nine out of ten recipients of ISMIPs in 1991 had the full amount of their eligible mortgage interest included in their Income Support assessment, while the remainder had only half of their mortgage interest included in their assessment (see DSS, 1992).

`Up-marketing'

The Housing Benefit scheme has the effect of reducing recipient’s marginal cost of housing to nil. Every £1 increase in the rent (provided the increase is not deemed to be unreasonable) is fully matched by a £1 increase in Housing Benefit.

It was argued at the time of the Housing Benefit Review that a scheme which reduced the marginal cost of housing to nil would give tenants an incentive to move up-market (Hemming and Hills, 1983; Berthoud and Ermisch, 1984). Others argued that, in practice, `up-marketing' would be unlikely to occur because local authority and housing association tenancies were allocated according to administrative criteria rather than by market rationing, while many private tenants had a regulated tenancy with a fair rent set by the rent officer (Kemp, 1984a; Housing Benefit Review Team, 1985). Moreover, local authorities in England and Wales (but not in Scotland) had the power under Section 68 of the Rent Act 1977 to refer rents to the rent officer.

Most discussions of `up-marketing' fail to define exactly what is meant by the term. It appears to be used to mean moving to more expensive and hence higher quality accommodation. While there may well be, in any locality, a reasonably direct correlation between house prices and quality in the owner occupied sector of the market, there are a number of reasons why this may not hold in the private rented sector.
In particular, a uniform pricing structure appears not to exist in the private rented market. Some tenancies have a fair rent set by the rent officer; others are deregulated tenancies with a market rent. Not all landlords let for financial gain and so may not set rents at market levels. For example, about one in five lettings are of tied accommodation let to employees, such as caretakers, police officers, shopkeepers and priests (Whitehead and Kleinman, 1986; Kemp, 1988). Further, the evidence suggests that many landlords are not economically rational in their behaviour (Paley, 1978) and may not let their property at market rents or regularly increase rents in line with changes in market conditions. The rents of recent lettings tend to be higher than those of more longstanding lettings (see Table 1.3) Again, for these and other reasons, rents for similar accommodation in a given locality may vary across a broad range; the market for private rented accommodation is not finely tuned like shares on the stock exchange (Kemp and McLaverty, 1993a).

Table 1.3 Average private rent by starting date of tenancy: England, 1990

<table>
<thead>
<tr>
<th>Starting date of tenancy</th>
<th>Mean weekly rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 1968</td>
<td>£22</td>
</tr>
<tr>
<td>1968-1978</td>
<td>£24</td>
</tr>
<tr>
<td>1979-1984</td>
<td>£32</td>
</tr>
<tr>
<td>1985-1986</td>
<td>£35</td>
</tr>
<tr>
<td>1987-1988</td>
<td>£44</td>
</tr>
<tr>
<td>1989-1990</td>
<td>£55</td>
</tr>
<tr>
<td>All tenancies</td>
<td>£43</td>
</tr>
</tbody>
</table>

Source: Ranta and Pickering (1992)

The lack of a uniform pricing structure in the private rented sector means that moving to accommodation with a higher rent may not necessarily entail moving to better quality accommodation. A move to accommodation with a higher rent might be the result of a move from a tenancy with a fair rent or with a nominal or sub-market rent, to one with a market rent; or from a property with a rent at the bottom end of the price range for a given level of accommodation to one nearer the top end.

The independent Housing Benefit Review Team examined the arguments about 'up-marketing'. It noted that there were two possible effects of the income-related or 'single taper' scheme:

"The first is that claimants might feel encouraged to move to more expensive accommodation simply because the higher housing cost would be absorbed in higher housing assistance (the so-called 'up-marketing effect'). The second is that landlords, both public and private, might be influenced in setting rents by the knowledge that their tenants, or a proportion of them, did not have to meet the cost."

(Housing Benefit Review Team, 1985, page 10)

Thus fully insulating recipients from changes in the level of their housing costs could, in theory, lead to abuse, on the one hand, by individual recipients or, on the other, by landlords letting to people on benefit. The Review Team argued that the primary consideration in housing assistance should be the needs of recipients rather than the potential influence which it might have on rent levels and that the 'purpose of controls within housing assistance should therefore be the more narrow one of preventing abuse' (Housing Benefit Review Team, 1985, page 10).

The way in which abuse was to be prevented was through administrative mechanisms. The Housing Benefit Review Team (1985, page 10) could see no reason why any problems of up-marketing should not be contained if local authorities have the power and will to do so'. The Housing Benefit regulations gave local authorities power to reduce benefit where the accommodation was unnecessarily large or the rent unreasonably high. However, the Team also noted that the evidence suggested that local authorities were not making full use of these powers. It also proposed introducing a new power to reduce benefit where an authority was not satisfied that an increase was justifiable.
Rent officer referrals

By the time that the new housing scheme was introduced in 1988, housing policy was also being substantially reformed. The intention behind the Housing Act 1988 and the Local Government and Housing Act 1989 was to make rented housing provision more pluralist and market oriented (DoE, 1987). Private tenancies granted after 2 January 1989 (15 January in Scotland) were deregulated, allowing landlords to charge market rents.

Rent deregulation led to new claims that a scheme which effectively reduces the marginal cost of housing to nil makes a nonsense of a market system (Berthoud, 1989; Hills, 1991). It was also suggested that there might be collusion between landlord and tenant, or that rents might rise on 'a sea of HB subsidy' (Ivatts, 1988). Certainly, the DoE expressed concern about this possibility (DoE, 1988). To prevent it happening, rent officers were given a role of, in effect, setting subsidy levels of Housing Benefit rent allowances.

Under Housing Benefit Regulation 12A, local authorities are required to refer the vast majority of Housing Benefit claims to the independent rent officer who will consider if the rent charged is above the market level and if the property is either over-large for the claimant’s needs or at the 'top end of the market'.

Rent officers assess reasonable market rents by collecting evidence about the rent levels at which different types of accommodation are let locally. They have discretion as to whether to carry out a visit to a property. If the rent officer decides the rent is over the market value, they must determine what would be a reasonable market rent for the property. A reasonable market rent is defined as the rent at which a willing landlord is prepared to let the accommodation and which someone not on Housing Benefit would be willing to pay for it. If the accommodation is over-large, the rent officer must determine a notional market rent; this is the reasonable market rent for the size of the accommodation appropriate to the claimant’s household as set out in the regulations.

These determinations are made for subsidy purposes. Local authorities can decide to pay Housing Benefit on a higher rent than the rent officer determination, but if they do so they will receive a reduced or nil subsidy on the excess. Instead of the normal subsidy of 95 per cent of any expenditure on rent allowances, local authorities receive 60 per cent subsidy on the excess in the case of payments to people in certain protected groups and nil subsidy on the excess for all other recipients.

Under the Housing Benefit regulations, local authorities are required, for benefit purposes, to decide whether an applicant’s rent is unreasonably high or their accommodation unreasonably large. These two tests of reasonableness are intended to be quite separate from the rent officer deter ruination. However, the rent officer determinations are intended to give local authorities an incentive to make use of their power to restrict the rent. Research suggests that the majority of local authorities were automatically using the rent officer's determination as the eligible rent for Housing Benefit purposes (Kemp and McLaverty, 1993b).

In the financial years 1990-1 and 1991-2, in over a third of cases the rent officer’s rent determination was lower than the referred rent (Table 1.4). Two-thirds of these reductions were due to the property having a referred rent above the market value and one-third to the

<table>
<thead>
<tr>
<th>Table 1.4 Housing Benefit referrals to rent officers in England and Wales</th>
</tr>
</thead>
<tbody>
<tr>
<td>For 1990/91</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td><strong>No.</strong></td>
</tr>
<tr>
<td>Neither over-large nor over market value</td>
</tr>
<tr>
<td>Over market value</td>
</tr>
<tr>
<td>Over-large</td>
</tr>
<tr>
<td>All referrals</td>
</tr>
</tbody>
</table>

Source: Department of the Environment (1991, 1992)
applicant living in a property that was over-large. In those cases where the determination was lower than the referred rent, the average difference was minus £17.37 or a reduction of 20 per cent.

In addition to restrictions where the rent is over the market value for the accommodation offered and the property over-large for the applicant’s needs, rent officers are also expected to inform the local authority if a property is at the ‘top end of the market’. This is because a property may not be over value for its type but might nevertheless be regarded as unreasonably expensive, high quality accommodation.

Research carried out by the Department of Social Security (Ward, Quirk, Elam and Murphy, 1990) found that there was no evidence that Housing Benefit was being used to fund unreasonable housing costs. It was found that overall, the Housing Benefit market was located at the bottom end of the privately rented sector. There was little evidence that many claimants were occupying accommodation at the top end of the market. This finding is reinforced by research in London by the London Research Centre (1990) which found that none of the accommodation agencies (which dealt with the middle and upper end of the market) whom they interviewed would consider Housing Benefit recipients as tenants.

Thus although there is little evidence of Housing Benefit recipients living in top end of the market accommodation, rent officers in a significant number of cases are determining rents that are below the proposed rent in a large number of cases. This raises several important questions. First, it is not clear to what extent private tenants are taking the existence of Housing Benefit into account when seeking accommodation or taking on a new tenancy. Second, we do not know how benefit recipients make decisions about what level of rent or type of accommodation to look for when moving home. Third, it is not known to what extent Housing Benefit recipients are aware of the rules about unreasonable rents and over-large accommodation; and, if they do, the extent to which they take them into account when making housing decisions. Finally, where the rent has been reduced for Housing Benefit assessment, there is little evidence available about whether private tenants whose rent has been reduced for benefit purposes have negotiated a lower rent with their landlord or made up the difference out of their other income.

**Home-owners on Income Support**

There has been even less debate about the effect of benefit on the housing decisions of home-owners on Income Support than there has been about private tenants on Housing Benefit. In part, this omission may be because owners on Income Support have a more limited capacity - because of the high costs of moving and because of the need to secure a mortgage loan - to move house. In contrast, as shown in Chapter 3, private renters, particularly in the furnished subsector, can and do move frequently. Thus the potential scope for ‘up-marketing’ may in practice be much more limited for home-owners on Income Support than it is for tenants of furnished lets.

Another reason why there has, until recently, been less concern about benefit and home-owners on Income Support is that the number of home-owners receiving ISMIPs is fairly small compared with the number of Housing Benefit recipients. In 1991 less than three per cent of all home-owners were receiving ISMIPs. The small percentage of recipients of mortgage interest payments reflects the much lower level of unemployment and the higher levels of income among home-owners compared with tenants. It also reflects the fact that, while Housing Benefit provides assistance for both people on Income Support and other low income tenants, only home-owners on Income Support receive mortgage interest payments.

However, the number of recipients increased significantly during the economic recession of late 1980s and early 1990s. Table 1.2 shows that the number of recipients fluctuated during the 1980s but more than doubled between 1988 and 1991. The cost of ISMIP also increased very considerably over the same period, reflecting not only the increased number of recipients but also the increased average amount of mortgage interest included in assessments. The average amount included in assessments rose from £18.56 in 1988 to £46.34 in 1991 (and from £16.71 to £35.61 for those with only half interest included in their assessment). A breakdown of ISMIPs by size of payment is shown in Table 1.5.
There has recently been publicity about the large amount of mortgage interest payments being received by a small number of unemployed, but previously wealthy, claimants. It is now proposed to introduce a limit on the amount of mortgage loan eligible for ISMIPs. This is planned to be £150,000 in 1993-4 and £125,000 from April 1994 (The Times, 1.3.93, page 2).

Table 1.5 Income Support recipients with mortgage interest included in assessment by amount of mortgage interest payable, 1991 (GB)

<table>
<thead>
<tr>
<th>Amount £pw</th>
<th>Amount of mortgage interest included in assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full 000s</td>
</tr>
<tr>
<td>Up to 50.00</td>
<td>224</td>
</tr>
<tr>
<td>50.01 to 100.00</td>
<td>302</td>
</tr>
<tr>
<td>Over 100.00</td>
<td>34</td>
</tr>
<tr>
<td>Total</td>
<td>560</td>
</tr>
</tbody>
</table>

Source: DSS (1992)

As with Housing Benefit, the Income Support regulations include powers to restrict excessive housing costs. Mortgage interest included in Income Support assessments may be restricted (Revell et al., 1992) where:

- the accommodation is unnecessarily large; or
- the accommodation is located in an area that is more expensive than other areas in which there is suitable accommodation; or
- the accommodation costs are higher than suitable alternative accommodation in the locality.

There seems to be little available evidence about the extent to which ISMIPs are restricted in practice (see Chapter 7). Moreover, it is not known to what extent home-owners on Income Support are aware that such restrictions exist; and, if they do know of them, whether they take them into account when deciding whether or not to move or when choosing new accommodation. Nor is it known whether home-owners on Income Support seek to trade up to better and more expensive accommodation.

Home-owners on Income Support who have relatively new or large mortgages may well be in receipt of benefit payments where the ISMIP component is larger than the amount allocated for day to day living expenses. In 1992, regulations changed to allow direct payments to the lender of the mortgage interest element of Income Support. Before this time, it is possible that owner-occupiers were unaware of the amount of benefit that was intended to cover the mortgage interest. Tenants, on the other hand, must apply separately to the local authority for Housing Benefit, and are therefore more likely to know exactly how much help with housing costs they are receiving.

Likewise, it is not clear whether home-owners on Income Support are aware that ISMIPs exclude the capital element of their loans and cover (for most recipients) only 50 per cent of the mortgage interest during the first 16 weeks and 100 per cent of the interest thereafter. Again, if they are aware of these limitations, it is not known to what extent, if at all, their housing decisions are modified by this knowledge.

Boarders and young people leaving home

In the mid- to late 1980s, there was some discussion about the effect of the availability of board and lodging allowances on the decision of young people to leave home. With a sharp increase during the early 1980s in the cost of these payments and the number of claimants - particularly young adults - there was a concern that young unemployed people were leaving home and enjoying a way of life not normally available to them (DHSS, 1984).
The maximum levels for board and lodging payments were frozen in 1985 and time limits for claiming them were subsequently introduced in 1986. Finally, in April 1989, Income Support claimants receiving ordinary board and lodging payments were transferred to Housing Benefit. Income Support claimants in hostels receiving board and lodgings payments were transferred to Housing Benefit in October 1989. The evidence from housing advice agencies is that the number of single Income Support claimants living in bed and breakfast accommodation has fallen considerably since then. It should be stressed, however, that young people, aged 18-25, still constitute a substantial percentage of all Housing Benefit recipients, and indeed form the second largest group after the over-65s.

In the mid-1980s there was also a suggestion that the then high level of non-dependant deductions in the Housing Benefit scheme might encourage young people to leave home (Cusack and Roll, 1985). No systematic evidence was used to back up this contention, but it does highlight a number of important issues about which very little is known. These include:

- To what extent are young adults living in the parental home aware of the assistance with housing costs provided by Income Support and Housing Benefit?
- Do young adults know how these benefits are calculated and what rules govern the schemes?
- Are they aware of the non-dependant deductions and how do they affect household budgeting?
- To what extent are young people - either on Income Support or in low-paid employment - who are living at home, aware of or taking into account Housing Benefit or Income Support when making the decision to leave?

It is clear that the interaction between the understanding of benefit and young adults' housing decisions may well have significant impact on benefit expenditure.

**Benefit availability and housing decisions**

Although there has been some debate about the possible effects of benefit on housing decisions there has been relatively little research. Much of the debate has been *a priori* in nature; it has assumed that these effects will exist given the incentives created by the structure of benefit.

Rather like theoretical models of the effect of benefit on employment and work decisions (McLaughlin, Millar and Cooke, 1989) discussion about the incentives to move up-market assumes that claimants are rational economic agents with perfect knowledge of the benefit system, and unconstrained by the costs, uncertainty and risks associated with moving house; and that, given the structure of the benefit system, incentives which exist in theory will be acted upon in practice.

Research on perceptions of social security benefit and on benefit take-up suggests that recipients and potential applicants do not behave like fully rational economic agents seeking to optimise their welfare on the basis of full and accurate information (e.g. Corden and Craig, 1991). Rather, there is considerable variation between recipients in knowledge of the rules governing social security benefits and their attitudes to claiming them. Given that people claiming social security benefits do not generally have perfect information and are constrained by costs, risks and uncertainty, it seems likely that the relationship between benefit and housing decisions may well be less straightforward than much of the recent discussion would imply.

In order to gain an insight into the extent to which, if at all, the availability of benefit influences housing decisions, the Department of Social Security commissioned the Centre for Housing Policy at the University of York to undertake research on the subject. A qualitative approach was taken to the research. As Corden and Craig (1991) pointed out in their report on perceptions of Family Credit, in order to find out the extent to which claimants are aware of, and influenced by, benefit in taking decisions we need to ask them what factors were involved. Before doing so, it is necessary to clarify what we mean by 'housing decisions'.
Housing decisions

There are a number of different types of housing decision which might be affected by benefit. These include the following

- **moving** decisions: whether or not to move (including moves to lower priced or more expensive accommodation);
- **dwelling choice** decisions: whether to take a particular house, flat or room when looking for new accommodation;
- **tenure** decisions: whether to switch tenure (from renting to buying or vice versa);
- **occupancy** decisions: whether to share with other households or rent self-contained accommodation;
- **letting** decisions: whether to let rooms in the case of owners or sublet in the case of tenants;
- **leaving home** decisions: whether to leave home and rent or buy accommodation as a separate household; and
- **maintaining the home**: decisions about whether, how and in what ways, to undertake repairs and maintenance or to carry out modernisation, extension, conversion or improvement work.

Although this list is not exhaustive it illustrates the point that there is a wide range of types of decisions which households may make. The research reported here was not intended to examine all possible housing decisions. Instead a more selective approach was taken. In order to examine the principal policy questions which stimulated interest in the topic and to keep the study manageable, it was decided to focus the research mainly, but not exclusively, on moving and dwelling choice decisions.
Chapter 2  The Research Methods

The aims

The aim of the research was to examine the effect of benefit on housing decisions. The study focused on household moving decisions. In particular it examined two aspects of the moving process. These were, firstly, the decision to move and, secondly, the search for and choice of new accommodation. Three types of people were studied. These were private rented sector tenants on Housing Benefit, owner-occupiers in receipt of Income Support Mortgage Interest Payments (ISMIPs) and young adults living in households claiming benefit. The intention was to interview respondents who had moved to properties of a higher rent or mortgage. The study aimed to find out the extent to which knowledge of benefit affected the decision to move and whether it affected the choice of new accommodation. In the case of young adults the aim was to examine the extent to which the availability of benefit was a factor which had an influence on decisions to stay or leave home.

Tenants on Housing Benefit

The study focused on households which had recently moved home within the private rented sector. Tenants of social rented housing were not included in the research because their opportunities for moving and possibly taking advantage of the system were limited by the allocations and transfer policies and practices of local authorities and housing associations (see Chapter 1).

Owner-occupiers on ISMIP

As far as owner-occupiers were concerned, the intention was to interview households which had moved to a more expensive property. The sampling process, however, generated too few cases of moving of any type; whether to a more or to a less expensive property. In the event both moving and non-moving owner-occupiers were interviewed.

Young adults

The final component of the study relates to young adults between the ages of 18 and 25 who live in or had recently lived in a benefit household. The aim was to find out whether knowledge of the availability of help with housing costs affected young adults' own decisions to leave the parental home. This sample was obtained from the sample of owner-occupiers in receipt of ISMIPs.

Methods

It was decided that a qualitative approach could best shed light upon the topic at this stage. It was felt that depth interviews would provide insights into, and illustrations and explanations of, respondents' housing decisions. This would help to build up current low levels of knowledge of the relationship between housing mobility and social security benefits, and, perhaps, suggest avenues for more quantitative exploration at a later stage.

Since the samples in the study are not statistically representative of the general population of renters, owner-occupiers or young adults living with parents on benefit the findings reported in this report cannot be generalised in a quantitative manner. Rather the analysis provides illustrations and explanations and explores links among specially selected groups. Numbers are used in the reporting but for purposes of illustration, rather than indicating representation in the general population. Attention is drawn to particular patterns such as, for example, the majority of respondents describing a similar experience. Equally, mention is made of single exceptions or unusual experiences since these can provide valuable insights and new perspectives. Verbatim quotations are taken from the depth interviews to illustrate the way people in receipt of benefits talked about housing decisions.

The fieldwork was carried out in two locations. Most of the interviews were undertaken in the summer and autumn of 1992. The young adult interviews were conducted in early 1993.
The objective was to achieve 40 interviews with private sector tenants on Housing Benefit, 20 interviews with owner-occupiers claiming ISMIP and 20 young adults. Appendix 1 of the report describes the process of obtaining samples of the three different groups. The intention was to divide the interviews equally between the two locations. Because of the nature of the research it was not possible and nor was it necessary to interview a representative sample of benefit recipients.

The two areas chosen for the fieldwork were a northern metropolitan local authority and an inner London Borough. They were chosen because they had a large number of private sector tenants claiming Housing Benefit. At 1 April 1991, the northern city had a resident population of over 650,000 and the London borough had a resident population of just under 150,000. Around 6 per cent of the Northern city’s population were classified as non-white as opposed to nearly 18 per cent of the London borough’s population. The northern city had a male unemployment rate of around the national average (10%); whilst the London borough had a male unemployment rate significantly above - nearly 14 per cent. They were also contrasting housing market areas. In the London borough, 42 per cent of the housing stock was owner occupied, 34 per cent was rented privately or from a housing association or was tied to a job and 24 per cent was rented from the local authority at 1 April 1991. In the northern city, 61 per cent of the housing stock was owner occupied, 11 per cent was rented privately or from a housing association or was tied to a job and 28 per cent was rented from the local authority. House prices in the London borough were generally higher than in the northern city but, at the time of the fieldwork, prices in the former were falling in real terms at a faster rate than those in the latter (source: Halifax Building Society, 1992).

In the northern city, just under 15,000 private sector tenants were in receipt of Housing Benefit; 61 per cent were also claiming Income Support. In the London borough nearly 8,000 private sector tenants were receiving Housing Benefit with 67 per cent also in receipt of Income Support. The northern city rent officer service dealt with 6,743 private sector referrals from the local authority in 1991-2. Of these, 738 were for unfurnished accommodation. In the London borough, the rent officer service dealt with 3,445 private sector referrals. Of these, 88 were for unfurnished accommodation. Thus in both fieldwork areas, the great majority of new applications for Housing Benefit from private tenants were for furnished accommodation. The rent officer service judged that 23 per cent of referrals from the London borough were above the reasonable market rent and that 3 per cent were over-large. In the northern city, a total of 35 per cent of referrals were judged to be over-large or above the reasonable market rent.

**Respondent characteristics**

Most of the respondents were young single people. This bias was hardly surprising as young adults are over-represented in the private rented, especially furnished, sector (GHS, 1991). There were five couples with one child, and four lone parents (Table 2.1).

<table>
<thead>
<tr>
<th></th>
<th>London no.</th>
<th>Northern city no.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aged 16 to 17</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Aged 18 to 24</td>
<td>9</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>Aged 25 to 29</td>
<td>6</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td>Aged 30 to 44</td>
<td>5</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>Aged 45 to 59</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Aged 60 +</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Male</td>
<td>10</td>
<td>11</td>
<td>21</td>
</tr>
<tr>
<td>Female</td>
<td>9</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>White</td>
<td>18</td>
<td>10</td>
<td>28</td>
</tr>
<tr>
<td>Non-white</td>
<td>2</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Refugee</td>
<td>1</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Single</td>
<td>17</td>
<td>13</td>
<td>30</td>
</tr>
<tr>
<td>Couple with One Child</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Lone parent with One Child</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Lone Parent with 1+ children</td>
<td>0</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>
Although it was not the intention to gain a representative sample, a balance was struck between the sexes.

A range of nationalities was represented and included Azeri, Chinese, Somali, Lebanese, Pakistani, Iranian, Barbadian, Nigerian and Italian; five of the respondents classified themselves as refugees.

Table 2.2 summarises the personal characteristics of the owner-occupiers in the study. They were, as expected, an older group than the private tenants. None was under thirty and sixteen were over forty. Fourteen had dependent children.

### Table 2.2 Personal characteristics of the owner-occupier sample

<table>
<thead>
<tr>
<th></th>
<th>London no.</th>
<th>Northern city no.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aged under 30</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Aged under 40</td>
<td>5</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Aged under 50</td>
<td>3</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Aged under 60</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Aged over 60</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Male</td>
<td>6</td>
<td>9</td>
<td>15</td>
</tr>
<tr>
<td>Female</td>
<td>6</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>White</td>
<td>11</td>
<td>12</td>
<td>23</td>
</tr>
<tr>
<td>Non-white</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Single</td>
<td>2</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Couples</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Couples with children</td>
<td>5</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Single parents</td>
<td>4</td>
<td>3</td>
<td>7</td>
</tr>
</tbody>
</table>

The young adults

The characteristics of the young adults are described in detail in Chapter 8; Table 2.3 summarises their personal characteristics.

### Table 2.3 Personal characteristics of the young adults sample

<table>
<thead>
<tr>
<th></th>
<th>London no.</th>
<th>Northern city no.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>2</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Female</td>
<td>0</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>White</td>
<td>1</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>Non-white</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>
Chapter 3  An Overview of Moving Decisions

Introduction
It is clear from previous research on residential mobility that the main reasons why people move house have little to do with the availability of benefit. Nevertheless, benefit-related factors affecting residential mobility have not been explicitly explored in previous research in Britain. The purpose of this chapter is therefore to locate the findings of the present study within the context of previous research on why people move. It is important to ensure that, in exploring the influence of benefit, the wider context and the more salient factors affecting moving decisions are not lost from sight.

The structure of the chapter is as follows. The first section sets out data on the extent of housing mobility in Britain. The second section looks at the main reasons, as found in survey research, why people move house. The third section then sets out a conceptual model of the moving process, while the final part of the chapter attempts to locate benefit factors within this model.

Housing mobility
Nearly 10 per cent of the population changes address every year. Most move only a short distance of less than six miles. Younger people (those aged between 16 and 34) are the most mobile section of the population. Elderly people are the least mobile. Divorced and separated men and women are also more mobile than the average. There is little difference in mobility rates between men and women (Brant, 1984).

Research into household mobility has found that most moves take place within rather than between tenures (Murie, 1976). In other words, council tenants, for example, are more likely to move to another council house than they are to a private rented dwelling. However, there has been an important restructuring of housing tenure during much of this century, as a result of which people have shifted out of private renting and into home-ownership or the social rented sector.

There are important tenure differences in household mobility rates. Table 3.1 shows the length of residence at the current address of heads of households interviewed in the General Household Survey (GHS). For the population as a whole, the median length of residence at the current address was 5-10 years. This was also the median length of residence for heads of households renting their accommodation unfurnished from a local authority or from a private landlord and for those who were buying their household with a mortgage. But the median length of residence for owner-occupiers who owned their house outright was 16-20 years. By contrast, for tenants renting their accommodation furnished from a private landlord, the median length of residence was less than one year.

Turnover in the furnished rented sector is very high: more than half of furnished tenants had lived at their current address for less than a year, while eight out of ten had lived there for less than three years (Table 3.1).

Reasons for moving
A considerable number of studies have examined the reasons why people move house. In brief, these studies show that people move for a whole range of reasons connected with their housing, employment, personal circumstances and life cycle. The research shows that, in general, although one reason often precipitates a move, there are usually several other factors which influence a decision to move. Figure 3.1 sets out a classification of reasons why people may decide to move home.
Table 3.1  Length of residence of head of household by tenure (GB, 1989)

<table>
<thead>
<tr>
<th>Length of tenure (years)</th>
<th>Owner occupied</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Owner outright</td>
<td>With mortgage</td>
<td>Local authority/ new town</td>
<td>Unfurnished private</td>
<td>Furnished private</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Under 1</td>
<td>2</td>
<td>8</td>
<td>9</td>
<td>15</td>
<td>56</td>
<td>9</td>
</tr>
<tr>
<td>1 but under 3</td>
<td>7</td>
<td>21</td>
<td>15</td>
<td>12</td>
<td>26</td>
<td>16</td>
</tr>
<tr>
<td>3 but under 5</td>
<td>6</td>
<td>16</td>
<td>11</td>
<td>7</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>5-10</td>
<td>15</td>
<td>27</td>
<td>23</td>
<td>16</td>
<td>6</td>
<td>22</td>
</tr>
<tr>
<td>11-15</td>
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<td>13</td>
<td>12</td>
<td>9</td>
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</tr>
<tr>
<td>16-20</td>
<td>11</td>
<td>8</td>
<td>9</td>
<td>7</td>
<td>2</td>
<td>8</td>
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<tr>
<td>21-30</td>
<td>24</td>
<td>6</td>
<td>10</td>
<td>9</td>
<td>2</td>
<td>11</td>
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<tr>
<td>31 or more</td>
<td>25</td>
<td>2</td>
<td>11</td>
<td>24</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>1.00</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

(Base) (2362) (4177) (2454) (228) (246) (10049)

*Table excludes renting from housing associations/co-operatives or with job/business.
The figures in bold are the median length of residence for each tenure.
Source: General Household Survey

Figure 3.1 Classification of reasons for deciding to move

VOLUNTARY MOVE

ADJUSTMENT
Housing
Space
Quality/design
Cost
Tenure change

INDUCED
Employment
Job change
Retirement

ENVIRONMENT
Quality
Physical
Social
Public services

LIFE CYCLE
Household formation
Separation/divorce
Change in household size

ACCESSIBILITY
Work/school
shopping
Family/friend
Recreation

Source: Knox (1987)

Brant (1984) found that the major factor behind household mobility was the age of the household, with income and occupation forming major secondary factors. A complementary study undertaken by Coupe and Morgan, in Northampton, concluded that the changing space needs associated with the family life cycle were the most important single stimulus for intra-urban housing mobility (Forrest and Murie, 1991). Bourne (1981) also found that family life cycle and personal reasons were very important factors in housing mobility.

Marriage, household formation, increases and decreases in household size and retirement have all been found to be very important reasons for household mobility. Other personal reasons for household mobility include the desire to live near friends, relations or particular cultural communities. Sullivan (1986) and Bull and Stone (1990) found that separation and divorce was an important factor in housing mobility. Other reasons for household mobility include ill health, disability and the personal disputes of owner-occupiers and tenants with landlords and neighbours (Stokols and Schumaker, 1982).
Many people move for housing-related reasons. Murie et al. (1976) found that some households moved because they wanted larger or smaller or more modern or more traditional accommodation. Others, they found, moved because their properties lacked gardens, garages or other facilities. Some households were forced to move because their homes were demolished either to make way for new roads, new housing and industrial developments or were deemed unfit for human habitation by local authorities.

Other studies (e.g. Cullingworth, 1969; Shove, 1986) found that some households moved to cheaper or more expensive accommodation as their financial circumstances changed. Changes in household financial circumstances were often connected with occupational changes. Most studies found occupational change to be one of the most important factors behind household mobility and inter-regional migration. For example, Crook et al. (1991) identified employment and higher education as major factors affecting the mobility of certain types of household within one segment of the private rented sector.

Although many studies have been concerned to research and analyse housing mobility, other studies have attempted to explain residential stability. Social, familial and cultural factors were found to play a key role in encouraging certain social groups to remain in and maintain or improve their homes rather than move (Forrest and Murie, 1991). Residential immobility was found to be highest amongst manual workers and lower paid white collar workers. Forrest and Murie point out that most job opportunities for these occupational groups occur locally and do not necessitate housing mobility. They found that social pressures also had a powerful effect on, for example, redundant workers' relocation decisions. Even when offered alternative employment and accommodation in a different area, workers decided to stay put in their own homes (Forrest and Murie, 1991). Wyatt found that households in an inner-urban environment did not move because they said that they lived in a friendly area, were close to shops and facilities or because their families had 'always been there' (Wyatt, 1976, page 564).

Explaining moving decisions

In analysing moving decisions it is important to distinguish between two separate but related processes:

• the decision to move home; and
• the search for and selection of a new home.

A whole range of factors may precipitate a decision to change accommodation. The main reasons for moving house, as revealed in survey research, were briefly reviewed in the previous section. Once a decision to move is made, households must search for and select a new residence (Knox, 1987). These two processes are not necessarily sequential, for a household may decide to change address after coming across a vacant residence (or pending vacancy) into which they would like to move. Rossi's (1980) study of movers in Philadelphia found that a quarter of moves were of this 'windfall' type.

The decision to move

In looking at 'decisions' to move home an important distinction needs to be made between voluntary and involuntary moves (Knox, 1987). That is to say, some moves may arise without the mover having any choice in the matter. Where a landlord repossesses a property by eviction, for example, the tenant has no choice but to leave and find somewhere else. By contrast, other moves may be made purely from choice, perhaps because of a desire to live nearer to friends or to recreational amenities.

However, the voluntary/involuntary distinction is not an entirely clear cut one: it is not always easy to disentangle choice from constraint. For example, if a local authority evicts a council tenant on the grounds that he or she has been guilty of racial harassment of a neighbour, is this a voluntary or an involuntary move? Either way, it can be regarded as a forced move. They may have been moved against their will but had they not chosen to break a condition of their tenancy agreement, the eviction would not have taken place.

Other kinds of forced moves include those which have resulted from relationship breakdown or where a household can no longer afford to keep up with the rent or mortgage repayments.
This brief discussion of forced moves highlights the point that most moves are likely to be a function of both choice and constraint. The precise blend between the two will inevitably vary according to a household's circumstances including, most crucially, its income and wealth.

This caveat should be kept in mind when referring to the widely accepted behavioural model of the decision to move developed by Brown and Moore (1970). The model refers mainly to voluntary moves, rather than to those in which the household has no say in whether or not to move home. In this schema, the decision to move home is the outcome of a discordance between, on the one hand, a household's perceived needs, aspirations and expectations and, on the other, its actual housing and environmental circumstances (see Figure 3.2). This discordance generates a level of dissatisfaction or stress for the household (Wolpert, 1966). Once the intensity of the dissatisfaction exceeds a certain threshold, the household seeks to accommodate the stress by adopting one or more of three basic strategies (see Knox, 1987).

First, the household may come to terms with its housing and environmental circumstances by lowering its perceived needs, expectations and aspirations. This may involve a process of cognitive dissonance, in which the household becomes indifferent to or learns to like that which they previously found to be unsatisfactory.

Second, the household may decide to adjust its present housing or environmental circumstances so that they more closely match its perceived needs and aspirations. It might, for example, install central heating or build an extension to provide an extra bedroom in order to improve its housing or start up a campaign to persuade the local council to do something about dog mess on the estate.

Third, the household may decide to move home. Having done so, it has then to embark upon the search for a new dwelling. As Knox (1987, page 186) has pointed out: `Whether the decision to move is voluntary or involuntary, all relocating households must go through the procedure of searching for suitable vacancies and then deciding upon the most appropriate new home.'

The accommodation search process may be seen as having three stages (Knox, 1987). These are:

- the specification of criteria for evaluating vacancies;
- the search for dwellings which satisfy these criteria; and
- the final choice of a new dwelling.

In the first stage, according to Knox (1987), those intending to move home will, consciously or unconsciously, define their `aspiration region'. By that he means, they will develop `a conception of the limits of acceptability which a household is prepared to entertain as an alternative to its present accommodation'. Criteria will include accommodation size and type, location, and acceptable rent or house price levels. To some degree, these criteria will reflect the factors that precipitated the decision to move home in the first place. But they will also reflect the constraints which the household is likely to face in moving house. On the demand side, these constraints include the household's income and wealth; and on the supply side, the range of possible opportunities which it expects to find in the housing market. An example of the latter might be the relative scarcity of unfurnished private lettings available compared with furnished lettings.

Research has shown that the second stage, the actual search for accommodation which more or less meets the household's criteria, is often limited in quite important ways (Short, 1978). In particular, house hunting is usually focused on a limited geographical area; it tends to be concentrated on those areas which are most well known and easily accessible to the household (Silk, 1971).

In searching for a new home, moving households may face what Weisbroad and Vidal (1981) refer to as search barriers. These include the time and money costs involved in
Figure 3.2 A behavioural model of the moving process

Neighbourhood  Dwelling  Income  e style

Needs, expectations and aspirations

Stress

improve environment

Define aspiration region

search for vacancies

Match vacancies to aspirations

Select specific vacancy

Move to new home
obtaining information about possible vacancies. An example of this kind of barrier would be fees to letting agents, which commonly involve the equivalent of two weeks’ rent. Search barriers also include factors which limit the choice available to a household, for example, discrimination against certain kinds of tenant or borrower.

In addition to these search barriers, there are potential access barriers which may face households searching for accommodation. These access barriers may include having to provide a landlord with a bank reference or a deposit and rent in advance as a condition of being granted a tenancy agreement. People buying a house may have to put down a deposit towards the cost of their new home as well as pay solicitor’s and other fees.

Relatively little is known about the third stage: the decision to choose a particular dwelling as the new home. What is known is that most households seriously consider only a few vacancies before selecting their new home (Knox, 1987). Furthermore, Shove (1986) found that, with hindsight, most of the households whom she interviewed tended to regard their final choice of accommodation as, in some way, inevitable. They felt that no other property made sense in terms of its price, location, amenities or design. This finding mirrors Murie’s observation that many households in his study claimed to have no choice about their final choice of property (Murie, 1974).

It is important to note that the discussion above has largely focused on decisions within a market context, whether for renting or for owner-occupation. The context within which households in social housing move home is rather different, as it is based on an administered system of housing allocation and transfers (see Gray, 1976) where the factors affecting moves are rather different from those in a market context.

One respect in which the market and bureaucratic or administered systems differ is that the moving process in the latter is much more dominated by constraint than it is by choice or preferences. However, while household preferences may influence moving decisions in the private rented or owner occupied sectors more than in the social rented sector, these decisions are nonetheless subject to important constraints. Other things being equal, lower income households are likely to have less choice than higher income households. Bourne (1981) argues that, in practice, the poorest households are likely to have relatively little choice in the private sector.

**Benefit and moving decisions**

Although research into why people move has not found benefit to be a main reason, this does not necessarily mean that it is not a salient factor. The aim of this final section of the chapter is to locate benefit-related factors within the behavioural model of the moving process outlined above.

Earlier in the chapter a distinction was made between voluntary and involuntary moves. It is clear that ‘up-marketing’, insofar as it exists, is an example of a voluntary move. For up-marketing to occur the perceived benefits of moving to a substantially higher quality dwelling in the knowledge that the corresponding increase in rent or mortgage interest will be fully met by benefit, together with any other advantages in moving, must outweigh for that benefit recipient the perceived costs and other disadvantages of moving home. In this case the higher rent or mortgage interest resulting from the move will not enter into the trade-off.

Up-marketing can be said to occur only if the recipient has a sufficiently accurate knowledge of the rules governing Housing Benefit or Income Support so as to be able to deliberately decide to take advantage of the scheme and not fall foul of the excessive housing costs regulations. If a benefit recipient sought to take advantage of the benefit scheme by moving up-market but had their housing costs restricted for benefit purposes, then it could be argued that they have not, in fact, managed to up-market in a benefit sense even if their housing costs or the quality of their new accommodation is higher than it was before.
It is also possible that benefit recipients may decide to move down market to cheaper property because they are on benefit. One of the home-owners in the study could be said to have `down-marketed' in this way. However no research has been undertaken on the possibility of `down-marketing' to less expensive accommodation.

Benefit-related moves could also be involuntary. A tenant or home-owner might be evicted as a result of rent or mortgage arrears that have accrued following a restriction in eligible housing costs or might leave because they are unable to meet the gap between their eligible and actual housing costs. Again, a tenant may be evicted or not get their letting renewed because the landlord has found out that they are on, or have applied for, Housing Benefit. The research revealed a number of cases of forced moves of this kind.

Once the `decision' to move has been made or forced upon them, benefit recipients, like other households, embark upon a search process which is informed by what was referred to earlier as their aspiration region. For benefit recipients, this aspiration region may be partially defined by any knowledge they have or assumptions they make about excessive housing costs and the top end of the market. In other words, the types of place which they decide to look for may be informed by an awareness that the local authority may regard some level of rent, or the Benefits Agency some level of house price, as unacceptably high or some types of property as too high in quality for Housing Benefit or Income Support.

Once their aspiration region has been more or less consciously defined, benefit recipients may face particular search barriers that other households do not face. In particular, some landlords may be unwilling to let to people on Housing Benefit; likewise some lenders may not be prepared to grant a mortgage to people on Income Support. Of course, even where they do face the same search barriers (such as accommodation agency fees) as other types of household, because they are on a low income, benefit recipients may be more seriously affected by them than those who have a higher level of income.

Finally, benefit recipients may face particular access barriers which other types of household do not face; or again, they may be more seriously affected by them. An example of a benefit-related access barrier might be delays in the processing of new claims, which can mean that the applicant has to find sufficient money to pay their housing cost during the period in which their benefit is being processed.

Conclusion

This chapter has sought to place the moving decisions of benefit recipients in the wider context of the moving decisions of the general population. It has noted that surveys have shown that most moves are taken for non-benefit-related reasons. It outlined a general behavioural model of the moving process within a private market context and then discussed factors which may play a particular role in the moving process for benefit recipients. The next chapter reports findings of the current study on the reasons why respondents in the survey had moved home.
Chapter 4  The Decision to Move

Introduction

This chapter focuses on the movers in the study, that is all the Housing Benefit claimants and eight of the 25 owner-occupiers. To recapitulate, the research question to be answered was: does knowledge of the level and availability of benefit influence the decision to move? It will be shown that benefit, in the main, rather than being a facilitator acts as a constraint on moving. The study found differences in both moving behaviour and in knowledge of benefit between the two groups.

The chapter first summarises the differences which previous studies have found in the two populations of owner-occupiers on ISMIP and private rented tenants on Housing Benefit. The chapter then goes on to discuss, briefly, the particular nature of the owner occupied market at the time of the fieldwork. Some of the market’s features impacted directly on those in receipt of ISMIP who were attempting to resolve their mortgage difficulties.

The main part of the chapter discusses the findings relating to the decision to move, firstly the owner-occupiers and secondly the tenants. Eight vignettes or case studies are presented, four from each group. Although the chapter is mainly concerned with the decision to move, people's experience of moving on benefit can only really be understood as a total process. Each of the vignettes presents the respondent’s whole story - the original decision to move and the process of choosing a particular place. Later chapters in the report discuss in detail the respondents’ searching behaviour and their final selection of a new home.

Comparisons between the two populations

The major differences between the two benefit populations - owner-occupiers on ISMIP and private rented tenants on Housing Benefit - are that the former is a much smaller population and belongs to a tenure which moves far less often.

Chapter 1 noted that about a third of all those living in the private rented sector are in receipt of Housing Benefit, whilst only a very small proportion of owner occupied households are in receipt of ISMIP. This difference between the two populations has some bearing on the study’s findings. The housing decisions of those on benefit, it will be argued in this and following chapters, will partly be affected by claimants' knowledge, assumptions and previous experience of benefit claiming. The two populations also differ in terms of benefit coverage. A larger proportion of owner-occupiers' housing costs are outside the scope of social security; owner-occupiers are responsible for capital payments, maintenance costs and house insurance. The implications of these housing costs differences are explored in the report.

The two populations belong to tenures which display markedly different housing mobility characteristics. Chapter 3 showed that the private rented furnished sector houses, disproportionately, the young and the mobile. Moreover moving in the owner occupied sector is more protracted, more problematic and more costly than in the private rented sector regardless of the particular circumstances operating in local housing markets. However, as the next section of this report argues, housing mobility in the owner occupied sector is very much affected by market conditions. There is a direct correlation between the level of transactions and housing market cycles.

Although moving in the owner occupied sector may be more protracted than in the private rented sector there are still significant difficulties for people moving within the latter.
Whilst attempts are being made to reverse the long-term decline of the sector, demand continues to outstrip supply and poor quality housing predominates. Considerable changes in the sector were brought in with the 1988 Housing Act. It is too early to conclude whether the introduction of market rents, diminished security of tenure, more short-term tenancies and limitations on Housing Benefit are constraining or facilitating housing mobility. Similarly no conclusions can yet be drawn on whether the recession in the owner occupied market is facilitating, constraining or having a neutral effect on mobility in the private rented sector. A survey of members of the Association of Residential Letting Agents found that the majority of them reported an increase in lettings from owner-occupiers unable or unwilling to sell their former home in the depressed housing market (Rhodes, 1993).

**Downturn in the housing market**

As noted in Chapter 2, it proved very difficult to find any owner-occupiers in receipt of ISMIP who had moved at all, either to a larger or a smaller mortgage. It seems unlikely that the sample provided by the DSS Social Research Branch seriously underestimates the number of ISMIP moves. First, in recent years it has been more difficult for any owner-occupier to move, whether they are in receipt of benefit or not. Second, benefit claimants can be expected to have particular problems raising housing finance. This second observation is central to the research study and will be discussed in some detail as the findings are presented. Below, the first observation is explored.

Moving from their present accommodation to cheaper owner occupied property or exiting from the tenure is an option that is, in principle, available to owner-occupiers, whether on benefit or not, who are having difficulties keeping up mortgage payments. In an OPCS study of trading down, Dodd and Hunter (1990) showed that 56 per cent of all moves out of owner-occupation were related to financial problems, current or anticipated, although only 9 per cent were actually behind with their mortgage payments at the time they moved. The Dodd and Hunter study was carried out in 1988, a time when it was relatively easy to adopt moving as a solution to mortgage difficulties: housing market conditions at the time of the fieldwork were different.

The housing market at the time of the owner-occupier fieldwork - Autumn 1992—was, according to many housing economists, at the bottom of a cycle which was markedly different from previous ones. The most significant difference is that nominal house prices fell while mortgage debts remained relatively constant in money terms and interest charges were high in real teens (Halifax Building Society, Autumn 1992). House prices fell for four consecutive years, from 1988 to 1992. House price falls are a double-edged sword for people wanting to ease their financial difficulties by moving house. Although purchase prices had fallen, potential purchasers' loans in some cases outstripped the value of their house. Such people may be either unwilling or unable to move. House price falls, however, were unevenly spread over the country. The two fieldwork areas were contrasting areas. House prices in the South-east over the four year period fell by an average of £31,000, a drop of 33 per cent from their 1988 peak. The national average price drop, however, over the same period was £3,900 (3 per cent). Prices in some regions, for example Yorkshire, rose slightly (Halifax Building Society 1992).

The situation whereby householders' properties have fallen below the value of the mortgage advance used to purchase them has been termed negative equity. According to Dorling et al. (1992) one in five owners who bought their homes since 1988 were living in homes worth, in 1992, less than their mortgages. Dorling has commented:

'It has sometimes been wrongly assumed that the biggest sufferers from negative equity are the same people who benefitted from the booming house prices of the 1980s. Our research shows clearly that those who have been worst affected are people . . . who have struggled to enter the housing market at the bottom end.'

(Quoted in Housing Associations Weekly, 13 November, 1992)

Dorling et al. found that six out of ten home-owners who bought their properties in the 1980s with a 100 per cent mortgage had negative equity in 1992. It was very much a
South-east problem. One in five of all mortgaged households in the South-east were estimated by Dorling and his colleagues to have more debt than house value. Many homeowners who faced a ‘negative equity debt trap’ were unable to move.

The study was carried out at a time of relative inactivity in the housing market. For much of the 1970s there were 300,000 house purchases each quarter. From 1982 transactions rose sharply culminating in the boom of 1988 when during one three-month period transactions exceeded 600,000 with over 2.1 million in the year as a whole. By the first quarter of 1992 transactions had fallen to under 250,000, levels which were last seen in the early 1970s (Halifax Building Society, Autumn 1992). Turnover halved between 1988 and 1992. It has been suggested that most moves during the period from 1988 to 1992 were as a result of relocation or repossessions with very few the result of a desire to trade up in the market. (Halifax Building Society, 1992).

At the time of the fieldwork, it was easier for some owner-occupiers to resolve their mortgage difficulties than it was for others. Typically, those outside the South-east were more able to move. In this chapter and in Chapter 6 it will be seen that some owners were in a position to move in order to achieve a smaller mortgage or, conceivably, to eliminate a mortgage altogether; others were not.

Although it is reasonable to assume that the sample selected for the research by the DSS does not significantly underestimate ISMIP moves, it does not include those people who moved outside the scope of the benefit as a result of repossession or the threat of repossession. The sampling process did not pick up people who, after a move, no longer received ISMIP because they had left owner-occupation. In December 1991 the Council of Mortgage Lenders (CML) came to an agreement with the Government that no one having their ISMIP paid direct to their lenders would be repossessed. Although something is known about the characteristics of those who are at risk of possession - that they are more likely to be: younger, first time buyers, have a high loan-to-value ratio, have higher than average mortgage payments, more recent mortgages and additional secured loans (Ford, 1992) - it is not apparently known how many were in receipt of benefit before December 1991. Moreover Ford and Wilcox (1992) suggest that the CML agreement will not protect from repossession those ISMIP claimants who are not getting their full mortgage interest met by the Benefits Agency. In addition second charge holders who, increasingly, are foreclosing on mortgages, are not always members of the CML and, therefore, are not always party to the agreement.

Those people having difficulties with their mortgages are as much protected by the housing slump as they are by lenders’ compliance with the CML agreement. Although, after a very large increase in the late 1980s, there has been a 32 per cent drop in 1992 in repossession cases (Ford, 1992), the number of suspended orders have gone up. As the Housing Association Weekly commented:

‘For many families the threat of repossession is simply being delayed rather than lifted. Lenders are now going for more suspended orders because this allows them to repossess if and when market conditions allows them.’

(Housing Association Weekly, 28 August, 1992)

THE HOUSING BENEFIT MOVERS

Background

As expected the private rented tenants differed greatly from the owner-occupier sample. The tenants were more mobile, confirming previous studies of mobility in this sector. Three-quarters of the Housing Benefit respondents had occupied their last accommodation for less than twelve months. There was no real difference between the respondents’ mobility rates in the two fieldwork areas. A large number of people (18 out of 39) had moved on again in the short period between the two authorities giving the research team a list of movers at the contact stage.
At the time of the interviews, around a third of the respondents had been claiming Housing Benefit for more than two years. Most of the remainder had been receiving benefit for between twelve and eighteen months. A third of the respondents had moved previously whilst on benefit. The majority were on Income Support and therefore eligible for full Housing Benefit. This group, therefore, had more experience of being on benefit than either the mover or non-mover owner-occupiers. Moreover the private tenant sample was different in nature from the owner-occupiers in that it was deliberately biased towards those who had moved to a higher rent. It did not, in other words, include tenants who might, on becoming unemployed, have moved intentionally to a lower rent. This is an important limitation of the study which needs to be borne in mind when considering the findings of the research.

Reasons for moving

The availability of benefit was not the dominant reason for moving for most people. Around a third moved because they had to rather than because they wanted to. Table 4.1 shows that respondents' reasons for moving grouped into four main categories: involuntary, personal, housing and environmental. Some people moved for more than one reason.

Furnished private rented housing is characterised by shared housing. Some people moved because they had enough of the people they lived with; conversely some people moved because they had disliked living on their own and wanted a more communal life. Others had grown to dislike their resident landlords. A minority moved out of fear. They perceived their neighbours to be both noisy and dangerous. One person's move was a result of a relationship breakdown. It was involuntary in the sense that his girlfriend threw him out.

Table 4.1 Reasons for tenants' moves

<table>
<thead>
<tr>
<th>Reason</th>
<th>Northern city no.</th>
<th>London no.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Involuntary moves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which: Housing Benefit-related</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i.e. landlords did not take tenants on HB)</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Not related to Housing Benefit</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>of which: Landlords sold property</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Landlord wanted to live in property</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Landlord repossessed</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Eviction by the landlord for other reasons</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td><strong>Voluntary moves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which: Personal reasons</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i.e. pregnancy, relationship problems)</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Housing reasons</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i.e. too large, too small, too cold)</td>
<td>11</td>
<td>7</td>
</tr>
<tr>
<td>Environment reasons</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i.e. crime, racial harassment)</td>
<td>5</td>
<td>2</td>
</tr>
</tbody>
</table>

Again it should be stressed that some tenants who moved voluntarily did so for more than one reason.

Private rented housing is also characterised by its poor quality. A number of respondents moved because essential repairs were not being carried out, because of the presence of damp or of vermin or the absence of a continuous supply of hot water. Others moved because they needed more space. One respondent moved for the opposite reason. The other tenants were moving out and she was likely to be on her own for a while. She felt fearful of being in an empty house.

Some people left their homes because of the fear of crime, neighbourhood problems and racial harassment. They reported stories of regular burglaries, muggings and racial attacks. One respondent in the northern city said, "I don't want to live where I'm hated."

There were a number of reasons why people had to leave involuntarily. Sometimes landlords or their relatives were returning to live in properties; other landlords had decided
to try to sell their houses and wanted vacant possession. The housing recession affected a few respondents in London: their landlords' houses were in the process of being repossessed. Other involuntary moves were attributable to benefit. Landlords evicted two respondents who were not able to pay the full rent because of rent restrictions. A further two people said that they were asked to leave on becoming unemployed simply because their landlords disliked letting to Housing Benefit recipients. One of these respondents said

‘Then my landlord discovered I was unemployed and on Housing Benefit and she asked me to leave; she didn’t renew my contract because she only wanted working people.’

Housing Benefit case studies

Four contrasting case studies are presented in order that the total process of moving on benefit should be better illuminated.

Mr B.: Satisfying rather than optimising

Mr B. had been living with his wife and small child in one room in what he reported to be terrible conditions. He had looked, unsuccessfully, for two years for a flat but he was always faced with landlords who would not take Housing Benefit recipients or with deposits and rent in advance he could not pay. He got his present place fortuitously: he had met someone in the Housing Benefit office who offered him accommodation and waived the usual payments in advance.

‘I knew it was double the expense of the other place, but I didn’t have a choice. It isn’t the flat I wanted, but it is the only flat I’ve found. It wasn’t a matter of choice; it was a matter of choosing this or nothing, so I had to take it.’

Although the new accommodation was superior to the previous place, it had its own problems and Mr B. wanted to move again, ideally to a two-bedroom flat. He was not optimistic about being able to do so, however. The family wanted more space. The accommodation was not very safe or secure, and their push chair had been stolen. Initially the new rent was quite severely restricted but at the time of the interview Housing Benefit was £12 less than the rent. His landlord had been willing to accept the lower rent but he was beginning to be difficult about signing a new agreement without arrears being cleared and the full amount of rent being paid.

Mr and Mrs G.: A benefit-related move

Mr and Mrs G. had moved twice in the previous eighteen months, and it was likely they might have to move on again. They had originally moved from owner-occupation in another town; they were in arrears with the mortgage despite receiving ISMIP. They handed the house keys into the building society and left a rented flat in an area of the city near Mrs G.’s mother. However in their account of that move they stressed that the main reason they had moved was because they disliked the neighbourhood. Their younger child had been threatened with a bread knife. For several months in the previous rented place they only received an interim payment which fell far short of the rent. Eventually the Housing Benefit came through but it was restricted. After an internal review they were awarded the full rent. By this time the landlady had tired of them and asked them to leave. At the time of the interview they had moved to a three-bedroom house which was only £5 a week more expensive than the two-bedroom place they moved from and were again subject to a restriction on their rent on the grounds of being over-accommodated. They were contesting this on the grounds that their two daughters needed separate bedrooms. Mr and Mrs G. thought it was a possibility that they might have to move on again. They were fairly optimistic that they would be offered council accommodation.
Mr C.: Good knowledge of the regulations

Mr C. wanted to move from his previous accommodation because it was small and cramped. He asked his landlord if he had other properties that would suit him better. Mr C.’s choice was very much influenced by his understanding of Housing Benefit regulations. He wanted to choose a place where he could get unrestricted Housing Benefit. He moved from his small flat in a busy area of the city to a self-contained ground floor flat with use of garage and garden in a leafy suburb. He claimed he could fit the previous flat into the living room of his new place. It was however only £10 a week more than the old flat. At the time of the interview Mr C. was receiving an interim payment of £28.50 a week but was hopeful that he would get the full amount. It was difficult coping on this amount of benefit but his landlord was being reasonable, and he was also doing bits of work which he was not declaring. He had a friend who worked in a Housing Benefit section, which was why he knew that individual circumstances are employed in rent assessment.

‘One of the reasons why I chose this [a one-bedroom flat] instead of a two-bedroomed, which was offered to me is that they take into consideration excess living space for the individual. I chose to take this; it was a specially designed decision based on the criterion required by the Housing Benefit department.’

Mr C. was planning to stay at his new place for some months but the house in which he had a flat was up for sale so there was a possibility that he would have to move on. Mr C., however, was quite optimistic that he might avoid this because no one had shown any interest in the house, and he thought it would not sell easily. He also ascribed what he regarded as his low rent to the fact that the landlord was winding down his activities.

Mr A.: A relatively problem-free move

Mr A. had not particularly wanted to move but his landlady died, and her executors wanted to sell the property, so all the occupants had to leave at relatively short notice. He had previously moved on benefit. He decided to look for somewhere with someone who had also lived in the house. Their search took about three weeks. The place they moved into, a three-bedroom flat, was the only place they viewed. A further factor governing the search was a desire to stay in an area near where Mr A. was hoping to establish his blacksmith’s business after his employment training was completed. It was a joint tenancy; in the period of searching they found someone else to share with. The other two people were in employment. The overriding criterion which governed their search was price: ‘We just looked at the price first, and if the price was too dear we wouldn’t bother looking at it.’ Mr A.’s share of the rent was about £15 a week more than he had paid for his bedsitter. Mr A. had consulted the Housing Benefit department to find out whether his full rent would get covered. ‘They said it was a very fair rent for this.’ He was aware that there were circumstances where the rent would be restricted.

‘They can do that, yes, because they have it sent off to get a fair rent appraisal or whatever they actually call it. We didn’t actually have anybody visit this, but at the previous place I was at, we had somebody visit and they looked at the size of the room, and that sort of stuff.’

In the event the rent was not restricted. Moving in was a relatively smooth process. It cost Mr A. £6 to get a taxi with all his possessions to make the short trip between places; he had managed to get a loan from his bank for the rent in advance, and friends lent him the money for the deposit. The only problem was that it took eight weeks for the Housing Benefit to come and Mr A. was convinced this would have been a longer period if he had not continually badgered the Housing Benefit department. The new place was better than the previous one in terms of space and general comfort. Mr A. envisaged staying put for at least six or even twelve months. He had no desire to go through what he described as the hassle of moving on benefit for a while although he regarded himself as being quite fortunate in getting a place without a lot of difficulty.
The case studies above are representative of different moving ‘types’ in the renter part of the study. They highlight a number of issues relating to moving on benefit which are examined in detail in later chapters. Two households, Mr C. and Mr B., had moved of their own volition; the other two, Mr and Mrs G. and Mr A., had had to move. Mr and Mrs G., although they would be classified as being within a ‘protected group’, had moved because of benefit restrictions. At the time of the interview they were still living with a great deal of uncertainty about whether they would eventually get all the rent paid. Mr A. had had to move because the house in which he had been living was being sold. He was, however, in contrast to Mr and Mrs G., pleased with his move. It was a better place and Housing Benefit was covering all his rent. He was the only one of the four case study tenants who at the time of the move was getting all the rent covered.

Mr C. was sure he would get all his rent met by Housing Benefit but was finding the period on interim payments difficult. The process of moving had been easier for Mr C. than for other respondents in the study because he had moved to one of his landlord’s properties and had not had to pay rent in advance or a deposit, and the rent was not, apparently, a full market one. Mr B. had improved his accommodation in that he moved from living in one room with his wife and small child to a one-bedroom flat, but things were not particularly satisfactory. He had found it very difficult to find a landlord who would accept a tenant with the double disadvantage of being on benefit and having a child. Mr B.’s rent was restricted and the landlord was not happy about extending his contract. The case studies illustrate different levels of knowledge about benefits. All the four households had some idea about the concept of restrictions but Mr C. was the most aware of the unreasonable rent provisions.

The role of benefit in the decision to move

As far as the decision to move is concerned, the availability of benefit was a background factor, particularly so for those people who had already moved on benefit and had direct experience of some of the problems of so doing. There was evidence in the interviews of a weighing up of the pros and cons of moving. Generally benefit acted as a check on moving but the advantages of moving away from accommodation that, for whatever reason, was no longer deemed to be appropriate outweighed the difficulties caused by being on benefit. However, for a significant number of respondents there was no choice anyway in whether to move or not; they had to do so.

The main problems for tenants of moving whilst on benefit that people reported were:

- delays in processing Housing Benefit claims;
- landlords not taking claimants on Housing Benefit;
- the difficulties of paying deposits and rents in advance whilst living on benefit income and the sparsity of places that required neither;
- the uncertainty about whether all the rent would be met or not through Housing Benefit; and
- the perceived attitudes of Housing Benefit and Benefits Agency staff.

Most of these issues are dealt with in some detail in the next chapter. Here they are considered in the context of deciding to move. Of those who had moved before, by no means all had problems.

A majority of respondents, both those who had moved before on benefit and those who had no, re 5i’d positive experiences in their personal or telephone dealings with Housing Benefit and Benefits Agency staff. One London respondent said that the woman that she spoke to at her local Housing Benefits office ‘was excellent; she was absolutely perfect’. In the northern city another respondent commented favourably on his dealings with the Housing Benefits department. He said, ‘I spoke to one of the guys down there this morning, and they’re always polite.’

However around a third told of negative experiences in their dealings with staff, particularly Housing Benefit staff. One respondent found his experience humiliating; a
Knowledge of benefit

Nearly all the sample had some idea before they actually embarked on the process of finding a new place that Housing Benefit would not necessarily cover all the rent. At the end of the interviews just over half of the respondents were getting all their eligible rent met. Most knew that they had to report changes of address to their local Housing Benefit office. Most knew a little, and some knew rather a lot, about the reasonable market rent provisions and just under a third knew something about the concept of over-large accommodation. Very few respondents appeared to know much about the requirement on local authorities to make an interim payment if the processing of the claim was delayed. None of the London respondents who were awaiting the outcome of their claim appeared to be receiving an interim payment and some in previous moves had been subject to quite long periods without Housing Benefit.

Those who had moved before on benefit were able to put this experience to use in this current move. They had some awareness of the potential difficulties associated with moving on benefit, and thus were more able than those who had not moved before on benefit to satisfy their housing requirements within the constraints of benefit. Those who had not moved before gleaned knowledge of benefit from people they knew and from formal organisations, such as benefit offices, advice agencies and estate agents.

THE ISMIP MOVERS

The reasons for moving

The research study was able to locate only eight movers, and it became apparent during the course of the interviews that not all these people satisfied the original sampling criteria. It will be recalled that the intention was to interview people who had moved whilst in receipt of ISMIP. Three of the respondents were not in receipt of ISMIP when they moved. One, a pensioner in receipt of Income Support before she moved, owned that house outright. Another, a lone parent, although on Income Support before she moved, was not living in owner-occupation at that point. The third, another lone parent, was not on Income Support when she moved house; she went on to the benefit some three or four months after the move.

It is very difficult to analyse just eight moves. The approach adopted here is to compare and contrast these respondents with each other and also to locate their experiences within the housing market context which has been discussed above. Four of them are selected for case study treatment in order to illustrate the different issues surrounding the relationship between benefit and housing decisions.

All the movers lived in the northern city; the smallness of the sample from which the movers were selected does not allow any inference to be drawn from this. However, housing market conditions in the two fieldwork locations were quite different. Houses in London during the period were much more difficult to sell and prices had fallen significantly. Moreover of the total 25 owner-occupiers the London mortgages were, generally, larger than the northern ones. In addition mortgage-to-value ratios were higher in London. All the five people who had had a mortgage before they moved, moved to a cheaper house.

The moves varied in a number of ways. Benefit played a direct role in only one of the moves; it could even be said to have 'caused' it. In another - a case of repossession - it...
certainly played a role. Neither of these moves was desired by the households involved. In some of the other moves, benefit had an influence at a later stage in the decision-making process: it constrained the sort of place people could move to. The relationship between benefit and the search process is discussed in general terms in this chapter but in more detail in the next. Four people moved for mainly non-financial reasons; to varying degrees they were very positive about their new accommodation. Those who moved for financial reasons were, to varying degrees, negative about the process. No one moved as a consequence of restricted housing costs. The respondents' reasons for moving are summarised below.

Three respondents were lone parents. Two of these three moves (Mrs W. and Ms M.) were directly attributable to relationship breakdown. The third lone parent (Ms F.) moved for two reasons: because she wanted accommodation nearer to her daughter's school; and because she wanted to live in a house that she felt comfortable in. The Income Support pensioner (Mrs G.) who owned her house outright was in poor health and had neither the money nor the energy to carry out maintenance and repairs on her very dilapidated house. One couple (Mr and Mrs W.) moved for financial if not for benefit reasons. They sought to reduce their mortgage and other housing costs significantly and in the process to get rid of around £2,000 arrears. Their move was entirely voluntary; neither lender nor benefit office were involved. Another couple (Mr and Mrs H.) similarly moved for financial reasons and, again, not as a result of pressures from other agencies. They wanted a smaller house that would be cheaper to run, and in addition felt that the neighbourhood they moved from was very unsafe. Although benefit was not a factor in the decision to move, it played a very central role in the process of obtaining a mortgage. The story of this couple's dealings with their building society and the building society's dealings with the Benefits Agency is discussed both in the case study below and in Chapter 5: Choosing Accommodation.

Benefit 'caused' Mrs M.'s move. She had been caring for a disabled man before she moved. On his death her income dropped dramatically. She reported that she was required by her building society to move almost immediately on his death because they said the 'DSS won't pay this mortgage'. She was extremely negative about the move. Finally the sampling did pick up a case of repossession due to significant arrears on two mortgages. The couple (Mr and Mrs J.) were re-housed by their council; they had not been getting all the interest on their mortgages met by the Benefits Agency because a large proportion of the second mortgage was ineligible for help.

Owner-occupier case studies

The four case studies below go beyond the original decision to move. Although this chapter is concerned with the reasons why people moved, experience of moving on benefit can only really be understood as a total process. The case studies have been selected to illustrate the different effects of benefit on the decision to move.

Ms F.: A positive move

Ms F. was a lone parent who had been in receipt of ISMIP for around five years. Her previous house, which was originally bought for £27,950, was sold for £62,500. She bought her new house for £60,000 but her mortgage stayed precisely the same, £19,000. 'I knew I couldn't go for a bigger property and I would feel a bit greedy anyway.' She moved for reasons associated with her daughter's schooling but also because her previous house was, in her words, 'lucky'. She was pleased with her new property:

'It's a much better house with more character, solid. The walls of my other house were made of plasterboard so any noise was terrible; just like box houses, any slight noise from next door and you heard it. It obviously suits lots of other people but it didn't suit me. I much prefer old houses; this knocks spots off it actually. Here you can just look at the fields; it's open space. To say I've not had to take on a bigger mortgage and what have you and I couldn't have done anyway. This is wonderful. I'm happy here.'
Ms F. was very pleased that she had achieved a much better house in her eyes than her previous one without a bigger mortgage. Moreover, she believed that she would probably not have been advanced a bigger mortgage.

The process of obtaining a new mortgage had not been difficult. Ms F. had gone to a broker who advised her to stay with the same building society. The broker knew she was on Income Support. When she first went to the building society she did not reveal her circumstances, and they did not ask any questions. She felt this might have been because she had always paid "on the due date". She felt they probably knew anyway that she was getting help from the DSS. She told them that her income was topped up by working. She admitted that this was largely untrue although when things were very desperate she would take on typing work which she did not declare. On moving Ms F. realised £43,500. She put £41,000 into the new property and spent £2,500 on transaction costs.

Ms F. argued that owner-occupation both before and after the move was, financially, very problematic. If it were not for the help she was getting from her family with her endowment premia and other costs "I would now be in council housing". She applied for and got a loan from the Social Fund for furnishings which, at the time of the interview, she was having great difficulty paying off. She also got a grant, because she was on Income Support, for the full costs of replacing rotten window frames in her new house.

**Mr and Mrs H.: The constraining effect of benefit**

When Mr H. gave up his business because of a disability the couple had assumed they would have to sell up because they had not realised they would get help with the mortgage. They lived in the previous house in receipt of ISMIP for around eighteen months. They moved, not because there was any pressure on them from either the DSS or the lender, but because they found the house and garden too much to cope with and because they disliked the area in which it was situated, which they considered unsafe. They also felt that a rather smaller house would be cheaper to run. They had gone into the possibility of moving into council accommodation and had been told that this was out of the question. The couple had rather different views about the move. Mr H. missed the garden and felt the present house was jerry built, while Mrs H. was more positive. Double glazing in the new house saved on bills, and they had a great deal more privacy. Mr and Mrs H. had been very uncertain whether they would be able to move:

'We didn't say "Ok, we're moving", because we had to check it out first because it was pointless incurring expense in getting a solicitor, estate agents, etc. to find out (a) the building society saying "No, you can't have another mortgage" or (b) the DSS saying "well we're not going to pay any different; you've been granted this one, any more you're not having", so we had to check it out first.'

The building society was very reluctant to advance a mortgage without assurances from the Benefits Agency that it would be met. The couple ended up paying £50 less in monthly payments than they had before the move. They were obliged to take out an interest-only mortgage. Mr H.'s previous endowment premia had been very high because of his disability.

'We put our cards on the table and said "What can we do," and it was he who suggested that we went on an interest only. We told them the circumstances, we had £x coming in, £x going out.'

The couple were not very happy about the mortgage: 'It will never be ours. We are just paying rent.' They supposed when they were finally in a position to pay the lender back they would then move into rented accommodation.
Mr and Mrs J.: An involuntary move

Mr and Mrs J.’s move was involuntary in the sense that they were repossessed from their ex-council house and, at the time of the interview, were living in local authority accommodation. They were receiving Housing Benefit of £18 on a £20-a-week rent and were waiting to be declared bankrupt. The move was also tied up with a family problem. They had been advised by Social Services to move house because their young son had been abused by his uncle who lived next door. Mrs J. had been told that she must spend all her day keeping an eye on her son. She gave up her job but, because they could not pay their mortgage on just her husband’s salary, he gave up his job as well - a job he was going to lose anyway in the not-too-distant future. Arrears quickly built up partly because their secondary loan of £4,000 was ineligible for ISMIP and partly because they, apparently, were not sending adequate payments to the first chargeholder.

‘We just started to get behind and we had to move anyway, so in a way we weren’t really bothered and we were advised by a solicitor that the best way for us was to let it go repossessed, so that’s what we did in the finish, because we had to get away. Also to get rehoused you’ve got to be homeless and we couldn’t be homeless unless we let them take the house, unless we went private. Now private rented houses, as you know, are so expensive.’

Although they had considered private rented places at around £50 to £60 a week, they were doubtful whether the council would pay Housing Benefit on the full rent and, in addition, they would not be able to pay the deposit a landlord would require. Despite buying their council house at a 35 per cent discount at the point of leaving their accommodation, Mr and Mrs J.’s debt outstripped their equity, partly because the house had dropped in value and partly because they owed the city council £10,000 as they had left within three years of a Right to Buy agreement under council house sale legislation.

Mrs G.: Unexpected role of benefit

Mrs G., a pensioner, had been in very poor health for a number of years. Her large house and gardens were falling into disrepair because she had neither the money nor the energy to carry out maintenance. She had assumed her only chance of escaping from this predicament was by moving into rented accommodation. She believed owner-occupation to be too expensive a tenure for her. She had been on several waiting lists for social housing for a considerable number of years and had been told that, in spite of her poor health, she was not a priority case. Her son, meanwhile, suggested that she should buy a property in the same village and he would sort out the finance. In the event she moved quickly. At the time of the interview her old accommodation remained unsold; it had been on the market for nearly twelve months. Her son put down a deposit of £9,000 and took out a mortgage for £30,000 which he intended to repay until his mother could pay him back from the proceeds of her house sale. Mrs G. insisted it was a total surprise to herself and her son when shortly after she moved a giro came for £51, representing one week’s ISMIP. They had not known that DSS would pay the interest. Mrs G. was very pleased with her move:

‘It’s all mine. You see the house round there was depressing because everything that was in that house was shared. It was all old memories. Alright, he’s [her estranged husband] no longer there and I wasn’t worrying about that, but everywhere I looked there was something.’

The unexpected arrival of help with her housing costs only confirmed Mrs G.’s very positive view of the social security system: ‘I was absolutely amazed, I thought, “Do I deserve all this?”’ She had been on Income Support for some years after her husband finally left her. Her giro had kept on coming reliably every week. Before that she had relied on erratic financial assistance from him.

‘With my husband walking out on me, my spirits went to zero. In my mind, I was a load of rubbish; people wouldn’t leave me if I was nice. I had very low self-esteem. But the DHSS helped to lift it back up again. By giving me £32
The issues around moving

In this section the four case studies are commented upon together with some analysis of the remaining interviews which were not selected for such detailed treatment.

In two cases, Mr and Mrs J. (the repossessed couple) and Mrs M. (the woman who had looked after a disabled man) the move was not initiated by them. It was more or less involuntary. The former were not outwardly dismayed by the fact they had had to move. They argued that they had to move anyway because of their family problems. However Mrs M., a woman in her late fifties, was an extremely reluctant mover.

All the others were in the control of the decision to move but had different degrees of enthusiasm about it. Mr and Mrs W., for example, had not wanted to move at all at that point. They had always supposed they would not stay in their previous house for too long but would, at a suitable time, trade up. Their move illustrates quite well the distinction between financial factors and benefit factors. Their previous mortgage payments were not exceptional, £320 a month; ISMIP was meeting all but £3 a week of the interest on their endowment mortgage. They chose to move to a house where the mortgage payments were only £185 a month, which of course they were not paying: the Benefits Agency was. At first sight their decision may not appear to be very rational. However, as they explained, they were responsible for meeting those housing costs which are outside the scope of social security and they wanted to reduce these. The couple were also mindful of the fact that if and when Mr W., a joiner, did get back into work it was likely to be at a reduced wage and they wanted to be in a position to pay their mortgage comfortably.

Apart from Mrs W. (one of the lone parents in the sample) everyone had been living in their previous houses for at least four years. In the year before moving she had lived in a succession of rented accommodation because the house in the South-east which she and her former husband had lived in for five years was not selling.

The length of time lived in the previous home is of relevance to people's capacity to move. To a greater or lesser degree the respondents were able to take advantage of capital appreciation. For example, Mr and Mrs W., the couple who nearly halved their mortgage on moving, were able to buy a similarly priced house to the one they vacated. The housing market in the northern city was relatively lively at the time of the study. Only two of the eight had difficulty selling their houses.

No one, it has already been noted, moved to a house with a larger mortgage attached to it than the previous house. It was apparent from the interview that if respondents had thought at all about this possibility it was only to suppose they would not be able to do it. Several had had some difficulty persuading a building society to give them a new, smaller, mortgage.

Knowledge of benefit

The most striking finding from these interviews - one which is confirmed in the discussion in Chapter 6 on the non-movers, and in Chapter 8 in the analysis of the young adult interviews - is respondents' lack of understanding of ISMIP and, in particular, of the circumstances in which it might be less than the mortgage interest payable. These issues are discussed in some detail in Chapter 7: Restricted Housing Costs. Here the relationship between benefit and the decision to move is discussed.

The regulations on restricted housing costs played an invisible part in the moving decision. In other words, in some cases the regulations did affect the move but the mover was unaware of this. Mrs M.'s move is a good example of this process. She had had a joint mortgage with the disabled man she cared for. On his death her income fell substantially. The ISMIP they had been receiving on the previous house was modest, £39 a week.

Nevertheless the building society required Mrs M. to move. She believed this was because her income had dropped although she did report that her building society had said that the
‘DSS won’t pay that mortgage’. It is likely that there had been negotiations between building society and benefit office of which Mrs M. was not aware. Mrs M. had a reasonable amount of equity in the house, which in the event allowed her to take out a much smaller mortgage. Her weekly ISMIP in the new house was £18.04 a week.

Benefit played a role in the size of mortgage that Mrs W. was advanced. Although she used the word ‘reasonable’, Mrs W. was not aware of its significance in social security.

‘The man at the DSS said it would have to be a reasonable mortgage. I think he said £15,000 to £20,000 for me and this is about £20,000.’

No one’s ISMIP was reduced as a result of the restricted housing costs regulation either before or after the move. Respondents were unclear about ISMIP generally. They had not all known they would get help with their mortgage when they were first on Income Support. To Mrs G. it was a total surprise. Ms M. who had left the marital home very reluctantly had not appeared to know that she might have been able to extend the mortgage in that house and thus been able to stay put:

‘The other house was personal space and I loved it, and that was a very, very difficult thing for me to move and I did everything in my power to find a way to stay there, buy S. out, pay him off but it was just financially unviable.’

The repossessed couple, Mr and Mrs J., had a crude knowledge of the rules of benefit. Mr J. had deliberately left his job so that they would be eligible for Income Support and hence for help with their mortgage. They also had some understanding of the rules concerning rent restrictions. They had considered moving into accommodation in the private rented sector but were concerned that Housing Benefit would not meet all their rent.

Involvement of third parties

There is no consistent pattern in the interviews concerning the role of either lender or Benefits Agency in the decision to move. Ms F.’s and Mrs M.’s moves, for example, can be contrasted. Ms F. moved to a similar size of house to the one she had sold but one that was, in her eyes, infinitely superior. She had no difficult negotiations with either lender or Benefits Agency, and ended up with exactly the same size of mortgage. Mrs M.’s move was closely ‘supervised’ by her lender. Similarly Mr and Mrs H.’s reported manoeuvrability was strictly limited by both the Benefits Agency and the lender.

Conclusions

This chapter has considered the housing decision processes of owner-occupiers and renters on benefit and it has reported on why respondents moved. In particular it has attempted to examine the role or influence of benefit on that process.

The chapter suggested that it is unlikely that owner-occupiers on benefit will move house whilst in receipt of ISMIP, and such moves that there are may involve trading down as a way of resolving financial difficulties. Accounts of eight ISMIP moves were presented in the chapter. Although it is quite impossible to generalise from such a small number, the experiences of these movers provide useful insights about moving on benefit which could be explored further in a larger study.

None of the eight movers had taken on a larger mortgage. Benefit had played a major role in two of the moves and a minor one in the rest. There was no real explanation as to why there was intervention by the lender and or Benefit Agency in specifying the size of mortgage in some cases but not in others. Respondents were generally very unknowledgable about benefit and particularly about the restricted housing costs rules. However no one either before the move or after it had had their mortgage limited for these reasons. In two cases the move was involuntary. Not all moves were positive ones. Three householders had some difficulty finding a lender that would advance a mortgage to unemployed people.

Similarly not all the 39 renters in the study moved voluntarily. Around a third moved because they had to rather than because they wanted to. The renters were typical of the private rented population in terms of their mobility patterns. A third had had previous
experience of moving on benefit. The majority had lived in their previous accommodation for less than twelve months. They had nearly all moved to a higher rent and around half the renters at the time of the interview were not getting their eligible rent fully met.

Benefit was not the dominant reason why people moved house, although in a small number of cases it was directly involved. It will, however, be shown in the next chapter that it played a very direct role in the search for new accommodation. In the decision to move benefit played a mainly subordinate role. Those who had moved on benefit had experienced problems. Those for whom it was a first-time experience gained their often inaccurate knowledge about benefit from hearsay. The availability of benefit was not the reason why respondents moved and generally it acted as a constraint. The renters differed greatly from the owner-occupiers in their knowledge of benefit. Almost all the sample understood something of the reasonable market rent provision. Unlike the owners the vast majority knew there was the possibility that their benefit might be restricted.
Chapter 5 Choosing Accommodation

Introduction

This chapter examines the process that led respondents to choose their new homes. Discussion will take place of the many non-benefit-related factors which respondents had in mind when they set out on their search for another place to live. The extent to which benefit influences the process of housing choice is examined. In addition, respondents' opinions of their new accommodation will be assessed, to ascertain whether they thought it was better or worse than their previous address and whether they thought it likely that they would move again in the near future.

Like anyone else who decides to move to a new home, benefit recipients set out to find accommodation that meets their housing needs and preferences. A range of factors were mentioned by the respondents as to what sort of properties they looked for and chose. There was seldom one main reason why respondents settled on particular properties. However, benefit recipients not only had to take personal, environmental, housing and other factors into account; they also had to consider the fact that they were on benefit, when searching for and choosing new accommodation. This fact constrained their choice of accommodation but most respondents managed to find suitable accommodation within the relatively limited market available to them.

The findings relating to the private rented sector and the owner-occupiers are presented in a similar, but not identical, format.

THE HOUSING BENEFIT RECEPIENTS

Changes to rent

It was the intention of the research to contact Housing Benefit recipients who had moved to properties where a higher rent was charged. Problems with the sampling - outlined in the Appendix 1 - meant that the sample included four respondents who took properties of exactly the same rent, and one tenant who moved to a cheaper room in a shared house. The majority of tenants, however, did experience rent increases, and Table 5.1 indicates the range.

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<td>151-200</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>201+</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

It should be noted that the rent levels in London are significantly higher than those in the northern city.

For the respondents who had chosen dearer properties, explanatory factors other than inflation need to be taken into account. Perhaps more important are two aspects of letting behaviour: landlords are less likely to impose large or frequent increases in rent on long-
standing tenants so that, over a period of time, the rent becomes a less accurate reflection of the market value of that property. Further, landlords often take the opportunity presented by the property being vacated to increase the rent.

Other factors related to letting must also be taken into consideration when analysing rent increases from one tenancy to another. Some respondents had landlords who charged low rents. The tenant whose rent had increased by over £200 a month had previously been letting from a relative who had charged only a nominal rent. Other tenants had moved from cheap accommodation which was subject to a fair rent. Hence a change in rent level when a tenant moves from one property to another may not necessarily reflect a commensurate change in the standard of their accommodation.

Background

A variety of sources were used by the respondents in their search for a new home. Most respondents in receipt of Housing Benefit used at least three different sources of information when looking for accommodation. There were no significant differences between respondents in the northern city and in London in their search activities.

Family and social networks were important sources of information, as were local newspapers and magazines. Whilst most respondents cited friends and relatives as important sources of information about properties available for rent in the area, many reported that these contacts led them directly to their present address.

Estate agents and shop window advertisements were also cited as other important sources of information by two-thirds of the respondents. Others used Student Union and church notice boards in their search. A few asked their landlords about alternative accommodation and one respondent put an advertisement in the local newspaper.

One respondent used his contacts at an adjacent borough's Housing Benefit office to elicit information about suitable properties for benefit recipients. A London respondent telephoned her local rent officer service for hints about which areas and which apartments were appropriate addresses at appropriate rents for those on Housing Benefit. These cases will be discussed below.

Most respondents in the study retained their previous household composition when they changed address. A few respondents had lived with others and moved alone, or had lived alone and moved with friends.

Most respondents took no more than one month to choose their new homes. Some spent a week looking round the various sources of information, a few took much longer than this in their search for somewhere to live, but most took between three and four weeks from their original decision to move to settling into their chosen properties.

Before finally deciding upon particular properties, a minority had made temporary moves to friends’ or parents’ homes. These short-term moves lasted between three and ten days.

Most respondents, during their search activities, ‘filtered out’ advertised properties that did not meet with their personal, housing, environmental and benefit-related needs and aims. As a result, the vast majority viewed only one property in their search. A minority inspected five or more places to live, and the remainder looked at less than four flats, houses or bedsits.

Although a minority, mostly in the northern city, moved two or four miles, most respondents moved less than one mile from their previous homes.

Reasons for choosing the accommodation

A range of factors influenced the respondents' decisions to move into a particular property. It should be stressed, however, that few had a single reason for choosing their accommodation: usually a combination of different influences was discernable. An example where
this was the case was with one northern city tenant - Mr J. - who moved out of a place in a house with multiple occupancy. His dissatisfaction with the accommodation - which was poorly maintained - was further heightened by disputes with a fellow occupant, who was a drug dealer. A violent altercation between the two led the tenant to move out of the house and stay with friends until he could find other accommodation.

Mr J.’s criteria for choosing his new accommodation were two-fold. Perhaps most importantly, he wanted to find a place where the rent was at the right level. Although he knew that Housing Benefit would perhaps cover the rent at some of the more expensive properties he looked at, he did not take one of them since ‘I couldn't have kept them up once I signed off’. Mr J. wanted to find a place where he could afford to pay the whole rent once he was working again.

Combined with Mr J.’s obvious financial concern was the desire to find somewhere where the problems relating to his previous tenancy would not be repeated. He immediately liked the property to which he finally moved. The property was in a quiet area, where he felt secure, and where the neighbours were ‘pensioners on one side, pensioners on the other’. For Mr J., therefore, the interplay of two factors decided the accommodation finally taken.

Only one other respondent spoke about the complex financial interaction of choosing accommodation, being on benefit and finding future employment. She was in and out of work, on and off benefits, and was trying to set up her own dress designing business. She spoke of the financial criteria for choosing her spacious flat thus:

‘Well it's alright when I'm not working because I get my Housing Benefit. It's fine then because they pay almost all of it, which is a delight. That was my other worry when I moved here: how am I going to pay? Is it within the rent officer's limit, or whatever, because they have to send it off to be approved, or whatever? So I was worried about that: that they might not pay it all and I'd have to be topping it up myself So when I'm not working it's fine, but when I am working then I've got more rent to pay.’

For all the tenants, the reason for choosing their accommodation was a complicated mixture of different considerations. Below, a summary of the relevant factors is given.

Summary of relevant factors when selecting accommodation

Personal reasons were prominent in many respondents’ choice of new accommodation. Many thought that they would be happier living nearer friends, relatives and their own communities. For example, in London, one Lebanese refugee’s wife could speak only a little English and wished to be close to Arabic neighbours. Mr S. chose his flat because it was owned by a man from Rawalpindi, his home town. Ms P. said that she chose her flat because it was owned by an English landlord whom, she thought, was less likely to sell up at short notice.

For many, housing-related factors were crucial to their decision to choose their new homes. Whatever the reasons for their decisions to move, respondents set out on the search for a new home with certain housing aims in mind. Naturally, most wanted to rent at least a similar standard of property to their previous homes. Some who had been having various housing-related problems consciously decided to try to obtain better or more suitable accommodation.

Some mentioned that they looked for larger accommodation. A number set out to obtain self-contained, clean and warm flats away from shared housing and resident landlords. Two respondents, Ms J. and Ms W., who classified themselves as partially disabled, wanted accessible housing with few or no stairs to climb. Others stressed the importance of having their own space, privacy and peace and quiet. Ms G., who had shared a house with undesirable neighbours, had her own personal safety at the top of her list of priorities. Two residents in the northern city also sought somewhere safer to live away from drug dealers, gangs and glue sniffers.
Ms H. from London said that she, and the working friends that she moved with, chose their new home because it was a beautiful house, and they thought that they would not be offered such a good property again. Those with children chose properties with small gardens and more space for play.

Environmental factors were important issues for many respondents. For example, Mr J. from the northern city chose his home partly because if he looked out of the window, he could see a churchyard and hear the birds sing. Others chose properties because they had nice views over parks and gardens.

Some respondents decided to choose their new homes partly because of their proximity to business centres, colleges or employment training workshops. One part-time dress designer and artist chose her flat for aesthetic and work-related reasons. She stated that:

…it seemed perfect for my needs, because I'm trying to set up on my own, and I've got a little room at the back which I have made into a work room; so I can work and play and create in there.’

Although a significant minority placed no great stress upon the type of area they would like to have moved to, most wanted to live in what they regarded as better or more convenient locations. Some added that they wanted to live nearer shops, art centres and other cultural facilities.

Some respondents who had suffered racial harassment at their previous addresses chose their new accommodation carefully. Ms T., in the northern city, had lived in a predominantly Pakistani street and had been harassed by Asian youths. She moved to a safer, more cosmopolitan area. Mr G., also in the northern city, moved to a quieter location partly to get away from harassment of Asians and whites by black youths. In London, an Iranian chose his new property partly because it was a long way from where he and his Iranian and Arabic friends had been repeatedly set upon by black youths.

A whole range of other individual reasons and preferences for settling upon a specific address were mentioned by nearly half of the respondents. For example, some chose their new homes because they were close to churches or gyms; others chose their accommodation partly because it was near recycling bins or because it was near art galleries.

A few respondents insisted that they did not choose their accommodation in any real sense at all. The urgency and speed with which some landlords wanted tenants to make their minds up about renting certain properties, particularly in London, were mentioned by these respondents. One, commenting on her new home, said that:

…it wasn’t a matter of choice, it was a matter of choosing this or nothing.’

Constraints

All the respondents felt that their dependence upon benefit limited their choice of properties in one way or another. The constraints upon the respondents' housing search and choice ensuing from their benefit dependence included:

- financial constraints;
- the perceived attitudes of landlords to Housing Benefit recipients;
- respondents' awareness of the excessive housing costs rules; and
- delays in the processing of Housing Benefit claims.

**Financial constraints**

Financial considerations, other than Housing Benefit, were very important factors in the search for and choice of the new home. Most respondents mentioned that the size of the deposit and the amount of rent in advance required were significant factors in their choice of new accommodation. A summary of the number of tenants paying deposits and access costs is given in Table 5.2.
Table 5.2 Deposits and rent in advance

<table>
<thead>
<tr>
<th></th>
<th>Northern city no.</th>
<th>London no.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property did not require deposit or rent in advance</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>Property required rent in advance only</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Property required deposit only</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Property required both rent in advance and deposit</td>
<td>7</td>
<td>10</td>
</tr>
</tbody>
</table>

In London, this aspect was particularly influential in housing choice. Ms L. drew attention to the scale of the problem by noting that: *Many landlords wanted a month's rent in advance and a month's deposit, which in some cases was about £1,500.* Those who had paid no deposit on their previous property and had no money to carry over were worst affected by this financial problem. Others chose properties owned by their previous landlords and carried their original deposits forward and had no rent in advance to pay. Some decided to move to somewhere with no or low deposits or rent in advance. For example, one Somali refugee's landlord was himself from Mogadishu and asked only for his tenant's honour in looking after his property. Ms P. from London partly chose her flat because a low deposit (£260) and only a week's rent in advance were required.

Table 5.3 indicates the sources of finance of those tenants who had to find deposits or rent in advance.

Table 5.3 Source of financing for access costs

<table>
<thead>
<tr>
<th>Source of financing</th>
<th>Northern city no.</th>
<th>London no.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Bank loan</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Previous deposit</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Borrowed from family</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Borrowed from friends</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Extra work</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

The table demonstrates that the majority of tenants in this category resorted to borrowing from banks, family or friends.

It might have been expected that more of the respondents in the survey would have financed access costs to new accommodation by using deposits payable on the termination of previous tenancies. Table 5.4 demonstrates the number of respondents who had their previous deposits returned.

Table 5.4 The return of the deposit from the previous address

<table>
<thead>
<tr>
<th>Source of financing</th>
<th>Northern city no.</th>
<th>London no.</th>
</tr>
</thead>
<tbody>
<tr>
<td>No deposit paid on previous property</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Previous deposits carried forward to new property</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Previous deposit returned</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Previous deposit kept by old landlord</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Tenant still in dispute with old landlord</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

Tables 5.3 and 5.4 suggest that six tenants did not use their returned deposits to finance access to their new address. It should be noted that there were cases where tenants received deposits from old addresses, but moved into accommodation where no deposits or rent in advance were necessary. Many respondents failed to give the necessary notice of quitting and had their deposits retained by their former landlords, thereby depleting their already limited resources.

Although no landlords were interviewed as part of the study, comments from respondents made evident the perceived attitude of landlords to Housing Benefit recipients. Tenants either knew from their own or their friends' previous experiences, or quickly learnt during their search, that landlords did not always welcome those on Housing Benefit. Indeed, as
has been noted in Chapter 4, some respondents had to move because their landlords would let only to employed tenants.

One tenant reported that 'nine out of ten say no DHSS and no Housing Benefit claimants'. Ms H. noted that when she was looking for accommodation in the newspapers, many advertisements mentioned 'loads of things like no Housing Benefit, no children and things like that'. Mr S. commented that landlords immediately said no to people on Housing Benefit, Income Support or any of the other benefits.

Many respondents anticipated that there would be problems and therefore did not inform potential landlords that they were on benefit. Others who had experienced difficulties in previous moves whilst on benefit, asked property management agencies whether they had landlords on their books who would take Housing Benefit recipients. Ms J., for example, reported that she enquired at a number of estate agents. She said, 'I didn't waste their time; I simply said, "Do you deal with DSS people?" and they said, "No."'

Many reasons were mentioned as to why landlords did not like to let to benefit recipients. Some said that landlords disliked the, often, long delays in local authority processing of Housing Benefit claims. Another felt that some landlords tried to evade tax payments and would, thus, not want to be too entangled with the 'system'. Others thought that landlords did not like the type of people they presumed were on benefits and feared that they would neglect their property as they were not paying the rent with their own money.

However, a few other respondents experienced no such problems in their search for new accommodation. Mr J. from the northern city said that he did not find any landlords who refused to let to him. Indeed, one London respondent maintained that landlords were: .. glad if you were on benefits because they knew that your money was coming in; you were already unemployed so you couldn't be made unemployed. A couple of them actually said, "Thank God, because we've had people who've lost their jobs and it's a hassle while they sign on." ... I went round all the estate agencies ... and asked them if they had clients on their books who they knew were DSS; most of them said, "Yes."

A respondent in the northern city reported that his new landlord did not mind if his tenants were on Housing Benefit. He said that his landlord told him that he had 'nearly 30 tenants who are getting Housing Benefit . . . so it doesn't matter as long as you pay me'.

Respondents with children faced particular problems in finding suitable accommodation. Ms S. commented that 'this was the only place where they said yes to kids, yes to pets and yes to DHSS'.

There was no significant difference in the attitudes of landlords towards Housing Benefit recipients in either the northern city or London.

The possibility of a restricted rent

In this section, the way in which the respondents' knowledge of the rules concerning excessive housing costs affected their search behaviour is examined.

Before signing the lease for their new accommodation, those respondents who moved to more expensive properties had to consider whether Housing Benefit would pay all or most of their rent. There was great uncertainty about whether the local authority would pay or not, and most respondents relied on their assumptions, knowledge and previous experience of claiming or moving on benefit.
Nearly all the respondents had at least a basic knowledge of the regulations concerning reasonable market rents. Just under a third knew something about the concept of over-large accommodation. Others mentioned that they could not get a luxurious flat in an expensive area whilst on benefits. However, a few either knew very little about the regulations or had an erroneous understanding of them. One thought that the Housing Benefits office took the amount of electrical sockets into account when assessing benefit entitlements and another believed that there was a rule concerning the size of window frames.

Some had gained their knowledge during previous moves whilst on benefit; others had asked friends or relatives; and just under half had been in contact with their Housing Benefits office. A number of respondents had consulted with advice agencies of various sorts and based their final decisions to choose properties on that information. Ms H. had even contacted her MP.

Most of the respondents set out on their search for new accommodation with at least a vague perception of what they thought were acceptable rent levels for Housing Benefit purposes. Some were very concerned to find a property with exactly the same rent level as their previous accommodation, as they believed that the local authority took only the rent into account and not the property on which it was charged.

Others, particularly in the northern city, thought that the local authority had set rent bands for certain properties in certain areas. Some respondents believed that these rent bands coincided with reasonable market values in those areas and so sought properties within those bands.

Mr B., a London respondent who became a joint tenant with some employed friends in a shared house, scoured the local press advertisements to find out what constituted an average market rent in the vicinity. He then persuaded his friends to look at and consider only properties at or below this level. Ms T. in London asked local estate agency staff if they knew what sort of rent level was ‘fair’ for Housing Benefit purposes for an individual needing accommodation.

One lone parent in London who had contacted her local CAB office commented that she had to bear in mind what Housing Benefits would pay. Despite knowing that she would fall in the protected group category for Housing Benefit purposes, she knew that she could not choose a house with a large rent.

Ms H. declared that she was ‘a bit of an old pro, in the Housing Benefit stakes’ and knew what sort of rent was reasonable for Housing Benefit purposes. She searched for suitable accommodation with this in mind. Mr C. in the northern city knew from his previous experiences of being on benefit and from his friends in the Housing Benefit office that he could choose from properties within a certain price range. In the area where he chose his flat he said, ‘I think I’m right by saying, I’m 99 per cent sure, that £60 per week is their upper limit.’

Nearly half of the respondents telephoned their local Housing Benefit office both during their search and immediately before they decided to take particular properties. In general, staff at these offices were, apparently, quite willing to give benefit recipients basic information about the rules. Mr J. in the northern city contacted the local authority and said that he ‘did not want to go wasting my time looking for places and then finding out I can’t afford them’.

The Housing Benefits clerk that he spoke to then told him that the amount considered to be a reasonable market rent varied from area to area, but would not be more specific. He pursued the matter further through discussions with friends who were on Housing Benefit in different parts of the town. Through these contacts he gained an idea of the price range of available properties and searched accordingly. He presumed that he could not take a flat in a run-down area at £90 per week but may well have been able to get Housing Benefit at this rent level in one of the pleasant towns verging on the green belt.
Just before he took his cottage on the outskirts of the town, he telephoned the Housing Benefit office once more. He said that:

```
... the girl gave me the impression that it would probably be alright, so on that and
the feeling that I had that it would be, I then said, "O.K, I'll take it." I understand
that they couldn't commit themselves until the inspector had seen it.'
```

Another respondent, Ms G., reported that she was uncertain about moving from a fairly cheap back-to-back terraced house to a new, expensive, semi-detached house. However she said that:

```
'I rang up the Housing Benefit people before we actually signed the contract... I
told them that we were moving to a new place which was very expensive and were
they willing to pay most of it? They were quite good about it ... I didn't realise that
they would pay as much as they did pay. We gave ourselves an amount which we
were able to afford to pay before we took that place ... We'd decided that the
minimum Housing Benefit would pay would be around £360 per month. We just
worked out that they couldn't pay any less than that.'
```

Mr C. from the northern city checked with his friend in the Housing Benefits office to see if the rent of his new property was definitely reasonable for the type of property and the area, and stated that his main intention was to get the best possible place whilst on benefit. He said:

```
'I'll be frank. The fact is, how much I could possibly get from the Housing Benefits
to stay in a fairly comfortable way of life?'
```

Those respondents from 'protected' or 'vulnerable' groups received equally helpful hints from Housing Benefit staff in both London and the northern city. One respondent was told that, because she had young children, all her rent would be paid. Another was told that because she had a daughter and because her new rent was not 'over the top', Housing Benefits would pay the rent. Staff in the town were not as helpful in one ease and told Mrs G. that they 'would pay the full amount for the first thirteen weeks and see what happens from there'.

Those who were more cautious chose properties with the same or lower rents than their previous homes. Mr M. from London said that he chose his flat because it was the same rent and that this would 'avoid all sorts of difficulties'. One respondent reported that:

```
... we told the landlord of this place the rent we were allowed at the old place. He
said that money was alright so the rent is the same.'
```

Many did not worry unduly about the new rent as they assumed that there would be no problems with their Housing Benefit. Many used the reasonableness of their previous rent as a broad guideline. One respondent in the northern city said:

```
'I had to bear in mind what Housing Benefit would pay. Our previous rent was £25
per person; this is £27, so I thought Housing Benefit shouldn't kick up a fuss ... I
knew there was absolutely no reason why they could object to that.'
```

A minority cared little whether their rent was reasonable or not. One maintained that 'they'll just pay it because I am unemployed'.

Although just over a third of the respondents had heard of the rules concerning over-large accommodation, very few had any real understanding of the issues involved. One respondent in London contacted her local rent officer, whom she had met when she first claimed Housing Benefit on her last property. He told her that the flats, studios and apartments in her block were of an acceptable size for Housing Benefit purposes.

Ms F., a lone parent, consulted her local Citizens' Advice Bureau and learnt there that she would almost certainly have no problem in renting her two-bedroomed basement flat.
Mr C. had the provisions concerning over-large accommodation in mind when he decided to take the well maintained flat he now occupies. His landlord had offered him a two-bedroomed flat but he took a one-bedroomed flat with a living room and kitchen owned by the same landlord because, he said, `it was a specially designed decision based on the criterion required by the Housing Benefits department'.

The provisions concerning over-large accommodation, where they were a factor at all, served to further channel and focus the respondents' search activity to those properties they thought the local authority or rent officer would find acceptable. None of the people interviewed were living in 'top end of the market' accommodation.

Very few respondents mentioned the sort of properties that both Housing Benefits staff and rent officers might regard as 'top end of the market' accommodation. Rather, in their discussions about their search for a new place to live, those respondents who did touch upon this area raised the vague concept of 'the penthouse flat'. For example, one respondent said that, 'It's all very well looking at a wonderful penthouse flat, but the DSS aren't going to pay for that.' It is clear, however, that the provisions concerning 'top end of the market' accommodation were not widely known amongst the respondents.

During their search for a new home, few respondents had heard of the rent officer service or knew what its role was. Those who did mention that they knew about the existence of the 'adjudication officer' or the 'rent assessor' or the rent officer were quite knowledgeable about the method by which reasonable market rents were determined. One respondent remarked that:

```
... they come in and say, "Well, this is a nice flat," and estimate it. They take a property, the market area, so if the area's bad they don't pay a large rent. [This is not a very good area, so they're not going to pay a large rent here.]
```

Another reported that she knew that the rent officers either inspected the properties or used their records to determine reasonable market rents. These respondents had the rent officer in mind whilst seeking a new place to live.

However, other respondents did not know how reasonable market rents were determined by the local rent officer service. Mr J. joked that:

```
... there will be a logical reason, I suppose, but it must be the same logical process that led to them minting those little 5p pieces.
```

The relationship between knowledge about excessive housing costs and individual search processes and choosing activities is complex. Those provisions concerning reasonable market rents channelled respondents' search activities. The regulation concerning over-large accommodation had less significance, although certain respondents did take them into account when deciding where to live. The regulation relating to 'top end of the market' properties did not affect respondents to any significant degree.

Temporary shortfalls may arise because of delays in the processing of claims. Local authorities are required by law to process claims of Housing Benefit within 14 days of receiving all the relevant information. Not all authorities meet this requirement (Kemp, 1992; Audit Commission, 1993). The effect of not complying is that tenants affected will have a period of time with no Housing Benefit at all or they may receive an interim level of payment which itself will usually fall short of the rent payable. Kemp (1992) found that one in five local authorities did not make interim payments even where required to by law.

Two-thirds of the respondents in both the northern city and London had experienced delays in local authority processing of previous claims, although it was unclear whether the delays were due to tenants not giving sufficient details to the benefit office on first application, or to the slow processing of claims at the benefit office. For a few respondents, these problems were short lived. Most, though, had suffered substantial financial gaps in between claiming, moving in and receiving benefit payments. Most managed either by dipping into savings or by borrowing from friends, family or banks. This delay affected both those still within their

\[Delays\ in\ local\ authority\ processing\ of\ claims\]
first claiming period and those who had claimed at other times in the past. Those respondents who had not experienced any previous problems in payments were often aware of the potential for delays in benefit payments.

For some, their awareness about potential delays encouraged them to sign tenancy agreements with landlords who either did not require any or asked for relatively small deposits or rents in advance. A few respondents moved to properties owned by the same landlord or to accommodation where they knew that the landlord would be reasonable about any delays in rental payments. These respondents felt that, even if they had some savings in their bank accounts, they could not survive financially for more than a month or so without Housing Benefit. Few had heard of the rules regarding interim payments on account.

Some respondents chose their properties partly because they were located in the same local authority area as their previous accommodation. They anticipated that major administrative problems and delays would have ensued if they had chosen accommodation in adjacent or more distant boroughs or cities. They thought that their current Housing Benefit office had at least some knowledge of them and that this would help speed up their new claim.

One respondent chose her flat partly because the rent had to be paid fortnightly, rather than monthly, and this coincided with the arrival of her Housing Benefit cheques.

Few of the respondents spoke of the possibility of moving to alternative tenures. Most thought that they would remain tenants of the private rented sector for some time to come.

Moving in

For the respondents, therefore, the search process included finding a property where landlords let to those on benefits; considering whether or not their rents would be restricted; assessing whether or not the new home met varied personal, housing, environmental and other needs and preferences; and establishing whether or not there were likely to be any delays in Housing Benefit payments.

For the great majority, removal costs were deliberately kept to a minimum. Only a few had lived in unfurnished accommodation, so most did not possess much furniture and equipment that had to be transported between homes. Most either carried their possessions to their new homes on foot, bike, bus or tube or asked friends to transport them and their belongings by car. Few spent more than £10 on the process. Although many respondents took properties with no or low deposits and rent in advance, nearly half had to find the resources to cover these payments. Most of these respondents borrowed considerable sums of money from friends, family or banks. Amounts borrowed ranged from £75 to £880 in the northern city and from £380 to £1,260 in London. Ms J. asked her mother for the money, rather than her friends or her bank because, she said, ‘obviously parents aren’t quite so nasty about getting their money back’.

Mr J. moved away from the drug dealers and dilapidated conditions in an area of the northern city to his cottage on the outskirts with the help of his sister’s money. He believed that his rent was reasonable and took the risk of moving in because he wanted to live in the property for the rest of his life. He thought that he would be able to afford the rent when he restarted his business and hoped, eventually, to be able to buy the property. The loan for the deposit and the rent in advance, he believed, was the first step along this process.

Most believed that their spell on benefits would be short lived and they would be able to repay these loans once they were employed again. Some used their savings to finance the move and others, who worked part time, did some extra work. Mr B. and his wife, in London, asked at his local social security office for a loan from ‘Income Support’ but were refused. The DSS do not provide loans for deposits although loans are available from the Social Fund for payment of rent in advance. The couple kept on looking until they found their present landlord, who did not require either a deposit or rent in advance.
Some, who were working part-time, who worked sporadically, or who were in receipt of
disability benefits, were also concerned about being able to afford the share of the rent
which was not eligible for payment by the local authority.

Comparisons with previous homes

Most respondents believed that they had moved to better accommodation in nicer locations.
The majority felt that they had satisfied their housing aims. Only a few regretted their
decisions to choose their new homes. Others felt that they had moved to better homes in
worse locations or vice versa. One couple from the northern city described their new home
in relation to their old address as:

... a new house and it's got central heating, a garden and there's lots more space
and light. The other place was a back-to-back and it was cold and damp.'

Another very satisfied respondent and his family, also in the northern city, left behind a
noisy, smelly, one-bedroomed flat above a pizza shop to live in a little two-bedroomed
cottage on a hillside terrace on the outskirts of the town. Some respondents were glad to
have the peace and quiet and privacy of their own self-contained accommodation away
from the mess and noise of downmarket shared housing.

A minority were not happy with their new homes. In particular, Mr L. from the northern city
complained about his new flat in the following terms:

... you can see its not habitable ... It's just a dungeon really ... full of slugs and
damp ... The carpets are mouldy.'

A London respondent, relatively pleased with her studio flat in a 1930s block, lamented her
move from a luxurious room in a nice flat in a prestigious mansion block where, she said,
'the standard of decorations and finishings and so on was infinitely higher'.

Ms H. in London declared that her new flat, that her friend chose and to which she
reluctantly agreed, was 'horrible'. Others stated that they preferred their new places
because they felt like their homes and were theirs to do with as they wished. There were no
significant differences between the comments made by respondents in either London or in
the northern city.

In London, some respondents argued that the location of their new accommodation was far
superior to the previous area in which they had lived. Mr G. particularly stressed the
benefits of having a pub, a restaurant, supermarkets and a tube station close by his quiet,
residential, street: he had had none of these near his last home. In the northern city, one
respondent with learning difficulties said he felt much safer in his new area away from glue
sniffers and the taunts and jibes of children.

A minority of respondents felt that the areas that they had moved to were worse than those
they had lived in previously. One discovered that there was a high crime rate in the street
that she now lived on. Another found that her new neighbours were unfriendly and did not
bother to keep their immediate environment clean as her previous neighbours had done.

However, most, including those who said they would sooner or later move on again,
regarded their accommodation as their home in one way or another. Many mentioned the
importance of now having their 'own space' in which they enjoyed feelings of privacy and
safety. Others were enjoying warmer, cleaner, quieter or more friendly living conditions.
Ms F. in the northern city said that her home was 'somewhere nice to come back to ... to be
able to sit in and not be troubled'. Another respondent said that his new place felt like home
and that he knew that he could live together with his friends happily in a place that was
theirs to do with as they wished.

Others had mixed feelings about their new homes. Ms J. in London enjoyed the sense of
community and privacy and safety in her top-floor flat but said:
‘I really wanted to paint it bright colours but I’m not allowed to do that, so in a way it’s not home and it’s not quite mine … but I feel that at the present time it is mine. If I’m away I miss it and I’m happy when I come back.’

Nevertheless, not everyone felt an attachment to their new surroundings; some actively disliked them. Some complained about the lack of facilities or furnishings; others did not particularly get on with their co-tenants; and a few regarded their accommodation as merely a base from which to seek work or rethink their lives.

One London respondent who was sharing a two-bedroomed flat above a shop with a working friend said that ‘I don’t really consider it home at all’ because she did not like living on a busy road, the landlord did repairs very reluctantly and would not provide a decent cooker, and because she had the smaller of the two rooms. She also spent much of her time in the flat by herself because her friend lived at her boyfriend’s for most of the week and seldom came home.

THE OWNER-OCCUPIER MOVERS

It was reported in Chapter 4 that four owner-occupiers had moved mainly for non-benefit reasons and four had moved mainly for financial or benefit reasons. As will be seen, however, there were marked differences in the attitudes towards and the knowledge and experiences of moving whilst on benefit between the two groups of respondents.

Choosing the new home

Within the overall financial and benefit constraints discussed below, a number of non-benefit-related and non-financial factors influenced the search for a new home. Those with children, like the private rented sector respondents, wanted to be near schools and to have a garden for their children to play in. The nature of the neighbourhood was also an important consideration for them. Two respondents complained about the high level of vandalism around their previous homes. Another respondent wanted to be near cheap shopping facilities. Others mentioned the importance of being near either family or friends who could offer practical and emotional support. Mrs G., a chronic bronchitic, needed a warm house with central heating.

One couple said that they had had no choice about where they had moved to. They had been rehoused under the homeless persons’ legislation into a specific council house. They were not able to look at a range of council property. The others were, to a greater or lesser degree, constrained by financial factors.

For most respondents, the process of trying to obtain mortgage finance came before the process of choosing a particular home. Ms F. was an exception; for her the decision to move and the process of choosing a particular house appeared to be a single act. She had been driving past a sale board and felt immediately that she must try to buy that particular house. This was an example of a ‘windfall’ move as discussed in Chapter 3.

Ms F. looked at only one place; she believed herself to be very fortunate. Another respondent looked at eight other properties before making an offer. Mrs M. felt that she had had little choice. The house she moved into was the ‘cleanest’ of those that were within her price range. Everyone else looked at no more than half a dozen. Estate agencies and newspapers were the only sources of information used by the respondents. All the moves were carried out over relatively short distances.

Although none of the respondents on ISMIP displayed any significant deviation from the ‘normal’ searching and choosing activities of movers generally, certain benefit-related influences on these activities and processes were evident from the interviews. These influences were largely connected with the process of obtaining a new mortgage to enable a change of address.
Attitudes of lenders towards ISMIP recipients

The movers and non-movers alike in the sample generally believed that it would be difficult to persuade a lending institution to give them a new mortgage. Two or three respondents had tried not to reveal their unemployment to their lenders. This study confirms Ford and Wilcox’s (1992) findings that lenders have not always known that their customers were unemployed. There is an analogy here with the Housing Benefit recipients who did not always disclose their benefit status to prospective landlords. Lenders will usually now know when their customers are on Income Support because the Income Support Mortgage Interest Payment is sent direct to them.

Lenders generally show some reluctance to lend to unemployed people unless the claimant can produce some evidence to show that their financial circumstances will improve in the future or that the DSS is likely to continue the mortgage interest payments or that the mortgage is small in relation to the purchase price (Independent on Sunday, 31 May 1992, page 20).

Not all the respondents had experienced problems in getting a mortgage. Ms F., as Chapter 4 has shown, found the process relatively easy. Mrs W., who had left her husband, also reported no problems in establishing whether she would get a mortgage and whether the interest would be paid by the Benefits Agency. However, benefit played a crucial role in her move as she financed it partly from her share of the marital home and partly from her ISMIP. She had been given a specific price range from which to select a property by her local Benefits Agency office.

One couple, Mr and Mrs W., were obliged to change building societies because they had had some difficulty in finding a lender that would advance them a mortgage. Mr and Mrs H. reported that they had been in a Catch 22 situation. The building society would not advance them a mortgage until it received a guarantee that the Benefits Agency would pay all the interest on the mortgage. The latter, however, would not make a decision until the loan was made available.

The sort of problem that Mr and Mrs H. encountered is relatively commonplace. The Benefits Agency local office in the northern city, in the case of Ms F. and Mrs W., but not in the case of Mr and Mrs H., would not make a decision on whether or not to meet the interest payments through Income Support. Casey (1992) discusses the problems of older people wanting to take out maturity loans and disabled people trying to buy specially adapted accommodation. She reports that people are nervous about proceeding without the assurance that their mortgage will be paid. She is critical of the process whereby adjudication officers will not determine a claim prior to a loan being drawn by a client. She suggests that local benefits offices could give a ‘Secretary of State’s opinion’. In effect this means an adjudication officer giving a hypothetical opinion rather than a decision. In some areas, apparently, this has been sufficient for the building society to make an advance.

Apart from ensuring that mortgage interest payments are met by the DSS, another issue for mortgage lenders concerns the repayment of mortgage capital, particularly if the customer’s benefit period appears likely to be long-term. Building societies may well suggest that an ISMIP recipient should go on to an interest-only mortgage for a temporary period. One of the non-movers in the sample reported that this arrangement had been made for them. Mr and Mrs H.’s new mortgage was interest-only. It is unusual for this sort of mortgage to be advanced to people under retirement age. During the 1980s, maturity loans were given to older people for home improvement purposes. The capital is paid off at the time of the sale. Mr H. was, however, disabled and the endowment premia were very expensive.

It became apparent from the interviews of both mover and non-mover owner-occupiers that people’s existing mortgages had not always been the most appropriate for their circumstances. There was no evidence that the movers’ new mortgages were any more appropriate. Mrs W. said that she had taken out an endowment mortgage because ‘that is what we have always had’. Mrs M. had tried to persuade her building society to change her endowment mortgage to a repayment one. She had been told that this would make her
monthly payments more expensive. Now that the Benefits Agency and the lending institutions appear to be forming a closer relationship with each other, such issues as the suitability of a mortgage, both for when the mortgagor is insulated from the full costs and for when the mortgagor is at work and assumes full responsibility for paying the monthly payments, are brought to the fore. If ISMIP claimants change the terms of their mortgage for whatever reason, this may involve the Benefits Agency in paying more in benefit than it previously had done.

**Financial constraints**

Being on benefit certainly can exert an influence in deteu lining the price range from which ISMIP recipients can select a particular property. Mrs W. and Ms M. were not constrained by ISMIP because neither were claiming the benefit before their move. Like the vast majority of owner-occupiers, though, they had other financial constraints. Ms M. had calculated that she could not go above £50,000. This assumption was based upon what she expected to get from the sale of her marital home. Mrs G. thought that she was constrained by what her previous house would fetch. In the event, however, her son provided a substantial amount of bridging finance. Mr and Mrs W. were interesting in that they were 'self-restricters'; they claimed that they were under no pressure from either their building society or the Benefits Agency to move. Their previous weekly ISMIP was modest. They set out, voluntarily, to find a house that would involve them paying half their previous mortgage. They were also able, through the process of releasing equity, to eradicate £2,000-worth of arrears.

Three respondents had been given a narrow price range by their lenders, beyond which they could not go. They were not aware of how this range had been arrived at - whether it was the result of negotiations between the Benefits Agency and the lender, or whether it was the lender's approximation of a 'reasonable' mortgage for benefit purposes.

It seems clear, however, that the uncertainty associated with the Housing Benefit recipients' decisions on whether or not to rent particular properties and their concerns as to (and actions to find out) whether these properties had 'reasonable' rents did not apply to those movers on ISMIP.

**The effect of released equity on benefit**

Seven of the movers were on Income Support before the move and they remained eligible for it after the move. No respondents discussed the impact of moving on their benefit status. The interviews raised a number of questions upon which only further research with both the local benefit offices and lenders can shed light. If someone in receipt of ISMIP releases sufficient equity through the process of moving, they may either lose all their entitlement to Income Support because they have more than £8,000 savings or their Income Support may be reduced because they have more than £3,000 but less than £8,000. There was no evidence in the interviews that people made conscious calculations about the sort of move that they must make and how much or how little they must spend on transaction costs in order to avoid putting themselves just outside Income Support entitlement and, thus, outside the scope of benefit help with their mortgage.

Only one move appeared to be heavily monitored by the Benefits Agency - that of Mr and Mrs H. By contrast, Ms F. had had a lot of freedom; she had purchased her previous house for £27,950, and when she sold it it was worth £62,500. On moving to her new £60,000 house, she stayed with precisely the same sized mortgage. Arguably, she had sufficient equity to buy a comparable house with a slightly smaller mortgage. There are a number of unanswered questions concerning both her and others' moves. The attitudes of both lenders and the benefit offices to clients or customers in receipt of ISMIP, however, were outside the scope of this study.

**Moving in**

All the eight movers talked about the stress of moving, including the two who were very positive about their new homes. One couple's relationship had been severely challenged
during the process. Although many of the private renters had mentioned that moving house was a 'hassle', it is clear that moving out of one owner-occupied house into another is far more complex and cumbersome than moving from one tenancy to another. Mortgages have to be arranged, chains of sellers and purchasers may be involved and transaction and removal costs are higher because of the number of organisations and the amount of furniture and possessions that are often involved.

The costs of buying and selling could, in theory, be a strong deterrent to moving for those on benefit. A Woolwich Building Society survey in April 1991 estimated that the cost of moving for owner-occupiers was increasing, although not as fast as the inflation rate of the time. The survey detailed the transaction costs involved in moving home: for example, it noted that selling a £25,000 house and buying another of similar value would cost £1,444 in estate agents, solicitors, Land Registry and other fees. Removal costs for a house in this price band were estimated at a further £157. For those selling one house and moving to another costing £80,000, the total to be paid in fees came to £3,014, with another £245 required to cover removal costs.

However, the costs of moving were not seen as a major problem by the respondents. Expenses were met through the proceeds of the previous house sale, and they did not seem to figure in respondents' perceptual balance sheets. The physical move had not presented enormous problems to everyone. Three people avoided using commercial removal firms. The repossessed family obtained a £700 community care grant from the Social Fund. The more avoidable costs of moving, such as replacing furniture, furnishings and fittings, were more problematic. One move, that of Mr and Mrs H., was quite heavily monitored by their local benefits office. They had reported all the move-related expenditure to the benefit office. They said:

> We had to put down everything that we'd bought. We bought a new curtain rail; we had to have the gas central heating repaired - that got repaired three times. We'd a gas leak, but that was the Gas Board's fault. We'd carpets to buy . . . general household things, light fittings, such as that - just general outgoings. We even had to send the DSS receipts for the screws to fix the curtain rail, so we just sent everything off and got back the letter of thanks.'

Ms F., it has been noted in Chapter 4, got a budgeting loan for the furnishing of her new home. She deeply regretted that she had taken this loan as the repayments were proving difficult to meet. Mr and Mrs W.'s experiences of moving illustrate the difficulties of low income owner-occupiers. They had been able to afford only the minimum survey. On moving, they discovered serious structural faults, but they were able to put these right themselves for Mr W. was an unemployed builder. Mrs G., who was not on Income Support when she moved, spent at least £3,000 on general improvements to her new home. Although this expenditure had hastened her eligibility for Income Support, there was no real evidence from the interview that this had been a deliberate financial strategy on her part. Mrs M. decided that she disliked her new house almost immediately after she had moved in. Mrs M. also spent £3,000 on her new home and installed some new kitchen units.

All the movers lived in the northern city where the housing market conditions were easier than in London. Mrs G. had not been able to sell her house, but generally people had sold quite easily. Mr and Mrs W. had taken the longest to move from the one house to the other: it took them nine months to change address.

Although the private renters described above had to worry about deposits and rent in advance, owner-occupiers' financial arrangements before, during and after the move were far more complex. The ISMIP recipient has to obtain mortgage finance and may be concerned that social security payments are not meeting all the costs related to housing. Capital payments will not be met by the DSS and neither may all the interest on the mortgage or mortgages for the reasons discussed in Chapter 7. In addition, like the private tenant, the ISMIP recipient will have other housing costs to meet, like the Community Charge, but, unlike the private tenant, will have house insurance and repair and maintenance costs to find. The interview data suggested that the ISMIP recipient is less insulated than a Housing Benefit recipient against housing cost increases because a larger proportion of the former's total housing costs are excluded from the benefit calculations.
Alternative tenures

There was a strong commitment to owner-occupation amongst the respondents who had changed address whilst claiming ISMIP. The pensioner, Mrs G., had assumed that she would not be able to afford owner-occupation but appeared pleased that a way had been found for her to remain in the tenure. Her son was also anxious that she should not leave the owner-occupied sector. She had told her son that she would be able to afford to pay a rent from the money she had released from the sale of her house. She had found the costs of owner-occupation very difficult in her old house and had, in fact, been on a number of lists for social rented housing for several years.

Mrs W. had tried unsuccessfully to obtain a council house. She said, however, that:

'If felt this was right because I did have the money, and I didn't actually want to live in a council house, because it's very different from my own background and there are lots of other factors . . . I just thought it was wrong, quite immoral. I just thought that if I had the money, I should go and buy something because there is quite a shortage of houses, aren't there?'

Many of the ISMIP recipients, both movers and non-movers alike, reported that their hold on owner-occupation was precarious. If it were not for the help from family and friends with the range of costs which are outside the ISMIP system, they felt they would be forced to leave - 'to quit', as one person put it. No one, with the exception of Mr and Mrs J., who had been repossessed, had looked at properties in the private rented sector. They commented upon the expense of renting a house: they were offered houses at between £50 and £60 per week and did not think that the local authority would pay that much Housing Benefit.

Comparisons between previous and present homes

All the eight owner-occupiers on ISMIP had moved to smaller or similar sized houses. This was not, however, as a result of a benefit-related decision, but rather because of a common motivation to reduce or not exceed previous housing costs. There was no knowledge of the rules relating to unnecessarily large accommodation. One respondent who had moved out of an unsold house had moved from a situation of no mortgage to one of a £250-a-month mortgage. Everyone else had reduced their housing costs through moving, and two of the eight movers had significantly lower mortgages.

Those who had moved for mainly non-financial reasons, to varying degrees, were very positive about their new accommodation. These respondents felt that they had their own space, they felt ‘right’ and could start to think about life afresh in their new homes. Ms F. and Mrs G. felt that they had moved to far superior accommodation. Ms F. had moved from what she described as an unexceptional town house to a terraced house in a nearby village.

Those who had moved for financial or benefit reasons were, to a greater or lesser extent, negative about their new situations. Some of these respondents missed the personal space that they had established in the previous homes.

According to Ms F., the immediate area in which her new house was located was, by common consensus in the neighbourhood, ‘expensive’ or ‘top end of the market’. However, Ms F. had not increased her mortgage. At the time of the interview, her ISMIP was £30 per week - considerably less than the national average of £46.34 (1991 figures). Ms F.’s ISMIP had not been restricted and she had no knowledge of the excessive housing costs regulations. Ms F. commented that there was more open space in the village and liked the fact that she could look out over fields.

Mrs G., who was able to move without first having sold her house, was delighted with her new, much smaller home, which she contrasted to the run-down and neglected property that she had lived in previously.

Mr and Mrs H. had mixed feelings about their move. They both felt that a smaller house was cheaper to run, but Mr H. missed the garden and thought that their present home was
jerry-built. Mrs H. was more positive. She said that the double glazing was saving them money, that they had more privacy and that she felt more secure.

The family who had been rehoused by the local authority into a three-bedroomed council house were not particularly happy with their new house, although they felt that the new neighbourhood was more pleasant and safer. They had applied for a transfer to a four-bedroomed house but they were not optimistic. They had three children - two sons and one daughter - and wanted separate bedrooms for the two younger children.

Mrs M. had not wanted to move but was forced to do so by her building society. She was extremely dissatisfied with her present accommodation and had put the new house on to the market within three months of moving into it. She felt that the speed with which she had had to move had contributed to her unhappiness about her new home and that she had not had the time to find herself the `right sort of place'.

Mrs M. had carried out some improvements to her new property by using some of the small amount of equity that she had realised from the sale of her previous home; she felt she had moved downmarket and was highly dissatisfied with her new home.

**Conclusion**

This chapter has examined the process by which Housing Benefit recipients and owner-occupiers on ISMIP came to choose their new homes. It has looked at the various benefit- and non-benefit-related influences upon this process. Although there were many similarities between the searching and choosing activities of both groups of respondents, certain significant differences were evident throughout.

Housing Benefit recipients, in general, had a wider awareness of the regulations concerning excessive housing costs than the owner-occupiers who had moved. Most private renters had at least a basic understanding of the provisions concerning reasonable market rents, and just under a third also knew something about the concept of over-large accommodation. In contrast, none of the owner-occupiers were aware of these limitations on their choice of new accommodation. Rather, financial constraints, relatively autonomous from the excessive housing cost restrictions, inhibited their housing mobility to a greater or lesser degree. The benefit-related uncertainties evident in the final stages of the private renters' housing decisions on whether or not to take particular properties were absent in the case of those on ISMIP.

Partly for this reason, ISMIP recipients also had far less contact with their local benefit office than the private renters, who often telephoned or visited the local authority for advice on matters arising from their moves. Rather, the ISMIP respondents' attentions during the move were focused upon the mortgage lenders and other agencies. Owner-occupiers were seldom aware of any need to contact the DSS directly about their moves. ISMIP respondents' housing choices, unlike those of the Housing Benefit respondents, were not influenced by the prospect of administrative delays or problems in the processing of benefit payments.

Landlords' attitudes to the benefit system and its population did influence the housing market opportunities available to the private renters, and limited the selection of properties to choose from. The ISMIP recipients were also limited by their having to find a mortgage lender willing to advance loans to unemployed customers. Two or three owner-occupiers often had difficulty convincing lenders of their financial viability.

It might be said - most particularly in the case of the Housing Benefit recipients - that despite the problems, alternative accommodation was always found, and the constraints discussed above did not entirely restrict movement or cause tenants to lose their accommodation. Again it should be stressed that the sample is biased to include only those who moved within the sector from one benefit-subsidised rent to another. The selection from which the sample was chosen would not have included those unable to move because of the constraints outlined in this chapter, or who lost their homes and were unable to gain access to new properties because of the difficulties.
Both groups of respondents reported similar non-benefit-related reasons for choosing their new accommodation. Most owner-occupiers and private renters had a mixture of personal, housing, environmental or other reasons for choosing their new homes; there was seldom one dominant reason for their choice.

Although the financial costs of moving were much greater for the owner-occupiers, the problems caused by these expenses were often worse for the Housing Benefit recipients. Those on ISMIP usually met these costs through the proceeds of their previous house sales; those on Housing Benefit had either to borrow the money needed from family, friends or banks, or had to find properties with no or low deposits or rent in advance.

Whilst both groups of respondents used estate agencies and newspapers in their search for new accommodation, the private renters used more diverse sources of information and often relied more upon personal contacts and more informal networks to gain access to their new homes.

Most single Housing Benefit recipients expected to remain resident in the private rented sector for the immediate future. Because of their personal and financial circumstances, they could neither buy their own home nor gain access to social housing or did not want to do so. Most couples with children or lone parents had their names on social housing waiting lists. There was a strong commitment to owner-occupation amongst those respondents in receipt of ISMIP who had moved. This commitment did not seem to be affected by the precarious financial hold that many of them had on their own homes.

The owner-occupiers were divided equally as to whether their new homes were better or worse than their previous addresses. In contrast, most Housing Benefit respondents thought their new accommodation was better and most felt, in one way or another, that they could call their new places their homes.

Every individual change of address was the end result of a unique cluster of benefit and non-benefit-related events, attitudes, knowledge and experiences, with no one aspect being particularly dominant in most cases. Despite the inherent individuality of each move and each respondent, this chapter has reported that slightly different sets of benefit-related events, attitudes, knowledge and experiences inhibit or facilitate the moves of the two different groups of respondents in different ways. The awareness and impact of Housing Benefit played a much more central role in the private tenants' moves than did ISMIP for the owner-occupiers. For the owner-occupiers, benefit appeared at the borders of their thinking on mobility; for the private tenants, Housing Benefit appeared rather more prominently in their recorded perspectives on moving home.

Generally, the trend which emerged with greatest strength is that for the majority of those interviewed - both tenants and owner-occupiers - the reliance on help with housing costs acted as a considerable constraint. Housing Benefit and Income Support Mortgage Interest Payments, far from introducing to the recipient a choice of more expensive properties, actually restricted the possible housing options.
Chapter 6  Non-movers' Housing Strategies

Introduction

The aim of the study was to examine the effect of benefit on moving decisions in three sample groups: owner-occupiers, private renters and young adults still living at home. As it proved difficult to locate owner-occupiers on ISMIP who had moved, the focus of attention was broadened to include 'non-movers'. This chapter reports the study's findings on the relationship between benefit and the housing decisions of this group.

This part of the study was methodologically challenging. There were several aims. First, it was necessary to find out if benefit was acting as a prohibitor to moving: 'If you had not been on benefit would you have moved?' Second, the interviews explored whether people had considered moving as a way of ameliorating their financial problems. In Chapter 4 above the constraints currently operating on those who wish to move because of financial difficulties are discussed. Linked to this was a third aim. A benefit recipient who has had their housing costs restricted may very well be obliged to move. In these circumstances a move is clearly 'benefit-related'. The interviews thus aimed to find out whether those people whose ISMIP was restricted were intending to move. Fourth, evidence of perceptions of the potential of trading up whilst on benefit either by moving or by remortgaging was sought. Lastly, the topic guide was designed, not simply to explore whether moving was either on the agenda or considered but rejected for whatever reason, but also to explore housing decisions in general. For instance one of the issues for an owner-occupier living for a sustained period of time on a low income is the upkeep and maintenance of the house.

The topic guide shown in Appendix 2 of the report shows how the aims above were tackled. The concern was to avoid the charge of asking overtly leading questions except when exploring attitudes to the rules on restricted housing costs. The interviews started, as did those with movers, by finding out details of the mortgage and the house. It was expected that length of time at the address, the length of time the customer had been in receipt of ISMIP, and their loan-to-value ratio could all have bearing on housing strategies. As with the ISMIP movers, the interviews then explored respondents' level of knowledge and their assumptions about both mortgage lending and help with housing costs through the benefit system. Details of any gap between their ISMIP and their mortgage interest payable were sought. The second half of the interviews concentrated specifically on housing strategies and on any previous moves whilst on benefit.

Seventeen non-mover interviews were conducted; 13 of these took place in the London borough, and the remaining four in the northern city. Generally, moving was not a salient issue for the respondents. The questions relating to moving were considered by most to be irrelevant. The crucial concern for everyone was to keep their roof over their head. In this sense they saw benefit as a key factor in avoiding a move. Moving was often equated with enforcement and with repossession. Only one respondent had a house up for sale, and this had been on the market for almost a year before she was in receipt of ISMIP.

A profile of the respondents

Respondents' circumstances varied quite considerably. The highest ISMIP weekly payment was £746.64 and the lowest £13.81. Nine respondents had bought their houses in the last five years and, of these, six were first-time buyers. Four of the sample, however, had bought their houses ten years or more ago. Nine respondents had remortgaged or taken out a home loan since purchasing their homes but before they were in receipt of ISMIP. The motives for refinancing were various. A minority of the sample had repayment mortgages.
All but four of the respondents shared one characteristic: their ISMIP fell short of the mortgage interest payable. In no cases, however, was this shortfall attributable to the excessive housing costs regulations. Even the respondent with a very high weekly ISMIP was not, at the time of her interview, subject to these regulations. There are a number of other explanations why ISMIP may be less than the amount due to the lender: these are discussed in Chapter 7. Only one person was living in accommodation that could be regarded as ‘over-large’.

No one had moved previously while in receipt of ISMIP but two respondents had been on Income Support before, in both cases for a short period of time.

Attempts were made in the interviews to gather information about people's mortgages and, in particular, about the relationship of house debt to equity. It has been suggested in Chapter 4 that this will affect the householder's potential for moving. Crude estimates of mortgage-to-value ratios were calculated for all the respondents, who were all asked whether they had had their houses valued in the last year. This question allowed an introduction to the whole issue of the relationship between benefits and housing decisions.

Only four people had had a valuation done: one because they had put the house on the market; one because they were vaguely considering moving; one because the house was perhaps going to provide the collateral for a business re-float; and the last one because she tried, unsuccessfully, to extend the period of the loan and the building society had carried out a valuation.

The rest of the sample all felt able to give an estimation of what their houses would sell for if they were to go on the market immediately. These were based on their own assessment of the market conditions pertaining in their particular localities. Two respondents believed themselves to be in a situation of negative equity - that is that their mortgage outstripped the value of their property. Several others had very large mortgages but five people had mortgages which were less than 50 per cent of their current equity.

Most of the group were registered as unemployed and six had previously been self-employed. For this group an issue was deciding when to register; most got behind with their mortgage payments as their earnings began to fall off. The person who had put his house on the market had done so quite some time before he signed on. Two people were lone parents and thus not required to seek full-time work. A further four did not sign on: two were long-term sick and two were over pensionable age.

The tendency amongst the group was to not go to their lender, in the first instance at least, to discuss their situation. A common worry was that if they disclosed their position they would be under some threat of losing their homes. It was only over time that people began to realise that the reverse might more accurately describe their situation. In other words negotiations with lenders concerning such things as capitalising arrears - that is adding arrears to the capital sum owed - extending the period of the loan, moving over to an interest-only payment and changing from an endowment to a repayment mortgage might have helped to secure their position. It must be noted that the group's difficulties had generally started before the DSS's agreement with the Council for Mortgage Lenders (CML) and before lenders paid attention to mortgage counselling and arrears management. Respondents appeared unaware of these recent initiatives.

A common view was that it was better to be in debt with credit card companies, banks and finance houses rather than with mortgage lenders. It was easier to have a ‘relationship’ with a bank manager. Many people paid off arrears and coped during the first sixteen-week period when ISMIP is limited to 50 per cent by borrowing. Unsecured lending felt safer. Building societies, by contrast, could more easily recover their debt by foreclosing the mortgage.

A further common theme was the perception of the majority of the respondents that their unemployment would be temporary. This was a further reason why they had been reluctant to disclose to their lenders that they were unemployed. It also contributes to an explanation of why trading down was not a strategy particularly considered by any of them bar one.
They simply thought any radical financial strategy unnecessary because they would soon be back at work. Many of the respondents had reported that they had fully expected to get back into work quickly; these expectations, however, were not being met. Two-thirds of the sample had been in receipt of ISMIP for over a year, although most of these had become unemployed around 1990.

Three respondents in their forties or fifties had severe doubts about whether they would ever work again. One respondent, a lone parent, had been on Income Support for eleven years. Two respondents had returned to work by the time the interviews took place; they had both been on ISMIP for a very short time.

There was little evidence that the availability of ISMIP had any influence on the process of claiming Income Support. One respondent was an exception to this. He purchased his council house whilst unemployed, and had been advised by a broker that the interest on his mortgage would be met by the DSS. It will be shown in the next chapter in the discussion on restriction on housing costs that the respondent had been inadequately advised.

Although availability of ISMIP did not seem to be a factor affecting the process of moving on to Income Support it clearly was a factor in people's mind in relationship to moving off benefit. Help with owner-occupation costs is only available to those who are eligible for Income Support, not to those in low-paid work. Some respondents were worried about how they would both manage their mortgage and settle any other debts on a salary less than the one that they had had when taking out their mortgage or mortgages. A few people had very serious financial difficulties, not simply with building societies but with other creditors. Whilst on Income Support they felt relatively 'safe'. One respondent, who had negative equity and other debts, was clear about his predicament:

'Even with my other debt which is quite high - it's about £15,000 - no one is saying, "We want the money." They are waiting because it is the only thing they can do until I start working again and start making rescheduled payments. But if the situation was reversed, and I actually had equity in this flat, people would come to me straight away and foreclose.'

Although some of the respondents felt they would have difficulties servicing their mortgages once they were in work, there was no evidence that the 'unemployment trap' - the situation in which someone is better off out of work than in it - was constraining their efforts to seek work. The respondents spoke at length about the unpleasantness of life as Income Support claimants. They wanted to go back to work.

Considering a move

The sample were asked two explicit questions about moving: 'Have you thought about leaving this place?' and 'Have you taken any steps to do so?' In the main respondents were puzzled about this question; a common response was - Where would I go?' It has already been noted that one respondent's house was on the market at the time of the interview. One respondent had considered getting a valuation done but a move was not seriously considered and two or three other respondents envisaged circumstances when they might move. The remainder reported that they wished to stay put; moving for them meant a forced move, that is repossession. The respondent whose house was on the market was involved in negotiations with her ex-husband about the equity. She had not been party to the house going on the market; when it had happened she did not know that her husband's business was doing particularly badly or that he was intending to leave her. The couple were trying to sell their house so that their financial problems could be resolved. Benefit did not play a prominent part in the decision. For some while the respondent had not believed herself eligible for Income Support because she was a student. However, because she was a lone parent with dependent children she was eligible and hence able to receive support with the mortgage. Neither she nor Ms M. in the non-moving group (discussed in Chapter 4) seemed aware that they might have been able to remain in the marital home by buying out their ex-partners by getting help with a larger mortgage from the Benefits Agency.
One couple had considered ‘selling up’, as they put it, as a way of getting back into work. The aim was to put the proceeds of their house into a small business but ‘by the time we paid off the mortgage there wouldn’t be enough to find somewhere to live and start up a business, because you’ve still got to live somewhere’. Another respondent felt that moving was an option, to get a house out of London he could do up, but he believed that the housing market was quite dead and his financial circumstances also prevented him from finishing off repair and improvement work that would make his present house more marketable. An ex-council tenant bitterly regretted having bought her house; she planned to rent again and, in the longer term, to return to the West Indies:

‘Believe me, I’ll could sell this flat tomorrow I would do so and just pay off whatever it is I owe, even if I didn’t have any thing after, just to get rid off the aggravation.’

However she had not seriously tried to move, and she did admit that if she got a job she would be happy to stay.

‘Young people can bunk down anywhere but I’m too old to do that. I have to be some place warm.’

No one had considered a move in any detail, even those who had largish amounts of equity in their property. There was no evidence that anyone had carried out any detailed calculations concerning their housing and financial options.

It has already been noted that the respondents were generally sanguine about their prospects of returning to paid work. They thus felt there was no need to move because unemployment was for them, they hoped, a temporary phenomenon. One or two respondents looked to the longer term and felt they might have to move to rented accommodation: they might, as they put it, be ‘frozen out’.

No one had any knowledge of the provisions for ‘excessive housing costs’. One or two speculated about the likelihood of ISMIP continuing to be paid out on a long-term basis.

‘I don’t know, maybe one will have to move to a rented room; it is maybe what the Government intends. Perhaps they will do something about the long-term unemployed. Perhaps what they want to do is stop all owner-occupiers getting help with mortgages. You see, there’s a big problem here. I chose to have a small flat, not to put my money into property, but the guy in the next street on half my salary is living in a large house. They are unemployed now so he and his wife are living in a £200,000 house paid for by the Government. I paid more tax when I was working than he ever did - there is a illogicality in the system.’

**Alternatives to moving**

Income up to £65 a week derived from taking in lodgers is not now taxable under the Rent a Room scheme. However if benefit claimants provide lodgings, income over £20 will affect benefit entitlements. Two or three respondents had considered taking in lodgers; they were rather unsure if their contracts with their lenders allowed this but they were much more worried about the penalties concerning undeclared income.

Two respondents had thought about leasing out their properties while themselves moving out and living in rented accommodation. They both abandoned this strategy because they believed that the DSS would not agree to this method of getting their mortgages paid while they were receiving Housing Benefit on a rented property.

**Non-financial moves**

The interviews tried to explore whether benefit was prohibiting moves; whether, in other words, people would have considered a move if they had not been in receipt of Income Support. It proved quite difficult to pursue this theme. Respondents generally seemed consumed by their current predicament and thus unable to discuss the subject of moving house outside this context. Two respondents said they had liked the idea of a move; staying in one place was boring. A further two were applying for jobs all over the country and were thus prepared to move for these reasons. They were, however, concerned they would have a problem in selling their houses. Although it was difficult for people to discuss moving in the abstract, a number of respondents said that their current circumstances had
made them much more aware of the complexities of house purchasing, of getting the right mortgage, of the dangers of over borrowing, and so on. Generally, however, the majority of the sample appeared to be fairly committed to staying in their current accommodation in the medium-term future, whether on or off Income Support.

Apart from the respondent who wished she had not bought her council house, there was no evidence of a disillusionment with owner-occupation. One respondent talked about the advantages, as he saw them, of being an owner-occupier if one was at risk of becoming unemployed:

'I tell everyone they should get a mortgage if they have a job, and if they're scared of being made redundant the government will help them.'

However, another respondent, although he seemed himself fairly committed to staying an owner-occupier, was of the view that owner-occupation was increasingly problematic. He had a gloomy long-term view of the economy and thus believed that renting was the tenure to be in in the future. The Income Support system, he argued, took up only a proportion of the total costs of owner-occupation:

'It's a mess. You see, when they've drawn up all these regulations they are not covered, the true costs of an owner-occupier. If I'm in rented accommodation - no problems; they cover the entire scenario. Owner-occupiers are not covered in the same way and that is why there's all this mess of all the foreclosures on people. The owner-occupier has to find all wear and tear costs; the renting person doesn't - it's the landlord's responsibility.'

Views on tenure

A majority of the respondents had a gap between their ISMIP and their monthly mortgage payments. The interviews attempted to explore whether this factor would compel people to consider moving. Typically the sample were concerned about their relationship with their lender rather than with the Benefits Agency. The interviews were carried out in the autumn of 1992 when existing ISMIP customers were, mostly, being moved over to direct payment arrangements. Around half the sample, at the time of the interviews, were not receiving the mortgage interest element of their Income Support; the remainder were aware that their ISMIP would be sent direct to their lenders. People did not seem to be aware that, as a result of this method of payment, they were gaining some immunity from the threat of repossession. Involuntary moving was still a very real worry to some. Six people had at some point or other had been threatened with repossession, and three had actually received repossession orders. All six reported staving off these threats. Interestingly none of the sample perceived benefit impacting on their decision to move. They were always looking over their shoulders for possible action by their lender; the Benefits Agency was not seen as a threat.

ISMIP may be restricted where recipients have large mortgages and where they have small mortgages but low mortgage-to-value ratios. The respondents did not seem to be aware that there could be circumstances where they may be obliged to consider moving because of restrictions on their benefit. Instead they perceived benefit as a facilitator, supporting them:

'Oh, I'm grateful. If something does happen then you will be assisted by the government; because [for] people who are renting and become redundant, that's it. They get Housing Benefit but it's not going to be £200 a week; it's going to be very low. Moving from your home is a very shattering experience - it's an upheaval; in fact it's the third most stressful thing.'

Constraints on moving

Many of the respondents, when asked whether they had considered moving, felt that it would be very difficult for them to do so. Some believed that their house had dropped in value and that they would 'lose out' badly if they did sell. Others argued that it would, in the present climate, be impossible to sell:
'I think about putting it on the market but all I can hear is the recession, the recession, the recession; people aren’t buying.'

Several respondents had very little equity in their houses. Four or five people said they thought they would not get a mortgage if they applied for one now. One person had bought his council house only a year earlier and thus would have had to pay back a percentage of his discount had he moved. Two respondents in London in leasehold accommodation felt that it was impossible for them to sell: one because the lease had only 36 years to run and one because the freeholder had gone into liquidation and the leaseholders were currently involved in protracted legal dealings. It was obvious that the group had not thought much about moving until the moment of the interview; they had not tested out their theories that they would not be able to sell or would not be able to get a mortgage.

It has been noted in Chapter 4 that the level of repossessions has gone down in 1992 from its previous peak the year before but that this might be a function of the depressed housing market. Some of the respondents were quite worried about what might happen to them if the housing market began to pick up and lenders were thus more able to recover their debts. For this reason one respondent described his situation of negative equity as a ‘comfortable position to be in’.

**Exiting from owner-occupation**

Only the council-house buyer had given any consideration to trading down into rented accommodation as a housing strategy. When questioned about their views on leaving owner-occupation, respondents were negative about their prospects of moving to other tenures. They felt they had little chance of being accepted for social housing. Two people with very low mortgages said they would have to pay more not less if they rented. Two or three respondents had some awareness of the concept of ‘intentionally homeless’; that is if they moved of their own accord they would not get re-housed. Respondents’ views on private rented accommodation was that they would lose their entitlement to benefit but have little left to finance rents and everything else. One of the movers whose story is related in Chapter 4 had been aware, albeit vaguely, of the regulations pertaining to restrictions on rented housing costs. None of the non-moving group appeared to have any awareness of these provisions. They were more concerned with how little they might have left after they moved into rented accommodation:

> We’d sell this place, maybe move into rented, so the profit we would get from this place would be eaten up with rent and supporting ourselves, because then we would have some money in the bank, and then where do we go when that runs out?"

Realistically, the above couple would have realised £30,000 after transaction costs if they had sold and moved into rented accommodation. Similarly a respondent who was more highly geared, said:

> ‘Yes, I could have sold, and I wouldn’t have made any money, but I would still have come out with several thousand of pounds in my pocket, but I would have lost in the long run because I paid £93,000 for this, even though I borrowed £73,000. I might sell it for, say £85,000 so I would still come out with £13,000 but I would have had to move somewhere. So the option for selling and moving to rented or anywhere certainly never crossed my mind.’

A respondent who was reluctantly beginning to regard himself as long-term unemployed commented:

> If I got £50,000 after fees, I would lose all the benefits because I had over £7,000 and I would live off that in the hope of one day getting a job, or until it collapsed; I wouldn’t get rehoused. To rent a room is going to cost me £80 a week minimum, just a room, £50,000 doesn’t go long, three years living off it - two, because you’d lose all your other benefits, you’d have to feed and clothe yourself.'
Commitment to staying put

Thus 'non-movers' had not generally given serious thought to moving. What emerged during the course of the interviews was a strong sense of attachment to the home. In the midst of grave difficulties the home represented something safe, something solid:

"If you lose your job your first concern is, "Oh my God, I don't have a place to live," but if that is guaranteed like myself... When I realised it was, I thought, 'I'm OK; the Government will pay and I will not be forced to leave." That took a great deal of pressure off me because I can get by cutting corners, eating more modestly, that sort of thing. People find it psychologically difficult after they have lost their job and all these things happen to them; then to have to move from nice surroundings into a £60 a week place, it's just too much of a psychological down; it's too hard. So that's why people with mortgages are very fortunate."

It was obvious that some of the respondents saw moving as an entirely negative process. Someone who had lived in his house for twenty-four years but bought it in 1984, when asked if he had considered moving, commented:

"Oh no. I don't want to do that now No, we'd go hungry rather than lose our little home."

For him moving would have been an involuntary action. People said they had spent considerable energy over the years on their homes and, moreover, around them were friends and neighbours constituting the sort of supportive network they very much needed at that time.

Respondents expressed some surprise, even irritation, that moving was something they might have considered:

"No, I personally think that's dangerous because what are you entitled to you should take; there's no way you should think, 'I'm never going to claim unemployment benefit,' or any of this because it just doesn't work like this anymore. If I'm entitled to an £80,000 mortgage why should I sell it and get a £40,000. I would lose money on the transaction. I'm sure the option of moving doesn't cross anyone's mind unless they are forced into a really dire situation."

Getting a larger mortgage

No one in the sample had considered the possibility of moving to a larger mortgage. As has already been shown a number of people felt that even if they had wanted to move they would have had great difficulty obtaining any sort of mortgage, smaller, the same or larger:

"I imagine that if you are going to move to another property where you are going to ask for a bigger payment they might say, "You're out of work; what the hell are you doing, doing this sort of thing?" I don't know whether they are entitled to or not, but I know that to me it doesn't make sense; if somebody is out of work and they are paying so much and then they want to move to somewhere more expensive, in my mind they're within their rights to tell you to take a running jump! That would be my attitude."

Only a minority of the sample talked in any great detail about the problem of maintaining a house whilst on Income Support. One person wanted to carry out some improvements but was certain he would not be able to extend his borrowing to pay for these. Another was in the process of applying to his building society for an additional mortgage so that he could buy the freehold and thus make his property more saleable. The latter was seeking a guarantee from the Benefits Agency that they would pay the interest on this extension.
Conclusion

The chapter has described a small group of ISMIP claimants who are undoubtedly typical of the wider population in one sense, at least, in that they have not moved house during the period of time they have been in receipt of the benefit. Their chief aim was to keep a roof over their heads; people saw benefit availability as being the main means of achieving that aim. Recipients' homes appeared to provide an important source of psychological support to them. Most of the respondents clung to the belief that their period on Income Support would be temporary, thus making unnecessary any longer-term strategy such as moving house. In most circumstances it would have been difficult for them to have moved to accommodation with a smaller or no mortgage. The various constraints on moving have been outlined; they included difficult conditions in the housing market particularly in London, difficulties associated with getting another mortgage and having insufficient equity. The private rented respondents in the study had two-way relationships; with their current and potential landlords, and with the Housing Benefits sections of their local authority. The ISMIP claimants, on the other hand, looked only one way; their concern was that their lenders would repossess their houses. Unlike their Housing Benefit counterparts this group did not realise at all that Income Support regulations concerning housing costs potentially could involve them in a move.
Chapter 7  Restricted Housing Costs

Introduction
Throughout this report there has been reference to the fact that some claimants, whether they are in receipt of Housing Benefit or ISMIP, experience a shortfall between the benefit they receive for their housing costs and the payment they have to make to landlord or lender. In this chapter we look more closely at this particular aspect of the benefit system and its effect on housing decisions.

It was apparent from the interviews that what mattered to the claimants was not why their housing costs were less than the rent or mortgage interest but the fact that there was a gap and, in some cases, a quite significant one. There are a number of reasons why there may be a shortfall between benefit and outgoings. Most respondents, particularly the owner-occupiers, were not at all clear on what grounds their benefit did not cover all the payments they were liable to make. These grounds are discussed in Appendix 2.

Housing Benefit shortfall
Around half of the renters, when interviewed, were not getting the eligible rent fully met. Most of these were affected by excessive housing costs regulations. Some tenants in the northern city were receiving interim payments. These respondents were receiving less than the eligible rent for, possibly, a limited period. They were waiting to find out if Housing Benefit would cover all their eligible rent. A few London tenants were affected by delays in processing claims and were getting no benefit at all.

Moving in
It has been shown in Chapter 5 that the possibility that Housing Benefit would not cover all the rent played a major role in the process of finding a place to live. The effect of the regulations on people's searching behaviour was described in some detail.

The vast majority of the sample, it was explained in Chapter 5, moved to higher rent properties. Moving was often an act of faith. People hoped that all the rent would be covered but many knew that they would not find out if this was going to be true until they moved in and, sometimes, some time after they had moved in. Some respondents quite clearly spent some time thinking out a strategy: if, in the end, the full benefit was not forthcoming would they be able to manage? Generally people said it all revolved around the size of the shortfall. What some people did was to try and guess what the shortfall might be and then calculate whether they could then cope with it. Some of those respondents found their restriction was less than they had expected.

The sample had a lot of problems second guessing what the local authority would decide to do. Some respondents, for example, went round different estate agents asking their opinion on what the going rate was for benefit purposes. One respondent took an average of these responses and then decided to go for a flat with a rent a little bit below these averages 'to be on the safe side'.

Some respondents said that it was difficult to pursue a rational plan. The realities of housing shortage put paid to planning. If there were a hundred people all chasing the same flat one did not have the luxury to think too long about whether the rent would be fully covered. Although respondents did have some knowledge of the regulations this was not at always detailed or accurate. Moreover there was sometimes a degree of puzzlement:
'It doesn't add up at all. I don't understand it. When I was paying £42.50 round the corner I used to get £36 a week towards my rent, and I get more towards my rent now here, so I don't understand it at all. It seems bizarre. That's why I thought I'd probably get £80 or something towards it here, going on round the corner it was half the price, and I used to get £6 less than the rent and it was the cheapest possible rent in the world.'

A minority of respondents were very directly affected by the shortfall in their Housing Benefit. They had had to move solely because their benefit was less than their actual rent. For example one couple had asked for and had been given a review of the decision to restrict their rent. The review found in their favour but by this time their landlady, tiring of the trouble she believed her tenants had caused her, had asked them to leave.

In the two local authorities in which the fieldwork took place a move is treated as a new benefit claim. The Housing Benefit recipient must re-apply. Whilst a quarter of the movers' claims were processed within four to eight weeks and just under a third took less than a month to sort out, a number of respondents suffered lengthy gaps in benefit payments or, in the northern city, received only interim payments. For one person the interim payment fell short of the contractual rent obligation by £39 a week. Some others had gaps of around £14-£16 a week but for the remainder the gap was less than £10 a week. Some, mainly in London, had delays of more than three months without any Housing Benefit and were forced to use savings to cover the rent or to enter into difficult negotiations with landlords. One respondent revealed that he covered the shortfall by working ‘illegally’. One or two people committed themselves to paying a proportion of their rent out of their Income Support until the benefit arrived. Some landlords were more willing than others to accept such a temporary arrangement. Moreover there was always the worry that when the benefit did come through it would not cover the full rent. The threat of having to move on again was sometimes hanging over respondents:

‘If it goes on much longer I won't be able to pay it because the money is just running out.’

Those who were waiting for their benefit to come through or were on some temporary arrangement were in suspense, waiting to know whether they would get their benefit covered. However around a third of the sample knew their rent was restricted on a permanent basis at their current address.

Recipients who have their Housing Benefit restricted have a number of possible options: they can challenge the decision through the review system; attempt to persuade their landlord to lower the rent; move to a cheaper property; or try to meet the shortfall through benefit or other income. Recourse to all these options was encountered in the study. The effect of the shortfall largely depended on its size. In the northern city the amount left for the recipient to find varied from £1 a week to £32 a week. This very wide range is accounted for by the person discussed in Chapter 5 who moved from a very low rent to a much higher rent for which, at the time of the interview, she was not getting full Housing Benefit. In London the shortfall range was much narrower: from £2 to £12.

Some respondents maintained that they would not have chosen their present accommodation if they had known that they would not get their full housing costs met, although most people appeared to know that rent restriction was a possibility. One respondent, in a vulnerable group, reported that if she had known that ‘there would have been all this hassle with benefit’ she would not have moved to her new home. Others would have gone ahead with their move regardless of the restriction. A typical comment was:

‘It was what I expected so it wouldn't have made any difference; I was willing to pay more.’

One respondent, faced with a £15 a week deficit, said that had the restriction been only a couple of pounds then he would have moved but if he had had prior knowledge of the size of the gap he would not have moved to his present place.
Attitudes to restrictions were, not surprisingly, often a function of income. Some of those who were depending solely on Income Support, particularly if they were under 25, and the deficit was a large one, felt in a very vulnerable position. Two respondents were in receipt of disability benefits and reported that they felt a little better able to cope financially than people they knew who were on Income Support. Others were either working sporadically or on a part-time basis and/or had other benefit income, which allowed them to cope better. Some respondents were being subsidised by parents or boyfriends. Two or three landlords were being persuaded to reduce the rent.

In other cases it was proving difficult for respondents to make good the shortfall, whether it was caused by delays or excessive housing costs regulations, and arrears were building up. One couple were taking their case to the review board. Their rent had been restricted on the grounds that the accommodation was over-large. They had two daughters - one aged seven and one aged eleven. At the time of the interview the girls had separate bedrooms. The couple were arguing that the girls needed separate rooms and also that they did not want any disruption to their elder child's schooling. They had moved previously from rented accommodation but had only fairly recently moved from owner-occupation in another town. These two moves had caused problems, they claimed, for their children's schooling.

There were one or two apparent examples of the regulations concerning restrictions not being entirely complied with. One respondent in London had his rent restricted by £76 per week. He went to his Housing Benefit department and remonstrated. He obviously believed that this and subsequent visits to the authority had the direct effect of reducing the restriction. It went down from £76 to £45 and then to £12. The explanation for the reduction seemed to have more to do with the fact that the rent officer had not taken note of the fact that the respondent had a wife and a small child than the power of the individual to get his or her benefit increased.

Those respondents who had not had their benefit restricted were asked the rather difficult question as to whether they would have moved if their rent had not been fully covered. Reactions were varied. Many people, again not surprisingly, said it would depend on the size of the restriction. One respondent said she would move anyway but appeal against the restrictions. A minority insisted that, if they had known there would have been a restriction, they would not have moved at all. One respondent was quite precise about the strategy he would have adopted. If only £40 out of his £62 a week rent was going to have been covered he would have moved. If, however, the benefit was around £55 he would have found the small difference from his small savings. Respondents' reaction to the hypothetical question about restrictions did not vary according to whether they had been on Housing Benefit for a short or long time.

Not everyone was wholly critical of the regulations concerning restrictions. As one respondent put it 'they prevents them (landlords) ripping us off'. Several respondents thought that the system of putting a limit on how much Housing Benefit recipients could obtain was reasonable. These people did not think it was right that people on benefit should live in 'palatial' accommodation.

The interviews attempted to explore whether the experience of moving on benefit would affect people's future mobility. Around half of the private tenants reported they were likely to 'stay put' for the duration; the rest maintained they would probably move either fairly imminently or within a year.

Around two-thirds of the sample felt that they had achieved an improvement in housing circumstances but there were notable exceptions to this. The remaining third either did not feel any attachment at all to their new surroundings or actively disliked them. Those people who felt their present accommodation was better than their previous place were often keen to enjoy their new accommodation for as long as possible. Some people stressed the disruptions wrought by housing mobility. Others mentioned the expense of moving. Benefits were, for some, a further factor inhibiting future moving. The possibility of delays, of restricted choice because so few landlords wanted claimants, and of not getting the full rent were all constraints to moving again. As one respondent put it:
'Once you’ve gone through all the rigmarole of getting your Housing Benefit, I’m hesitant about going through all that lot again.'

People did not want to re-embark upon the chores and hassle, not all of it by any means benefit-related, involved in changing address:

'Moving from house to house is so exhausting, so I don't like the idea of moving around. I prefer to settle down.'

It has already been argued in the report that for some people moving was not something they were necessarily in control of. One such respondent who had moved in the recent past several times commented:

'I haven’t moved out of choice in any of these situations and, no thank you, its an upheaval in your life, it really is, and I want to stay here as long as possible. I'd like to stay here.'

There was evidence that the experience of moving on benefit reinforced people's perceptions. Several respondents in London mentioned that if they were to move again, they would consider moving only within their local authority area. Having had some difficulty moving the first time they presumed that changing to a different local authority would result in great complications and bring further delays and hence further financial problems.

A minority of those who said they would be moving either fairly immediately or in the near future were ‘involuntary’ movers. Some knew that, for a number of reasons, landlords would not be renewing contracts - for example one landlord was selling his property. A few respondents felt that being on benefit might have a direct affect on future moves. For instance, for one respondent in the northern city, in receipt of interim payments, the outcome of her claim was critical. She said that her decision to continue living next door to her boyfriend depended on how much benefit she would get:  ‘There's no way out of my Income Support I can afford to pay more than £7.’  Another respondent who was taking her case to the review board felt that the local authority had her future in its hands. Being in one of the ‘vulnerable groups’, she believed that her case was a strong one. If she did not get her full benefit she felt she would be homeless very soon. Her landlord would evict her and her family; she believed she would be categorised as statutory homeless and, thus, a further cost to the local authority.

ISMIP shortfall

It will be recalled that only eight of the owner-occupiers did in fact move house. This section will discuss the role, if any, of restrictions on the decision of these people to move house and also examine the non-movers’ shortfall.

The nature of the shortfall

Sixteen respondents, either at the time of the interview or shortly before, had a gap between the ISMIP they received and the mortgage payable. People were not always clear about how much ISMIP they were getting, and they were often very uncertain how much they should be sending to their lender. The changeover to a direct system of paying ISMIP, rather than clarifying the situation, seemed to make it more confusing for people. Ford and Wilcox’s (1992) study of 302 borrowers in arrears bears out this finding.

There are a number of possible explanations for the respondents' imprecision concerning their benefit and mortgage situations. First, it is well known that mortgagors are often ignorant of the details of their mortgage agreement (Jenkinson, 1992). Even the question, ‘Is your mortgage endowment or repayment?’ baffled some respondents. Lenders’ accounts, showing the amount owed, come infrequently so respondents were often unsure of their present position. Moreover payments alter slightly from month to month although some lenders are now standardising payments. Second, most of the respondents, unlike the private tenants, were unused to claiming benefit. They had very little knowledge of ISMIP and the grounds on which it might fall short of the amount payable. When asked why they received less than the full interest a typical response was: ‘They never pay it all, do they?’
The only restriction which was very clearly understood was that which limits the ISMIP to 50 per cent in the first sixteen weeks. None of the respondents had any knowledge of the excessive housing costs regulations, perhaps because no one in the sample was affected by this regulation. On the renters side, in contrast, this chapter has reported that there was considerable awareness of excessive housing cost even among those who were not affected. The study also confirms the findings of other studies that claimants are unaware that non-dependant deductions are being made (Welfare Rights Bulletin, 115/6). A number of the respondents were, in fact, affected by this limit on their benefit but they did not realise this themselves.

Third, respondents' ignorance concerning both the benefit itself and why it is sometimes restricted can be accounted for by the way the Benefits Agency currently informs recipients. Three people denied in the interview they were receiving ISMIP when it was clear to the interviewer that they were. On the Income Support form explaining to claimants how their IS has been calculated, mortgage interest appears as 'a contribution to the costs of living here'; it does not actually state that it is intended to cover their mortgage interest payment.

The size of the shortfall varied. For one respondent, Mr H., it was £68 a week; this was attributable to the 50 per cent rule. Two months after the end of this period he found paid employment. In addition he had had a monthly endowment payment of £80. He had been very worried about his endowment policy, which absorbed half of his £42 weekly Income Support. However:

'I had to keep up the endowment because it's like an insurance policy so you've got to keep that up.'

Mr H. was typical of the respondents in terms of his attitude to restrictions. His overriding concern was to keep a roof over his head. He coped with the shortfall in the first sixteen weeks by extending his credit with his bank and with credit card companies:

'Building societies are so dead, they don't know you personally. There's no point worrying them because they are not going to be concerned whether you have got a roof over your head or not. All they're going to be concerned about is their own interest in the property. I knew my bank manager considerably better, so I thought I would take any money I need rather than get behind. I spoke to my bank manager a lot, just to let him know, 'I need another £1000, ' or whatever and in the end I had an overdraft for about £4,500, which I am slowly paying off.'

Weekly shortfalls were relatively small - for most less than £15 a week. Nevertheless this sum can be perceived as a very large amount as a proportion of weekly Income Support. It was apparent that some people's shortfall was attributable to more than one reason, but they were rarely aware of this. A number of people had 'technical' arrears caused by the change over to direct payments. All ISMIP claimants will now be four weeks in arrears due to the backdating of direct payments; two or three respondents were very worried about these sorts of arrears.

Two respondents had very large weekly shortfalls, of £50 and £34 respectively. Both of these were attributable to the secure tenant regulations, referred to earlier on in this chapter. One man, unemployed at the time of purchasing, had been advised by a broker that the DSS would pay the interest. He had become very ill with stress-related problems on discovering that he would not get the full help. His three adult children, all of whom lived at home, were helping to make up the shortfall. The other case was more complicated. Mr A. had taken a mortgage jointly with his two adult children. One of these was unemployed at the time of the purchase, but she was being refused ISMIP. The family had won an appeal at a SSAT but the adjudication officer contested the decision and, at the time of the interview, the case was going to the Social Security Commissioner. To make matters worse Mr A.'s son was fairly unreliable as far as contributing his share of the mortgage was concerned. Mr A. was quite seriously in arrears and rather worried about being repossessed. He had considerable help from advice agencies but was not clear about the precise grounds for the restriction:
'They say she [his daughter] was not employed and she purchased the house for some sort of self-interest or self-gain or something like that. She was not working and when people are unemployed, if they purchase something they are making a gain in life to which they are not entitled.'

There was one exceptionally high weekly ISMIP in the sample. Mrs G.-H., a pregnant lone parent with one child, was receiving £746.64. She lived in a four-bedroom house. She had multiple debts and her mortgage was larger than her equity. She claimed no knowledge of the excessive housing costs regulations. She had a very small shortfall which appeared to represent previous arrears. She did report that she had had a visit from ‘a Housing woman who said I shouldn’t have to sell my antiques but think about moving instead’. It was apparent from the interview that Ms G.-H. would not have been able to get a mortgage and, because of her negative equity, she was not in a position to sell.

Those people who had had their rent restricted on moving into their new places reacted in a number of different ways. One couple were going to a review board; a few people were trying to negotiate lower rent with their landlords; some were being helped by relatives; and the remaining people affected were trying to make up the shortfall from their own resources. One or two people were contemplating a further move. Attitudes and behaviour regarding restriction largely depended on its size.

None of the owner-occupiers were affected by the excessive housing costs regulations. Those affected by a shortfall had had their ISMIP limited for other reasons: ineligible loans or parts of loans; secure tenants regulations; the 16-week rule; arrears interest; and non-dependant deductions. Some people experienced shortfalls for more than one reason. In comparison with the renters, owners were very unclear about the regulations generally and the grounds for restrictions in particular. None of the owners knew anything about excessive housing costs. Many of those affected by shortfall - even those with very slightly reduced benefit - felt vulnerable. Some of these people would have had great difficulty selling their houses. And unlike the renters, the home-owners did not expect to move in the near future.
Chapter 8  Young Adults

Introduction

The effect of benefit on housing decisions is an issue with special relevance for young people, since they are, as a group, particularly reliant on Housing Benefit. Young adults are also the most mobile section of the population, with those under 24 moving more often than any other group (Rosenbaum and Bailey, 1991). By the age of 25, the majority of people will have moved out of the parental home at least once and into, for example, student digs, the homes of other relatives, private rented accommodation, social housing, or owner-occupation. This change affects most young adults: in 1990, only 12 per cent of women and 27 per cent of men were still living in the parental home at the age of 25 (Roll, 1990, page 37).

Little attention has been paid to the role of Housing Benefit as a factor in the housing decisions taken by young people. Although Housing Benefit is not available in every circumstance - such as when a young person is living with a relative - there is still a widespread reliance on that particular benefit among the under-25s. Gibbs and Kemp (1993) demonstrate that some 31 per cent of householders under the age of 25 are in receipt of Housing Benefit, and constitute the second largest group of recipients after the over-65s (Table 8.1). It remains to ask, therefore, how far the availability of help with housing costs influences the decision taken by young people to leave home.

<table>
<thead>
<tr>
<th>Age</th>
<th>Percentage in receipt of HB %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 25</td>
<td>31.2</td>
</tr>
<tr>
<td>25-34</td>
<td>14.4</td>
</tr>
<tr>
<td>45-54</td>
<td>13.1</td>
</tr>
<tr>
<td>55-64</td>
<td>20.5</td>
</tr>
<tr>
<td>65-74</td>
<td>39.2</td>
</tr>
<tr>
<td>75 and over</td>
<td>49.8</td>
</tr>
<tr>
<td>All households</td>
<td>23.8</td>
</tr>
</tbody>
</table>

Source: Gibbs and Kemp (1993)

* Note: Rent rebate/allowance and/or rate rebate

The concept of ‘up-marketing’ has been addressed by this report. It might be assumed that for some young people, Housing Benefit presents an opportunity to move out of the parental home - a housing situation which in some cases poses a degree of personal restriction - and into a housing environment where there is greater independence and liberty. This was an issue which received some attention in the 1980s, when concern was expressed over the number of unemployed young adults leaving home to live in bed and breakfast accommodation in the seaside resorts (Ward, 1985). The government has since abolished Income Support ordinary board and lodging payments, but is still conscious of the possibility that other benefits might prove to be an inducement for young people to leave home. The Parliamentary Under-Secretary of State for Social Security commented in 1988:

_We recognise that there are circumstances in which people do have to move out, but we would not want to create an incentive._

(Hansard, 22 December 1988, col. 622)
However, the possibility still exists for young people on Income Support to move into social housing or the private rented sector and have their rent paid for by Housing Benefit.

Further benefit-related incentives exist for young adults to move out of the parental home. For families where the parents are in receipt of help with housing costs, reductions to those benefits are made for each employed adult in the house, and those adults over 25 in receipt of Income Support. It is assumed that the 'non-dependants' will make some contribution to supplement Housing Benefit payments or Income Support Mortgage Interest Payments. A deduction of up to £21 can be made, depending on the income of the non-dependant. A limited study completed in 1985 by the Child Poverty Action Group (CPAG) concluded that some families were suffering hardship as a consequence of the non-dependant deductions which were, it was claimed, set at too high a rate (Cusack and Roll, 1985). Since that report was published, the structure and level of non-dependent deductions has changed considerably. No recent evidence exists as to whether the deductions have any influence on decisions by young adults to leave the parental home.

This chapter explores the relationship between young people making housing decisions and the availability of assistance with housing costs. Analysis will refer to the substantial literature which addresses the issues surrounding young adults leaving home and entering the housing market. In addition, primary material will be incorporated from interviews which took place with fifteen young adults in a northern town and in London. The young adults chosen for interview were members of families where the parents were in receipt of Income Support Mortgage Interest Payment, and had been contacted for the research study. Thus, it might be thought, the young adults would already have some second-hand understanding of the availability of help with housing costs.

The work of Gill Jones especially has stressed that young people do not form a homogeneous group. A number of subsectors can be distinguished within the 18-24 age span, including class, gender, geographic location, and employment history. For the purposes of this chapter, discussion of young people's housing decisions will be structured according to three types of young adult: those who have always lived at home; those who have left and returned; and those who have left and not returned. Each of these types of young adult has made a distinctive set of housing decisions which will be discussed in detail. Conclusions will then be drawn as to whether Housing Benefit has any influence on the particular action taken. The chapter will begin with an overview of young adults' eligibility for Housing Benefit and conclude by determining the place of Housing Benefit in young adults' housing decisions. It will be shown that, among the young adults interviewed, knowledge of the Housing Benefit system was minimal and that, to some extent, lack of awareness of the possibility of help with housing costs was keeping some of the interviewees at home.

Benefits for young adults

The eligibility of young adults for a range of benefits has been restricted in recent years. The principal change has been to create a banding system for payment of Income Support. For 18-24-year-olds, payments are less than those for recipients aged 25 and over: a weekly sum of £34.80 compared with £44.00 (1993-4). The lower benefit rates applicable to the under-25s have consequences for their entitlement to Housing Benefit, leaving some young adults in this group in a position of disadvantage. For all those aged 25 and over who are not entitled to Income Support, a net weekly income, from all sources, of £44.00 per week or less - after statutory disregards on certain types of income - will entitle the recipient to full Housing Benefit. Under 25s not entitled to Income Support will have maximum Housing Benefit reduced by the standard 65p for every additional pound of net income, after disregards, that that income exceeds the lower applicable amount of £34.80.

Social Security Statistics for 1992 indicate that some 1.4 per cent of local authority tenants and 10.9 per cent of private tenants in Britain between the ages of 16 and 24 are in receipt of Housing Benefit but not claiming Income Support. However, the majority of young people in receipt of Housing Benefit are on Income Support. For these people - in cases where the rent levels are not deemed excessive, or where the household is not living in over-large accommodation - all rent costs will be met. Nil-cost housing is, therefore, potentially
available to the majority of 16-25-year-olds who are on Income Support, and who gain access to private rented accommodation or social housing. The remainder of this chapter will explore whether the availability of this benefit is proving to be an important element in young people's housing decisions. Three sets of young people will be examined in turn: those remaining at home; those who had left home but later returned; and those who have left home and not returned.

**The interview sample**

The families contacted as part of the principal study of Income Support Mortgage Interest Payments were asked whether they had any young people between the ages of 18 and 25. A selection of these young adults were interviewed. The group proved to be diverse. Of the fifteen, eleven were currently living in the parental home and three in either social housing or owner occupied properties. In one further unusual case, a young man had entered into a joint mortgage with his mother to purchase his parental home - a council house. This case will be counted as a 'leaver', since the man in question had experienced a change of housing status - becoming an owner-occupier - even though no actual move had taken place. Of the eleven still living at home, four had left at some point and returned.

The Tables 8.2 and 8.3 summarise the employment type and family formation by housing status.

**Table 8.2 Young adults: housing status and employment**

<table>
<thead>
<tr>
<th>Housing status</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full-time work</td>
</tr>
<tr>
<td>Staying at home</td>
<td>3</td>
</tr>
<tr>
<td>Returned home</td>
<td>1</td>
</tr>
<tr>
<td>Left home</td>
<td>1</td>
</tr>
</tbody>
</table>

**Table 8.3 Young adults: housing status and family formation**

<table>
<thead>
<tr>
<th>Housing status</th>
<th>Family formation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Single</td>
</tr>
<tr>
<td>Staying at home</td>
<td>6</td>
</tr>
<tr>
<td>Returned home</td>
<td>1</td>
</tr>
<tr>
<td>Left home</td>
<td>1</td>
</tr>
</tbody>
</table>

Of the fifteen interviewees, four were receiving Income Support, two were getting Child Benefit, and two were in receipt of Housing Benefit. The majority of the young adults in the sample were not in receipt of any benefits, however. Although the group is not intended to be representative, the slight bias towards single young employed adults still living at home should be noted. In addition, it should be remembered that all the young adults' parents were owner-occupiers in receipt of Income Support Mortgage Interest Payment.

**The stayers**

In general discussion about housing decisions, few researchers have studied young people who choose to stay at home. Normative behaviour in Britain is for a young person to have left the parental home by the age of 25. Indeed, the average age for women leaving home is 20 and for men 22 (Jones and Wallace, 1992). To some extent, continuing to live at home is deemed problematic, and indicative of difficulties either with employment or with access to the housing market. A study by Pickvance and Pickvance (1992) concluded that one-fifth of young people in their survey were living at home longer than they wanted to, because of the housing costs associated with moving out.

There is evidence to suggest, however, that some young people continue to live at home because they like it. Two types of 'stayer' should therefore be distinguished: those who
continue to live at home through preference; and those who would prefer to leave but lack either the resources or the opportunity to move. The availability of Housing Benefit plays a different role in each case. Both will be discussed in turn.

The voluntary stayers

Of the fifteen young adults interviewed, the largest group were those who were satisfied with continuing to live at home. Six of the fifteen young adults expressed themselves happy with this situation. This attitude is reflected in the large-scale study of shared accommodation completed by Green and Holroyd (1992), which included data relating to adult children living with parents. Although no figures are given which relate to the 18-24 age group specifically, general impressions can be taken from the heading 'unmarried people living with parents', since some 77 per cent of adults in this category were under 29.

A high proportion of adults in this category expressed positive reasons for continuing to live with their parents. Seventy per cent of adults still living at home expressed themselves 'very satisfied' with their accommodation, and a further 22 per cent 'fairly satisfied'. Seventy-eight per cent of people under thirty agreed or strongly agreed that the reason they lived at home was that they liked the arrangement. On questions relating to preferences for separate accommodation, 55 per cent of adults living with parents said that they would like to continue living at home (Green and Holroyd, 1992).

Looking in more depth at the issue of staying at home, through the young adults who were interviewed, it seems that those who continue to stay at home do so because they have no reason to leave. Usual motivations for leaving home include family tension, moving to take work or to study, and moving to form a new household with a partner. In cases where there is no conflict between parents and children, where employment has been taken in the area, and where no stable partnerships have been formed, continuing to live in the parental home is a logical housing decision. Indeed, for some of the young adults being interviewed, living in the parental home was such a natural state that no alternatives had been considered seriously. One young man of 25 was asked why he had never thought of leaving home, and his response was, 'I don't know, I just haven't. I suppose I'm happy.' In this case the question was simply irrelevant.

Asking for more detailed reasons why the young adults were content to stay at home yielded two types of response. For many, a reason for staying was to enjoy a continued relationship with the family. Comments along these lines included: 'I get on great with my Mam; I enjoy living at home'. In another case, a son used to living with his mother, a sister and her child, and three brothers said that he simply 'couldn't live with myself', because he was used to so much company. There is a literature which recognises the prevalence of this sort of attitude, stating that family relationships were placed high on the list of things which young people found most enjoyable (Noller and Callan, 1991).

A further reason emerged for young adults wanting to continue living at home: it was the cheapest option available. The 16-19 Initiative recorded that all the young people included in the study who had left home experienced financial difficulty (Ainley, 1991, page 108). Given the minimal costs associated with living at home, this situation is understandable. Most young people in employment make some sort of financial contribution to household expenses, but this sum rarely reflects the actual cost of living at home (Pickvance and Pickvance, 1992). In most cases 'board' constitutes a nominal fee imposed by the parent to get the young adult attuned to 'paying their way' (Jones and Wallace, 1992). Jones and Wallace's study revealed that board money rarely exceeds around £20, and is often less.

The financial advantages of the situation were recognised by the interviewees, as one young woman commented: 'Where else can you live for £20 a week and have everything laid on?' This is an attitude more particularly expressed by young men, who perhaps lack the domestic skills to be able to live independently (Wallace, 1987, page 158).

For more than half of the young adults interviewed for this project who were still living at home, the expectation was that leaving home would be precipitated by moving in with a partner and forming a household. To some extent this expectation is borne out by more general statistics, which reveal that those leaving home later tend to do so to set up home (Jones, 1990).
In all cases, little thought had been given to the type of accommodation which would be favoured, and there was only limited knowledge about the processes of looking for and securing accommodation. In only one case was a strong preference expressed, and that was against the notion of private renting. The woman in question said that to get a decent flat would cost £600 or £700 a month. Bedsits would be available at £30-50 a week, but:

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... shared kitchen, shared bathroom, and it's just like a little pokey room. I know because my friend at college had one, and she were paying a fortune for it, and it were damp; it were disgusting really.
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Other comments about expected tenures included the possibility of buying a house, but this was deemed too expensive a move:

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... you've got your bills, and, you know, mortgage payments and insurance, and it's a headache really, and another thing, I couldn't afford it anyway on my wage.
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None of these interviewees preferring to live at home mentioned the possibility of living in council accommodation.

These young adults who were continuing to stay at home voluntarily clearly did not intend to move into a housing situation which would place them in financial disadvantage, since there was no reason for them to do so. In one instance, a young woman had the option of herself and her child moving into her partner's house. She still preferred her present situation, however, since she saw her partner as often as she wanted to, and evidently enjoyed being at home.

In all cases, the possibility that Housing Benefit might be available to help with rent was not fully understood. When questioned on their familiarity with the benefit one young woman said:

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I wouldn't know where to go if I wanted one (i.e. help with housing). I mean we've got a Housing Benefit place at the back, but I don't know what they deal in; I don't know if it's homeless or nothing. No idea.
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Another young man still living at home was equally unsure: 'I don't know . . . it's all technical and complicated.' In all cases, therefore, the decision to stay at home was one made without knowledge of the availability of Housing Benefit.

Although all the young adults appreciated that living at home brought financial benefit to themselves, it appeared that none had estimated the financial cost to their parents of such action. Three of the interviewees preferring to live at home were in full-time employment. None of the young adults understood that continuing to live at home would incur a reduction in the mortgage interest component of the parents' Income Support. Indeed, as Chapter 7 has shown, parents themselves seemed unsure that this was the case. Despite the fact that recipients receive details on their entitlement notices of the way their benefits are worked, a number of studies have suggested that people do not always understand the given information (for example, Briggs and Rees, 1980). For the young adults interviewed, therefore, no pressure was felt for them to leave home, and the availability of Housing Benefit was clearly no inducement to form independent households.

The involuntary stayers

This subgrouping consists of four young adults who were living in the parental home, had taken steps to leave, but were unable to do so. The 'involuntary stayers' are the group of young people receiving most attention from researchers, since it is thought that the young adults who want to leave home but are unable to do so are the cause of tension and friction in the household. Young adults of this type were not represented in the interview sample. However, two other types of involuntary stayer were differentiated by the interviews - the student and the hidden household. The following discussion will examine why these people are unable to find suitable accommodation outside the parental home, and the role of benefit in the decisions being made.
Little research has been completed regarding students' housing strategies now that eligibility for Housing Benefit has been removed, so it is difficult to provide any statistical context to this part of the study. One interviewee was a student actively seeking to leave home. The reason why the student wanted to move was because her mother was intending to sell the house and move back to her home town. The mother had attempted to find accommodation for the student and her brother, but with no success. The efforts had been largely restricted to trying to gain access to social housing. The daughter was perhaps more realistic about the chances of this happening, since she had a friend who was about to become homeless, and still had not been offered housing from the council.

Much of the attempt to find housing for the daughter had, however, been predicated on the belief that the daughter's rent would be met from benefit payments. Indeed, the mother's expectation for support for her daughter had been quite unrealistic, and included the opinion that once the daughter got into arrears on gas and electricity bills, the council would intervene and arrange payment. Once it was understood that students are no longer eligible for benefits, then the parent and daughter realised that the daughter would have to stay in the house until the course had finished.

In three instances, the interviewees were part of hidden households living in the parental home: one couple who were planning to get married; a husband and wife with two children; and a couple with a child living at their respective parents' houses. In each case there was a degree of dissatisfaction with the accommodation because it was overcrowded. The unmarried couple was sharing a house with a mother and two brothers - the mother and her nine-year-old son having to sleep in the same bedroom. In another case an extended family of thirteen, containing three households, was sharing a four-bedroomed house. For the couple living in separate houses, the girlfriend's parents' house had only two bedrooms to sleep six adults and a child. All three interviewees were on the council waiting list.

To some extent it could be claimed that a lack of understanding of the benefit system was acting as a constraint on at least two of the young couples in question. For both interviewees, attempts to locate a new house had focused on social housing. In one case, the expectation that a property would be found was minimal, since they were not yet married:

... they keep telling me how there's thousands and thousands on the list but they don't seem to bother about young people. I mean, unless you've got a family and all that, or like you're homeless, they just don't bother at all.'

The couple with children were equally pessimistic and had considered increasing their chances of getting a house by telling the council that the parents had thrown the family out.

Both couples had limited their action to trying to obtain housing in the public sector only. Owner-occupation was not considered feasible because the couples could not afford a mortgage. In the engaged couple, only the woman was working, and in a low-paid job. She had quickly dismissed the idea of buying:

'Well, we thought of buying, but I don't think they'll give me a mortgage on my wage alone, so we sort of threw that idea to the wind.'

The married couple considered buying to be `too risky', and in any case considered that getting a council house would give them the right to purchase at a later date, once they were more secure financially.

For both these couples, finding accommodation in the private rented sector might be deemed a reasonable solution to their housing difficulties. In both cases, the young adult being interviewed had already had experiences of renting privately, and so was aware of the possibility. For the married couple, the option of renting privately was not seriously considered because the young man had had bad experiences with landlords in the past - in particular through conflict over the return of a deposit. He preferred social housing because it was more secure and because `the council' would pay the rent. In addition, there would be no problems with deposits and rent in advance.
In the case of the unmarried couple, there were no qualms about the prospect of renting. The interviewee had rented in the past, and enjoyed the experience before arguments with the woman she was renting with forced her to return home. For this couple, the biggest problem with renting was affordability. They had seen places that they liked:

'We saw one . . . that was a one-bedroom flat and it was lovely; it was self-contained, everything, and that was £60, but it's just way over our limit, you know; we just can't afford it, so that's why we've been trying down the council.'

They had not considered the possibility of applying for Housing Benefit, and indeed did not realise that help to pay the rent was available. It is probable that the couple would have received at least partial help with the rent, since the woman was on a low income, and the man on Income Support. The woman said that had she known about Housing Benefit, she would have taken the flat. The hidden households also included a couple who were living in their respective parents' houses. The possibilities of getting social housing were thought to be minimal, even though the couple were on the waiting list of two separate authorities. This couple had also considered the option of getting a flat in the private rented sector, but again were pessimistic about the probability. The need to present deposits and advance rent of sums in excess of £600 was proving to be a significant disincentive, although it was appreciated that help with the rent was available once the couple had moved. Knowledge of how the benefit system worked was rudimentary, however. There was no understanding that the benefit might be restricted for reasons of excessive cost of rent, or for over-large accommodation. In this respect the young adults in the sample did not resemble those who had moved whilst on Housing Benefit - a group which had, as Chapter 5 demonstrates, a reasonable grasp of the benefit regulations.

Limited understanding of the Housing Benefit system was, therefore, characteristic of all the interviewees in the hidden household subgroup. In the case of at least two of the involuntary stayers, their misunderstanding of the Housing Benefit system was proving to be an indirect factor in influencing housing decisions. The misunderstanding led into assumptions about different housing tenures: that both low rents and the possibility of getting help with rent is closely associated with social housing; and that the private rented sector is inaccessible because of the high cost of rent, for which no help would be available. In one further case, knowledge that Housing Benefit was available would have led to a move away from home. In the final case in this subgroup the interviewee knew that Housing Benefit would be available, but did not understand that there might be possible restrictions in payment.

On the issue of non-dependant deductions, the regulation only applied to one interviewee in the 'stayer' group - the young woman living at home and in full-time employment. The interviewee was not aware of the probability that non-dependant deductions were being taken from her mother's benefit payments, and certainly expressed no awareness of pressure to move because of the deductions. Indeed, her mother had said that she wanted her daughter and her partner to continue staying at home:

'Imean she's quite happy about us staying here. It was my Mum who suggested in the first place that Terry move in, so she's been fine about everything.'

In this case, then, financial pressure felt by the mother was not a reason why the couple wanted to move out.

The returners

Gill Jones in particular has stressed that leaving home is not a linear process, with one definite point at which the split is made (Jones, 1990). Often young people move in and out of the parental home a number of times before setting up a household which has some degree of permanence. The incidence of leaving and returning has associations with age and with employment. Earlier leavers - under the age of 19 - tend to move out of the home as a consequence of family tension (Jones, 1990), and are also most likely to return. Those leaving at around the age of 18-19 are most likely to be leaving to take up higher education. A high return-home rate among this group is also normal, once the courses have been completed.
Four young adults who returned home were interviewed. In each case three separate sets of housing decisions had been made: the decision to take the first move away from home; the decision to return; and the decision to continue staying at home. The availability of Housing Benefit played a slightly different role in each decision process, as experience of different types of housing and tenure has increased. The housing careers of four returners will be discussed briefly. It will be seen that in each case, Housing Benefit regulations constituted a peripheral consideration.

'Helena'

At the time of the interview, Helen was 19 and in a low-paid job working in a warehouse. She had moved out of the parental home at the age of sixteen, as a consequence of family tension. Helen had wanted to achieve some degree of independence:

'I just wanted to get out and be on my own and not have everybody nagging at me or saying what I could do or I couldn't do or what time I had to be in.'

Helen moved out with her friend into a flat they found through an advertisement in the local papers. The rent for the flat was £48 a week, which was affordable when split between the two of them. In addition, Helen said that she was getting a better wage at that time, so was more easily able to pay rent. Although Helen enjoyed the freedom associated with being away from home, things did not work out between her and her friend:

'We just weren't getting on basically. Every time I went home we ended up arguing, so it was like being married!' Helen was forced to move home because she could not afford to pay the rent on her own. To some extent her move home was made easier by the fact that relations between herself and her parents had improved. Although she was now happy being at home, Helen was looking for her own flat so that she could settle down with her fiance. Her name was on the local authority waiting list.

Helen's story presents a series of housing decisions in which the availability of Housing Benefit had no place at all. The principal move away from home was taken without awareness of the availability of benefit. It is probable that Helen would have continued to live in the flat if she had known that help with rent was obtainable, as her experience of the private rented sector was a good one. Her view that social housing was the only possible alternative was posited on the belief that she could not afford private rents or owner-occupation, since she was on a low wage and her partner was unemployed.

'Gavin'

At the time of the interview, Gavin was 23 and unemployed. His trade was building, and Gavin was used to the seasonal fluctuations characteristic of work in the industry. He did not always sign on when he was not working, since the process was too time-consuming. Gavin lived away from home for a period of nine months, renting a flat with two friends. His share of the rent was £70 a week. Although Gavin quite liked the arrangement and could manage to pay his part of the rent, he moved back home because he had missed the 'comforts'. He had visited his parents regularly, but the flat had been located a long way from their home, and the fares were high. At the time of the interview Gavin said that he liked the idea of continuing to live at home. When questioned on the possibility of moving out again, Gavin mentioned two obstacles. He believed that there would have to be payment of deposits in the region of £800 to gain access to rented accommodation. Perhaps more important than this factor, however, was his unwillingness to apply for Housing Benefit - a consequence of his dislike of applying for benefits of any description.

Gavin presents a case in which Housing Benefit did not play a role in the series of housing decisions which accompanied his leaving and returning to the parental home. What is important about this example, however, is that unlike the majority of young adults being interviewed, Gavin's knowledge of the Housing Benefit system was relatively sophisti
cated. He knew, for example, that there were eligible rent restrictions on properties deemed too expensive. In Gavin's case, however, the existence of Housing Benefit did not prove to be a factor in his housing decisions because of his unwillingness to apply for the benefit.

In addition, Gavin's housing decisions were not influenced by the deductions paid to his parents' Income Support Mortgage Interest Payment. Gavin was aware of some aspects of the regulations - such as, for example, the reduction in payments for the first sixteen weeks - but seemed unaware that his parents' income was affected by his continuing to live at home when he was employed. Gavin's parents did not know that reductions could be made when Gavin was in work, and so certainly had not pressured Gavin to move because of this.

`Amarpal'

Amarpal was 24 at the time of the interview, and was completing a training course for which he got £10 added to his Income Support. Amarpal left home at the age of 18 to start a course in computer science. During his time as a student, Amarpal lived in shared housing with other students. He claimed Housing Benefit up until the time the legislation changed and he became ineligible. Amarpal's experience of the private rented sector was variable. Although some places were considered reasonable, difficulties with a landlord over the repayment of a deposit had affected his general opinion on private renting. Whilst he was a student, Amarpal had an arranged marriage, after which his wife continued to live with his parents, and he returned to studying away from home. He was finally forced to come back home without finishing his course because of family pressure to be with his wife when the birth of their second child was due. Since that time he had not left home again, but was looking - albeit with little enthusiasm - for accommodation for his family outside the parental home. His principal aim was to get a council house, since it would be possible to buy this at a later date.

The place of benefit in Amarpal's series of housing decisions was clearly marginal. Although he had in the past lived in the private rented sector and been in receipt of Housing Benefit, he did not seem to favour this as an option for himself and his family. Social housing was preferred because it was felt to be more secure and because he assumed that the rent would be paid. Amarpal's inability to find accommodation for his family did not appear to be causing friction at home because of any financial difficulties, although overcrowding in the house was a cause of tension. His parents were, however, unwilling for him to move out. Amarpal did not seem aware of the regulations relating to non-dependant deductions, although his status as a student-trainee meant that there was no deduction from his parents' Income Support.

`Neil'

Neil was 21 at the time of the interview, and in receipt of Income Support. He had moved out to live with his girlfriend and their child in bedsit accommodation found for them by the council. The couple lived there for about six weeks, but then had to move out because conditions were so poor. The couple moved back to their respective parents' houses, although Neil spent more time in his girlfriend's parents' house than he did at home. Neil was hoping to get a council house so that he could be with his family.

The place of benefits in Neil's housing decisions was perhaps less peripheral than in the other cases in this category. He was aware that help was available for rents in the private sector, but deposits and rent in advance were proving to be a disincentive to move to this kind of housing. Because Neil was on Income Support, the non-dependant deductions did not apply, and were certainly not mentioned by him as a factor in his housing decisions. In common with all the young adults interviewed, he did not feel that his mother was pressuring him to move for financial reasons. On the contrary, his mother had expressed willingness for his girlfriend to move in with them.
All returners who were interviewed wanted to leave home again, although in three cases the reasons for doing so a second time were different from those underpinning the first move. Although it might be expected that experience outside the parental home would have increased the young adults' understanding of the Housing Benefit system, this clearly did not seem to have been the case. None of the returners felt under an obligation to leave because of financial difficulties at home. Rather, the intention was to find accommodation for themselves and their partners to form independent households.

Leavers

The fifteen young adults interviewed included four leavers who had formed 'permanent' households. Two of the leavers had become owner-occupiers and two had council houses. Again, Housing Benefit had only a marginal impact on the housing decisions taken.

Levels of owner-occupation among the under-25s in Britain is amongst the highest in Europe, with some 30 per cent of young adults purchasing their own homes (Jones, 1990). Expectation of home-ownership is therefore high among young people: in a recent survey completed by the National Housing Forum, 67 per cent of young people expected to be buying their own homes. In the cases where there is a realistic possibility of home-ownership and a desire to purchase a property, the existence of Housing Benefit has no impact at all on housing decisions, because it is not available for owner-occupiers.

The negligible influence of Housing Benefit for those buying accommodation was made clear through the example of one of the owner-occupiers interviewed. This young woman had travelled what might be considered to be the most conventional route: moving out of the parental home to buy a house with her partner. Both were in full-time employment. On the question of possible alternatives to buying, the interviewee said that renting would have cost as much as paying a mortgage and, in any case, the couple wanted a place of their own. The interviewee said that she had no knowledge of Housing Benefit and, indeed, found the whole system 'daunting'.

The daughter had no understanding of how the Income Support Mortgage Interest Payment worked. Her mother had gone to a solicitor friend to have the system explained to her. Although the situation was such that the young adult's continuing to live at home meant reductions to the mother's Income Support Mortgage Interest Payment, no pressure was felt for the daughter to leave home. The daughter said that once the decision was taken to move, she and her partner had 'taken their time' in looking and had finally chosen a newly built house. Evidently the benefit regulations had not proved to be an influence in the decision either to leave home or to take a particular type of accommodation.

The other owner-occupier interviewed had entered into a joint mortgage agreement with his mother to purchase what had been the family home - a council house. The decision had seemed a good one at the time but was now creating difficulties because he had since become unemployed. The situation had worsened since there had been a long delay in payment of the ISMIP in part because of uncertainty relating to the mortgage protection policy held by the interviewee. It was clear that neither the mother nor the young adult fully understood the system whereby they could get help with paying the interest on the mortgage as part of the Income Support.

The social housing tenants

The National Housing Forum Survey revealed that few young adults expected to be renting either from the council or from housing associations: only 11 per cent indicated that this tenure was probable (Darke, 1993). The possibility for single young people to move out of the parental home and into social housing is minimal, unless that young person is considered to be in 'priority need'. The two young people interviewed had formed part of a couple and had children before they were offered housing from the council. Both young adults felt that moving into social housing was an 'obvious' option, where 'you're guaranteed to be paying a reasonable rent'. The place of Housing Benefit in this particular situation is markedly different from the other examples cited in this chapter. In both cases the awareness of the system was a little more sophisticated, since the interviewee was actually in receipt of that benefit. In one case - the lone parent - part-time work had been taken on and was carefully organised so that no reduction was incurred in the Housing
Benefit. Of all the interviewed young adults, these are the cases where up-marketing is most likely to be a possibility. This was especially the case when both interviewees found that the properties they were offered by the council were in poor condition - needing extensive repair and redecoration. The lone mother, although happy to be in her own place, felt unsafe in the neighbourhood and wanted a house with a garden so that her child could play outside. In both cases, the possibility remained that Housing Benefit would cover the rent of a property which was more satisfactory.

Neither interviewee appreciated the notion that houses in better condition could be applied for - either from the council or housing associations, or from the private rented sector. Again it becomes clear that although there was some knowledge of the benefit regulations, misunderstandings remained, especially with respect to the way in which the system worked. On the question of renting, one interviewee said that the benefits would not cover the sort of housing they would want. In the other case, there seemed to be a radical misconception of how the benefit system worked. The interviewee thought she would not be able to move into better housing:

> ‘If it costs more money they wouldn’t let me do it. They can’t really take any more money off me because I only get enough now to live on. So they can’t take any more money off me now so where would the extra money come from to pay whatever more it was from my rent to whatever this landlord was charging?’

The expectation seemed to be that Housing Benefit covered the sort of rents charged to social housing tenants, and would not extend to the higher rents in the private sector. For those interviewees who were in receipt of Housing Benefit, therefore, the possibility of up-marketing was precluded by a limited understanding of how the system worked.

**Young adults on Housing Benefit**

There now seems to be agreement amongst researchers that simple generalisations about the housing careers of young people are not tenable. Moving away from home is not a uniform process, as the varied experiences of the interviewees illustrate. It does seem possible, however, to make some comment on the young people who were interviewed, with respect to their understanding of Housing Benefit regulations. Two factors in particular need to be stressed.

It seems that, contrary to the findings of the CPAG report, *Families Rent Apart* (1985), there was no pressure on the young adults to leave home for financial reasons. Parents’ and children’s knowledge of the Income Support Mortgage Interest Payment scheme was at best rudimentary, and there seemed only minimal awareness that non-dependant deductions were being made. The largest group of young people interviewed were those in employment and still living at home - the group where non-dependant deductions were applicable. None of the young adults knew that reductions were possible. One woman commented: ‘I said to Mum, if she thought she should go through and check it, because I didn’t know.’ Parents could be equally confused. During an interview with a young person who had a full-time job, the father was asked about non-dependant deductions. He was unsure:

> ‘I don’t know whether there is on my Income Support; I can’t tell you off hand, without going right through all my papers. I don’t think they do anything because we also have a daughter who’s Down’s Syndrome.’

In no case was any financial difficulties which might be experienced by the parents because of the deductions cited as a reason why someone might choose to leave home.

Questions on Housing Benefit revealed similar levels of either lack of knowledge or complete misunderstanding. Responses to the issue gave the impression that the young adults being interviewed believed that Housing Benefit was of little relevance to them. This attitude was especially prevalent among those still living at home. Comments included: ‘I’ve never looked at it or anything,’ and ‘I’d heard of Housing Benefit but I didn’t know what it was for.’ One interviewee recalled hearing her mother talking about Housing
Benefit: 'I mean she was telling me but it was straight in one ear and straight out of the other.'

Ignorance of the benefit extended to those people who would be eligible to apply:

'We don't think to look into things like this, but when you don't know that there are things that can help you out, you just don't know that you can go and look for them.'

Even those in the process of application were unsure, with one interviewee commenting, 'We've no idea what we're entitled to. To find things out there had to be 'a lot of tramping about.' Generally, therefore, responses to the benefit system were largely couched in terms of uncertainty.

In only one case did an interviewee state that the possibility of help with payment of the rent had been a consideration at the time when she left home. She had moved out as a consequence of a series of family rows, and had slept in friends' houses. At this time she was in receipt of Income Support, and said that she had not been too worried since: 'I knew there'd be something because my Mam were on it as well . . . I knew I'd get some money.'

However, the possibility that this person might have been using the system to 'up-market' is negated by her poor grasp of how the system actually worked. She explained the benefit: 'Well, like my rent is £25; they just take £25 from me and pay that to the rent office.' She did not think it was permitted for her to move out of the council house she had been given:

'I don't think they would let me do that. I think they'd say the one I've got's alright which it is. I meant there's two of us and there's two bedrooms. I can't really complain about that can I?'

In this case, therefore, although the benefit was considered to be a sort of 'safety net' to help if actual homelessness was threatened, it was certainly not believed to be a means to gain accommodation which was any more than adequate.

These findings reflect work which has already been completed on reasons for the non-take-up of benefits, but suggest that modification may be appropriate. Studies on the take-up of Family Credit have revealed the reasons given for not applying to the scheme were grouped. For example, it was shown that women were more likely to want to apply for Family Credit than men, who tended to feel more sensitive about the notion of wage supplements (Corden and Craig, 1991). Earlier work completed in the 1970s and relating to rent allowances noted that the pensioner groups were more likely than other groups not to apply because they felt stigmatised by asking for help (Page and Weinberger, 1975, page 83). In the case of the young people, issues of stigma may be much less relevant than a simple lack of knowledge. Among the young people interviewed, it appeared that those who were possibly eligible were not taking action because of a limited understanding of Housing Benefit's availability, rather than because of any perceived stigma.

Conclusion

On the evidence of the interviews completed for the research study, it seems that neither the non-dependant deductions on Income Support Mortgage Interest Payments, nor the availability of help with rent, played anything more than a peripheral role in the housing decisions of the young adults contacted. Further research needs to be completed, however, with a statistically representative sample base, before any categorical statements can be made. It seems clear, however, that most of the young people needed a fairly definite reason to leave home, especially since a move was likely to cause a degree of financial hardship, at least initially. The process of moving home was therefore precipitated by a number of major factors, including family tension, the need to study, or the desire to move in with a partner, rather than by the benefit regulations.

In this respect, the young adults sample reflects the findings relating to those who had moved on benefit. Chapters 4 and 5 demonstrated that benefit did not constitute a significant factor in the decision taken to move. Rather, the decision was informed by issues such as the
inadequacy of the existing accommodation, or of external factors forcing the tenant to find another place to live.

A further point needs to be drawn from a comparison of the two groups. Perhaps not surprisingly, there is a definite contrast in the Housing Benefit knowledge of the young adults interviewed, and that of the private tenants who were interviewed. The young adults were relatively poorly informed about the benefit, whereas most of the private tenants had a fairly sophisticated understanding of how the benefits system worked, particularly with regard to regulations on reasonable rent restrictions. It is necessary to ask when and how such knowledge was acquired. It seems clear from both groups that knowledge of Housing Benefits is gained after the decision to move has been taken. People acquire knowledge of a particular benefit as they become aware of the need for it. Understanding of the way in which the system works comes with time and experience rather than by the conscious determination to 'learn' about the benefit from, for example, an advice agency or from parents. Among the private tenants interviewed for the main study, only a third of those making their first claim found the system easy to understand, but this figure rises to two-thirds among those who had claimed before. Knowledge is picked up piecemeal, in a gradual fashion and is not always accurate.
Chapter 9  Conclusions

The research reported here examined key aspects of the relationship between benefit and housing decisions. The study involved interviews with a sample of private renters on Housing Benefit; a sample of home-owners receiving a mortgage interest payment as part of their Income Support entitlement; and a group of young adults, whose parents had been included in the ISMIP sample. By means of depth interviews, respondents' attitudes to, and experiences of, moving (or not moving) on benefit were explored. A central focus of the interviews was the extent to which benefit was taken into account in the decision to move home. It is important to recall that the study explicitly aimed to sample benefit recipients who had moved to more expensive accommodation; people who had moved to cheaper accommodation were thus excluded from the research.

The research covered relatively unexplored ground, as little was previously known about the subject (though there had been much unsubstantiated anecdote). Some of the respondents were asked to think about things to which, it turned out, they had not given much or any thought before being asked the question. The fact that they had not thought much about the subject is of course itself a research finding. The interviews with the owner-occupier non-movers were particularly difficult as they were being asked about something which they had not actually done: that is, move house whilst on Income Support.

A key conclusion of the research is that there was little evidence of recipients deliberately choosing to move home because of the availability of benefit. This was the case for all three sample groups.

Two-thirds of moves by private renters were voluntary. People who moved from choice did so for whole range of reasons, none of which were benefit related. The few cases where benefit was a reason why private renters moved home involved involuntary moves. Benefit was a factor only in a negative sense, in that these respondents were asked to leave by their landlords because they had become unemployed and were on or had applied for benefit.

The sampling of home-owners on Income Support receiving mortgage interest payments revealed only a small number of movers. In contrast to private renters receiving Housing Benefit, it seems that very few home-owners getting ISMIPs move home. For reasons discussed in the report, it is much more difficult for home-owners than for private renters to move house, but this was especially true when the fieldwork was carried out because of the slump in the housing market.

Of the fifteen young adults interviewed, eight had moved out of the parental home - although four of that group had returned after only a limited time away. Again, benefit played a peripheral role in the housing decisions being made. In no case was the decision to move made because of financial pressure felt by the family as a consequence of non-dependant deductions. In addition, none of the young adults moved on the basis of the availability of help with rent costs. Indeed, knowledge of Housing Benefit was remarkably limited amongst this group.

Whereas most of the private renters and young adults in the study had moved for non-benefit and non-financial reasons, those home-owners who had moved had done so mainly for financial reasons, as a way of reducing their housing costs.

Quite apart from the relative difficulty of moving, hardly any of the home-owners in the sample really wanted to move home. This was as true of the few that had moved as it was of those who had stayed put. Indeed, most of the non-movers had not even considered moving
whilst on benefit and none had thought about trading up. Moving was viewed as something
to be avoided at all costs. Rather than encouraging them to move, home-owners saw benefit
as, if anything, helping them to avoid a move. Generally, they equated moving with re-
possession. Most of them saw their period of unemployment as temporary, thus rendering a
major change like moving house as unnecessary.

While benefit was not (except for a minority of the involuntary moves) a reason why people
left their previous home, it played a major role in the accommodation search and selection
process of the private renters. Yet even here benefit was for the most part something which
inhibited their choice of new accommodation rather than facilitated it (though without
Housing Benefit they would not have been able to afford any accommodation).

In considering a move, whether voluntary or involuntary, the private rented respondents
had to take into account a whole range of factors that do not impinge upon the moving
process of non-recipients. These included the ‘hassle’ involved in making a new claim for
Housing Benefit as a result of changing address. More than that, however, there were a
range of uncertainties facing benefit recipients which made moving house in the private
rented sector a risky business, the outcome of which could be the accrual of debts and the
possibility of having to move once again.

One of the uncertainties which faced the Housing Benefit recipients who were seeking to
move was the potential for delays in the processing of their claim at a new address. Delays
in receiving Housing Benefit meant that respondents had to take on new accommo-
dation - often from a new landlord and hence someone with whom they had not yet built up
a relationship of trust - without being able to pay the rent from their own income. While a
few respondents were able to come to a temporary arrangement with their landlord and
others were able to draw upon savings, most had to borrow from friends, relatives or their
bank in order to pay the rent while their Housing Benefit was being processed.

A significant number of the respondents from the northern city were receiving interim
payments at the time of the interview. Although these payments were often well below the
level of their contractual rent, they did help to ease the financial difficulties arising from
delays in the processing of benefit claims.

Another uncertainty which non-recipients do not have to consider but which was uppermost
in the mind of the private renters interviewed in the study, was the possibility of their rent
being restricted for benefit purposes. While some respondents had had in mind whether or
not they would be able to afford the rent if they were to get a job, of far more immediate
concern was whether or not they would be able to afford the rent whilst on benefit. If their
rent were to be restricted for benefit purposes, they might find it difficult to afford it. This is
discussed in some detail below.

Finally, in looking for accommodation, the private renters in the sample were conscious of
the fact that not all landlords welcomed Housing Benefit recipients as tenants. Whether or
not the landlord would take someone on Housing Benefit was consequently one of the most
important criteria that respondents employed when looking for accommodation. Some
respondents sought to hide from potential landlords the fact that they were on benefit.

As well as these benefit-related factors which made moving house a risky and potentially
costly business, the respondents - like other movers in the private rented sector - often
had to pay considerable 
access costs
 in order to secure a new place to live. Expenses
included deposits, rent in advance and, where they were used, a fee to an accommodation
agency. These sums were often quite considerable and generally could not be paid for out of
benefit income. Some respondents used their savings to pay these costs. Others borrowed
what were often quite considerable sums and were having difficulty clearing the debt; they
incurred this debt because they needed to find a way of making the advance payments in
order to secure the accommodation. But many also expected to be on benefit for only a short
time and thought they would eventually be able to pay off the debt. A few respondents were
able to use the refunded deposit from their previous place to pay for the deposit on their new
accommodation.
The widespread demand for deposits and rent in advance influenced the accommodation search and selection strategies of many respondents. They looked for accommodation on which no deposit or rent in advance was required - though few were successful in this strategy - or for which the amounts required were quite low.

There was an important interaction between the amount of rent in advance or deposit that was required, and delays in the processing of claims. The lower these access costs were, the easier it was for recipients to cope with the delays in benefit payments.

Whilst many private tenants in the study did quite extensive searching through newspapers and some contacted agents, most actually viewed only one property. Many of the respondents felt that they had little choice but to accept the property into which they had moved.

Even when they had found somewhere, taking on a new tenancy was seen as a risk. For unlike non-recipients, private renters on Housing Benefit may not know whether or not they can afford the accommodation they have taken on until their benefit claim is processed and they are sent a letter of notification by the local authority. As a consequence, the tenants faced considerable uncertainty about whether or not the rent would be restricted or accepted in full for Housing Benefit purposes by the local authority. If the rent was accepted in full - leaving aside ineligible items such as water and service charges - they would be able to afford the rent; if it was restricted, whether or not they could afford the rent would be greatly affected by the extent of the restriction.

All the respondents on Housing Benefit had some inkling or knowledge of the possibility that the rent might be restricted on the grounds of being too high. In many cases this was because of previous experience, while in other cases it was simply assumed that they could not rent just anywhere and expect Housing Benefit to meet the cost. Many of them knew from previous experience that the rent officer - though this was not necessarily the term they used - might inspect the property to check whether or not the rent was excessive. Generally, respondents did not know that the rent officer was not part of the local authority, and most had only a fairly hazy or erroneous knowledge of how the referral process worked.

In order to minimise the risk of taking on the tenancy of a place that they might not, in the end, be able to afford, most of the respondents devised strategies to ensure that they got somewhere with a rent that would be acceptable to the local authority. This often involved contacting the local authority or the rent officer service to ask what would be an acceptable rent.

Thus the respondents did not see the rent as unconstrained because they were on benefit. In deciding upon what price range of accommodation to look at or enquire about, most respondents had primarily in mind what they thought or hoped the local authority would accept as reasonable. Only a few took into account the level of rent that they would be likely to afford once they had got a job; instead, attention was focused on the immediate problem of whether they would be able to afford the rent whilst on benefit.

A number of the respondents had a common sense notion of the concept of the 'top end of the market' in that they knew that the local authority would not agree to pay the rent on what many of them referred to as a 'penthouse flat'.

Much less thought was given by respondents to the type and size of accommodation that the local authority might consider as reasonable for Housing Benefit than they did to the level of the rent. Just under a third of private tenants in the sample knew something about the concept of over-large accommodation, though only one or two knew about the size criteria which rent officers are required to employ. Even so, almost all the respondents were living in accommodation that did not breach the rent officer size criteria. Most of the private tenants in the study were single people living in one-bedroom flats or bedsits and shared houses.

The majority of respondents on Housing Benefit felt they had moved to better accommodation; for the voluntary movers, it was to get better accommodation or accommodation
that better suited their needs that they had decided to move. That is, of course, why most moves take place among non-benefit recipients. It is hardly surprising, therefore, that when households decide to move they try to find somewhere that they perceive to be better than the place they are moving from.

Although there were some similarities between Housing Benefit and ISMIP recipients in the factors affecting their search for and selection of new accommodation, there were also some important differences. Financial constraints limited both sets of respondents. Although the costs of moving were greater for owners than for private tenants, the former found it easier than the latter to pay them because they were able to draw on the proceeds of the sale of their previous home.

The home-owners who had moved had very much less contact with the Benefits Agency than the private renters had with the local authority. The attention of home-owners who had moved was not on the Benefits Agency but on mortgage lenders; the crucial question for the movers was whether or not lenders would give them a mortgage whilst they were on Income Support (most non-movers thought it was out of the question).

Whereas most private renters had some knowledge of the excessive housing costs regulations in the Housing Benefit scheme, none of the home-owners in the sample were aware of the comparable Income Support restrictions. The difference may largely be explained by the fact that the private tenants had much more experience of moving whilst on benefit and had thereby acquired some knowledge of the fact that the rent might be restricted; indeed, some had had to move because of a previous rent restriction. Moreover, in some cases rent officers had visited their new or previous accommodation, and this had further brought home the existence of rent restrictions. In contrast, ISMIPs seem rarely to be restricted. Private tenants were also much more aware than the owners that they were getting help with their housing costs and of the exact amount they were receiving.

Despite their clear awareness that the rent could be restricted, most private tenants in the study had little knowledge of the rules governing the rest of the scheme. The home-owners on ISMIP also had little detailed knowledge of the Income Support regulations. For the young adults who had moved, and were in receipt of Housing Benefit, the grasp of how the system worked was similarly limited. Thus with the important exception of knowledge about rent restrictions, the research confirms the finding of other studies that benefit recipients generally have little detailed understanding of the rules governing social security benefits (e.g. Corden and Craig, 1991).

None of the home-owners was affected by the excessive housing costs restrictions. However, two-thirds of them had a shortfall between their ISMIP and their housing costs for other reasons. Many of them felt very vulnerable as a result; they were not aware that, because of an agreement between the Council of Mortgage Lenders and the government, their benefit status protected them from repossession.

A third of the renters had their rent restricted. A variety of strategies were being employed by tenants whose eligible rent had been restricted to make up the shortfall. A few respondents had appealed or were in the process of doing so. Some had managed to negotiate a lower rent or had persuaded the landlord to accept a lower rent for the time being. Where the difference was relatively small, some respondents were meeting the gap out of their income, though most of them were finding it difficult to do so. And some respondents had decided to move on again because they could not cope with the shortfall.

To conclude, different disincentives to moving existed for all three sample groups. For private renters, the considerable uncertainty created by the excessive housing costs, provisions and the potential delays in the processing of claims, made moving on benefit a risky business. Owner-occupiers' attachment to their home and the day-to-day realities of getting by on Income Support made moving on benefit something for them to avoid. The young adults' satisfaction with continuing to live at home, combined with a lack of knowledge about the availability of help with rent, meant that staying put was seen to be the best option. For those who, for a number of reasons, made the decision to leave, lack of
understanding of the way the benefit system worked led, for the most part, either to a return to the parental home or to insecurity about moving to other accommodation.

There was little evidence of recipients deliberately deciding to move up-market in order to take advantage of the availability of benefit. No one in any of the samples had chosen to move because of the structure or availability of benefit; but a minority had been forced to move because they were on benefit. While benefit played a crucial role in the accommodation search and selection process of the private tenants, it was a largely negative one and acted to restrict their choice rather than to enhance it.
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Appendix 1  Obtaining a Sample

The local authorities were contacted in the winter of 1991 and the samples were generated during spring of 1992. The fieldwork was carried out during the summer and autumn of 1992.

The tenant sample

The tenant sample was generated from local authority computerised records of changes of address. The names and addresses of those benefit households who had moved to a higher rent within the previous six months were supplied. Letters were then sent out by the local authorities informing the sample of the research and its aims. The sample were given the opportunity to opt out of the study at this stage. A sample letter is shown in Appendix 3.

A target of 40 interviews was sought from a total sample of 115 names (Table A.1). Thirty-nine interviews were achieved: 20 in the northern city and 19 in London.

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<tbody>
<tr>
<td>Total Sample</td>
<td>58</td>
<td>57</td>
<td>115</td>
</tr>
<tr>
<td>Interview Target</td>
<td>20</td>
<td>20</td>
<td>40</td>
</tr>
<tr>
<td>Interviews Achieved</td>
<td>20</td>
<td>19</td>
<td>39</td>
</tr>
<tr>
<td>Refusals</td>
<td>6</td>
<td>10</td>
<td>16</td>
</tr>
<tr>
<td>Moved On</td>
<td>9</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>Non-Contacts</td>
<td>20</td>
<td>16</td>
<td>36</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>58</td>
<td>57</td>
<td>115</td>
</tr>
</tbody>
</table>

Table A.1 shows that a significant number of the sample of 115 had already moved on to other accommodation before or during the fieldwork. There were 16 refusals and 36 tenants could not be contacted despite numerous calls. Three others could not be interviewed because of their difficulties with the English language. However, one non-English speaker was interviewed through an Urdu interpreter.

The owner-occupied sample

There were administrative difficulties obtaining a sample of owner-occupiers because the Benefits Agency, during the first half of 1992, was changing the method of paying the ISMIP. The Social Security (Mortgage Interest Payments) Act 1992 requires the Agency to pay mortgage interest direct to the lender rather than to the customer. These procedural changes delayed the sampling process but in June 1992 the DSS Social Research Branch randomly sampled approximately 1 in 10 of the 11,000 people in the northern city and the London borough in receipt of ISMIP. The Branch sent to this sample a short postal questionnaire which they were requested to return to the Centre for Housing Policy. A sample letter and question form are shown in Appendix 4. As with the private rented sample, people were given the opportunity to opt out of the study. Table A.2 shows that of the 313 questionnaires returned only 13 were from customers who had moved address.
Table A.2  Sifting for owner-occupiers who had moved

<table>
<thead>
<tr>
<th></th>
<th>Northern city</th>
<th>London</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Movers</td>
<td>11</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>Non-Movers</td>
<td>208</td>
<td>92</td>
<td>300</td>
</tr>
<tr>
<td>Total</td>
<td>219</td>
<td>94</td>
<td>313</td>
</tr>
</tbody>
</table>

In addition, the Social Research Branch attempted to institute in the Benefit offices a system of identifying movers. Staff were asked to record for a period of one month any changes of address of a customer in receipt of ISMIP. This approach was equally unsuccessful in identifying movers.

None of the 13 movers reported moving to an address where the mortgage payment was higher than before.

Table A.3 shows that of the 13 ISMIP households who had moved only eight were contacted. All these were in the northern city. A decision was made to make up the rest of the target sample by selecting a random sample from the non-mover questionnaires. Five more interviews than the desired target of 20 were carried out. People responded very well to cards put through their doors and it was thought that their wish to be interviewed should be respected.

Table A.3  The achieved mover ISMIP sample

<table>
<thead>
<tr>
<th></th>
<th>Northern city</th>
<th>London</th>
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</thead>
<tbody>
<tr>
<td>Mover sample</td>
<td>11</td>
<td>2</td>
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<tr>
<td>Interviews achieved</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Refusals</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Non-contacted</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
<td>4</td>
</tr>
</tbody>
</table>

Table A.4 combines the two types of owner-occupiers in the study, movers and non-movers. It shows that 25 interviews - 12 in the northern city and 13 in London - were carried out.

Table A.4  The achieved mover and non-mover ISMIP sample

<table>
<thead>
<tr>
<th></th>
<th>Northern city</th>
<th>London</th>
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</thead>
<tbody>
<tr>
<td>Movers</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>Non-Movers</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
<td>13</td>
</tr>
</tbody>
</table>

The young adult sample

The young adult sample was derived from the larger ISMIP owner-occupier sample, which has been described above. The short postal questionnaire, displayed in Appendix 4, asked customers in receipt of ISMIP whether their household had included sons or daughters aged 18-24 over the preceding twelve months. A disappointingly low number of young adults were identified through this method: 30 in total, of whom 7 lived in London. Although considerable efforts were made to trace these people, in the event only fifteen interviews were obtained, of which only two were held with London young adults. The refusal rate was also higher with this group than with the other two samples. Seven people did not wish to be interviewed and the remaining eight were not traced.
Appendix 2 Reasons for Housing Cost Shortfall

A recipient’s benefit may not always be calculated on their full housing costs. This appendix describes the reasons why this shortfall may arise. Recipients' benefit will be less than their eligible housing costs if their income exceeds their applicable amount.

Excessive housing costs

If accommodation is considered to be too large or too expensive, housing costs may be restricted. The guidelines on limiting 'excessive' housing costs are similar for both tenants and owner-occupiers but the operational arrangements are very different.

**Housing Benefit**

Local authorities are supposed to decide (i) whether the applicant's dwelling is larger than reasonably required, having regard to suitable alternative accommodation occupied by households of a similar size; and (ii) whether the contractual rent is unreasonably high compared with cheaper suitable alternative accommodation elsewhere. If the claim fails on either of these two tests, the council must use a lower figure as the eligible rent for benefit purposes. In deciding how much to treat the rent as reduced, they must take into account the cost of suitable alternative accommodation. There are several exceptions to the requirement to reduce rent where it is unreasonably high:

- no deduction may be made if the claimant falls into a vulnerable group (if any relevant occupier is: aged 60 or over, or a member of the same household as a child or someone who is incapable of work) unless (a) there is suitable alternative accommodation available, and (b) it is reasonable to expect the claimant to move;
- no deduction may be made during the first 13 weeks of a claim for Housing Benefit if (a) any of the claimant's family or relatives living in the dwelling could afford the rent when the liability was first entered into, and (b) the claimant has not received Housing Benefit during the previous 52 weeks;
- no deduction may be made during the year following a bereavement unless a restriction was in place before it.

**Mortgage Interest Payments**

The process of determining eligible rent is better understood than the process of adjudicating whether mortgage interest should be restricted. Although as Kemp and McLaverty's research (1992) has shown there are areas of inconsistency, confusion and uncertainty surrounding the assessment of unreasonable rents, there is at least some public knowledge about how the system works. In contrast on the owner-occupier side there is little documentation in the public domain. There are no published statistics on restricted payments and, it appears, no research or monitoring has been carried out on adjudication officers' decisions. The conventional wisdom is that restriction is infrequent:

'The Benefits Agency can refuse to pay the whole of your mortgage interest if they think it is too much. However this happens very rarely.'

*(SHAC, 1992)*

Nevertheless according to the Welfare Rights Bulletin (CPAG, 1992) restriction practices vary greatly, although no evidence is presented to substantiate this assertion. The Adjudication Officer's Guide quite clearly states that the regulations are *not* intended to force a claimant to sell his existing home. Whether the claimant should be expected to move to alternative accommodation should be decided by considering the following questions:
• Is there no alternative accommodation available in the area which is suitable and cheaper?

• Would the move be detrimental on account of the health and age of any member of the family?

• Would the move seriously jeopardise the claimant's employment prospects?

• Would the move result in a change of school for children and would this be detrimental to their education?

Within these broad guidelines there are, apparently, a number of other more specific grounds for not restricting costs: for example, inability to sell a house in a stagnant market or inability to obtain another mortgage. In addition, rented accommodation is not necessarily considered a satisfactory alternative if, as a result, a person loses entitlement to Income Support. No restriction is imposed during the first six months of a claim or for a further six months as long as the claimant is 'making every effort to find somewhere cheaper to live' and was able to afford the mortgage when it was taken out. Advice is given to Adjudication Officers on how to calculate the amount of housing costs to restrict. If the equity in a home is sufficient to buy the alternative property outright the claimant will receive no ISMIP. For the more usual circumstances when this is not so the Adjudication Officer's Guide (AOG) provides the following example:

'After allowing a reasonable amount for the likely costs of sale and purchase, the value of a claimant's house is £80,000. He has a mortgage of £50,000. Suitable alternative accommodation is available at a cost of £40,000. The claimant in this example would have his housing costs restricted to the amount payable in respect of a £10,000 loan which he would need to purchase the alternative suitable property, i.e.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>value of existing property</td>
<td>£80,000</td>
</tr>
<tr>
<td>outstanding mortgage</td>
<td>£50,000</td>
</tr>
<tr>
<td>equity in existing property</td>
<td>£30,000</td>
</tr>
<tr>
<td>cost of alternative suitable property</td>
<td>£40,000</td>
</tr>
<tr>
<td>equity in existing property</td>
<td>£30,000</td>
</tr>
<tr>
<td>loan needed to purchase alternative property</td>
<td>£10,000</td>
</tr>
</tbody>
</table>

Housing costs in respect of the interest on the amount between £10,000 and £50,000 should be regarded as excessive and the amount allowed should be restricted to an amount for the lower figure.'

The AOG also states that 'where the total housing costs are less than the housing costs that would be allowable on suitable alternative accommodation, no item of housing costs should be considered excessive even if the dwelling is unnecessarily large or in an unnecessarily expensive area'.

The mechanisms for deciding whether to restrict costs on the grounds of 'unreasonableness' are not clear. The adjudication officer is in a similar but different position from the rent officer. The adjudication officer is independent of the Benefits Agency. However, unlike the Housing Benefit situation, the adjudication officer's determination is the only decision pertaining to reasonableness. In theory at least, the local authority has to determine the eligible rent for benefit purposes.

Other reasons for housing cost shortfall

There are a number of other reasons why a recipient's housing costs may not be covered fully by benefit, some of which are common to both tenants and owner-occupiers.

Non-dependant deductions

A deduction may be made from a person's Housing Benefit or ISMIP if they have a 'non-dependant' living in their household. A non-dependant is someone who normally lives in...
the recipient's household, such as an adult son or daughter. It is assumed that such a person will be making a contribution to the householder’s rent. The amount that is deducted depends on the age, income and working status of the non-dependant. There is no deduction, for example, for a non-dependant aged between 18 and 25 who is on Income Support. A deduction of £4 is made for a non-dependant over the age of 25 who is on Income Support.

**Eligible rent items**

Housing Benefit only covers `eligible' items in the rent. Housing Benefit payments may therefore be less than actual rent because eligible rent does not include payments such as water rates, charges for fuel or certain other services. These items do not constitute rent and, are, therefore, not part of the Housing Benefit system. Recipients are expected to meet these ineligible items from their Income Support payments.

**Capital**

There is no provision within Income Support for repayment of the loan, only for the interest payable on it. The non-inclusion of capital repayments will have different effects for recipients depending on the type of mortgage and, particularly if it is a repayment one, its age. With an endowment mortgage the capital is paid back all at once at the end of the mortgage term. In return for monthly payments of insurance premiums, a life assurance company agrees to pay back the full amount borrowed to the lender. If these premia are not kept up the policy becomes invalid and the lender may be concerned as to how the capital is to be repaid. Repayment mortgages are front-ended loaded: in the first few years very little of the monthly payment is made up of capital. In these circumstances mortgage interest support covers all or nearly all the monthly payments.

Capital costs and ineligible rent items are similar in the sense that they are completely outside the scope of housing assistance through the social security system. In other words a claimant may have a shortfall either because eligible housing costs are being restricted or because certain housing costs are ineligible for assistance.

**The first sixteen weeks**

During the first four months of an IS claim, except for claimants who are 60 or over, only 50 per cent of the mortgage interest is paid. In May 1991 this rule affected 74,000 out of 411,000 claimants (Hansard, 7 May 1991). Interest on arrears which may build up during this period are met by ISMIP. Interest on other arrears is not. The Council of Mortgage Lenders has recently renewed assurances given when the rule was introduced that it would not expect anyone to lose their home as a result.

**Secure tenants**

Council and other secure tenants who buy their homes whilst on Income Support may have their ISMIP restricted to the amount of rent used to calculate their Housing Benefit. If subsequently the cost of the mortgage or loan rises again this second rise will be included in the ISMIP.

**Second loans**

The interest on a second mortgage or loan which was taken out to repay the original mortgage will be met through Income Support. Interest on a second loan will be met only to the extent that the interest on the earlier loan would have been met by IS. If the amount outstanding on the first mortgage was £20,000 and a second loan of £25,000 was taken out to repay the first, the claimant will get the interest only on £20,000 of the second loan through Income Support. Where a loan is taken out wholly for other purposes, such as financing a business, none of the interest will be met. There are special rules for separated partners.
Appendix 3  Topic Guides

CENTRE FOR HOUSING POLICY, UNIVERSITY OF YORK

The Effect of Benefit on Housing Decisions

Topic Guide: Private Sector Tenants

Introduction

Thank you very much for agreeing to be interviewed. I am Tim Williams from the University of York.

The purpose of this discussion is to talk about Housing Benefits and your recent move. First of all, I'd like to ask you about your opinions and experiences of moving here and receiving Housing Benefits. Later on I'd like to ask you a few questions about yourself, your family and your home.

This interview will be treated in strict confidence and it will not in anyway affect your entitlement to Housing Benefit.

There are some parts of the interview where I can just make notes but in some places it would be useful if I could put on the tape recorder as it would take too long to write down everything that you say.

SECTION ONE

I hope you don't mind if I put the tape recorder on at this point.

The move to the present address

First of all I'd like to talk about your reasons for moving

What were the reasons why you moved here?
- relationship problems
- eviction or other forced move
- adjustments to deficiencies in previous accommodation
- initiator of the move i.e. self, partner, landlord
- employment

What was the reason that finally made you decide to move?

Did the fact that you get help with your rent influence your decision to move in any way?

How did you go about finding this place?
- sources of knowledge i.e. agencies, friends, newspapers
- length of time process took
- any temporary moves
- any problems with landlords refusing DSS claimants
What made you choose this particular place?
- What sort of place were you looking for?
  - other places looked at
  - alternatives i.e. council list
  - affordability
  - employment

How does this place compare with your previous place?
- distance from previous place i.e. implications for employment, schools, shops
- better or worse than previous house or area
- good or bad feelings about previous and present homes
- affordability

Did everyone in the household move with you; if not, why not?
Is there anyone living with you here who wasn’t at the old address?

Moving home can be an expensive business, how did you cope?
- deposit, rent in advance, removal costs, refund of deposit
- sorting out benefit payments

Has the move made it more or less difficult to manage financially?

What about the new rent here? It's more than you paid before, did you take that into consideration when thinking about taking this place?
  - consulted HB office, DSS, rent officer
  - sought advice from others i.e. advice agencies, friends or relatives

Do you know whether the council can restrict the rent it will consider for calculating Housing Benefit?

Is Housing Benefit paying all the rent here, i.e. are there any restrictions?
If restricted:
  Why is this? Have you tried to do anything about it? How are you managing to pay the rent?
    - any action taken
    - anticipating voluntary/involuntary move to cheaper place

If you had known that the council were not going to pay all the rent would you still have chosen this place?
If not restricted:
  The council doesn’t have to pay all the rent on a place. Do you know why sometimes it doesn’t?
  Suppose the council had decided to restrict your rent, would you still have chosen this place?

Thank you for telling me about your recent move. I'd now like to move on a little and ask you about views about Housing Benefit.

Do you think Housing Benefit is easy or difficult to understand?
  - understanding calculations

Did you have to report changes in your circumstances? To whom? What changes have to be reported?
Has your experience of claiming Housing Benefit had any influence on your decision to move?
   - the process of claiming
     - what about previous moves?
     - what about future moves?

How do you feel about claiming Housing Benefit?

Does the council send the Housing Benefit to you or do they send it directly to the landlord?
   If to self:  Would you prefer it to be sent to the landlord? Why?
   If to landlord: Would you prefer it to be sent to you? Why

I'd like to ask you a few brief questions about how you see the next few months or so.

Do you think of this place as home now?

Are you thinking of moving again?

Do benefits make any difference either way in deciding whether or not to stay here or move on?
   - awareness of possible rent restriction

SECTION TWO

Thank you for answering my questions. I'll switch the tape recorder off now. Before we finish our discussion I'd like to ask you a few questions about yourself, your family and your home.

Can I just ask you about who lives here with you regularly as members of your household? By that I mean all those living here under your tenancy agreement.

<table>
<thead>
<tr>
<th>FIRST NAME</th>
<th>RELATIONSHIP TO RESPONDENT</th>
<th>AGE</th>
<th>GENDER</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>
Introduction

Thank you very much for agreeing to be interviewed. I am Christine Oldman from the University of York.

The purpose of this discussion is to talk about your recent move. First of all, I'd like to ask you about your opinions and experiences of moving here whilst in receipt of benefit. Later on I'd like to ask you a few questions about yourself, your family and your home.

This interview will be treated in strict confidence and it will not in anyway affect your entitlement to benefits.

It would be useful if I could put the tape recorder on as it would take too long to write down everything that you say.

SECTION ONE

The move to the present address

First of all I'd like to talk about your reasons for moving.

What were the reasons you moved here?

- relationship problems
- repossession or other forced move
- affordability factors
- adjustments to deficiencies in previous accommodation
- initiator of the move i.e. self, partner, lender, DSS
- employment

What was the reason that finally made you decide to move?

How did you go about finding this place?

- knowledge about housing market, sources of knowledge
- length of time process took/negotiations with lenders/problems selling and buying/problems with lenders/insurance company
- any temporary moves

IF MOVE OUT OF OWNER-OCCUPATION EXPLORE REASONS AND ATTITUDES TOWARDS OWNER-OCCUPATION

What made you choose this particular place?

- What sort of place/area were you looking for?
- other places/area looked at
- alternatives i.e. council list
- affordability/awareness of availability of mortgage interest support
- employment

How does this place compare with your previous place?

- distance from previous place i.e. implications for employment, schools, shops
- better or worse than previous house or area
- good or bad feelings about previous and present homes
- affordability

Did everyone in the household move with you; if not, why not? Is there anyone living with you here who wasn’t at the old address?
Moving home can be an expensive business, how did you cope with the move itself?
- removal expenses, and other transaction costs
- loans from banks, relatives, social fund
- sorting out benefit payments

What about the mortgage at this place? Did you take that into consideration when thinking about this place?
- consulted lenders/DSS/solicitor/housing advice agencies
- previous arrears

Is the DSS paying all the interest on your mortgage here, i.e. is there any restriction?
If yes: The DSS doesn't have to pay all the interest on a place. Do you know why it sometimes doesn't?
- excessive housing costs
- over-large accommodation
- expensive area

If the DSS had restricted the amount of mortgage interest would you have still chosen this place?
If no: Why is this? Have you tried to do anything about this? How are you coping?
- excessive housing costs/expensive area/over-large accommodation
- any action taken: contact solicitor, lender, advice agencies
- anticipating voluntary/involuntary move to cheaper place

If you had known the DSS were not going to pay all the interest on the mortgage would you still have chosen this place?
If in rented accommodation:

What about the rent here? What do you pay?
Explore Housing Benefit position and if rent restricted

Do you know how the DSS work out how much mortgage to pay you?
- knowledge of eligibility and rules governing Mortgage Interest Payments (MIP)
- non-dependent deductions
- awareness of availability of MIP as factor leading up to receipt of payment

Do you think the system of mortgage interest support from the DSS is easy or difficult to understand?
Is the DSS paying all the interest on your mortgage here?
If no: Why is this?

DISTINGUISH BETWEEN EXCESSIVE HOUSING COSTS AND `OTHER' REASONS (E.G. INELIGIBLE LOANS) AND DEAL WITH FORMER IN NEXT QUESTION

Ask following if mortgage interest unrestricted:
The DSS doesn't have to pay all the interest on a place. Do you know why it sometimes doesn't?
- over-large accommodation
- expensive area
Excessive Housing Costs

Ask the following if mortgage interest is restricted

**Why is this? Have you tried to do anything about this? How are you making up the difference?**
- over-large accommodation, expensive area
- any action taken: contacts with solicitor/lender/advice agencies, etc.
- anticipating voluntary/involuntary move to cheaper place

Ask the following if mortgage interest not being met for reasons other than excessive housing costs

**Have you tried to do anything about the shortfall? How are you making up the difference?**
- any action taken: contacts with solicitor/lender/advice agencies, etc.
- anticipating voluntary/involuntary move to cheaper place

What sort of help do people on low income get who rent their accommodation? Do you know what benefits people get when they are working?

Do you have to report changes in your circumstances? To whom? What changes have to be reported?

What happens if people receiving help with their housing costs move?

Thank you for answering my questions on how you cope financially. I'd like to ask you a few brief questions about how you see the next few months or so.

**Do you think of this place as home now?**

**What do you feel about 'home'; what should it be like?**

**Are you thinking of moving again?**

**Do benefits make any difference either way in deciding whether or not to stay here or move on?**
Thank you for answering my questions. I'll switch the tape recorder off now. Before we finish our discussion I'd like to ask you a few questions about yourself, your family and your home.

Can I just ask you about who lives here with you regularly as members of your household?

<table>
<thead>
<tr>
<th>FIRST NAME</th>
<th>RELATIONSHIP TO RESPONDENT</th>
<th>AGE</th>
<th>GENDER</th>
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</tr>
</tbody>
</table>
Can you just tell me about yourself?

<table>
<thead>
<tr>
<th>Sex</th>
<th>Age last birthday</th>
<th>Marital status</th>
<th>Employment</th>
<th>Benefit</th>
<th>Ethnic origin</th>
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<td>F</td>
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<td>single member of couple</td>
<td>full-time</td>
<td>not in paid work</td>
<td>white black Carib. black Afric. black other Indian Pakistani Bangladeshi Chinese other</td>
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</table>

Can you tell me about this place?

<table>
<thead>
<tr>
<th>Type</th>
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<th>detached</th>
<th>semi-detached</th>
<th>Bedrooms</th>
<th>Share</th>
<th>Type of ownership</th>
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<td></td>
<td>2 3 4 5</td>
<td>living room bathroom toilet kitchen full shared</td>
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</tr>
<tr>
<td>Bungalow</td>
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<tr>
<td>Maisonette</td>
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<tr>
<td>Flat</td>
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<td>Bedsit</td>
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<td>Room</td>
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<td>Other</td>
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### Permanent Address Information

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<td></td>
<td></td>
<td></td>
<td></td>
<td>Resident</td>
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**End Interview**

Many thanks for your help and time in answering these questions. I hope you have enjoyed the discussion.
Introduction

Thank you very much for agreeing to be interviewed. I am Christine Oldman from the University of York.

The purpose of this discussion is to ask you about your experience of receiving some help with your mortgage.

This interview will be treated in strict confidence and it will not in any way affect your entitlement to benefits.

It would be useful if I could put the tape recorder on as it would take too long to write down everything that you say.

Background

First of all, how long have you been at this address?
- owner-occupiers all the time

Mortgage details

What about this house that you bought in ... ?
- type of mortgage(s), main mortgage and other ‘housing purpose’ secured loans
- when taken out
- details of any endowment policy
- size of mortgage, proportion of to cost
- details of monthly mortgage interest repayments now
- details of capital payments
- repair and improvement loans, secured or unsecured
- details of ground rent or service charge

Have you at any point considered taking out a mortgage protection policy?

Mortgage interest support

When did you start getting help from the DSS with your mortgage?
- chronology of events leading up to receipt of Mortgage Interest Payments (MIP)
- negotiations with lenders/insurance companies, pressure from lenders to move, changes in re-payment
- advice sought from whom
- financial strategies, e.g. putting house on market, getting house valued, taking in lodgers

Effect of mortgage interest support

Do you know how the DSS work out how much mortgage to pay you?
- knowledge of eligibility and rules governing MIP
- non-dependent deductions
- awareness of availability of MIP as factor leading up to receipt of payment

Do you think the system of mortgage interest support from the DSS is easy or difficult to understand?

Is the DSS paying all the interest on your mortgage here?

If no: Why is this?

DISTINGUISH BETWEEN EXCESSIVE HOUSING COSTS AND ‘OTHER’ REASONS (E.G. INELIGIBLE LOANS) AND DEAL WITH FORMER IN NEXT QUESTION

Ask following if mortgage interest unrestricted:

The DSS doesn’t have to pay all the interest on a place. Do you know why it sometimes doesn’t?
Excessive housing costs

Ask following if mortgage interest is restricted:

Why is this? Have you tried to do anything about this? How are you making up the difference?

- over-large accommodation
- expensive area
- any action taken: contacts with solicitor/lender/advice agencies, etc.
- anticipating voluntary/involuntary move to cheaper place

Ask the following if mortgage interest not being met for reasons other than excessive housing costs:

Have you tried to do anything about the shortfall? How are you making up the difference?

- any action taken: contacts with solicitor/lender/advice agencies, etc.
- anticipating voluntary/involuntary move to cheaper place

Moving whilst on benefit

Have you moved previously whilst on income support?

If yes:

What were the reasons that you moved?
What was the reason that finally made you decide to move?
What sort of place: how did you find it, what made you choose it, how did it compare with the previous place?
Details of rent/mortgage, benefits and any restrictions

Did the fact that you would get help with the mortgage influence your decision to move in any way?

Housing strategies

Have you thought about leaving this place? Have you taken any steps to do so?

- reasons for moving
- knowledge of housing market
- sort of place sought, factors taken into account in choosing a new home
- advice sought
- why not moving (if relevant)
- has the availability of benefit on your MIP had any influence on your decision to move
- relationship with lenders changed as a result of change in way funding MIP

The future

Are you likely to stay here?

- factors influencing future decision to move
- factors that would be taken into account in choosing a new home

Do benefits make any difference either way in deciding whether or not to stay here or move?

THANK YOU VERY MUCH FOR YOUR HELP.
SECTION TWO

Thank you for answering my questions. I'll switch the tape recorder off now. Before we finish our discussion I'd like to ask you a few questions about yourself, your family and your home.

Can I just ask you about who lives here with you regularly as members of your household?

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Can you just tell me about yourself?

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Can you tell me about this place?

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House
Bungalow
Maisonette
Flat
Bedsit
Room
Other
Appendix 4 Sample Letter to Respondents

CENTRE FOR HOUSING POLICY, UNIVERSITY OF YORK

Please could you answer the following questions and return the form to the Centre for Housing Policy in the stamped addressed envelope enclosed.

1. Name
2. Address
   .......................................................
   .......................................................
   .......................................................
3. Have you moved address within the last twelve months? Please tick the appropriate box.
   YES now please answer Q.4
   NO  now please answer Q.6

4. Did you own your previous accommodation?
   YES now please answer Q3
   NO  now please answer Q.6

5. Is the size of your present mortgage higher, lower or the same as the mortgage you paid at the previous address? Please tick the appropriate box.
   HIGHER
   LOWER
   THE SAME

6. Over the last twelve months has your household included sons or daughters aged 18-24? Please tick the appropriate box.
   YES
   NO

THANK YOU VERY MUCH FOR YOUR HELP
Dear

HOUSING BENEFIT SURVEY

The University of York is undertaking a study of people who have recently moved whilst on Housing Benefit. The City Council has agreed to participate in the research, which has been commissioned by the Department of Social Security.

A researcher from the University will be contacting you shortly to ask about your experience of moving home whilst on benefit. Your participation in this study is entirely voluntary, but it is important for the success of the survey that as many people as possible take part.

 Anything you tell the researchers will be in strict confidence. It will not be possible to identify any individual from the published report.

 However, if you do not wish to take part please do not hesitate to contact me at the address above and I will let the researchers know.

 Whether you decide to participate in the research will not in any way affect your entitlement to benefit.

 I do hope that you enjoy taking part in this important study.

 The researcher will carry an identity card but you may telephone York (0904) 433691 to check his/her identity. Please reverse the charges.

 Yours sincerely,

 RESEARCH OFFICER
Dear Sir/Madam

I am writing to ask for your help.

The Department of Social Security (DSS) would like to hear about the views and experiences of families on Income Support who receive help with their mortgage interest payments. We have therefore asked an independent research organisation, the Centre for Housing Policy, to carry out a study for us.

The first stage of the study involves collecting information on those moving house. The Centre for Housing Policy will then carry out a small number of interviews with people who receive help with their mortgage payments.

We would appreciate your help with this survey. I should explain that your name was selected at random from our records. No one will be able to identify your answers to the questions from the report at the end of the study.

We would like you to fill in the short questionnaire enclosed with this letter and post it, within the next two weeks, in the stamped addressed envelope provided, to the Centre for Housing Policy. The Department of Social Security will not see these questionnaires at any stage. Your benefit will not be affected in any way whether or not you decide to participate in the survey.

Returning the questionnaire does not mean that you have agreed to be interviewed by the researchers; only that you are happy, for the moment, to be asked.

Should you not wish to participate you do not need to do anything further. If you have any queries, please contact me either by telephoning me on the number at the top of this letter, or by writing to me at the Freepost address at the top of this letter.

I do hope that you decide to take part in this important survey. The researchers will all carry identification from the Centre for Housing Policy.

Yours sincerely

Kailash Mehta
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<th>No.</th>
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<td>1.</td>
<td><em>Thirty Families: Their Living Standards in Unemployment</em></td>
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<td>2.</td>
<td><em>Disability and Household Income: Expenditure</em></td>
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<td>15.</td>
<td><em>Preparing for Council Tax Benefits: A Study Of Local Authorities</em></td>
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<td>17.</td>
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<td><em>GP’s and IVB: A Qualitative Study of the Role of GPs in the Award of Invalidity Benefit</em></td>
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<td><em>Social Security Research Yearbook 1990-91</em></td>
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<td><em>Social Security Research Yearbook 1992-93</em></td>
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Further information regarding the content of the above may be obtained from:
Department of Social Security
Attn. Keith Watson
Social Research Branch
Analytical Services Division 5
10th Floor, Adelphi
1-11 John Adam Street
London WC2N 6HT
Telephone: 071 962 8557