

Bedroom Tax

How much will that extra bedroom cost me?

From the 1st of April 2013 the Government will restrict some Housing Benefit of working age claimants if they have a home with more bedrooms than they need.

A deduction from Housing Benefit will be made for each extra bedroom. This means that tenants will need to make up this shortfall in their rent each week with their own money or savings.

The Department for Work and Pensions has confirmed that the deductions of Housing Benefit will be made at two rates, depending on the number of bedrooms by which a home is under occupied, these are:

- 14% for one bedroom and
- 25% for two bedrooms or more.

The property size element is worked out as follows (the size of house your family requires):-

One bedroom is allowed for:

- each adult or adult couple
- any other adult aged 16 or over
- any two children of the same sex aged under 16 years
- any two children aged under 10 (expected to share regardless of gender)
- any other child

At the moment there are no clear rules regarding exemptions from this charge.

Examples of how you might be affected

Q: I am a single man, on Employment and Support Allowance. I am currently in receipt of Full Housing benefit of £80 which is paid direct to WHHA. I have my two children staying at weekends so I am living in a three bedroom property. What will the changes mean for me?

A: The benefit changes mean that from April 2013 your Housing Benefit will be reduced. Your maximum Housing Benefit is cut by 25% as you are a single person, and, according to new guidelines, have two extra bedrooms. You will only get Housing Benefit of £60.00 per week so will have to pay the extra £20.00 per week yourself.

Q: We are a couple with two children. We have a girl aged four and a boy aged eight. We have three bedrooms. Our rent is £80 per week. We get some help with our rent through Housing Benefit, and we get Tax Credits. What will the changes mean for our family?

A: From April 2013 your Housing Benefit will be cut. Your children are both under 10 and therefore, according to the new regulations, you have one additional bedroom. The housing Benefit you are entitled to will be cut by 14%. The most you can therefore get in Housing Benefit is £68.80 per week.

Non-Dependant Charges

As part of the Government's Welfare Reform package there have been significant increases in the rates of Non-Dependant Deductions since April 2011. The rates of deduction depend on the income of the other adults, or non-dependants within your property.

Non-Dependant Deductions, or NDD, are direct deductions from your Housing Benefit as a result of certain groups of non-dependants living in your home.

People who normally share your accommodation but are not dependent on you for financial support are known as non-dependants eg children aged over 18 . Others who

live with you as a family and any children you have fostered do not count as non-dependants.

Anyone who has an NDD on their Housing Benefit award currently will need to make up this shortfall in their rent each week.

The current levels of Non-Dependant for year 2012/13 are as follows:-

(IS = Income Support, JSA = Job Seekers Allowance, IB = Income Based, ESA = Employment Support Allowance, IR = Income Related)

Income New Charge 12/13

Aged 25 & over in receipt of IS, JSA (IB) £11.45

In receipt of main phase ESA (IR) £11.45

Aged 18 & over, not in remunerative work £11.45

Aged 18 or over in paid work:

Gross income: less than £124 £11.45

Gross income: £124 to £182.99 £26.25

Gross income: £183 to £237.99 £36.10

Gross income: £238 to £315.99 £59.05

Gross income: £316 to £393.99 £67.25

Gross income: more than £394.00 £73.85

Universal Credit

From October 2013 the Department of Work and Pensions (DWP) plans to start introducing a new benefit called Universal Credit, or UC for short. UC is intended eventually to replace all income related benefits and tax credits for people of working age, including income support, income based Job Seekers Allowance (JSA), income related employment and support allowance, working tax credit and child tax credit, and housing benefit. The expectation is that new claims for these benefits will be abolished, and existing claims will move over to Universal Credit, in a staged process starting early 2014 and expected to be complete by March 2017.

We will provide more information and updates on Universal Credit when available.