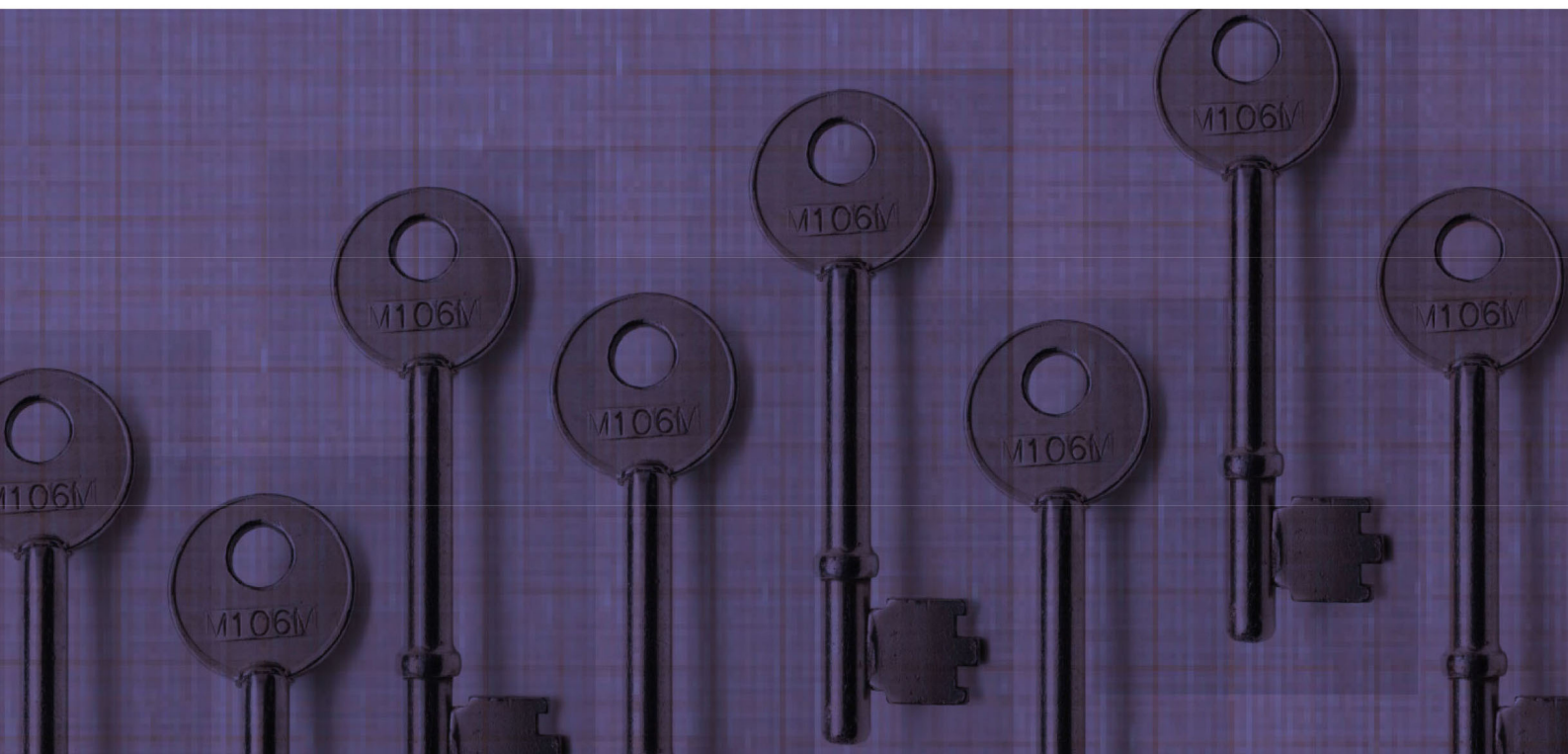


Monitoring the impact of recent measures affecting Housing Benefit and Local Housing Allowances in the private rented sector in Northern Ireland: *Final Report*

March 2014



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Final Report

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March 2014

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Disclaimer

Views expressed in this report are not necessarily those of the Northern Ireland Executive through the Department for Social Development, the Northern Ireland Housing Executive, the Department for Work and Pensions or any other government department.

Acknowledgements

The research for this report has been funded by the Northern Ireland Executive through the Department for Social Development and we are most grateful for their support. We would like to thank all the people for giving up their time to take part in the two surveys and the follow-up depth interviews covered in this report. We would also like to thank the housing advisers in Armagh and Belfast for taking part in interviews and focus groups and for being so informative about the impact of the LHA measures.

We are grateful to colleagues at CRESR and Ipsos MORI for all their support in undertaking the surveys and the qualitative fieldwork. This report has benefited considerably from very helpful comments and suggestions made by officials at the Department for Social Development, the Northern Ireland Housing Executive and the Department for Work and Pensions. In particular we have received extremely constructive advice during this project from Martin Walker at the Department for Social Development, Joe Frey and Claire Kennedy at the Northern Ireland Housing Executive and Andy Brittan, Claire Frew, Vicky Petrie and Rachel Tsang at the Department for Work and Pensions. We would like to record our gratitude for their valuable support to the research team. Any inaccuracies or omissions that remain in the report are of course solely our own responsibility.

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March 2014

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Abbreviations

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

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Executive Summary

Introduction

This report is the final evaluation of the recent changes to Local Housing Allowances (LHAs) and Housing Benefit (HB) in the private rented sector (PRS) in Northern Ireland. This report is based on primary research with landlords, claimants and housing advisers undertaken in three local housing markets in the province - Armagh, Greater Shankill and West Belfast. An initial report was published in 2012 on the first wave of this research. This report focuses on the second wave of surveys and interviews and discusses the longitudinal changes in the attitudes, perceptions and experiences of landlords, claimants and housing advisers. When the second wave research was undertaken the LHA measures had only just started to affect all claimants, so the research cannot be taken as the conclusive statement on the effects of the measures, but it can provide insights into the initial impacts on the attitudes and behaviour of the research participants in the three areas.

The Research Context

The changes to LHA announced in 2010, and introduced according to different timetables between April 2011 and December 2012, included: changing the basis for setting LHA rates from the median to the 30th percentile of local market rents; uprating LHA rates on an annual rather than monthly basis; capping LHA rates by property size and scrapping the rates over four bedrooms; removing the £15 excess payable to tenants whose rent was below what they were receiving in Housing Benefit; uprating non-dependent deductions; raising the age at which the Shared Accommodation Rate applies from 25 to 35; and including an additional bedroom for a non-residential carer. The government's annual contribution to the Discretionary Housing Payment (DHP) budget was also increased up to 2014/15, to provide support for claimants in the transition to the new LHA regime.

The second wave of the research reported here involved face-to-face interviews with 174 of the LHA claimants who has also been involved in the wave one survey, spread across the three case study areas. It also comprised a postal survey of 167 landlords who had also responded to the wave one survey, followed up with qualitative interviews with five of these landlords in each of the case study areas. A small number of follow-up interviews were also undertaken in June 2013 with advisers and other housing officers who provided advice and support for HB claimants in Belfast and Armagh.

The Housing Market Context

In the NI housing market as whole, there are tentative but consistent signs of a recovery over the past year, but average property prices are still well down on their 2007 peak. The

range of local PRS rents across the eight Broad Rental Market Areas (BRMAs) was more compressed in NI than in BRMAs in Great Britain (GB). Of the 40 LHA rates overall (five rates for property size in each of the eight BRMAs), reductions since April 2011 had been less than five per cent in 17 cases, between six and ten per cent in 11 cases and more than 10 per cent in 12 cases. Part-time buy-to-let landlords were badly affected by the market downturn in all the case study areas. Landlords in Armagh felt that poor housing market conditions and difficulties in accessing finance were bigger problems than the LHA reforms, and most landlords were looking to the long term to gain any returns on their investments. PRS demand was still strong in Greater Shankill, and to a lesser extent in West Belfast, but there has been an increase in repossession over the past two years, as some landlords struggled to meet their mortgage payments. Most landlords in the survey were still heavily dependent on the LHA sub-market in their portfolios.

The Survey of Tenants

One hundred and seventy four tenants responded to both wave one and wave two surveys. Only three of the twenty eight tenants who had moved since wave one said they had done so for financial reasons. No one cited a reduction in Housing Benefit (HB) as a reason for moving and no one mentioned job-related reasons. Movers were equally divided between those who had moved to accommodation with a lower rent, a higher rent, or the same rent. Four of the 28 movers had tried to negotiate a lower rent with their landlord and all were unsuccessful; one in ten non-moving tenants had tried to negotiate and a quarter were successful. Therefore, just over two per cent of non-movers had negotiated a lower rent since wave one. There was no statistically significant difference between waves one and two in the proportion of tenants experiencing a shortfall between their HB and the rent, or in those experiencing rent arrears. When asked how they were managing financially, forty two per cent of tenants said they were managing 'poorly'. Seven out of ten tenants (and nine out of ten who found the rent difficult to afford) said they had often run out of money before the end of the week or the month on the previous year.

Landlord Characteristics and Lettings Preferences

Compared to survey respondents in the parallel study in GB, a higher proportion of landlords in NI owned a small number of properties - over four in ten let just one property. Ninety three per cent of respondents said they let at least half their stock - and 61 per cent all their stock - to LHA tenants. There was no marked shift in landlords' letting preferences between waves one and two. However, few landlords said they let to single people under 35 and they tended to know little about the outcome for those who had moved out of self-contained accommodation due to the SAR changes. While the majority of landlords said they had not made changes to their business due to the LHA measures, around one in ten had noted impacts in terms of not renewing some LHA tenancies, in no longer letting to under 35 year old single people and in an increase in rent negotiations with current and prospective tenants. In the qualitative interviews, landlords from the two Belfast areas were much more knowledgeable about the use and potential of Discretionary Housing Payments (DHPs) than their Armagh counterparts.

Impacts on Rents and Arrears

Landlords in all areas, especially Greater Shankill, said they were willing to continue to let to LHA claimants, partly because of the lack of alternative markets, and partly because LHA was still seen as a viable rental model. An important aspect of this was the retention of direct HB payments to landlords - 81 per cent of landlords received direct HB payments and there was widespread relief that this practice had been retained in NI. Several landlords reported that they made *de facto* rent reductions because they did not collect shortfalls from their tenants, especially 'good' tenants. Landlords with high mortgages were less likely to reduce rents or forego shortfalls in this manner. In contrast to the findings of the wave two tenants survey, there was a significant increase in the proportion of landlords who felt that tenants had moved because of the LHA measures - from 18 per cent to 27 per cent. There was also a significant increase in the proportion of landlords who felt they had been affected by rent arrears caused by the reforms, up from 24 per cent in wave one to 44 per cent in wave two. While nearly a quarter of landlords said they had taken action on tenancy termination and evictions against tenants receiving LHA, a slightly higher proportion said they had done so for tenants not receiving LHA.

Potential Future Impacts of the Measures

Nearly nine in ten landlords said that they intended to continue to let to tenants receiving LHA in the year ahead, mainly because of the retention of direct HB payments to landlords and the security of this rental stream for landlords. However, over a third of landlords also said they might cease letting to under single 35 year olds, and over a fifth said they might cease letting to LHA tenants in the coming year. Over a quarter of landlords, with both smaller and larger portfolios, said that they might sell up and leave the rental market altogether in the next year. Some landlords expressed concern about the future impact of Universal Credit (UC) on tenants' ability to pay the full rent, even if the housing element of UC were to continue to be paid to landlords.

Conclusion

The wave two surveys of landlords and tenants suggested that the LHA measures had had an impact on attitudes and behaviour in the PRS in several ways. An increased proportion of landlords said they would not let to single under 35 year olds in the future; they also noted an increase in negotiations over rents with both current and prospective tenants. More landlords felt that rent arrears had increased in the past year due to the LHA measures. While more landlords in wave two felt that tenants had moved in the past year due to the LHA measures, this was not echoed in the results of the tenants' survey. For tenants, the main change concerned the growing pressures on household budgets (for a variety of reasons), making it more difficult to afford any shortfalls between their HB and the rent. Overall, the effects of the measures have been fairly muted, and there is no evidence of any large scale tenant displacement or of an exodus of landlords from the LHA sub-market. This is probably due to several factors: the overall housing market context, the relative lack of difference between one local PRS and another, the impact of transitional protection measures and the retention of direct HB payments to landlords. Nevertheless, the LHA measures will have ongoing consequences in the years ahead, and, as other welfare reform measures are phased in, the problems of housing affordability for many low income households in the PRS are likely to remain.

Introduction

This report is the final output from the independent evaluation of the recent changes to Local Housing Allowances (LHAs) and Housing Benefit (HB) in the private rented sector in Northern Ireland (NI). This study has been running in parallel to a similar study being undertaken in Great Britain (GB) on the impact of the LHA measures. Both the evaluations have been undertaken by a research consortium from the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University, the Institute for Fiscal Studies (IFS) (for the GB study only), the Institute of Social Policy at the University of Oxford and Ipsos MORI (IM). The evaluations are funded by the Department for Work and Pensions (DWP), the Northern Ireland Executive through the Department for Social Development (DSD), the Department for Communities and Local Government (CLG), the Scottish Government and the Welsh Government. The study discussed in this report comprises primary research with landlords, claimants and housing advisers undertaken in three local housing markets in Northern Ireland. The GB study comprises primary research in 19 local housing markets, and also includes secondary analysis of national housing benefit data. This will be the subject of a separate final research report, to be published in Spring 2014.

The overall research programme for the study of LHA impacts in Northern Ireland runs from January 2012 until December 2013. A report was published in 2012 on the findings from three elements of wave 1 of the research – a large-scale face-to-face survey of claimants, a postal survey of landlords and follow-on qualitative interviews with a sub-sample of claimants and landlords in the three case study areas in Northern Ireland (Beatty *et al*, 2012). This report concentrates on the second wave of surveys and qualitative interviews with claimants and landlords, and interviews with housing and benefits advisers working in the three case study areas, Armagh, Greater Shankill and West Belfast. The report therefore focuses on longitudinal changes in the attitudes, experiences and perceptions of landlords and claimants and the views of housing advisers between 2012 and 2013.

It should be emphasised that, even when the second wave of the research was undertaken, the LHA measures had only just started to affect all claimants (from January 2013), partly due to the transitional protection that was introduced by the Government. The impact on some claimants will have also been reduced because of the temporary support provided by Discretionary Housing Payments (DHPs). This

report cannot therefore be taken as the conclusive statement on the effects of the LHA measures, and it is likely that various lagged effects will continue to emerge in the coming months and years. However, the research can provide insights into the initial impacts, and the extent to which claimant and landlord behaviour has changed in the period of study.

It was decided to concentrate the primary research at the local case study level, and the sample of three areas in Northern Ireland was drawn purposively, rather than designed to be explicitly representative of the national picture (see Beatty *et al*, 2012, Chapter 3, for further information about case study selection). The information in this report is presented in terms of aggregate responses by landlords and claimants, with some references made to significant differences between the Belfast areas and Armagh. However, it should be noted that the research findings only concern experiences in the three case study areas, and should not therefore be taken as representative of LHA claimants and private landlords in the province as a whole.

In Chapter 2 we summarise the LHA measures that are the focus of this evaluation, and outline the research programme. The housing market context for the research is outlined in Chapter 3. Chapter 4 describes the perceptions and experiences of claimants, and discuss whether they have changed or remained constant across the two waves of the research. Chapters 5 and 6 examine the characteristics, perceptions and experiences of landlords, and also draw on a small number of interviews with housing officers and advisers in the case study areas. Chapter 7 explores the potential future impact of the measures, with reference to the perceptions of landlords and housing advisers. Chapter 8 is the Conclusion. Fuller information on the findings, the methodology and the survey instruments is provided in the Appendices.

The Research Context

2.1. Background to Local Housing Allowances

The Local Housing Allowance (LHA) is a way of calculating Housing Benefit (HB) for tenants in the deregulated private rented sector that ensures that tenants in similar circumstances in the same area receive the same amount of financial support for their housing costs. These arrangements were initially introduced from April 2008 for people making new claims for HB and for existing claimants if they had a change of address, change of circumstances or a break in their claim. In Northern Ireland, LHA rates used to be set by the Northern Ireland Housing Executive (NIHE) in each one of eight Broad Rental Market Areas (BRMAs) in the province. BRMAs were intended to reflect the areas in which people live and access services. Under the original 2008 scheme, rental market evidence was collected in these areas and rates then set for properties ranging from a room in a shared property up to a property with seven bedrooms.

Until April 2011 LHA rates were set at the median level of private sector rents on the basis that tenants could then afford at least 50 per cent of privately rented properties within their area. The appropriate LHA rate was used to determine the maximum amount to be included in the HB calculation. Prior to 2011, it was possible in Northern Ireland to access bedroom rates for properties with up to seven bedrooms. In GB, the maximum size at the time was for five bedroom properties. When the four bedroomed maximum rate was introduced in January 2012 it was estimated that approximately 450 existing claimants would be affected in the province, with an average reduction in weekly rent of £14.42 for those in 5 bedroomed property, £23.09 those in 6 bedroomed property and £79.07 for those in 7 bedroomed property.

In Northern Ireland, payment of HB can be made direct to the landlord if it is requested. This is different from the situation in GB, where it is made direct to the landlord only if the claimant is in arrears equivalent to eight weeks rent or deemed sufficiently vulnerable to make payment of rent potentially difficult. Because of these different procedures, HB is paid directly to the landlord in the majority of cases in Northern Ireland.

The changes to LHA announced in the June 2010 Budget and the Comprehensive Spending Review of 2010 formed an important part of the Government's package of measures to reform HB (for more detailed discussion of these measures, see DWP, 2012, Chapter 2). These measures included:

- *changing the basis for setting LHA rates from the median to the 30th percentile of local market rents*, introduced from **April 2011**
- *uprating HB rates on an annual basis*. In April 2013 this uprating was based on the September 2012 Consumer Price Index (CPI) annual rate or the annual rate of change in the 30th percentile of market rents (whichever was the lower). (Where the CPI is a negative number or zero, the LHA will be the last determined rate). This was in turn superseded by the measure in the 2013 Welfare Bill, to *uprate HB on an annual basis by one per cent* in 2014/15 and 2015/16
- *capping LHA rates by property size* (£250 per week for 1 bed; £290 per week for 2 bed; £340 for 3 bed; £400 for 4 bed or more - thereby scrapping the 5, 6 and 7 bed rate) introduced from **April 2011**¹
- *removing the £15 excess payable to tenants whose rent was below what they were receiving in Housing Benefit*
- *uprating non-dependent deductions* to reflect rent increases since 2001/2, and then uprating annually on the same basis, from **April 2011**
- *raising the age at which the Shared Accommodation Rate (SAR) (formerly the Single Room Rate (SRR)) applies from 25 to 35*. This was originally going to apply for new claimants from April 2012, but was brought forward in the 2011 Budget to **January 2012**. This change also applies to those on HB in the PRS with claims prior to April 2008. For existing claimants, it applies on their next review after January 2012 or, if they are covered by the transitional protection period, when this period ends
- increasing the government's contribution to the *Discretionary Housing Payment (DHP)* budget by £10m in 2011/12 and by £40 million annually for 2012/13, 13/14 and 14/15, specifically to provide support for the transition to the new LHA regime
- *including an additional bedroom within the size criteria used to assess HB claims* where a disabled person, or someone with a long term health condition, has a proven need for overnight care and it is provided by a non-resident carer who requires a bedroom.

Apart from the SAR and the uprating measures, the changes applied to new claimants from April 2011 and to existing claimants on the anniversary of their claim, following a nine month period of transitional protection (unless they had a change of circumstances which required a re-determination of the maximum rent prior to that). Existing claimants were therefore brought under these measures (depending on the date of their review) in the period from **January 2012** to **December 2012**.

Of course, these measures have been introduced alongside a range of other welfare reform initiatives which might also impact, to varying degrees, on LHA claimants.

¹ Since then, the caps in force in some areas in London, but none in Northern Ireland, have now increased by the CPI uplift or 30th percentile - whichever is smaller increase. So the maximum LHA rate for one bed property is now £255.50 in two BRMAs in GB, between £294.81 and £296.38 for two bed property in five BRMAs in GB, £347.48 for three bed property in five BRMAs in GB and £408.80 for four bed properties also in five BRMAs in GB

The timetable for the introduction of some of these changes differs in NI compared to GB. The overall household benefit cap, for example, was introduced from July 2013 in GB LAs and is due to be introduced in NI in April 2014; the 10 per cent reduction in council tax benefit ('Housing Benefit: Rates Element') for working age households in GB was passed on in NI in the form of a commensurate Treasury reduction to the Northern Ireland Executive block grant for 2013/14. The Executive has decided not to pass the reduction onto claimants for a transitional period and is meeting the cost from other resources. Changes to Disability Living Allowance (DLA) and Incapacity Benefit (IB) and the introduction of Personal Independence Payments (PIPs) were introduced in GB from April 2013 onwards and formed part of the package of measures in the Welfare Reform Bill for NI which has completed its committee stages and is awaiting consideration stage. For households who have been, or are about to be, affected by one or more of these other welfare reform measures, it is naturally difficult to disentangle the exact impact of the changes to LHA. However the research instruments did attempt to distinguish between changes caused by LHA and other factors that had an impact on both landlords' and claimants' experiences.

By introducing the LHA measures, the Government wished to encourage HB claimants to operate in a more 'cost-conscious' manner in the private rented housing market, by moving to cheaper accommodation if they could not afford to continue to meet any gap between LHA rates and the rent charged by the landlord. It was also envisaged that working age tenants would be more prepared to find work or increase their hours of employment to help pay their rents and would negotiate more with their landlords to try and reduce their rent, as a result of these measures. Landlords, it was anticipated, might want to retain tenants if possible, and might be prepared to reduce rents to prevent rising turnover and the additional transaction costs this involves. Overall, the government hoped that the reforms to HB and LHA in the private rented sector would instil greater awareness of wider housing market dynamics among both tenants and landlords. Tenants would therefore become more discerning about the offer from landlords, and landlords might have to reduce rents in some properties and in some neighbourhoods to retain tenants or attract new tenants.

2.2. The Research Programme

The main aim of the research programme was therefore to assess the impact of these changes to HB and LHAs on claimants and landlords over an 18 month period. The bulk of the measures were introduced in April 2011, as we have seen, but continuing the research into 2013 made it possible to capture some of the impacts amongst the shifting balance of new claimants and existing claimants over time. The research methodology comprised a combination of quantitative and qualitative approaches.

In wave one, a postal survey was undertaken of landlords in the three case study areas, and this was supplemented by qualitative interviews with eight landlords from each case study area. A similar approach was taken for LHA claimants, although the large scale survey was conducted on a face-to-face interview, rather than postal, basis (see Beatty *et al*, 2012). This first stage was then followed by interviews with housing and benefits advisers in the three case study areas, looking more widely at

impacts on the housing service, the PRS market and the implications for local services.

In wave two, the landlord postal survey was repeated (see Appendix 3 for the survey schedule) and sent to all those who had responded to the wave one survey. Follow-up qualitative interviews were held with five landlords in each of the three areas. This was intended to assess: how landlord responses had changed; changes to rent setting and letting strategies and future investment intentions; the extent to which landlords have left the HB market altogether, or have increased or reduced their involvement in it; and factors that had contributed to a decision to stay in the market, such as rent negotiation and payment methods. A small number of follow-up interviews were also held in June 2013 with advisers and other housing officers who provided advice and support for HB claimants in Belfast and Armagh.

As with landlords, a survey of LHA claimants was undertaken in both wave one and wave two of the study. In both waves, the claimant survey was conducted face-to-face rather than by post. In wave one, 254 LHA claimants were interviewed in their homes by the survey firm Ipsos MORI between February and March 2012. The interviews were conducted across the three case study areas of Armagh, Shankill and West Belfast (see Beatty *et al*, 2012).

In wave two, follow-up interviews were conducted with 174 of the LHA claimants who had been interviewed in the wave one survey. The fieldwork was undertaken across the three case study areas in February and March 2013, one year after the wave one survey had taken place. The aim of the follow-up interviews at wave two was to track changes in tenants' housing and financial circumstances in the year since the wave one survey had been conducted. The majority of questions were the same in both surveys, thus making it possible to compare answers between the two waves. However, questions about awareness of the LHA and the changes to the LHA were dropped from the wave two survey. Instead, new questions were included in about moving home and about how tenants were managing financially.

Before assessing the wave two research findings, the next chapter outlines the changing nature of the NI housing market, the role of the PRS in it and key issues in the PRS in the three case study areas.

The Housing Market Context

Summary

- the consequences of the housing market downturn were generally considered more extreme in NI than in GB
- the range of local rents in the NI PRS sector was more compressed than in GB and this was reflected in relatively limited variation in local LHA rates in 2013/14
- in terms of reductions in all 40 LHA rates in NI since April 2011, seventeen were less than five per cent, 11 were between six and 10 per cent, and 12 were more than 10 per cent
- landlords in Armagh thought that poor housing market conditions and difficulties in accessing finance were more problematic than the LHA reforms *per se*
- all landlords interviewed in Armagh said they were in negative equity and just had to look to the long term to gain any return
- PRS demand, mainly locally generated, was still strong in Greater Shankill, and rent levels were stable
- however, there had been an increase in repossessions in Great Shankill and banks were often slow in disposing by sale
- in wave one, landlords in West Belfast had thought that there might be opportunities to diversify away from LHA tenants, but this had not proved to be the case by the time of the wave two interviews
- there were tentative signs of recovery in the owner-occupied market in West Belfast
- part-time buy-to-let landlords in particular were badly affected by the market downturn, in all case study areas.

3.1. The Housing Market in Northern Ireland

Of course trends in the private rented sector (PRS) in Northern Ireland (NI) do not exist independently of the wider housing market and this study has been undertaken in the midst of an unusually volatile period.

The wave two surveys of landlords and tenants were undertaken in the first quarter of 2013, which is the point when the private housing market in NI began to move from stagnation to the beginnings of a recovery. The scale of the housing market collapse in the province was profound, following on from a decade of overheating - in which average property prices rose by 250 per cent in the decade to 2007 (compared to 145 per cent in the UK as a whole over the same period). One of the many negative consequences of the sharp market downturn from 2008 onwards was an estimated £2.5bn of negative equity being imported into the housing system. Alan Bridle of the Bank of Ireland described the long period of market adjustment after 2008 as 'both painful and sobering'.

In interviews, landlords and housing advisers noted the more extreme "boom and bust" cycle in the owner-occupied market in NI compared to GB. The rapid house price inflation experienced in NI until 2008 was said to have been partly driven by investors from south of the border and from GB, often buying properties "off plan" in anticipation of continued price increases. However, the majority of investors at this time were from the province. As prices were "artificially inflated" due to this external demand, they had relatively further to fall when the housing crash came.

"Because the boom was bigger here than it was in other areas of the UK, I suppose when the bust came it had a greater impact. People were buying up properties at a tremendous rate here and pushing the price of them up and up and it was unsustainable" (Housing adviser, Armagh)

Consequently the impacts of the market downturn were said to be both more discernible and extreme, illustrated by a relatively large number of repossessions and empty properties, and the abandonment of some new developments, which served to reduce housing supply further. (For a more detailed analysis of the impact of the downturn on the Belfast metropolitan area until 2010, see O'Sullivan et al (2011)).

In the period since the surveys reported here were undertaken, the prospects for the NI housing market have brightened a little. In terms of the private market, the monthly RICS and Ulster Bank Housing Market Surveys during 2013, which are based on the perceptions of surveyors, reported that October was the fifth consecutive month in which the proportion of those thinking house prices had increased was greater than those thinking they had fallen over the previous quarter. (43 per cent of surveyors said that prices were higher in the most recent quarter, 52 per cent said they were the same and five per cent said that they had fallen). The level of transactions has also increased steadily. A third of surveyors had said that transactions had increased in the period from May to July 2013, while 56 per cent said that they were the same, and 11 per cent thought they had fallen.

While housing market prediction remains a rather perilous activity, the underlying indications suggest this trend will continue into 2014, with Help to Buy 2 likely to kickstart more lending, historically low interest rates probably being maintained for the next year, while the ratio of house prices to incomes is likely to remain amongst the lowest in the UK. But the overhang of the housing market collapse is considerable. As we shall see in Chapters 5 and 6, landlords in each of the case

study areas mentioned that banks were often holding on to repossessed properties rather than releasing them back on to the market.

Low effective demand remains an issue, as the overall economic prospects for the province remain poor. As one recent review of NI's economy put it: *"Northern Ireland is slipping behind the rest of the UK in just about every measure of employment, growth and productivity."* (PwC, 2013:1) The percentage of working age residents claiming an out-of-work benefit in May 2013 was 18.3 per cent in NI, compared to 11.2 per cent in GB; and median annual gross earnings are £18, 756 in NI compared to £21,583 in GB (November 2103). Oversupply in some localities will inevitably inhibit the pace of market recovery. By the third quarter of 2013, average property prices in Northern Ireland were still 45 per cent below their peak in 2007 according to the University of Ulster Quarterly House Price Index (University of Ulster, 2013) and 54 per cent below their peak according to the Northern Ireland Statistics and Research Agency (NISRA, 2013). So landlords may not be rushing to sell up and get out of the rented market just yet.

Nevertheless, it is worth bearing in mind that the relative pessimism of many landlords in early 2013 recorded in the following chapters might now have started to abate a little. However, the response is likely to remain more cautious in the three case study areas than in more robust local markets such as the first time buyer market for lower value terraced properties in east Belfast.

3.2. The Case Study Areas

Following discussion with the Department for Social Development (DSD) and the Northern Ireland Housing Executive (NIHE), three contrasting areas were selected as case studies - the adjacent but differently configured areas of West Belfast and Greater Shankill and the more rural area of Armagh. Northern Ireland is divided into eight Broad Rental Market Areas (BRMAs) (Figure 3.1). Greater Shankill and West Belfast share the same LHA rates within the Belfast BRMA. Armagh falls within the South BRMA and the Lough Neagh Lower BRMA.

Figure 3.1: Northern Ireland Broad Rental Market Areas

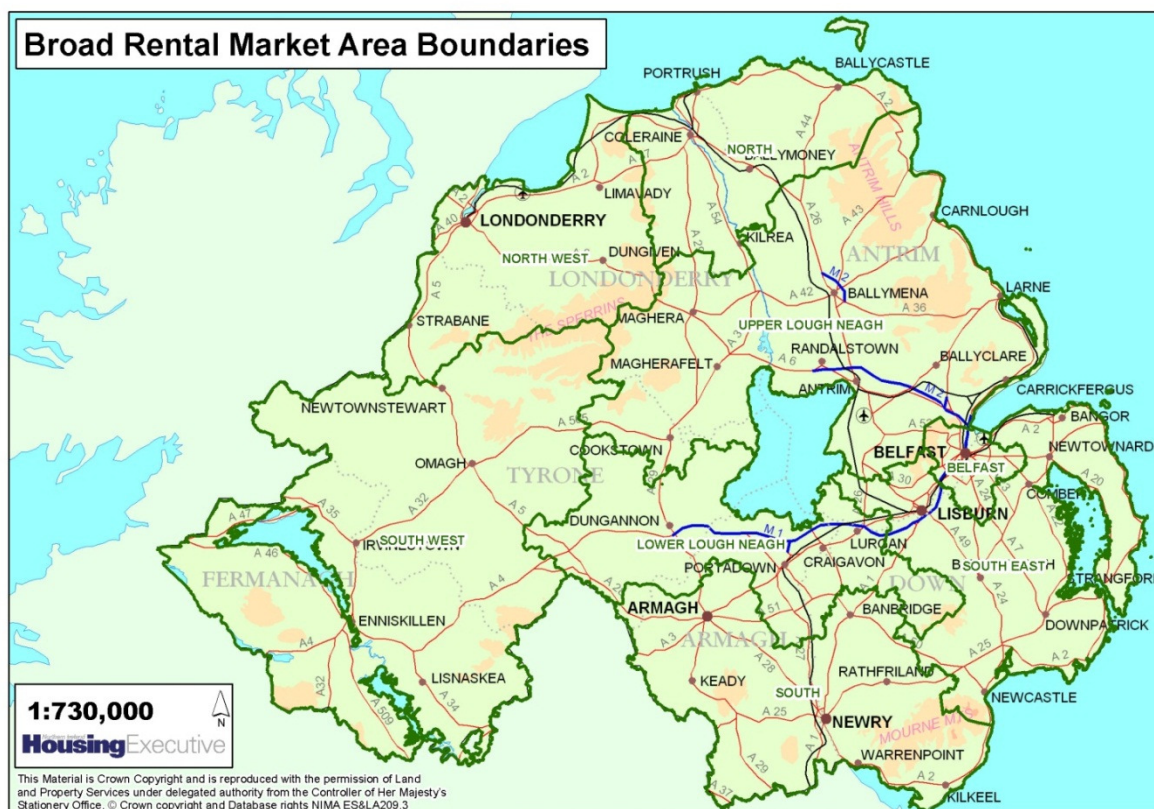


Table 3.1 shows relatively limited variation in LHA rates across all eight BRMAs in Northern Ireland in 2013/14. For example, the difference in weekly rates for shared rooms lies between £36.28 in the North BRMA and £48.16 for the South East BRMA (a difference of £11.88); while for four bedrooms it is between £97.55 (South West) and £125.24 (Belfast) (a difference of £27.99). This contrasts with the much higher differentials in rent across BRMAs in Great Britain. Apart from the Shared Accommodation Rate (SAR), LHA rates for other property sizes are highest in Belfast, and then the South East BRMA (apart for one bed properties), while they are relatively low in the Lough Neagh Lower and South West BRMAs.

Table 3.1: LHA weekly rates across Northern Ireland, April 2013-March 2014

	Belfast	Lough Neagh Upper	Lough Neagh Lower	North	North West	South	South East	South West
Shared Room	£42.15	£45.70	£46.99	£36.28	£46.71	£46.81	£48.16	£45.79
1 Bedroom	£85.04	£68.79	£62.94	£68.33	£74.34	£64.87	£73.01	£63.52
2 Bedroom	£93.27	£86.10	£77.47	£82.86	£90.99	£78.55	£93.13	£79.85
3 Bedroom	£104.63	£94.23	£91.10	£88.16	£97.96	£88.82	£103.06	£88.15
4 Bedroom	£125.24	£110.01	£100.88	£95.65	£107.47	£102.40	£124.87	£97.55

Source: Northern Ireland Housing Executive

Overall, the move from setting the LHA rate from the median to the 30th percentile (and then subsequent annual uprating) has translated into smaller overall reductions in actual LHA rates between January 2011 and April 2013 in NI than in the more

heterogeneous GB market, as one might expect. Nevertheless, as Table 3.2 shows, it is still a mixed picture. Of the total 40 LHA rates that exist (five for each bedroom type across each of the eight BRMAs), 17 LHA rates were reduced by less than £5 a week, 15 were reduced by between £5 to £10 per week and eight decreased by more than £10 per week. If the LHA reductions are considered as a percentage of the LHA rate that existed before April 2011, 17 of the LHA reductions were five per cent or less of the original LHA rate, 11 were reduced by between six and 10 per cent and twelve were more than 10 per cent lower than the original rate (Table 3.2). The largest reduction was a 22 per cent fall in the LHA rate for one bedroom property in the South BRMA.

Table 3.2: Reduction in LHA weekly rates across Northern Ireland, January 2011 to April 2013

	Belfast	Lough Neagh Upper	Lough Neagh Lower	North	North West	South	South East	South West
£ reduction in LHA rate								
Shared Room	-£8.61	-£7.49	-£6.40	-£1.22	£0.33	-£10.69	-£9.54	-£7.60
1 Bedroom	-£1.86	-£8.36	-£4.63	-£1.76	-£4.25	-£18.65	-£15.45	-£4.05
2 Bedroom	-£8.52	-£5.01	-£3.86	-£2.78	-£0.56	-£11.45	-£6.63	-£4.60
3 Bedroom	-£12.24	-£2.97	-£2.63	-£1.98	-£4.12	-£7.55	-£8.64	-£4.05
4 Bedroom	-£12.94	-£5.39	-£14.12	-£4.59	-£6.36	-£15.83	-£9.50	-£9.29
% reduction in LHA rate								
Shared Room	-17%	-14%	-12%	-3%	1%	-19%	-17%	-14%
1 Bedroom	-2%	-11%	-7%	-3%	-5%	-22%	-17%	-6%
2 Bedroom	-8%	-5%	-5%	-3%	-1%	-13%	-7%	-5%
3 Bedroom	-10%	-3%	-3%	-2%	-4%	-8%	-8%	-4%
4 Bedroom	-9%	-5%	-12%	-5%	-6%	-13%	-7%	-9%

Table 3.3 shows the changes in LHA rates for the three case study areas at three points in time: January 2011, before the changes were introduced; April 2011, when LHA rate changes had just been made; and April 2013, which is the latest date for which rates were available at the time of writing. It can be seen that the differences between LHA rates during this period vary from one BRMA to the next. There is not a common pattern in the scale of the reductions. In the South BRMA part of Armagh, for example, the largest reductions from January 2011 are for one bedroom properties (£18.65 per week) and four bedroom properties (£15.83 per week); the latter figure possibly reflects the relatively higher proportions of five, six and seven bedroom properties in the district that were formerly covered by distinct LHA rates. In the Lough Neagh Lower BRMA part of Armagh, the reductions are considerably lower, apart from the rate changes for four bedroomed property. The reductions were higher for shared accommodation than one bedroomed property (£6.40 compared to £4.63), which is the opposite of the relative change in the South BRMA.

The reductions in rate for three bedroomed property between January 2011 and April 2013 in the Belfast BRMA (which applies to both Greater Shankill and West Belfast) are far higher (£12.24 per week) than those in Armagh (£2.63 and £7.55). However,

the reductions for one bedroomed property are much smaller (£1.86 a week). The reductions in rate for four bedroomed property are smaller in Belfast than in Armagh, while the reductions for shared accommodation lie between those of the two BRMAs covering Armagh.

Table 3.3: LHA weekly rates in case study area BRMAs, January 2011 to April 2013

Case Study Area	BRMA	Jan-11	Apr-11	Apr-13	Jan 11 - Apr 13
Shared accommodation					
Shankill	Belfast	£50.76	£43.27	£42.15	-£8.61
West Belfast	Belfast	£50.76	£43.27	£42.15	-£8.61
Armagh	Lough Neagh Lower	£53.39	£36.30	£46.99	-£6.40
Armagh	South	£57.50	£45.80	£46.81	-£10.69
One bedroom					
Shankill	Belfast	£86.90	£84.06	£85.04	-£1.86
West Belfast	Belfast	£86.90	£84.06	£85.04	-£1.86
Armagh	Lough Neagh Lower	£67.57	£66.51	£62.94	-£4.63
Armagh	South	£83.52	£68.27	£64.87	-£18.65
Two bedroom					
Shankill	Belfast	£101.79	£93.80	£93.27	-£8.52
West Belfast	Belfast	£101.79	£93.80	£93.27	-£8.52
Armagh	Lough Neagh Lower	£81.33	£78.08	£77.47	-£3.86
Armagh	South	£90.00	£80.01	£78.55	-£11.45
Three bedroom					
Shankill	Belfast	£116.87	£103.58	£104.63	-£12.24
West Belfast	Belfast	£116.87	£103.58	£104.63	-£12.24
Armagh	Lough Neagh Lower	£93.73	£87.74	£91.10	-£2.63
Armagh	South	£96.37	£92.52	£88.82	-£7.55
Four bedroom					
Shankill	Belfast	£138.18	£122.14	£125.24	-£12.94
West Belfast	Belfast	£138.18	£122.14	£125.24	-£12.94
Armagh	Lough Neagh Lower	£115.00	£103.94	£100.88	-£14.12
Armagh	South	£118.23	£111.52	£102.40	-£15.83

Source: Northern Ireland Housing Executive

For purposes of direct comparison with GB at the local level, Table 3.4 presents the change in LHA rates for two bedroom properties in two BRMAs in NI and four BRMAs in GB between January 2011 and April 2013, expressed in both absolute and percentage terms.

Table 3.4: Reduction in LHA weekly rates, selected BRMAs in Northern Ireland and Great Britain, January 2011 to April 2013

	Lough Neagh Lower	Belfast	Inner North London	Bath	Central Greater Manchester	Sunderland
Jan-11	£81.33	£101.79	£340.00	£173.08	£126.92	£109.62
Apr-11	£78.08	£93.80	£290.00	£155.77	£114.23	£100.00
Apr-13	£77.47	£93.27	£ 296.38	£ 159.20	£ 114.23	£ 100.00
Jan 11-Apr 13 Change	-£3.86	-£8.52	-£43.62	-£13.88	-£12.69	-£9.62
% Change	-5%	-8%	-13%	-8%	-10%	-9%

While the *relative* decreases in LHA rates in NI are not dissimilar from two of the GB examples, they represent smaller reductions in *absolute* terms, because of the lower base of PRS rental values in the province.

In terms of the overall picture on LHA caseloads prior to the wave two surveys being undertaken, there were 138,210 HB claimants in NI in November 2012. The number of HB claims had continued to rise, and there were five per cent more HB claimants in November 2012 - an increase of 6,890 - than in April 2011 when the reforms to the HB system in relation to the PRS first began to be introduced. During this period, 86 per cent of this growth (representing 5,970 additional cases) was in the PRS, so that HB claims in the PRS (including pre 2008 cases) now represent 49 per cent of all HB claims in November 2012 (up from 45 per cent in May 2010). The equivalent percentage of PRS HB claims in GB in November 2012 is 33 per cent.

Figure 3.2: Housing Benefit Claimants in the Private Rented Sector in Northern Ireland, 2010-2012

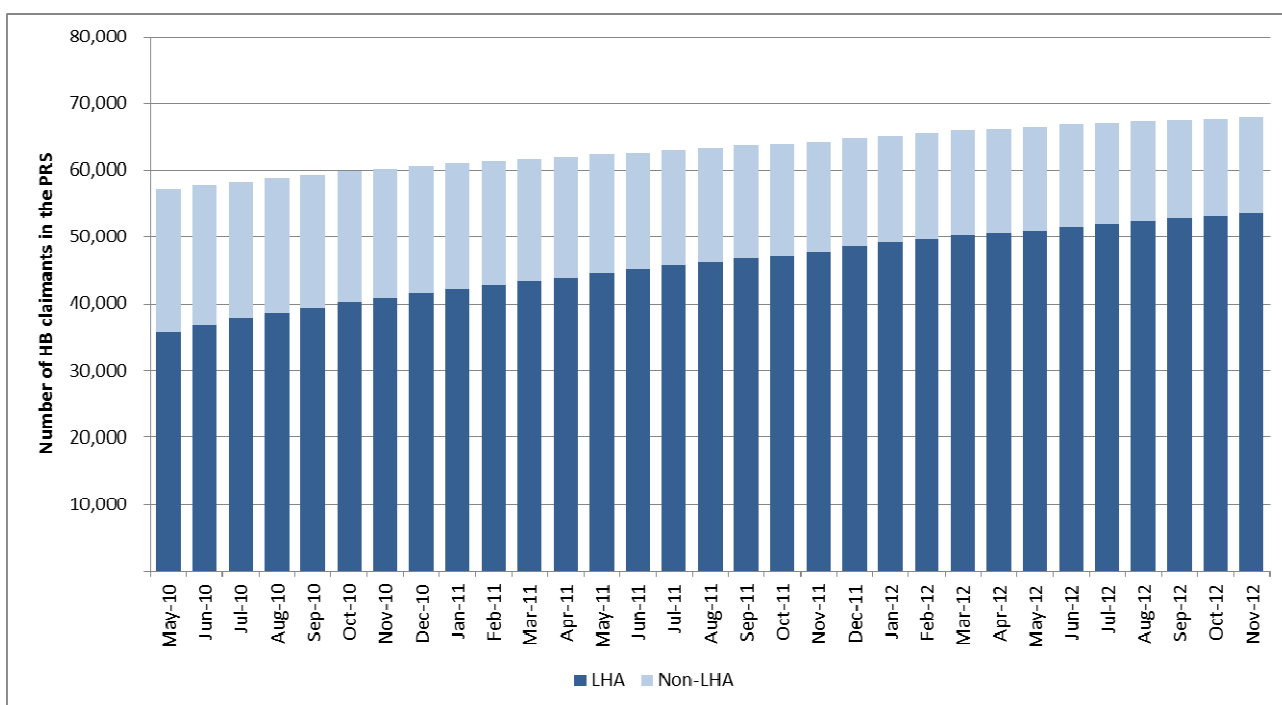


Figure 3.2 above shows that PRS HB caseload in NI has risen steadily over time, with no notable change in the trend since the introduction of the reforms. There were **53,500** claimants under the LHA system in Nov 2012, 9,560 more than in April 2011; the 22 per cent increase is faster than in GB over the same period, where the increase in LHA claimants was 16 per cent. Much of this increase (62 per cent) is attributable to a net gain in PRS HB tenants; the rest is due to pre 2008 cases gradually being replaced with post 2008 claims under the LHA system, due to either a new claim being made because of a change of circumstances or a move, or because the claimant has been replaced by new LHA claimants. This picture is similar to GB, where 60 per cent of the increase is due to a net gain in PRS HB claimants. Overall, claims under the LHA system accounted for 79 per cent of all PRS HB claims in November 2012, up from 63 per cent of all claims in May 2010. The equivalent percentage in GB in November 2012 is similar - 82 per cent of all PRS HB claims were made under the LHA system.

Moving from statistics to perceptions, the wave two qualitative interviews with landlords provided an opportunity to record their views on how the housing market (and specifically the PRS) had changed at the local level, over the past few years, and especially since the wave one interviews were conducted. Their views are discussed in the following section.

3.3. Landlord Perceptions of Housing Market Change in the Case Study Areas

Armagh

In Armagh, the poor housing market conditions, the wider problems in the economy, the lack of investment in the property market, and the difficulties potential investors

faced in accessing finance were recurrent issues in landlord interviews. Most Armagh respondents felt that these problems were more pressing than the impact of the LHA reforms *per se*:

"It's become more difficult for a landlord and the expenses that come with it. It's a very difficult time at the minute because of the rent levels and property prices. Whenever it's settled a bit more maybe people will decide to start investing again and rent out; it's very difficult for someone to get a buy to let mortgage at this time, so the financial end of it will have a bigger impact (on supply)² than actual changes to legislation (large letting agent, Armagh).

The number of repossessions among owner-occupiers in the local market was also contributing to the increased demand for PRS accommodation:

"The problem is with more and more repossessions, people with their own properties are now wanting to rent, they're going onto benefits because things have happened. That's why they've had their house repossessed so (when they come on to) the rental market, they'll probably be claiming housing benefit anyway" (Housing adviser, Armagh).

The increase in repossessions, however, had made owner-occupation more accessible to some of those households who would have ordinarily rented. Several landlords referred to this trend, particularly among migrant populations who had been settled in Northern Ireland for several years.

"My young cousin - they bought a property, a repossessed property that needed a bit of work - said why pay somebody's mortgage when they could have their own house for 3 or 400 (£) a month. I also have some foreign national friends who've been renting here for nine or 10 years and have been saving like mad for a deposit and they're now ready and they're going to get a house. They've got about 7 or 8000 (£) deposit and 90% mortgage." (small landlord, Armagh).

"Foreign national people who have been renting before; there would be nowhere near the same level or number of them renting properties...we've actually noticed an increase in foreign nationals, as the house prices have dropped, they're deciding to buy now." (large letting agent, Armagh).

"At the moment ... Eastern Europeans, they tend to be the higher grade that come across who are in good jobs. And now because the housing market has dropped, we hear that even they're now thinking of maybe trying to get into the market, to buy their own properties, where before they weren't able to do that." (small landlord, Armagh)

Despite the discernible increase in foreign nationals gaining access to owner-occupation, there was still continuing demand for rental property from this community.

"The Eastern Europeans, we find if they're in a good house and they're moving out, they're moving back to another area, they tend to have someone to move in,

² in this and subsequent quotations, words not in italics have been inserted by the authors to aid an understanding of the quotation - all words in italics are verbatim from the interviews.

they're practically moved in before the others move out." (small landlord, Armagh)

However, one of the Armagh advisers noted that the quality of housing within the PRS for migrant workers was becoming a problem. Migrant workers were said to be more likely to share accommodation, to be in overcrowded conditions and in unsuitable housing circumstances for their needs.

"The majority of migrant community are in private sector tenancies with a whole variety of issues; some is very good and some of it is less than adequate, to say the least." (Housing adviser, Armagh)

Many migrant workers were said to have settled in Dungannon and Portadown, because of the availability of work in industrial estates and factories, rather than in Armagh town itself.

The impact of the market downturn on landlords in Armagh, where many had small portfolios and were part-time, was particularly marked, with buy-to-let landlords hit the hardest. Housing advisers from Armagh spoke of landlords just "giving the keys back", having given up on a losing battle, as they slipped further into negative equity and/or were unable to keep up with mortgage payments. In some cases this had a knock-on effect on tenants who were already struggling with their own financial circumstances, as landlords were increasingly desperate for rental payments:

"You have landlords who are paying mortgages and are beating the door down for the money because the mortgage company's beating the door down to them for the money that has an impact...and most of the landlords we're talking about are in (a buy to let) situation, there would be very few who would own the property outright." (Housing adviser, Armagh)

The whole process of repossession and passing properties to receivers was familiar to the housing advisers we interviewed. They spoke of the length of time this process can take and the extent to which the tenants *in situ* can be completely oblivious of the change:

"It takes a very long time, the likes of receivers seem to come in and they contact us and then we would start and pay the housing benefit direct to the receiver and it can be for years...There's quite a number of those" (Housing adviser, Armagh)

However, one adviser in Armagh suggested that the increasing number of properties being passed into receivership was having a positive impact on the standard of maintenance (and tenants' rights), as these were often coming under the control of professional management companies with a more responsible approach to repairs and tenancy conditions than the previous landlord.

"I think sometimes it can work out better for some tenants, maybe they'll be in a bit better position to provide the, actually stick to the terms and conditions of a tenancy agreement. Whereas landlords, if they're going into receivership, they don't care" (Housing adviser, Armagh)

Despite continuing strong demand in the rental market, landlords claimed that there was significant downward pressure on rents which, coupled with borrowing restrictions and rising costs for landlords, inhibited the prospects for creating new supply. This created an imbalance in the local rental market, with new lets difficult to come by, for tenants and letting agents alike.

"The tenants that are out there looking for properties, if no-one is investing in property to buy a house to rent it out, you're basically waiting for someone else to move out for a house to become available and that's where we're at at the minute...and you would also have thought from a landlord's point of view if there was this massive demand of tenants and shortage of properties that rents would rise. But they can't, because of the housing benefit, plus the financial state that people's income is. So (if) you put your rent up, the house would sit there even though there's hundreds of people looking for a house; if they can't afford it, they can't afford it. So it's a bit of a cross roads." (large letting agent, Armagh)

This pattern was also said to be mirrored south of the border. One Armagh landlord referred to a property in the Republic of Ireland that she was no longer able to let, due to "a general decrease in rent" and the widespread "availability of repossessed properties". This was also a factor in the Northern Ireland housing market, with some investors with capital now able to pick up repossessed properties at much lower prices than many buy-to-let landlords had paid several years ago. They were therefore able to offer lower rents. The increase in repossessed properties on the market was putting downward pressures on rents, which left landlords who had invested prior to the recession feeling increasingly squeezed on rental yields and profits.

"In general there's an increase (in costs), it's not as profitable. I probably don't really make a profit out of it, it's just we're looking at it long term and just about holding on to them. I know quite a few guys who've just walked away completely." (small landlord, Armagh)

All the landlords interviewed in Armagh thought that they were probably in negative equity and saw little option but to carry on and look to the longer term. The following quote is typical of this attitude, especially among smaller landlords with one or two properties:

"The housing market is depressed over here and if, for example, they did leave and I couldn't find another tenant, I would struggle to sell it and I may be in negative equity. So, I would probably hang in there until I did find a tenant, but I imagine I would find someone, because as long as the mortgage is covered I'm reasonably happy. I know it's a long term thing, it's 25 years and I'm only five years into it, so (I) just keep going" (small landlord, Armagh)

One Armagh letting agent noted that the decrease in the supply of properties, as a result of repossessions and liquidations, had been partially offset by new investors bringing properties on to the rental market.

"Through the office here in the region, normally we would manage about 10 properties a week...we run through the process of a lot of investors who've basically gone into liquidation and given the properties up, but that's just been

replaced then with a lot of people who have gone into the investment market as well. So it's basically stayed about the same" (large letting agent, Armagh)

However, the letting agent felt that there was still some way to go before new rental investment would be able to match demand for accommodation.

"(There are) very few properties to let basically, because people aren't investing in property anymore because of the restraints with mortgages....and the buy to let market, that has fallen away, there's less and less properties available and that's being married then with the demand." (large letting agent, Armagh)

Most respondents saw little change in these trends in the Armagh market in the near future.

"I just think it's going to be the same because there aren't new houses getting built, there's still going to be the demand for the rented houses...It's very hard now (to find a rental property in Armagh), more so in the area that you would want to go to" (large landlord, Armagh)

Finding a property in an area that "you would want to go to" was seen as especially problematic, given pressures on supply and continuing problems of sectarian segregation. Some landlords were also reluctant to let to LHA tenants anyway - "no DSS" is still, it was claimed, a fairly common notice. Furthermore, many landlords stated a preference for letting to someone they knew, and word of mouth was often the means for finding new tenants:

"Last time (we advertised) we must have taken 15 phone calls!...There were quite a few foreign nationals that phoned up about it, we had a few interviews with them but I tend to let to people I kind of know...like I know the parents of (the current tenant) and they're good people." (small landlord, Armagh)

It was therefore often difficult for non-local households to break into the PRS in Armagh. The historic segregation of Catholic and Protestant communities meant that the boundary lines between the two communities were often apparent in parts of the district. This was said to be more pronounced in social housing, but could also be noted in some private housing areas.

"In Dungannon, for example, over a large number of years you have what's known in housing terms as Dungannon 1 and Dungannon 2. So it's basically two areas of the town, and the predominant housing need lies on one side. Yet any development that has taken place has taken place on the other side of town. In reality a significant number of people on the housing list on the other (side) will never move across to that side of town because of the traditional sectarian issues..... so it doesn't address your housing need." (Housing adviser, Armagh)

Advisers noted that PRS properties can often be "pepper-potted" in social housing estates as a result of the Right to Buy. In such instances, any PRS vacancies would be confined to members of the same communities who predominated in those estates.

"A lot of ex-housing executive houses were bought for private rental...(but) you couldn't put Orange in Green or Green in Orange." (Housing adviser, Armagh)

"Yes, well it would limit where your choice could be. If there was a one bedroom property that came up that was perfect, but in an area that wasn't your side, it wouldn't be, you just wouldn't, it wouldn't be an option." (Housing adviser, Armagh)

The last quote above indicates how segregation has become normalised in the search processes of prospective tenants, thereby limiting even more the range of choice that had already been narrowed by the reduction in LHA. Advisers also referred to the strong attachment to place in Armagh, which served to limit further the availability of suitable accommodation. This was more apparent in the rural towns and outlying areas. Consequently, young people were said to stay at home longer into their adult life and move locally when the time came to fly the parental nest.

"Traditionally in the country areas young people don't tend to leave their homes too early anyway...People here will hardly move two streets away. Sometimes if you make them an offer, it's that localised, you'd think you were asking them to move to a different country, and it's only a neighbouring estate but it's like another world to them.... Overall, people have a village mentality. And it's not necessarily anything to do with being Orange or Green it's just they've always lived here..." (Housing adviser, Armagh)

Greater Shankill

The vast majority of the properties owned by the landlords interviewed in Greater Shankill were let to tenants claiming LHA. In wave one, landlords said that they did not expect that they would be able to move out of the LHA market (unlike landlords in West Belfast) and this remained the case in wave two, as one letting agent explained.

"A lot of our landlords, they haven't been put off by benefit. There would maybe be one sticky landlord who would say 'I don't want housing benefit' until you explain to them why someone might be on housing benefit - they may have lost their job, they're maybe divorced, it's not because they're on housing benefit because they don't want to work...particularly now in the last couple of years we've talked landlords round to that way of thinking." (large landlord/letting agent, Greater Shankill)

Demand for PRS property in Greater Shankill was reported to be still strong, and landlords did not struggle to let their properties.

Interviewer: "Would you say there's a shortage of private rented properties?"

"No, I don't think there's a shortage, I just think there's so many agents now and properties go quickly. It used to be you'd maybe have them a month, six weeks, maybe slightly longer before you would get a tenant whereas now they go fairly quickly. We don't tend to keep properties long." (large landlord/letting agent, Greater Shankill)

Demand in Greater Shankill is mainly locally generated and there is little in-migration from other parts of Belfast. Landlords thought that rents levels were stable and house prices remained relatively low compared to elsewhere in the city. None of the respondents thought that house prices were recovering yet, though they were not falling any lower. While some properties were being put forward at auctions, the property market remained constricted.

Several respondents suggested that those landlords with high mortgage repayments were struggling to make any profit at all on rental income, and there had been some repossessions in the area. There is a very marked difference in the response to the LHA changes between those landlords with high mortgage repayments (who mostly bought at the height of the property boom) and longer standing landlords with a small (or no) mortgage, as one letting agent explained:

"I have a landlord who bought two in the Donegall Road area at (£) 160,000 each and they're (now) worth about (£) 30,000 each. [...] That landlord is a solicitor so cannot go bankrupt and they're likely to be taken off him."

The scale of repossessions, it was claimed, was leading to an increase in void properties. Several landlords believed that banks that had repossessed properties were being slow to dispose of them by sale, and were not always continuing to place them back on the rental market:

"Yes some are coming onto the auctions but there's a hell of a lot being rented out. A lot of financial organisations are very slow to do anything with them and they're sitting empty so there's no income coming in from rent and I don't know what their long term plans are." (large landlord/letting agent, Greater Shankill)

Some areas of Belfast were thought to have become too expensive for LHA claimants, but 'cheaper' rental areas (such as Greater Shankill) were often 'off limits' to some tenants, particularly new migrants. For example, one letting agent with properties mainly in West and South Belfast reported that the rental situation was becoming increasingly difficult for new migrants to the city (who he described as the 'true poor', in comparison with NI citizens who had more recourse to welfare support). 'Traditional' areas for new migrants (such as around Lisburn Road) were now too expensive for those relying on LHA rates. Yet he claimed that it was also very difficult for migrants to rent in cheaper areas, such as the Shankill, due to the threat of racial intimidation:

"The classic case would be our Somali tenant. A Somali tenant would arrive with virtually no possessions; very often they ask can we let them into the old student houses after they move out to get their kitchen utensils and things like that. They literally can't afford cutlery, that's how damn poor they are. In theory they could take their housing benefit and walk to the poorer parts of the city and get accommodation.. but they could also get their head beaten in when they get there, or get their kids bullied or beaten, so what real choice have they got? In theory they should go and negotiate a better tenancy or cheaper tenancy up in the cheaper parts of the city. The reality is they know they're going to face racism and/or attacks, plus people are going to be nasty and hostile to them. So, no matter what, they're going to live here, they seem to get a bit of discretionary (housing payment) because if they go into one of those areas they'll be

presented as homeless. And then they'll get on the emergency list and the government will have to house a family with five kids. Isn't it better that they stay here and get 20 quid? I'm happy to let anyone live anywhere they want, but I do make them aware before they go in, if I feel they don't know the lie of the land." (large landlord/letting agent, Greater Shankill)

Another landlord also recognised the problems associated with the Lisburn Road area as a reception area for new migrants and people without ties to the sectarian communities. The PRS market had expanded here but demand had nonetheless driven up rents and created problems of availability; while sectarianism in other lower priced rental markets (such as parts of the Falls) limited relocation opportunities:

**On the Lisburn Road, now the problem we have, the segregation you've got, you get people, especially Europeans now, they want to just be in a safe area; they don't want to be in a predominantly protestant or catholic area or anywhere that's racist. So they're all packed onto the like of the Lisburn Road and that has become a big rental world."*

One letting agent in Greater Shankill commented in a similar vein about those areas of the city that were now too expensive for HB claimants to rent in:

"it has meant that in the last year we now tell people a lot earlier 'this is a luxury area, the Lisburn Road area, and if you're applying for a house and you're going to rely on entitlement to benefit only you're not going to be able to afford this area. We do have other areas for you, but you need to be open to them.' "

One Belfast housing adviser also echoed this view about the growing affordability pressures in the city:

"In terms of statistics, there was a 60 per cent increase in the number of calls to our advice line from the private rented sector on issues of affordability in the last year. That would be people struggling to make shortfalls or get deposits, that's one of the factors that impacts on people moving on as well - where do you get the money for a deposit?" (Housing adviser, Belfast)

West Belfast

In wave one interviews, several landlords in West Belfast speculated that there would be opportunities to diversify in the PRS, and move away from reliance on "social rents" (as LHA tenancies were often referred to) into other markets, letting more property to working tenants and students. However, the consensus by wave two was that such opportunities had been very limited. All the landlords interviewed had continued renting to LHA claimants. This was partly because they had realised that other markets were not necessarily more lucrative than the LHA sector, and the expected demand from other sources had not materialised.

"No, we haven't noticed a massive impact. There's a bit, but you weigh it up against how to get rid of these people and get new people and the cost of all that and the hassle. We had one (property) that I knew needed a bit of work, probably cost £2 or 3000 and then it would be empty. It would end up costing about £4 or 5000; for the sake of £40 it's probably six or seven years before

that's made up, so you've got to see it that way..... I do know anecdotally that more people (who) are renting are working now because of the difficulties of getting a mortgage. So there's probably more professional people who'd be looking to rent properties.....There seems to be a lot of buoyancy in the rental market at the minute.” (large landlord, West Belfast)

Despite the continuing reliance on the LHA sub-market rather than other sectors, demand in the PRS in West Belfast remains very high.

“I haven't had a day empty, (due to) the demand. I'm sure if I owned two streets in the west I'd rent them out. It's a problem with first time buyers not getting mortgages because they're also in the rental market. Six or seven years ago they weren't in the rental market but (now) they're in it.” (large landlord, West Belfast)

This landlord had also begun to develop some new properties in West Belfast, to take advantage of what he considered were low land prices. He had not developed for sale on the open market, but he would either rent them himself, or sell them to a local housing association that had expressed an interest.

Respondents in West Belfast said that property prices had not yet recovered from the significant downturn from 2008 onwards. As in the other case study areas, it was reported that those landlords with large mortgages were continuing to struggle, and that the number of repossessions in West Belfast had increased in the last 12 months. Many landlords were thought to be losing money on their properties, but were also unable to sell them (due to negative equity); those properties that had been repossessed by banks were also not being sold at auction, as banks were reluctant to do this until the market recovers sufficiently.

One landlord, for example, did not know how banks were handling repossessions, but reported that the number of empty homes had recently increased in one area of West Belfast:

“That's one of the things I noticed with one of the areas, it's got quite dilapidated. And that lets us down, especially if we're trying to let to students with the fees coming on board now. Back in the early days students would have come and rented a house. Their parents are coming now to check it out. If they're paying £6,000 in fees and then they're paying their rent, so mummy and daddy want to make sure.”

The overall picture in each case study area is of a PRS that is still very dependent on LHA tenants, where landlords with high mortgage costs are struggling to make ends meet, or to hold out for a recovery, but where there are tentative signs that the demand for owner-occupation is starting to move again, for the first time since the housing market collapse of 2008.

In the next chapter, we describe the main findings from the wave two survey of claimants undertaken in Spring 2013 and assess the extent to which responses have changed over time from the wave one survey conducted in Spring 2012.

The Survey of Tenants

Summary

- all but three of the 174 respondents interviewed in the wave two survey were still receiving the LHA; and the great majority were on the same claim as when interviewed the year before
- one in seven (28) tenants had moved home between waves one and two; three of the 28 tenants reported that they had been homeless or stayed in temporary accommodation during that year; 23 of them had stayed in the same 'local area'
- only three tenants had moved home for *financial reasons*. No one cited a reduction in Housing Benefit as a main reason for the move and none mentioned job-related reasons
- about one in three of the movers reported having experienced difficulties finding new accommodation
- movers were equally divided between those who moved to accommodation with a lower rent, a higher rent, or the same rent
- four of the 28 tenants who had moved home had tried to negotiate a lower rent with the landlord of their new property; and all of them were unsuccessful
- about one in ten *non-moving* respondents had tried to re-negotiate with their landlord; and about a quarter of them were successful in doing so. Hence, two per cent of non-movers had negotiated a lower rent since wave one
- there was no statistically significant increase, between waves one and two, in the proportion of claimants who reported a shortfall between their rent and their LHA
- there was no statistically significant increase in the prevalence of rent arrears between the wave one and the wave two survey
- seven of the ten tenants in arrears had been asked to pay them back; five of them were asked to pay back gradually over time, and in three cases the landlord had not responded to the arrears
- when asked how they were managing financially these days, 42 per cent of tenants reported that they were managing poorly
- seven out of ten tenants reported that they had often run out of money before the end of the week or month in the previous year
- nine out of ten tenants who found it difficult to afford the rent said that they had often run out of money.

4.1. Introduction

This chapter of the report presents the results of the wave two survey of LHA claimants. It also makes comparisons, where appropriate, with the results from the wave one survey.

By the time that the wave two interviews were conducted in February and March 2013, the transitional arrangements protecting tenants who had claiming LHA continuously since April 2011 and who had not experienced a relevant change of circumstances ('existing claimants') had come to an end. The transitional protection expired at the end of December 2012. However, claimants who were facing severe hardship and had successfully applied for a Discretionary Housing Payment (DHP) may have been benefiting from further temporary protection at the time the interviews were carried out. Meanwhile, all tenants who had applied for LHA after April 2011 ('new claimants') were not eligible for either the transitional protection or the DHP scheme. Thus, the great majority of existing claimants and all new claimants would have been in receipt of the post-cutback level of LHA entitlement when the wave two survey was conducted.

In this chapter, except where indicated to the contrary, all results are from the wave two survey. The results expressed as percentages are *weighted*, but absolute numbers are *un-weighted*. In most cases, small numbers of 'Don't know' responses are excluded from the results.

4.2. Characteristics of the Tenants

As described in Appendix 4, the data for the wave two interviews were weighted by age group, household type and claimant type to correct for any non-response bias. Hence the wave two results are representative of the sample of tenants interviewed in wave one. The report of the wave one study looked in detail at the characteristics of the tenants interviewed in the LHA claimant survey (see Beatty et al, 2012). Here we briefly summarise the key demographic characteristics of the sample at wave two.

As Table 4.1 shows, in the wave two survey, seven out of ten respondents were female. The disproportionately large percentage of females reflects the fact that lone parents accounted for a very large share of tenants. In fact, just about half of respondents were lone parents and a third were single people living alone. In some of the tables that follow, percentages may sum to more than 100%, due to rounding

Table 4.1: Demographic characteristics

<i>Column percentages</i>	
	All tenants
<i>Gender of respondent</i>	
Male	31
Female	69
<i>Age of respondent</i>	
16 to 24	19
25 to 34	35
35 to 44	18
45 to 54	14
55 to 59	4
60 to 64	3
65+	7
<i>Household type</i>	
Single person	32
Lone parent	49
Couple with children	6
Couple	5
Multi-person household	8
<i>Base: All tenants (number)</i>	
	174

A third of respondents (34 per cent) lived in households in which at least one person had a long-term illness, health problem or disability that they felt limited their daily activities or the work they could do. Meanwhile, four out of five respondents were living in workless households (81 per cent) and the remaining fifth in working households (19 per cent).

Almost all respondents (98 per cent) interviewed in the wave two survey were receiving the LHA and the great majority of them were on the same claim as when interviewed the year before. More specifically, 85 per cent were on the same claim, 13 per cent were on a new claim and two per cent were no longer claiming LHA. The prevalence of direct payment of Housing Benefit to landlords in Northern Ireland was noted in the previous chapter. In 95 per cent of cases, the LHA was being paid to the landlord and only five per cent of claimants were receiving the payment directly.

There was relatively little movement in working status between the wave one and the wave two survey a year later. Indeed, 92 per cent of those respondents who had

been workless at wave one were still workless at the time of the wave two survey. There was relatively more change among those tenants who had been living in working households at wave one: by the time of they were interviewed at wave two, 23 per cent of them were now living in workless households. However, in absolute terms the number of tenants who had moved from working to workless household status (N = 6 out of 26) was far too small to be statistically reliable.

4.3. Moving home

One possible response to the cuts in LHA entitlement is that tenants might move to cheaper accommodation in order to find a home that is more affordable than the place they were renting before their benefit was reduced. Another possible response is that, instead of moving, some tenants might ask the landlord of their existing home to lower the rent.

This section therefore examines whether or not tenants moved home; and whether tenants who did not move tried to re-negotiate the rent on their existing home.

Did tenants move?

One in seven tenants had moved home by the time of the wave two survey. More precisely, 14 per cent had moved and the remaining 86 per cent had not (Table 4.2). The actual number of movers was just 28 (including one tenant who had signed up for a new home but had not moved into the accommodation when interviewed).

The small number of movers in the sample severely limits the analysis that can be undertaken on this sub-group. Indeed, the results for movers are mostly presented as raw numbers because there are too few respondents in this group to calculate robust percentages.

Twenty-seven out of the 28 moving tenants reported that they were in receipt of LHA when they moved to their current accommodation. By the time they were interviewed for the wave two survey, the number of LHA claimants among the movers group was 26.

Table 4.2: Moved home since we last spoke to you?

	No.	%
<i>Moved home?</i>		
Yes +		14
No		86
All		100
<i>Base: all respondents (number)</i>	174	
<i>Number of times moved?</i>		
Once		88
Twice		12
All		100
<i>Base: respondents who had moved (number)</i>	28	

+ In this and subsequent tables, 'movers' Include one respondent who had signed up for a new home but not yet moved.

Tenants who had moved were disproportionately more likely to have been on a new LHA claim rather than the one they had when interviewed for the wave one survey. Thus, while 15 out of 28 movers were in receipt of a new LHA claim, the figure for non-movers was only nine out of 146 tenants. Two movers, compared with one non-mover, were no longer claiming LHA.

Twenty-five of the movers had changed residence once, and the remaining three had moved twice, in the year that had elapsed since the wave one survey was conducted. Meanwhile, three of the 28 tenants reported that they had been homeless or stayed in temporary accommodation during that period.

Most of the 28 tenants had not moved very far (Table 4.3). Twenty-three of them had moved within the same 'local area' and 27 within the same local authority area. In fact, 19 had moved no more than a mile, while eight had moved more than a mile but less than five miles. In other words, only one had moved more than five miles. These results are perhaps not at all surprising given the great importance of locality in Northern Ireland.

Table 4.3: How far had tenants moved?

	No. of movers
<i>Same or different area?</i>	
Moved within the same area	23
Moved to a different area	5
<i>Same or different local council area?</i>	
Moved within the same council area	27
Moved to a different council area	1
<i>How far moved?</i>	
A mile or less	19
More than 1 but less than 5 miles	8
More than 5 miles	1

Why did tenants move?

The 'two or three main reasons' why tenants had moved home are shown in Table 4.4. The data in the first column are the results from the wave one survey and show the 'two or three main reasons' why claimants had moved to the accommodation in which they were living at that time. The data in the second column are the results for those tenants who had moved by the time of the wave two survey.

In total, the 28 tenants who had moved at wave two gave just over 30 reasons; and hence for the great majority of tenants who changed address, there was only one main reason given for the move. Four tenants had moved for *family or personal reasons* (e.g. to leave home and to leave or move in with a partner). This type of reason is variably one of the most commonly cited in surveys asking respondents why they moved into their current home.

Table 4.4: Main reasons why tenants left their previous accommodation

	Wave 1 No. of tenants	Wave 2 No. of tenants
Personal or family reasons	52	4
Wanted a <u>larger</u> house or flat	35	6
To move to <u>this</u> area/town	28	2
Property in poor condition (incl. being demolished)	23	3
Wanted <u>self-contained</u> accommodation	8	0
Wanted a <u>different type</u> of accommodation	9	3
To move to a <u>better</u> area/town	11	1
Landlord selling the property/needed it for their own use	9	4
Wanted a <u>smaller</u> house or flat	7	2
End of tenancy agreement	8	0
Didn't get on with the landlord	7	0
Needed an extra room for son/daughter to stay overnight	6	1
Wanted to pay a lower rent	7	3
Wanted <u>shared</u> accommodation	2	1
Sold my previous home	2	0
Housing Benefit payment was reduced	1	0
Asked to leave/evicted - due to rent arrears	1	0
Job-related reasons	1	0
Could afford a more expensive property	0	1
Asked to leave/evicted – landlord no longer letting to HB tenants	0	0
Other reasons	28	1
<i>Base:</i>	<i>174</i>	<i>28</i>

Respondents could indicate more than one category

Perhaps surprisingly, six of the 28 movers at wave two had moved (at least in part) because they wanted a *larger* house or flat. Meanwhile, two tenants had moved because they wanted to live in a *smaller* dwelling; three because they wanted a different *type* of accommodation (e.g. a ground floor rather a first floor flat, or a

house with a garden); and one because they wanted *shared* accommodation. One tenant had moved home because they needed an extra room for their son or daughter to stay in overnight.

Three tenants had moved at wave two because their previous property was in poor condition; this echoes the finding in the qualitative interviews that were conducted in 2012; that some tenants felt they were living in property that was in very poor condition (see Beatty et al, 2012).

Thus, in summary, 16 of the main reasons for moving at wave two were related to the *physical characteristics of the claimant's home*. Meanwhile, one tenant had moved because they wanted to live in a better area and two had moved because they wanted to live specifically in the area to which they had moved.

Again, perhaps surprisingly, only three tenants had moved home at wave two for *financial reasons*. Two had wanted somewhere with a lower rent and the other moved because they could afford a more expensive property. No one cited a reduction in Housing Benefit as a main reason for the move. And none mentioned job-related reasons.

Four tenants had moved at wave two because their landlord was either selling the property or need it for their own use. None had moved because they were evicted due to rent arrears, because the landlord was no longer letting accommodation to benefit claimants, or because they did not get on with their landlord.

Difficulties moving

Eight of the LHA *claimants* who had moved at wave two – that is, 30 per cent of them - reported that they had experienced difficulties finding new accommodation (Table 4.5). This is very similar to the wave one survey results (though it should be borne in mind that the percentages for wave two are based on only 26 cases).

Table 4.5: Did LHA claimants who had moved face difficulties finding new accommodation?

	Wave 1	Wave 2
	%	%
Yes	29	30
No	71	70
Total	100	100
<i>Base (numbers):</i>	<i>173</i>	<i>26</i>

Between them, the eight claimants at wave two mentioned a total of 13 difficulties. Table 4.6 shows the difficulties that these LHA movers experienced; and also the comparable results from the wave one survey.

The most commonly cited difficulty at wave two – mentioned by five tenants - was a lack of suitable property types (e.g. in relation to the required number of bedroom). Three of the eight wave two movers who experienced difficulties reported that rents were generally unaffordable and one that they were unaffordable because of low or lower LHA payments. Two said that landlords were unwilling to let their accommodation to LHA claimants, and one mentioned competition from other LHA claimants.

Table 4.6: Difficulties finding accommodation among all LHA tenants at wave 1 and tenants who had moved at wave 2

	Wave 1 No. of tenants	Wave 2 No. of movers
Lack of the types of property I need	10	5
Rents generally unaffordable	15	3
Landlords unwilling to let to HB claimants	15	2
Rents unaffordable (due to low / lower HB payments)	5	1
Competition from / losing out to other tenants	8	0
Couldn't afford properties in better areas	7	0
Properties available are in poor condition	5	0
Competition from / losing out to other HB claimants	3	1
Hard to understand what HB I will receive	2	0
Other difficulties	3	1
<i>Base: LHA claimants who encountered difficulties</i>	<i>48</i>	<i>8</i>

Respondents could mention more than one difficulty

Despite the difficulties that some tenants had encountered, only a minority of the 28 movers had viewed a large number of properties during the search for new accommodation.

Seven movers had viewed no properties other than the one they moved into; and eight had viewed only one other property (Table 4.7). Only five movers had looked at more than three properties, though three of these respondents had looked at a very large number of flats or houses.

Table 4.7: The number of other properties that movers viewed

Number of other properties viewed +	No. of movers
None	8
One	9
Two	4
Three	2
More than three	5
<i>Base: respondents who had moved</i>	<i>28</i>

+ The number of properties *in addition* to the one they moved into

The new home

Prior to the implementation of the LHA changes, some commentators had expressed concern that claimants might have to move to accommodation that is smaller than they needed for their household or that was in other respects less satisfactory than where they were living in before. In fact, as Table 4.8 shows, only six of the movers were living in accommodation that had fewer bedrooms than their previous home. Ten were living in dwellings that had *more* bedrooms than before; and twelve had the *same* number of bedrooms as in their previous place.

Table 4.8: Comparisons between the new and the previous accommodation for tenants who moved home

	No. of movers
<i>More or fewer bedrooms?</i>	
More	10
Fewer	6
The same	12
<i>Lower or higher rent?</i>	
Lower	9
Higher	8
The same	8
<i>Base: respondents who had moved</i>	<i>28</i>

The fact that tenants moved home does not necessarily mean they moved into cheaper accommodation. In theory, tenants may move into a 'broad rental market area' where rents in general are higher but where they can still find a property where the rent is covered by LHA. However, as noted above, most tenants who moved home had not gone very far.

Movers were more or less equally divided between those who moved to accommodation that had a lower rent, a higher rent or the same rent, as in their previous home. Thus, as Table 4.8 shows, nine tenants ended up paying less, eight paying more, and eight about the same rent as before.

Twenty-seven movers answered the question about whether they were satisfied or dissatisfied with their current accommodation. Twenty of them (73 per cent) said that they were satisfied, five were dissatisfied and two were neither satisfied nor dissatisfied. In their previous accommodation at wave one, 17 out of 28 (59 per cent) of them had been satisfied.

Thus, although the numbers of tenants changing address was very small – and hence the results need to be treated with caution – the level of satisfaction with their accommodation improved substantially among tenants who had moved home.

By contrast, there was a slight decline in satisfaction between surveys among those who did *not* move (from 85 per cent at wave one to 83 per cent at wave two). Nevertheless, at wave two, fewer movers were satisfied with their current accommodation than was true of tenants who had not moved (73 per cent compared with 83 per cent).

Table 4.9: Satisfaction with accommodation

	Wave 1 All %	Wave 2 All %	Wave 2 Non- movers %	Wave 2 Movers %
Very or fairly satisfied	82	82	83	73
Neither	8	4	3	9
Very or fairly dissatisfied	11	14	14	18
All	100	100	100	100
<i>Base (numbers)</i>	<i>174</i>	<i>173</i>	<i>146</i>	<i>27</i>

Did tenants who moved negotiate a lower rent?

Only four of the 28 tenants who had moved home had tried to negotiate a lower rent with the landlord of the accommodation into which they had moved (Table 4.10). Hence, 85 per cent of movers (24 out of 28) had not tried to negotiate.

In three of the four cases it was the respondent who had tried to negotiate with the landlord (or their agent) and in the other case it was someone else in the household. In all four cases, however, the outcome of the negotiation was that the rent remained unchanged.

Tenants who did not move were asked if they had tried to re-negotiate the rent on their accommodation. About one in ten (15 non-moving respondents in total) had

tried to re-negotiate with their landlord (Table 4.10); and in all of these cases it was the survey respondent who had done so.

Table 4.10: Did tenants try to negotiate the rent with the landlord?

	Wave 1 All %	Wave 2 Non- movers %	Wave 2 Movers %
Yes	18	11	15
No	82	90	85
All	100	100	100
<i>Base</i>	<i>174</i>	<i>146</i>	<i>28</i>

Three of the 15 non-moving respondents who had tried to renegotiate the rent were successful in achieving a lower rent. Hence two per cent of all non-movers had negotiated a lower rent since wave one. In one case the tenant ended up paying a higher rent, though it is unclear from the survey whether this higher rent was less high than it otherwise would have been as a result of the negotiations. And in eleven cases, the rent remained about the same as before.

Two of the four successful re-negotiators reported that the landlord had agreed to lower the rent in return for the LHA being paid directly to them rather than to the tenant (the fourth did not know).

4.4. Affordability and rent arrears

The Government's impact assessment of the LHA changes estimated that almost all 'existing' claimants would experience a reduction in the amount of benefit they receive. Meanwhile, 'new' claimants would receive less LHA than would have been the case if the changes had not been introduced. All this seemed to imply that the proportion of claimants with a 'shortfall' between their rent and their LHA payment would go up; and also that the size of shortfalls among those who already had one prior to the changes would increase.

More and bigger shortfalls in turn suggested that the proportion of LHA claimants finding it difficult to afford their rent would also increase. And, following on from this, it raised the concern that the prevalence of rent arrears among LHA claimants would also, even if not to the same extent as those struggling to pay.

The aim of this section, therefore, is to examine the extent to which these concerns were realised in practice. We look in turn at shortfalls, rent affordability and rent arrears.

Shortfalls

In both the wave one and wave two surveys, respondents were asked if their Housing Benefit covered all, less, or more than the rent. Since it was not possible for LHA to be more than the rent following the introduction of the changes, we focus here on whether or not the LHA covered *all* or *less* than the rent.

Perhaps surprisingly, there was no statistically significant difference between the wave one and the wave two survey in the proportion of claimants who reported that their LHA covered less than the amount of rent payable on their accommodation. In both surveys, three out of five claimants had a 'shortfall' as we have defined it here (Table 4.11).

Table 4.11: Does the LHA cover all or part of the rent?

	Wave 1	Wave 2
	%	%
All of the rent	37	40
Less than the rent	63	60
Total	100	100

<i>Base: All claimants (number)+</i>	171	169
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+ Excluding 3 respondents at wave 1 and 2 at wave 2 who did not know
The difference in percentages between the two surveys is not statistically significant.

The remainder of the results presented in this section look at the characteristics of LHA claimants who had shortfalls at wave two, compared to those who did not. The proportion of claimants with shortfalls between their rent and their LHA payment was significantly higher in Armagh than it was in either West Belfast or Shankill. Four out of five Armagh claimants had shortfalls compared to three out of five in Shankill and just under half in West Belfast (Table 4.12).

There were no statistically significant differences in the prevalence of shortfalls between men and women, nor between different age groups, nor between working and workless households. It is likely that, with a larger sample, the differences between these sub-groups may well have been statistically significant.³

However, lone parents were significantly more likely than other household types to have a shortfall. Indeed, seven out of ten lone parents had a shortfall between their rent and their LHA payment. That compares with five out of ten single people and four out of ten claimants living in other household types (Table 4.12).

³ That is, assuming the percentages were broadly similar in both the hypothetical larger sample and the actual sample.

Table 4.12: Does the LHA cover all or part of the rent?

	All of the rent	Less than the rent	All claimants
<i>Area **</i>			
West Belfast	53	47	100
Shankill	41	59	100
Armagh	18	82	100
<i>Household type *</i>			
Single	46	54	100
Lone parent	29	71	100
Other	59	41	100
<i>Disabled person in household **</i>			
Yes	55	45	100
No	32	68	100
<hr/>			
<i>Base: all claimants(number)+</i>	<i>62</i>	<i>107</i>	<i>169</i>

+ Excluding respondents who did not know

Statistical significance: * $P < 0.01$; ** $P < 0.001$

Only groups of claimants within which there were statistically significant differences are presented in the table.

Claimants whose household included someone who had a long-term illness, health problem or disability that affected their daily activities or the work they could do, were less likely to have a shortfall than those who did not (Table 4.12).

Fourteen per cent of LHA claimants with a shortfall – or eight per cent of all LHA claimants – said that they were in receipt of a Discretionary Housing Payment.⁴ They were all living in single person households or were lone parents with dependent children.

Affordability

Both the wave one survey and the wave two survey asked respondents how easy or difficult it was for them to afford the rent they were due to pay for their accommodation, after Housing Benefit is taken into account. In both surveys, a substantial minority of tenants – about two out of five - said it was fairly or very easy to afford the rent. And in both surveys, about two out of five respondents reported that it was fairly or very difficult (Table 4.13). In other words, at wave one and at wave two respondents in equal proportions were finding it difficult to afford the rent they were due to pay (once HB is taken into account).

⁴ The question referred to ‘...a discretionary or temporary housing payment in addition to your Housing Benefit.’

Table 4.13: Ease or difficulty of affording the rent (after HB)

	Wave 1	Wave 2
	%	%
Fairly or very easy	40	51
Neither easy nor difficult	16	8
Fairly or very difficult	44	41
Total	100	100

<i>Base: All claimants+</i>	170	172
-----------------------------	-----	-----

+ Excluding 4 respondents at wave one and 2 at wave two who did not know.

The differences in percentages between the two surveys shown in Table 4.13 are not statistically significant. There were very few statistically significant differences in the proportions of respondents finding it easy or difficult to afford the rent within each of the various sub-groups of LHA claimant. Thus, there was no difference by gender, age group, household type of the respondent; nor by household disability or work status; and nor between the three geographical areas.

Not surprisingly, however, LHA claimants who had a shortfall were significantly more likely to find it difficult to afford their rent (after Housing Benefit) than were claimants who did not have a shortfall. In fact, 66 per cent of all claimants with a shortfall, compared with only two per cent who did not, reported that they found it either fairly or very difficult to afford their rent. Meanwhile, 92 per cent of claimants whose LHA covered all of the rent found it easy to afford to pay their rent; but the figure for claimants with a shortfall was just 24 per cent (Table 4.14).

Table 4.14: Ease or difficulty of affording the rent (after HB) by shortfall status

Ease of paying the rent	All of the rent	Less than the rent	All claimants
	%	%	%
Very or fairly difficult	2	66	41
Neither easy nor difficult	6	10	8
Very or fairly easy	92	24	51
Total	100	100	100

Base: all claimants+ 61 106 167

+ Excluding respondents who did not know
 Statistical significance: *** $P < 0.001$

Rent arrears

In the wave one survey, 93 per cent of tenants reported that they were up to date with their rent and seven per cent that they were in arrears. In the wave two survey the figures were 94 per cent and six per cent respectively (Table 4.15).⁵ This one percentage point difference between the two surveys was *not* statistically significant.

Table 4.15: Prevalence of rent arrears

	Wave 1	Wave 2
	%	%
Up to date	93	94
In arrears	7	6
Total	100	100

Base: All claimants+ 173 173

+ Excluding 1 respondent in both surveys who did not know.
 The difference in percentages between the two surveys is *not* statistically significant.

There were also no statistically significant differences in the prevalence of rent arrears within the sub-groups examined in this chapter: geographical area, gender, age group, household type, household disability status, and household workless status. Nor, perhaps surprisingly, was there a statistically significant difference in the prevalence of arrears between claimants who had a shortfall and those who did not.⁶

Table 4.16 shows the single most important reason why the twelve tenants at wave one and the eleven at wave two had fallen behind with their rent payments. Almost

⁵ The three wave 2 survey respondents who were no longer claiming LHA were all up-to-date with their rent.

⁶ Again, this is likely to reflect the sample size of the wave two.

all of the reasons are strictly financial, as opposed to being a financial consequence of a non-financial contingency such as separation, the onset of ill-health or bereavement. In the wave two survey, two tenants were in arrears because of a reduction in their LHA and one because their HB was less than anticipated.

Table 4.16: The single most important reason for the rent arrears

	Wave 1 No. of tenants in arrears	Wave 2 No. of tenants in arrears
Not paid enough	3	2
Rent has always been too high	1	2
HB was reduced	1	2
Change in income	1	2
HB is less than anticipated	1	1
Respondent or partner lost job	1	0
Respondent or partner gave up work due to pregnancy or to provide childcare	1	0
Other reasons	3	2
<i>Base: tenants with arrears</i>	<i>12</i>	<i>11</i>

Table 4.17 shows that the ways in which tenants in arrears reported that their landlord (or the agent) had responded to the arrears are similar in both waves of the survey. In wave two, seven had been asked to repay the arrears, of whom six were given time to pay them back gradually and two immediately. Three of the landlords had not responded at all to the arrears.

Table 4.17: Ways in which the landlord has responded to the arrears

	Wave 1 No. of tenants in arrears	Wave 2 No. of tenants in arrears
Asked you to pay back the arrears gradually over time	7	6
Asked you to pay back the arrears immediately	2	2
Served or threatened to serve a NTQ	1	0
Nothing / none of these	4	3
<i>Base: tenants with arrears</i>	<i>12</i>	<i>11</i>

4.5. Financial wellbeing

As noted above, about one in twenty tenants were in arrears on their rent at the time of the wave two survey. But arrears may reflect wider financial problems than simply

being behind with the rent payments. In this section, therefore, we explore tenants' financial well-being more generally.⁷

In the wave two survey, tenants were asked: '*Taking everything into account, how well or poorly are you managing financially these days?*'. Table 4.18 shows that the most common response – given by 42 per cent of tenants – was that they were managing poorly. While 29 per cent reported that they were managing fairly poorly, 13 per cent (about one in eight) said they were managing very poorly.

At the other end of the spectrum, 27 per cent (just over a quarter of all respondents) said they were managing well financially. In the great majority of cases they were managing fairly well (23 per cent) rather than very well (four per cent).

Table 4.18: How well or poorly are tenants managing financially?

	% of tenants
Very well	4
Fairly well	23
Neither	31
Fairly poorly	29
Very poorly	13
Total	100

Base: All tenants+ 173

+ excludes one tenant who did not know

The responses of tenants to the question above about financial wellbeing did not vary significantly by gender, household type, or whether someone who was long-term sick or disabled was living in the household. However, tenants aged 45 and above were significantly *less* likely than younger people to report that they were managing poorly⁸. Twenty-nine per cent of tenants aged 45 and over reported that they were managing poorly these days. But the figure for people aged under 25 years was 41 per cent and for those aged from 25 to 44 years it was 49 per cent (Table 4.19).

⁷ These questions were asked only in the wave 2 survey.

⁸ Because of small sample numbers in the older age groups, respondents aged 45 or more were placed in one age group for this analysis; and those aged from 25 to 44 years were also placed in a single category.

Table 4.19: How well or poorly tenants are managing financially by age and household work status

	Fairly or very well %	Neither %	Very or fairly poorly %	All claimants %
<i>Age *</i>				
16 to 24	13	47	41	100
25 to 44	29	22	49	100
45+	33	39	29	100
<i>Household work status *</i>				
Working	39	42	18	100
Workless	24	29	47	100
Base: all claimants (no.)	51	51	71	173

Statistical significance: * $P < 0.05$

Tenants living in workless households were much *more* likely to report that they were managing poorly than those in households where at least one person was working. The figures were 47 per cent for workless households compared with 18 per cent for working households (Table 4.19).

As well as the general question about financial management, survey respondents were asked a more specific question: '*Thinking about the past 12 months, how often have you run out of money before the end of the week or month?*'. The results indicate that running out of money was a very common experience among this panel of tenants.

As Table 4.20 shows, seven out of ten respondents reported they often ran out of money before the end of the week or month over the past 12 months: 40 per cent of tenants said that they had done so very often and 31 per cent fairly often. A further 16 per cent said they had sometimes run out of money. These responses did not vary significantly by gender, and the disability or work status of the household. Nor did they vary significantly according to whether or not tenants were behind on their rent. The lack of significance about the latter result will have been affected by the very small number of tenants who were in arrears, for all ten of them reported that they often ran out of money at the end of the week or month.

On the question of running out of money before the end of the week or month, tenants aged 45 and above again tended to be faring better than younger people. Thus, while 19 per cent of tenants aged 45 or more reported that they never ran out of money, the figure for those aged 18 to 24 was just three per cent and for those aged 25 to 44 it was four per cent (Table 4.21).

Among those aged from 25 to 44 years, 77 per cent said that they had very often or fairly often run out of money before the end of the week or month during the previous

12 months. For those aged under 25 years, the corresponding figure was 67 per cent, but for tenants aged 45 and above it was 60 per cent (Table 4.21).

Table 4.20: How often tenants have run out of money in the past 12 months?

	% of tenants
Very often	40
Fairly often	31
Sometimes	16
Hardly ever	6
Never	8
Total	100

<i>Base: All tenants+</i>	<i>173</i>
---------------------------	------------

+ Excludes one tenant who did not know

LHA claimants who had a shortfall were significantly more likely to report that they had often run out of money in the previous 12 months. Indeed, about four out of five claimants with a shortfall, compared with three out of five whose LHA covered all of the rent, reported that they had fairly or very often run out of money before the end of the week or month (Table 4.21).

Table 4.21 also shows that running out of money was associated with how difficult tenants found it to afford the rent, as one might expect. More specifically, 93 per cent of tenants who reported that they found it difficult to afford the rent also said that they often ran out money. The corresponding figure for tenants who did not find the rent difficult to afford was 56 per cent.

The responses to questions about financial management are inevitably subjective. It is possible to have a relatively high income, for example, and feel that one is managing poorly; and, vice versa, to have a low income and feel that one is doing fairly well in the circumstances ('taking everything into account' as the question put it). On the other hand, the question about whether tenants had run out of money in the previous 12 months is arguably less subjective.

Table 4.21: How often tenants have run out of money in the past 12 months

	Very or fairly often %	Sometimes or hardly ever %	Never %	All %
<i>Age *</i>				
16 to 24	67	30	3	100
25 to 44	77	19	4	100
45+	60	21	19	100
<i>LHA covers *</i>				
All of the rent	59	32	9	100
Less than the rent	79	15	6	100
<i>Affordability of the rent *</i>				
Not difficult +	56	31	13	100
Difficult	93	7	0	100
<i>Base: All claimants (no.)</i>	<i>119</i>	<i>38</i>	<i>16</i>	<i>171</i>

+ Not difficult = Easy or neither easy nor difficult.

Significance: * < .05

Table 4.22 compares how well tenants felt they were managing financially these days with how often in the past 12 months they had run out of money before the end of the week or month. It shows that how well tenants felt they were managing financially was significantly related to how often (if at all) they had run out of money. However, Table 4.22 also shows that one in six tenants who had often run out of money in the past 12 months nonetheless reported that they were managing well financially 'taking everything into account'.

Table 4.22: Managing financially and how often running out of money

How well financially tenants were managing	Very or fairly often %	Sometimes or hardly ever %	Never %
Very or fairly well	18	45	64
Neither well nor poorly	29	37	29
Fairly or very poorly	53	18	7
Total	100	100	100
<i>Base: All claimants (no.)</i>	<i>119</i>	<i>38</i>	<i>16</i>

Sig: *** <0.001

What is not clear from these results is the extent to which regularly running out of money before the end of the week or month has increased or not since the

introduction of the LHA changes, because the question was not asked in wave one. Nevertheless, it is evident that a substantial proportion of LHA claimants in the private rental market often run out of money and that this is particularly true of those who have a shortfall and among those who were finding it difficult to afford their rent. Any increased shortfall brought about by the LHA measures, even if fairly modest, would simply put added pressure on household budgets that were already under considerable strain. This was especially the case among tenants in the 25 to 44 age group.

Landlord Characteristics and Lettings Preferences

Summary

- a high proportion of landlords in the three case study areas were 'accidental' landlords who had rented after problems trying to sell
- 44 per cent of NI respondents let only one property, compared to 21 per cent in GB; just eight per cent in NI let more than ten properties
- landlords in NI estimated that four fifths of tenants were receiving LHA; compared to just two fifths of the tenants in GB
- 93 per cent of respondents in NI said they let at least half their stock - and 61 per cent all their stock - to LHA tenants: this compares to 57 and 26 per cent respectively in the GB sample
- there was no marked shift in landlord letting preferences between waves one and two, though procedures on applicants were being tightened, for example through increased use of guarantors
- there was still a lack of awareness about the LHA changes among many landlords and tenants in Armagh, but much less so in Belfast
- the reductions on LHA rates were seen as especially difficult for those tenants who had already been paying a top-up
- few landlords interviewed said they let to single people under 35, and had little idea of the outcome for those who had moved out of self-contained accommodation due to the SAR changes
- 80 per cent of all landlords (94 per cent in Armagh) said that either they had not made any changes to their rental business due to LHA reforms or that they did not know if any changes had been made
- about one in ten noted an impact on no longer letting to under 35 year old single people, on not renewing some LHA tenancies and on increased rent negotiations with current or prospective tenants
- Belfast landlords were more knowledgeable about DHPs than landlords in Armagh but few respondents knew much about how decisions were made about eligibility for DHPs.

5.1. Characteristics of Landlords in Waves 1 and 2

In this section, the attributes of those 167 landlords responding to both waves one and two of the postal survey and who let to HB/LHA tenants in both waves (hereinafter referred to as 'the panel') are summarised, and compared to the characteristics of the equivalent landlords panel in the two surveys undertaken in Great Britain (GB), which comprised 670 respondents. Some of the tables in this chapter and subsequent chapters use data from cross-tabular analysis undertaken to identify any significant change in responses across waves. For respondents to be included in this analysis they had to answer the question in both wave one and wave two. Where figures from this analysis have been used, it is noted below the table in question.

Only a small proportion of the Northern Ireland (NI) panel landlords were letting or managing agents (Table 5.1) and the majority of respondents were part-time (Table 5.2). A considerably smaller proportion of respondents in the NI panel are professional full-time landlords (Table 5.2) than their counterparts in GB (13 per cent, compared to 40 per cent in the GB panel), and a smaller percentage were members of any landlords' association (13 per cent, compared to 37 per cent in the wave one GB survey) (Appendix 1, Table A1). 65 per cent of the landlords in the wave two survey (the question was not asked in wave one) classed themselves as buy-to-let landlords (Appendix 1, Table A2). This was a similar proportion to the wave two respondents in the GB panel (71 per cent).

Table 5.1: Landlord or letting/managing agent

	<i>Column percentages</i>
	LHA Landlords (in both W1 & W2)
Landlord	92
Landlord and letting/managing agent	6
Letting/managing agent	2
I am not currently a landlord/letting agent	0
Total	100
Base: All landlords	166

Table 5.2: Status of landlord

	<i>Column percentages</i>
	LHA Landlords (in both W1 & W2)
Full-time	13
Part-time	87
Total	100
Base: All landlords	162

The less formalised nature of the PRS in Northern Ireland and the less professionalised culture among landlords was commented on, for example, by a housing adviser in Armagh, who also suggested that some tenants were not benefiting from their basic rights, due to their landlord's lack of knowledge of the relevant regulations.

"What we would see across the board is the most basic tenancy rights not followed with regard to rent books and tenancy agreements. It is a major issue...this is how vulnerable the people are, they're in the transaction, a financial agreement with someone. They're living in a property and they have no contact details for that person at all, other than they come to the door once a week for the rent. Even with the landlords themselves, maybe because they're a lot of small time landlords, they're not always aware of the regulations. And often when we'd make contact with them and explain the law and the regulations in a supportive way as well, they'll say: 'I didn't know that and where would I get one of those rent books? Where do I get a tenancy agreement?' We try and give them a bit of advice around that too, it's genuinely that they had no idea how to go about doing it." (Housing adviser, Armagh)

This adviser also suggested that some landlords in the less regulated parts of the sector were less likely to let to LHA tenants than to 'private' tenants because they did not wish to declare their earnings from the rent.

Nearly half of the landlords in the NI panel sample (46 per cent) had been in business for more than ten years (Table 5.3), compared to 63 per cent in GB. Seventeen per cent of respondents had been operating for less than five years (Table 5.3), compared to 11 per cent in GB. The qualitative interviews in both waves suggested that a high proportion of recent landlords were 'accidental' landlords, letting out their property for rent because of difficulties in selling on the open market in the past few years, following the sharp housing market downturn.

Table 5.3: Length of time as a landlord

	<i>Column percentages</i>
	LHA Landlords (in both W1 & W2)
Less than 2 years	1
For at least 2 years but less than 5 years	16
For at least 5 years but less than 10 years	37
For 10 years or more	46
Don't know/Not sure	0
Total	100
Base: All landlords (excluding letting agents)	161

The recent increase in 'accidental' landlords in NI is probably also reflected in the relatively high proportion of those letting just a single property (44 per cent - Table 5.4). This is more than twice the proportion of the GB panel (21 per cent). Just 22 per cent of the NI panel let over five properties and only eight per cent let more than ten properties (comparable figures for the GB panel are 49 per cent and 30 per cent respectively).

Table 5.4: Portfolio within the case study area

	<i>Column percentages</i>
	LHA Landlords (in both W1 & W2)
1 property	44
2-5 properties	34
6-10 properties	14
11-50 properties	6
Over 50 properties	2
Total	100
Base: All landlords (excluding letting agents)	166

5.2. Landlords' Lettings Preferences

The postal survey explored the type of PRS sub-markets that the landlords were operating in, and the extent to which their portfolio was concentrated in the three case study areas, or more widely dispersed. The figures shown in Table 5.5 are not exact, as they are based on landlords' own estimates. The responses show that the dwellings let in the three case study areas accounted for an estimated 39 per cent of the total stock that landlords owned in NI and GB as a whole. (The equivalent figure in the GB panel was that 45 per cent of their stock was contained in the case study area concerned). Within this stock, landlords estimated that around four fifths (79

per cent) of tenants were receiving HB/LHA (Table 5.5) - a much higher proportion than in GB (39 per cent). This is an important difference in terms of the more limited ability of landlords to switch to alternative markets, should they so wish.

Table 5.5: Total dwellings let by landlords

	LHA Landlords (W1 & W2)
Dwellings let within Great Britain and Northern Ireland	3,224
Dwellings let within case study area	1,266
Percentage of all Great Britain and Northern Ireland dwellings within case study area	39%
Dwellings let to LHA/HB tenants in case study area	1,004
Percentage of all lettings to LHA/HB tenants in case study area	79%
Base: All landlords (excluding letting agents)	167

Table 5.6 shows the responses of wave two panel landlords in terms of current letting practice for different household types. 29 per cent let to single people under 25 (compared to 31 per cent of GB panel landlords). Just over half let to single people over the age of 35 (61 per cent in the GB sample). While the proportion of landlords letting to couples, both with and without children, was lower among NI respondents compared to the GB sample, the proportion who let to single parents was higher (55 per cent of the NI respondents, compared to 46 per cent of landlords in the GB sample).

The results do suggest that landlords will continue to let to a diverse group of households and also that the extension of the Shared Accommodation Rate to the under 35 year olds has had relatively limited impact as yet, although many did not operate in this market. Only 12 per cent of the panel had any shared accommodation with individual tenancy agreements (17 per cent in the GB panel) and only six per cent (19 per cent in GB) had accommodation with joint tenancy agreements (Tables A3 and A4, Appendix 1). Sixteen per cent of NI panel landlords felt that the demand for shared accommodation had increased since January 2012 (although only two per cent of the landlords in Armagh thought so.) This is slightly lower than the GB figure (20 per cent).

Table 5.6: Tenant profile: household characteristics

	<i>Column percentages</i>
	LHA Landlords (in both W1 & W2)
Single people under 25	29
Single people aged 25-34	46
Single people aged 35+	52
Childless couples	17
Couples with children	38
Lone parents	55
Elderly people	17
Other	3
<i>Base: All landlords (excluding letting agents) (no.)</i>	<i>165</i>

The postal survey also examined the lettings of the landlords in terms of the economic status attributes of tenants. The results of Table 5.7 show that 89 per cent of wave two respondents, who had also answered the question in wave one, said they let to out-of-work benefit claimants, compared to 50 per cent who let to 'working people'. This no doubt partly reflects the dominance of the LHA sub-market and compares with 73 per cent and 76 per cent respectively in the responses of the GB panel. There were no significant changes in the proportion of respondents referring to these broad groupings between waves one and two.

Table 5.7: Tenant profile: Economic Status of Tenants

	<i>Column percentages</i>
	LHA Landlords (W1 & W2)
Working people	50
Out of work benefit claimants	89
Students	10
Retirees	16
Other	6
<i>Base: All landlords (excluding letting agents)(no.)</i>	<i>162</i>

NB More than one category permitted in responses. Based on cross-tabular analysis.

The predominance of the 'HB sub-market' in the case study areas is further reinforced by the results of Table 5.8 below. However, it should be noted here that these results are not representative of all landlords operating in the PRS market across Northern Ireland as a whole. The postal survey was targeted at landlords who let to, or had recent experience of letting to, HB/LHA tenants. This is why *all* respondents said they had made some lettings to such tenants. Even so, it is

striking that 93 per cent of respondents let at least 50 per cent of their dwellings to LHA tenants and nearly two thirds (61 per cent) of the panel said they let *all* their stock to this group. This contrasts sharply with the results of the GB longitudinal panel, where 57 per cent of respondents said they let at least half their properties to LHA tenants, and just over a quarter (26 per cent) said they let all their stock to this group. Taken together, the findings underline the crucial importance of LHA tenants to survey respondents in the three case study areas.

Table 5.8: Lettings to LHA as a percentage of all lettings

<i>Column percentages</i>	
	LHA Landlords (W1 & W2)
Less than 10%	0
At least 10% but less than 20%	1
At least 20% but less than 50%	4
At least 50% but less than 100%	32
100%	61
Don't know	2
Total	100
<i>Base: All landlords (excluding letting agents) (no.)</i>	<i>159</i>

Twenty one per cent of panel landlords in wave two said that they had changed their letting strategy since April 2011 (Table 5.9) and 18 per cent said this was specifically due to the LHA reforms (Table 5.10). This latter response was noted by a higher proportion of Belfast landlords (where 24 per cent said they had changed due to the reforms) and large landlords (28 per cent responding in this manner). Overall, 70 per cent of panel landlords (compared to 62 per cent in GB) said they had *not* changed their strategy. (Table 5.10)

Table 5.9: Thinking of your rental properties located within ..., have you changed your letting strategy since April 2011?

	Armagh	Belfast	All Landlords
Yes	6	27	21
No	91	61	70
Don't know/not sure	3	12	9
Total	100	100	100
<i>Base: all LHA landlords</i>	<i>104</i>	<i>59</i>	<i>163</i>

Table 5.10: Have you changed your letting strategy in ... since April 2011 specifically because of the reforms to the HB/LHA system?

	Armagh	Belfast	All Landlords
Changed strategy because of LHA reforms	4	24	18
Changed strategy but not because of LHA reforms	2	2	2
Changed strategy but not specified if because of LHA reforms	0	1	1
Changed strategy but not sure if because of LHA reforms	0	0	0
Not changed strategy	91	61	70
Not sure if changed strategy	3	12	9
Total	100	100	100
<i>Base: all LHA landlords (no.)</i>	<i>104</i>	<i>59</i>	<i>163</i>

When asked whether they preferred to let to tenants on HB/LHA or those not on HB/LHA, the majority expressed no preference. Twenty per cent of respondents in wave 2 said they preferred to let to HB/LHA tenants and 15 per cent said they preferred to let to tenants *not* on HB/LHA (Table 5.11). This latter figure is considerably lower than the 51 per cent of the GB panel, no doubt reflecting the stronger position of alternative markets to LHA there. In both cases there had been no significant change since wave one.

Table 5.11: In general, when letting accommodation, do you prefer to let to tenants who are on HB/LHA or to those who are not?

All Landlords			
	Percentage (wave 1)	Percentage (wave 2)	Percentage point change (wave 1-2)
Tenants on HB/LHA*	17	20	2
Tenants not on HB/LHA*	17	15	-2
<i>Base: all LHA landlords (no.)</i>	<i>162</i>	<i>162</i>	

*Two binary variables - Tenants on HB/LHA vs. Tenants not on HB/LHA / No preference and Tenants not on HB/LHA vs. Tenants on HB/LHA / No preference. Based on cross-tabular analysis.

The qualitative interviews with landlords in Armagh indicated that most showed no preference in terms of who they let to. In most cases landlords were happy to let to anyone as long as they paid the rent and looked after the property, as the following comments indicate:

Interviewer: "Do you think there are landlords saying 'I don't want to let to housing benefit tenants'?"

Respondent: "Not necessarily. I don't see there being a stigma attached to housing benefit. There's an awful lot more people receiving financial help now than ever before, so I don't believe a stigma is attached to that. It's the same as

people saying 'I don't want to rent to foreign national people because a Russian guy done damage to my house'. You can't tar everyone with the same brush. Because of the position I hold you meet different people every day and you make a massive mistake if you're treating everyone the same."

However, some Armagh landlords said they were very reluctant to let to younger single people, especially young men, but this appeared to be more about perceived issues of anti-social behaviour and rent arrears than the direct impact of the SAR changes.

"Yeah I wouldn't rent to a single young person unless I knew them really well and single men, you find they're drinkers or they're separated from families and not working. I know it's not nice to stigmatise people but at the end of the day that's what it is." (small landlord, Armagh)

While there had not been any marked shift in overall lettings preferences, the 'tightening' of lettings procedures was mentioned by several Greater Shankill landlords as an important effect of the LHA measures. Landlords and letting agents were being much more careful about who to let to, in terms of their ability to pay. They were asking for a guarantor in more instances, as a letting agent pointed out:

"They're still renting but I suppose it cuts down the amount of tenants that can apply for the property. We haven't really experienced an awful lot of problems to be honest. We have landlords saying there's maybe been a couple of tenants who have had their allowance cut, so therefore they've gone into arrears and the tenant has then duly left. We've had a few tenants obviously that can't manage and have had to move on, but in general it hasn't been as horrendous as we thought it was going to be." (large landlord/letting agent, Greater Shankill)

One Belfast adviser also suggested that in some areas LHA tenants were moving down the pecking order in terms of private sector lets, especially among landlords carrying mortgage debt:

"There's not the money out there for mortgages, (so) landlords are looking at cash payers because they want professionals who are working who'll give them their cash payment and everything's fine."

Landlords in Greater Shankill said they were still prepared to take on tenants who had to meet a shortfall, but they had become more careful about assessing the ability to make the payments:

"As long as they feel comfortable with it and if it's under £50 a month that's ok. If you're into the hundreds, it's a lot, and again you're nearly back to this baby sitting service where you have to take the money off them every week and go back to... the rent book and marking down exactly what... and how you work out the housing benefit and how you do all these things..." (large landlord/letting agent, Greater Shankill)

The way ability to pay was assessed varied from one landlord to another.

“Yes, we can make a reasonably good guess for the area they're going to be staying in and how many bedrooms they need and what they're going to get. So we would go online and look and see what the rates are for now and then talk to them about it. We would also, we would not take a tenant without a guarantor and that, to us, is a huge safeguard really. The only way we would take a tenant without a guarantor is we'd take a double deposit from them, but in general it would be a guarantor who's a home owner.” (large landlord/letting agent, Greater Shankill)

One Greater Shankill landlord spoke about the benefits of using a guarantor...

“Well usually you would find that if the tenants begin to slip back, a phone call to the guarantor to say 'you've gone guarantor for this person, they're slipping up on their rent, you're going to be liable to pay for this, do you want to talk to them?' Nine times out of ten they do, because they don't want to pay. There's occasion where someone's taken the guarantor to court and has never lost. And the guarantor has to pay, whether it be over a period, the judge usually gives them a period of time to pay back what they could afford. So yes, we would find it works. There's no point in taking references really, because someone can lose their job if they're not on housing benefit.” (large landlord/letting agent, Greater Shankill)

However, the guarantor system was not foolproof, and it needed at times to be applied flexibly..

“Yes we do (take a guarantor), but if you're in a housing benefit area a lot of the guarantors are also on benefit so in some ways you're doing the mother/daughter thing where you have your tenant who's the mother who's trying to sort out her daughter close by her. And yes, if she needs a bit of help she'll be there to help her, so sticking to strict guarantor rules doesn't work.” (large landlord/letting agent. Greater Shankill)

One Belfast housing adviser suggested that the increased requests for guarantors and credit checks were discouraging tenants from moving elsewhere:

“it's so hard to rent properties in some areas now where you need guarantors. You need this, that, credit checks when we're in an economic climate when a lot of people's credit reports... so they're quite happy to sit in the property they rent (instead) because they've a roof over their head.”

5.3. Overall Impact of LHA Measures

Several landlords in Armagh who were interviewed felt that tenants were still not aware of the LHA reforms or the consequences for their HB payments. Some of them thought that the Northern Ireland Housing Executive (NIHE) could have done more to raise awareness:

“I think they haven't done enough to inform the people who it's actually affecting. It's one thing talking about it amongst themselves and amongst organisations; but it's Joe Bloggs, tenants and landlords, that it's affecting and there's not enough done to actually inform them” (small landlord, Armagh)

A letting agent in Armagh also suggesting that NIHE could have been more proactive:

"Maybe (the Housing Executive could do more) on trying to educate the landlords on what the changes are that are being implemented. Because whenever we try and explain the changes to them it seems to be the first time they've heard of it. Whether that's the truth or not I don't know, but that's what it feels like." (large letting agent, Armagh)

This situation did not hold true, however, for Belfast landlords. Most were very knowledgeable about the changes to LHA. One landlord, for example, pointed out that Housing Rights NI had provided him with some useful advice, and he had used the NIHE website to find further information. There was, however, little awareness about the changes to be made in how LHA rates were to be calculated in the future. Only two respondents (both experienced letting agents and landlords) were aware of the method of calculation that was to be used, and they were uncertain about how much this would affect landlords' businesses.

Tables 5.12 and 5.13 below show that, as one would expect, the proportion of landlords in the postal survey affected by some of the LHA measures had increased between waves one and two. The proportion of respondents in wave two who said they had been affected 'a lot' or 'a fair amount' increased from 15 to 33 per cent** (Table 5.12)⁹ This increase was significant among Belfast landlords but not among Armagh landlords. The proportion affected had increased from 8 to 18 per cent* among small landlords, and from 28 to 55 per cent** among large landlords.

Table 5.12: Thinking of your lettings located within... have any of the HB/LHA reforms introduced in April 2011 affected you so far

	All Landlords		
	Percentage (wave 1)	Percentage (wave 2)	Percentage point change (wave 1-2)
Yes, a lot / a fair amount	15	33	17
<i>Base: all LHA landlords (no.)</i>	<i>158</i>	<i>158</i>	

NB Based on cross-tabular analysis.

In terms of specific measures, there were significant increases in the proportion of respondents who said they were affected by the cap on LHA rates (up from 5 to 25 per cent**. (The caps have not in fact been applied yet in any NI BRMAs: however, this was probably taken - erroneously - as a synonym for reductions in LHA rates overall). There was an increase in those referring to the change to the SAR age threshold (up from 12 to 26 per cent**), and in the proportion of those who said they were not affected at all by the measures (down from 67 to 40 per cent**) (Table 5.13). The proportion mentioning the impact of the removal of the £15 excess payment also increased* over time. There were also differences in response by size of landlord: 55

⁹ throughout this report, where the results are significant at the 99 per cent level, they are signified by **. Where they are significant at the 95 per cent level, they are signified by *.

per cent of small landlords in wave two said they had **not** been affected at all, compared to just 18 per cent of large landlords.

Table 5.13: Which specific elements of the HB/LHA reforms have affected you so far?

	All Landlords		
	Percentage (wave 1)	Percentage (wave 2)	Percentage point change (wave 1-2)
5-bedroom LHA rate abolished	2	2	0
Capping maximum weekly LHA rates by property size (i.e. number of bedrooms)	5	25	20
Setting LHA rates on the 30th percentile of rents in an area as opposed to the median	11	13	2
Removing the £15 weekly excess payment available to some claimants	8	15	7
Increasing the age limit for the Shared Accommodation Rate for PRS tenants from 25 to 35 from January 2012	12	26	14
Not sure which measure had affected them	11	14	3
Not at all affected	39	21	-18
Don't know	28	19	-9
<i>Base: all LHA landlords (no.)</i>	<i>158</i>	<i>158</i>	

NB Based on cross-tabular analysis.

Reductions in LHA as a result of the shift to the 30th percentile were seen as particularly problematic for tenants where they were *already* contributing a top-up. In one case in Armagh, for example, the landlord felt that this additional top-up simply would not be paid and, as they were "good tenants", he was content to reduce the rent in line with the new LHA rate.

"They've always been paying £110 a month in top up but that would have needed to increase now about £145/150...and they're good tenants, they don't give me any bother, any money I've had to spend on the house it's because it had to be spent...apart from that I don't hear from them." (small landlord, Armagh)

Although the number of respondents who mentioned the SAR changes had increased, few landlords and letting agents said they had single tenants under the age of 35. In Armagh, just one case was cited and this had led to arrears of £4,000 building up.

"We just let the tenant deal with claiming themselves and pay upfront. That's just the way we've had to do it because we've a tenant and he's just went away there and left over £4000 (arrears)...The rent was being paid direct to us, but he wasn't getting enough and he kept telling me he was ringing and ringing them. But I don't think he was bothering." (large landlord, Armagh)

The tenant mentioned here was a single man under 35 who was renting a three bedroom house. His partner and two children had moved into the property and the landlord had informed the benefits office of this but he was told that this information would have to come from the tenant.

Other landlords reflected on the effects of the SAR but had little direct experience in terms of impact on their own tenants. One letting agent spoke of the lack of shared accommodation in Armagh, as well as the paucity of one-bedroom properties. He suggested that the lack of supply of smaller rental properties in Armagh would remain, due to ongoing difficulties in accessing finance.

"If a developer came to Armagh and built 200 one bed flats there's no financial institution will finance it, because they don't agree with properties that small. The wider aspect here is 'we'll finance you if you build three bedroom houses because families will buy them and people will be able to finance them and live there' so there's no... it's ok saying the demand is there because that's what the benefit says. But if there's no money available for people to go in and develop and do that, they don't exist." (large letting agent, Armagh)

Although those landlords interviewed had not been directly affected, the change to the SAR was seen by housing advisers in Armagh as having made the biggest impact. As well as the sizeable shortfalls in rent facing those affected by the SAR changes, there was also a major shortage of alternative HMO accommodation for them to move into, especially within the Armagh area. There was no evidence as yet of new HMO provision being developed in Armagh, or of landlords adapting to the market and converting properties where necessary to capture this new source of demand. Some advisers thought landlords might eventually encourage single people to share larger properties as a means of avoiding significant shortfalls. However, advisers were not convinced that the returns were sufficient to counterbalance the potential 'hassle' of letting three bedroom property to three essentially single people with their own HB circumstances. In a slow market, this may not be a step they want to take. Over the long term, one adviser therefore suggested that landlords might have to just 'bite the bullet' and accept the lower rents at some stage, given the age profile of those looking for rented accommodation.

"There's only so many times a landlord can say: 'I'll evict you and get somebody else to move in. But it's going to happen with the next person as well and the landlord will have to accept it at some stage.'" (Housing adviser, Armagh)

In Greater Shankill, by contrast, the issue of SAR was far less contentious in wave two than it had been in the wave one interviews, mainly because many landlords and letting agents were no longer offering new lettings to single people under 35. The problem had 'disappeared'. Many respondents had either seen their affected tenants move on of their own accord, or had served notice on them:

"These are the ones we've lost, these are the ones that we've had to either ask to go because they've got into difficulties or they've said to us 'I can't stay there any more. It's only been single people really, because people with children can still manage.'" (large landlord/letting agent, Greater Shankill)

While respondents made some presumptions about where displaced tenants had moved to, this was based on speculation rather than firm evidence. One letting agent was concerned that, due to the SAR change, some individuals were now meeting their housing needs in potentially dangerous ways.

“I'd say what they're doing is sub-letting. A lot of people now are sub-letting and you've got a situation where a landlord or agent won't know this is going on, in the event of a fire or something, and everyone gets involved and was it an HMO that wasn't registered. Other than being reasonable and doing the odd check as a managing agent or landlord, how would you know? And if a fire happens and you've a couple of dead bodies, god forbid, and it turns out he was paying rent to the tenant, that's a real mess.”

Several landlords in Greater Shankill reported that they still had single tenants who were struggling to meet their housing needs adequately under the new LHA rules. One landlord reported the case below of a tenant whose arrears were currently mounting by £200 per month; he was receiving approximately £40 per month in DHP:

“Especially in the Donegal Road and Shankill area I do have a couple of tenants who have difficulties. I have one guy who's a recovering drug addict but he cannot live with anybody and he can't go into a hostel; he can't come into the office if there's someone else in. He has to come in and speak to me on his own. It's all part of his illness from this, so when he was put in that position it's an impossible situation for him and there's no-one really to help him to get out of that. He was well settled in an apartment for four or five years, his benefit was being paid and it did control his illness. Now he's in a stressful position because he doesn't have enough money; he can't get anybody to share with him. And he can't go to a hostel - so what are we going to do with him?” (large landlord/letting agent, Greater Shankill) (The landlord had not decided what to do at the time of the interview)

It was also suggested that the housing supply in Belfast, as in Armagh, was inadequate to meet the needs of people seeking accommodation at SAR rent levels

“So the new housing benefit payments will affect people. If they lose a discretionary payment that's going to put them under more housing stress. We also don't have the accommodation to suit all the number of people that are only entitled to one bedroom or shared room rates.” (large landlord/letting agent, Greater Shankill)

None of the landlords interviewed said they were interested in providing more HMOs. Indeed, several landlords claimed that the regulation of HMOs in Belfast would make it difficult to increase supply even if they wanted to. Licensing difficulties and higher management costs were also mentioned as deterrents. A number of respondents also commented that those people most recently affected by the SAR changes, particularly single men aged 25-34, were generally unsuited to shared accommodation. A Belfast housing adviser summarised the general attitude of landlords as follows:

“I think there's an avoidance of them being an HMO, it puts greater (pressure) on the landlord and costs them more money in insurance and everything so it's not an attractive prospect to landlords.”

Many landlords in West Belfast echoed the views of those in Greater Shankill. In wave one, they had identified the SAR changes as a critical issue, but, by wave two, few said they were being unduly affected. Those landlords with tenants affected by the changes had relet their property in all but one case. One landlord reported that a tenant who was affected by the SAR change had remained in a two bed property and was making his payments. (He did not know whether DHP was supporting the tenant or not.) Landlords had little knowledge about where affected tenants had gone. Most suggested that the likely scenarios were return to the family home, sofa surfing, or forming a shared household to rent.

A Belfast housing adviser gave an example of the improvisation that was prompted by changes to SAR:

“We get a lot of calls from sofa surfers, that has become a way of life, and a lot of calls about inappropriate sharing arrangements. In the new year we had a glut of single mums sub-letting a room to a single male, and socially what that means - but also then that property becoming an HMO even though sub-letting might be allowed in their tenancy agreement; the Housing Executive suddenly getting in contact and saying 'this is an HMO and you need fire extinguishers and this and that' “.

Some letting agents were reported to be 'match-making' among single people who had been affected by SAR. Although some had gone down this route, other landlords said that this was not their preferred option. Housing advisers in Belfast suggested that hostel accommodation was being placed under intense pressure, partly because those who left hostels after at least three months were then eligible for self-contained rather than shared accommodation, as described below:

“we've had a lot of requests from young men for hostels because after three months they can come out and go in one bedroomed accommodation... so it's a vicious circle; regulation is put in there and now young people are trying to deal with it and the hostels are bursting at the seams, and it's really just so they can get the one bedroom rate.”

Respondents were asked more generally what changes they had made to their rental business as a result of the LHA reforms and, as Table 5.14 shows, 80 per cent (rising to 94 per cent in Armagh) said that either they had not made any changes to their rental business due to the reforms or that they did not know if any changes had been made. The equivalent figure in the GB wave two panel was 65 per cent. Of those who did mention changes, the four impacts mentioned by about one in ten panel respondents concerned the non-renewal of tenancies for some LHA tenants, no longer letting to under 35 year olds and negotiating a lower rent with either a current or a prospective tenant (Table 5.14). The LHA measures had therefore caused only a minority of landlords to change their business strategy.

Table 5.14: Have you made any of the following changes to your rental business in...specifically because of the changes to HB/LHA rules introduced since April 2011

	Armagh	Belfas	All Landlords
	%	%t	%
Reduced the number properties I rent in this local authority	0	3	2
Negotiated a lower rent with a current tenant	0	11	8
Negotiated a lower rent with a prospective tenant	0	15	11
I have expanded the amount of shared accommodation I let	0	4	3
Not renewing tenancies for some HB/LHA tenants	1	13	9
I no longer let to under 35 year olds*	1	13	10
I no longer let 5 bedroom properties	0	2	1
I no longer let to HB/LHA tenants	0	0	0
Selling up/exiting rental market entirely*	1	1	1
Expanded my rental business in this local authority	0	0	0
Made changes but not specified	2	0	1
Not at all affected/Don't know	94	74	80
<i>Base: all LHA landlords (no.)</i>	<i>104</i>	<i>58</i>	<i>162</i>

NB Based on cross-tabular analysis. *Only asked in Wave 2 therefore based on frequency tables and not cross-tabular analysis.

5.4. Discretionary Housing Payments

The qualitative interviews explored in more depth landlords' awareness of the use of Discretionary Housing Payments as a means of providing transitional support for tenants facing difficulties under the new LHA regime. A majority of Armagh landlords were aware of Discretionary Housing Payments; but they tended to refer to them in the past tense and thought they were difficult to access. A couple of landlords had direct experience of assisting tenants with DHP claims but these dated back to the pre-reform period.

"Yeah but I think discretionary housing payments, I remember 10 years ago that was something that would seem to be accessed quite a lot by Housing Executive tenants. I haven't heard that mentioned in years." (small landlord, Armagh)

"At any time if there was a problem I would suggest that they (tenants) go to the Housing Executive, but there was a stage where some of my tenants would have come to me with forms to fill in and I would have known what their circumstances were roughly - maybe they've got a couple of kids and one's out working, and if one's out working they don't get housing benefit, and I said 'we'll fill the form in but I don't think your chances are very good'" (small landlord, Armagh)

However, in contrast to the landlord interviews, housing advisers in Armagh thought that DHPs were an invaluable source of support for some households affected by the changes in the LHA regime, though there were concerns about the lack of awareness about them by claimants who might be entitled to support.

"We have had people get £15 extra in the week through the discretionary payment which is a huge help when the shortfall's £40 or £35. But a lot of people are unaware of it." (Housing adviser, Armagh)

Despite this apparent lack of awareness, advisers had reported a noticeable increase in the number of claimants coming forward. There was some evidence of targeting DHPs on to certain claimants, as one adviser observed:

"Yes we always try to give it to people with disabilities, people in suitable accommodation, say if people need ground floor accommodation and they're in ground floor accommodation. We try and help those people so they can stay there because the availability of ground floor accommodation for someone with a disability is limited. We're trying to help the 25-35 years where they were getting the higher rate and it's been reduced." (Housing adviser, Armagh)

Although advisers had clear ideas about who needed priority support, and resources for DHPs had increased, so, it seems, had demand.

"Our budget was doubled this year and we have probably two thirds of it spent already...Yeah there are still people applying now and we're having to turn people down.....next year I think we're getting the budget doubled again so hopefully we will be able to help more people. But we're certainly seeing an increase in applications." (Housing adviser, Armagh)

In Belfast, the DHP budget had been underspent last year, as officers were encouraged to hold on to resources to supplement this year's budget rather than relax any grant criteria toward the end of the financial period. This year, DHP awards have mostly been given for 26 weeks but in some cases (such as moving to SAR from a one bedroom flat) the difference has been met for thirteen weeks.

All landlords interviewed in Greater Shankill were aware of DHPs. However, landlords and letting agents 'assisted' their tenants with DHP claims in different ways. Generally, landlords who were managing properties themselves did not promote DHP to their tenants and did not know whether their tenants received it or not. In contrast, both letting agents who were interviewed encouraged and supported all potential LHA tenants to apply for it.

There were some indications that DHPs were enabling some tenants to rent, where they would struggle to maintain a tenancy without this support.

"We're getting them to apply for discretionary payments so the discretionary payment is still making it feasible for people. But when the discretionary payment comes away, a lot of them will have to be reassessed again, because that has been up to £15 a week, which is 70 quid a month. (large landlord/letting agent, Greater Shankill)

Respondents were also unsure whether DHP would continue to be available, or for how long tenants could keep reapplying. They were also unaware that welfare changes affecting social housing tenants in the future might affect the funds available for use in the PRS.

One respondent in Greater Shankill said that she had altered her letting policy since wave one and now insisted that all LHA claimants apply for DHP 'irrespective of circumstances to try to get the maximum she can for them.' Another landlord reported that DHP was still readily available for the majority of tenants he had dealt with, although it did not always cover the shortfall in rent in full:

(Applying for DHP has been) reasonably successful, you get £5 a week, £10 a week. But if their top-up is £60 a month it's only £20 to go, so they appreciate it; and it's real money that we get, as opposed to 'they give it to you and we have to chase you for it'. (large landlord/letting agent, Greater Shankill)

Four of the five West Belfast landlords interviewed were aware of DHPs, and they said they always encouraged their tenants to apply if they had a shortfall to make up. However, landlords were less aware of the outcome of any claims, and were very unclear about how DHP was decided, what the criteria were, and how long it could be paid for.

One Belfast housing adviser echoed the views of others when describing how tenants were told that DHPs only provided temporary assistance with their housing costs, and that they needed to look for cheaper accommodation as a more sustainable outcome. However, tenants tended to remain where they were while receiving DHPs and started to run up arrears when they ended. Advisers all agreed that it was not easy determining priorities for the payments:

Respondent 1: "We're inundated."

Respondent 2: "It's phenomenal, the increase."

Respondent 1: "Up at 40 per cent (increase), somewhere round there. Because at any given time we have, was it 1200 active cases at the last count..... Our DHP budget, the applications dropped because nobody needed them (before the changes) because the LHA rate was so generous. Now it's not so generous, we don't have the money any more in the DHP budget and we have all these applications, and you really are having to scrutinise them more."

Another adviser commented:

"it's (DHPs) a budget that we manage well and everybody gets a fair crack. It's very rarely that you're refusing somebody with a shortfall that has a vulnerable (person), with children, elderly, very rare. Unfortunately single people in shared accommodation are getting refused; their shortfalls, if they're in shared accommodation and their rent is £46 and we're allowing £42.15, we would say it's not going to cause you hardship."

The consequences of the termination of DHPs for specific households are very difficult to calculate, but their use has clearly become more prominent in the past

year in supporting tenants to meet shortfalls for a temporary period. From the evidence of these interviews, it does not seem that this time is necessarily being used to seek out cheaper rented accommodation in the locality. The future impacts of the LHA measures are discussed further in Chapter 7. In the next chapter, the impact of the measures on rent setting, shortfalls and rent arrears are discussed.

Impacts on Rents and Arrears

Summary

- landlords in Armagh and Belfast (especially those with mortgage repayments) suggested that lower levels of repairs and maintenance might result from increased pressures on their budgets
- landlords in all areas, especially in Greater Shankill, were willing to continue renting to LHA claimants because of the lack of alternative markets and the fact that LHA was still seen as a viable rental model
- several landlords reported that they had experienced rent reductions due to the non-collection of shortfalls. Others had reduced the rents of 'good' tenants. Landlords with high mortgages were less likely to reduce rents or forego shortfalls
- 81 per cent of landlords in wave two received HB payments directly for all of their tenants, compared to 30 per cent in GB
- there was widespread relief that direct payments to landlords had been preserved, but concerns about the prospect of any future change
- housing advisers generally supported direct payments to landlords as a means of safeguarding the tenancies of LHA tenants and keeping landlords in the LHA market
- there were significant increases in wave two in the proportion of current and prospective tenants who asked for rents lower than advertised
- the proportion of landlords who felt tenants had moved due to the LHA measures increased from 18 per cent to 27 per cent by wave two
- there was a significant increase in those landlords who felt their business had been affected by rent arrears due to the LHA reforms, from 24 per cent in wave one to 44 per cent by wave two
- 23 per cent of landlords said they had taken action on tenancy termination and evictions against tenants on LHA in the last year, but a slightly higher proportion said they had done so for tenants who were **not** receiving LHA.

6.1. Rents and Property Standards

Overall, landlords felt that rent levels in the case study areas had been fairly static since the LHA measures were introduced, while some reductions were being made on a selective basis, depending on the landlords' concern to retain the tenancy. It is not possible to measure in any objective manner whether the quality of rented property on offer has deteriorated as a result of the pressure on rental income. However, one small landlord in Armagh, for example, commented that:

“we have possibly one house that would need a lot of work done to it but ...the tenants don't want anything done, because they're afraid of an increase in rent”

In some cases, landlords said they were unable or reluctant to make repairs due to declining rental income as a result of the LHA reforms. A decline in housing standards may therefore emerge from the actions of both landlords and tenants.

The landlords interviewed in Greater Shankill said that they kept properties to a decent standard, but some also suggested that the decline in LHA rates had reduced investment in properties, particularly among those landlords with high mortgage payments of properties bought at the height of the property boom. Set against this, one letting agent reported that regulation by the local authority in Belfast was more effective than in other parts of Northern Ireland and had maintained property standards at a tolerable level:

“Belfast city council environmental health housing division, which we have in Belfast and they police the condition of properties and certificates. Compare that with my other branch in Derry, where the council doesn't go down that route and the quality of their housing is ten times poorer. So that definitely has a stabilising effect.” (large landlord/letting agent, Greater Shankill)

In a similar vein, all West Belfast landlords reported that their own properties were in good condition, but several suggested that there would inevitably be lower levels of investment and repair in PRS properties where landlords were struggling to meet repayments.

“I would say no doubt, because the rent comes in, the rent goes out. You can't spend what you haven't got and pockets are only so deep. And it comes to a point where you say I'm not going to spend any more here. So I think if they take it (the LHA rate) down any more a lot of guys could start really... it has driven a lot of guys out of the market and a lot of guys just hanging on because the returns are not good. If you're using a management company, which I don't do because I don't think they're value for money, and it's another 10% off the top, and if they're doing the repairs and stuff there's a dent in it every month....” (large landlord, West Belfast)

We noted earlier that the reduction in LHA rates had been relatively smaller in NI than in many local areas in GB because of different market conditions. The interviews with Armagh landlords confirmed that shortfalls that had arisen due to the reduction in LHA rates were often relatively small:

"The other tenant, again hers has dropped, but not a huge amount, maybe 15 quid (a month)." (small landlord, Armagh)

"The ones that have always been there, there's no difference in those, only a fiver that's been cut...the top ups, it's small amounts. We've had no major problem as yet." (large landlord, Armagh)

Landlords in Greater Shankill said that they had not lowered rents across the board as a result of LHA reductions. However, landlords said they acted flexibly when setting rents, depending on their relationship with the tenant concerned, as one letting agent pointed out:

"They'll not market it at a lower rate, if they have a long standing tenant like this one we spoke to yesterday. The landlord's happy to accept that rent without her having to pay a shortfall because she's been there for years. But if the tenant's moved out, and they're marketing it again, they'll market it at the price they want as best they can. So, no, there wouldn't be many of our landlords at all that have reduced their rent." (large landlord/letting agent, Greater Shankill)

One letting agent in Greater Shankill believed that she had the expertise to encourage landlords to make sensible renting and financial decisions by agreeing to reduce rents in particular cases. However, as elsewhere, there was a marked difference in leverage between those landlords with larger mortgage payments and those with smaller or no such payments:

"I would work with the landlord, or not, they may say 'we want a rent of 450 (£) on this property'. And if I had the single mother with the baby, they get up to 400 (£) and if I thought that was a good, stable tenant, and because I've been doing it so long I know families, and I say 'I know the family, this person should be fine, take less and this will work for you long term'. So if you can convince a landlord of that then you can work it that way; it all depends on their mortgage repayments."

The same respondent went on to explain that such flexibility in rent setting would not have been possible 12 months ago, when landlords were very concerned about the possibility of rent payments made directly to tenants becoming the norm:

"Definitely when this rule (on direct payments) was to be changed, when they were to pay the tenant directly, that frightened a lot of landlords because people were going to have difficulty and just spend the money."

The impact of the LHA reductions and shortfalls in Greater Shankill provoked a mixed response in the qualitative interviews. Some smaller landlords complained about reduced rental yields and higher rent collection costs, but two letting agents suggested that by adopting good management practices the impact on landlords could be minimised. Two Greater Shankill landlords suggested that all their tenants had some shortfall to pay; another (a letting agent) suggested that it was a more mixed picture:

"Well quite a few cover the rent, there are shortfalls to be chased on quite a few but housing benefit can cover most of them... I can't really say that we have any

major problem cases. We try and keep on top of it, but we've only had two or three who've had to actually move out because they can't afford to stay. [...] We've not had to evict them, they were maybe given their notice to quit if they were in major arrears; but they don't tend to get like that because we keep on top of as much of it as we can.” (large landlord/letting agent, Greater Shankill)

Generally, Greater Shankill landlords were willing to continue renting to LHA claimants. This was partly a function of fewer alternative markets being available and the fact that LHA was still seen as a worthwhile rental model. Some of the more experienced letting agents also appeared to play a role in educating landlords about potential benefits:

“They (landlords) haven't been put off by benefit (claimants). There would maybe be one sticky landlord who would say 'I don't want housing benefit', until you explain to them why someone might be on housing benefit. They may have lost their job, they're maybe divorced, it's not because they're on housing benefit because they don't want to work - particularly now in the last couple of years we've talked landlords round to that way of thinking. (large landlord/letting agent, Greater Shankill)

Some landlords in Greater Shankill were effectively reducing rents in certain cases by not collecting shortfalls, even if the level of the contractual rent remained unchanged:

Interviewer: “If a tenant was to run up arrears what would your response be? If their shortfall was £30 or £40 a month and they weren't paying it?”

Respondent: “Sometimes, depending on the tenant, I let it go. I have a couple of tenants like that. Sometimes I'll look at the tenant and the shortfall's £40 a month and she's not paying, they live for today these people, they go to Primark and spend everything they have. But your house is kept in great order, they spend the money on the house, new curtains and put down wooden floors, they do all these things. And one, she's a new front door on, she's lovely things in the garden, the money's in the house. So if we take money off her she'll look somewhere else. Your house is your long term investment, in 10 years you want to sell it, you don't want to hold it all the time. So what she's doing is good, so let's forget about it. And the landlord on the other hand is offered keeping the house well, improving his investment and his housing benefit money is in his bank and that's secure, so that's the bonus he gets on that. So we let these other things go.” (large landlord/letting agent, Greater Shankill)

One Belfast housing adviser put the primacy given to 'good ' tenants as follows:

“(for) the non-SAR cases the landlords are prepared to take the reasonable rent, £85 (a week) or whatever; landlord might be asking for 550 (a month) and take £85 and what we're saying is, if you get a decent tenant hang on to them. Landlords are canny enough, they know if they get a decent person.”

This practice of not collecting shortfalls was also noted by landlords in West Belfast. Rental levels were reported to have remained relatively stable or to have declined slightly, by around £6 to £8 a week. Certainly, as at wave one, respondents thought

that a significant number of lets in West Belfast required some top-up to be paid by the tenant. Several thought that it was manageable amounts for most tenants, and one stated that he did not think it had affected arrears. There was, however, mixed experience. For example, one landlord with around 30 properties in West Belfast claimed that there were shortfalls of £40 to 60 per month on his properties for LHA tenants.

There were, therefore, different responses from landlords to the impact of LHA changes on rent levels. First, several landlords reported that there probably had been rent reductions in effect, due to the non-collection of shortfalls. If arrears were relatively small, landlords often wrote them off, or did not chase people too vigorously for the money.

“You've got people in houses now and they're probably all having to make up the rent and a lot of them, for the great part, you're chasing your tail and they say 'just put them out'. But you're just putting them out to start again because there'll be the same carry on. Sometimes you say to yourself the house is being properly looked after: ok, they're £500 behind, it's not worth the trouble. I keep chasing them, but it's doesn't really become worthwhile anymore.” (large landlord, West Belfast)

“We're relaxed in the attitude that if they're making an effort to try and square it up. If they're a few weeks or a few months behind, we don't force the issue, for the simple reason that if we were to put them out and advertise for another tenant, invariably we need to do a bit of work on the property as well. So the cost benefit of doing this for the sake of a couple of hundred quid is not worth it. So if they throw us a couple of quid every couple of weeks, as long as they're making a bit of an effort, we let them stay. I think in the last 10 years we've maybe asked two people to leave for blatantly ignoring us and making no effort.” (large landlord, West Belfast)

Second, several respondents reported that they had made a rent reduction (or not imposed a rent increase) for 'good' tenants. This was typically a long-standing tenant who had kept the property in good condition, and who had not been too demanding. One landlord suggested that this was because of a 'sense of social responsibility'. When asked whether he had reduced his rents:

“Not in a massive way; in the last year or two there's one guy who we rent to. For a couple of months, he was falling behind, he was doing a bit of part time work and the work dried up and it became a bit of a family emergency thing. And eventually he said 'I'm going to have to move out'. He's an ideal tenant, he has an apartment and it's immaculate. He looks after it and we thought 'he's a good enough fella, he'll sort himself out'. And so we said to him 'don't worry about the top up'. We gave him six months till he got himself sorted because he had a bit of a crisis in his life; we live and let live. And I believe what goes around comes around and that's always been our approach, we're very pragmatic. I know a lot of accidental landlords who saw opportunities in the housing boom and whatever and there are cases where people are hard-nosed. But anyone who's going to be long term would have that (responsible) approach; people have

difficulties in their lives. Personally I couldn't sleep at night if I put someone out on the street. I just couldn't do it." (large landlord, West Belfast)

Third, those landlords with high mortgages were far less likely to reduce rents or forego shortfalls, as a respondent who had avoided this fate commented:

"We're lucky in that we haven't bought anything in the boom years. We bought our first property in 1995, bought seven or eight and opportunities arose over the years. And I remember a friend telling me he was going after properties on the edge of West Belfast, £165,000 house and he's getting £500 rent and I'm saying 'what are your repayments?' '£900' Well, that's a £400 shortfall and he's saying 'it's going to go to 210, 215 (thousand) within a year and I'm going to make 20 grand when I sell'. Six weeks later... (the boom had) gone; he wouldn't get 60 grand for it at the minute."

A Belfast housing adviser also took up the issue of the position of landlords with mortgage payments to meet from the rent:

"That's where the issue with shortfalls becomes a problem; because your housing benefit and DHP is being paid, the tenant's paying a bit of a shortfall, so dribs and drabs of money coming in here and there and landlords can't cope with it. Because they need that block of money coming in on that date so they can pay their mortgage and there's no buffer. And that's when you start getting illegal evictions and that kind of thing, because they're panicking because they can't service their mortgage."

The propensity for landlords to be flexible about shortfalls was not universal, however. A housing adviser referred to a Smart Move landlord in Belfast who did not make any allowances for shortfalls but acknowledged that as a result tenants were more likely to assert their rights for a decent repairs and management service in return. It therefore affected the 'power balance' between landlord and tenant.

One landlord was renting his properties through a voluntary sector organisation seeking to provide housing for those in need of supported accommodation. For these properties, he suggested that the rent was lower than he could have achieved renting them out individually himself. However, he reported that this arrangement provided some stability and constancy of rental income, and it also reduced his management costs significantly, as the organisation provided support to tenants, which in turn, helped to maintain the properties. This example typifies the flexible calculations that landlords are making about setting appropriate rent levels for their properties.

6.2. Direct Payments and Rent Negotiations

As stated in Chapter 2, one of the major differences in the PRS in NI compared to GB is the prevalence of the direct payment of HB to landlords. Indeed, the retention of direct payments on a default basis was the one major modification to the LHA measures in the province. The extent of such direct payments is shown in Table 6.1, which indicates that 81 per cent of panel landlords in wave two received direct payments for all of their tenants and a further 12 per cent said they did for some of

them. The comparable figures in the GB panel were 30 per cent for all tenants and a further 52 per cent for some of their tenants.

Table 6.1: Do you currently receive direct payments for any of your HB/LHA tenants in this area?

	Armagh	Belfast	All Landlords
	%	%	%
Yes, for all of them	69	86	81
Yes, for the majority of them	8	5	6
Yes, for some of them	14	3	6
No, do not receive direct payments	7	5	6
Don't know/not sure	2	0	1
Total	100	100	100
<i>Base: all LHA landlords(no.)</i>	<i>100</i>	<i>60</i>	<i>160</i>

Respondents in wave one had been very uneasy about the prospect of direct HB payments to landlords being phased out, so there was a palpable sense of relief in wave two that tenants would continue to be able to ask that HB be paid directly to the landlord.

“That’s a godsend, because if it goes back to the tenant you’ve all those problems of how do you get the money off the tenant and that’s going to take more time for a landlord. And (if you are) renting through an agent, the agent would need to put their fees up, and with the market the way it is...”(large landlord/letting agent, Greater Shankill)

“Delighted, I think it’s the right thing. I feel sorry for the landlords in England. I might be patronising, but I (also) feel sorry for the tenants. I have quite a few tenants who I would classify as vulnerable people; they’re not of high IQ, they’re not educated, they’re maybe if not alcoholics not far off it. You give that guy 400 quid in his hand he’s going to drink it, and when he’s sobered up he’ll come and plead his case and he’s going to hate himself and all that. I’ve got people like that and I take the rent and they’ll have a home for the foreseeable. I’m not going to put them out, because I always maintain there’s a bit of social work in this job. People coming into this line of work don’t think there’s a social work element to it. Strictly speaking there shouldn’t be, it should be all about the 10 per cent. But you do protect a few vulnerables, and as long as they’re decent we look after them. Maybe that’s massively patronising and maybe it’s not very liberal but it’s reality. I’ve got people who are adults, but their mental age is not their real age and I don’t think it’s entirely fair or decent to give them that money and say ‘go and make do’. It’s not right.” (large landlord/letting agent, Greater Shankill)

One respondent reported that her bank manager had also been very nervous about the potential shift towards direct HB payments to tenants:

"I had my own review with the bank and I said in that there was an issue now with this money if it's going to be paid to the tenant. And the gentleman I was speaking to said 'we're not aware that money was to be paid to tenants, I'm going to raise this in our next meeting' because they would fear that. At least if all housing benefit comes to us and is transferred into the landlord's account everything's fine... but if it was to go to tenants..." (large landlord/letting agent, Greater Shankill)

This respondent went on to say that the government's determination on direct payment had kept them involved in the LHA sub-market:

"landlords (would have said) 'we're not taking housing benefit'. They won't walk themselves into that problem, and unless they have tenants that they're ultimately sure of, they'll just say 'no housing benefit' "

The majority of panel landlords in wave two (57 per cent) said they received direct payments and did not specify the reason for this (Table 6.2). Thirteen per cent of landlords said they received direct payments because their tenants were in rent arrears (compared to 45 per cent in GB) and eight per cent said they received them in return for reducing the rent (seven per cent in GB).

Table 6.2: Do you currently receive direct payments for any of your HB/LHA tenants in this area due to any of the following reasons?

	Armagh	Belfast	All Landlords
Tenants with rent arrears	7	16	13
I reduced the rent in return for direct payments	2	10	8
Other	20	19	19
Receive direct payments but not specified any reasons	62	55	57
Do not receive direct payments/not sure if receive direct payments	9	5	6
<i>Base: all LHA landlords</i>	<i>100</i>	<i>60</i>	<i>160</i>

However, despite the prevalence of direct payments to landlords, the prospect of any future change to this procedure was still a major concern. One landlord in Armagh, for example, stated that any change to making payment direct to tenants could cause her to exit the LHA market altogether.

"To be honest if it (direct payments to tenants) happens, I know it's going to be another 18 months or something, but I don't see me letting to people who are on benefit, which is going to further impact the housing fiasco which is already impacting over England and over here for the lack of social housing. Because private landlords are not going to want to let their houses to people on benefits.....it'll be detrimental, definitely...If they didn't pay the rent on time before it got to a two, three month situation I would get them all out and target private (ie non LHA) tenants...it's the biggest concern." (small landlord, Armagh).

In contrast another Armagh landlord, albeit with just one property, did not foresee any issue with switching payments from the landlord direct to the tenant.

"Probably not - because they're good tenants and they would still pay me the rent. They're always texting me about (it), because I keep a record of how much they owe me and they text me and say 'do you want me to drop down some money?' So I probably wouldn't be that worried about it" (small landlord, Armagh)

Most housing advisers in Armagh also expressed concerns over any potential future shift in direct payments away from the landlord to the tenant, and they also felt this would reduce the number of landlords willing to let to LHA tenants.

"It used to be the case years ago when you saw in the papers advertised, private rented 'no DSS'...but obviously (there was) a change in the market and the buy to rent market, that changed that totally and they were very happy because of direct payments, they were guaranteed their income and guaranteed their investment was protected." (Housing adviser, Armagh)

"If we (in Northern Ireland) do get the concession of direct payments I think we should be fine, but if we don't get that I know a lot of landlords are running scared, if that doesn't happen they're going to be in big trouble." (Housing adviser, Armagh)

Some advisers also stated that a request from a tenant for rent payments to be made directly to their landlord also represented more responsible behaviour on their behalf.

"For claimants, depending on where the payment for housing is going to go, whether it's going to go directly to landlords or to the claimants, it'll have a huge impact on landlords and on ourselves as well...it's the claimants that choose that. So it does say something that they're responsible enough to say that they want the rent paid to the landlord." (Housing adviser, Armagh)

Not all respondents saw direct payments to the landlord in this way. One adviser reported that in some cases landlords could sometimes not pass on reductions in rent on to the tenant, as described below.

"The other thing that concerns us with the PRS is when the changes come in place the rent will always go directly to the landlord. That works in some cases but not in a great many cases...If the rent allowance changes based on the client's income changing, so if I'm in receipt of housing benefit and I'm working and maybe my hours change slightly, I need to continually bring pay slips to the housing executive for them to recalculate my housing benefit. So my landlord's payments are going up and down; he may not tell me that and I continue always to pay the £50 I always paid him, so he's getting money over and above." (Housing adviser, Armagh)

This was, however, a minority view and the majority of advisers were keen for payments to continue to be made direct to the landlord as a means of safeguarding the tenancies of LHA tenants and keeping landlords in the LHA market.

All landlords in West Belfast said they were relieved by the retention of direct HB payments to landlords, and several stated that it had helped to stabilise the PRS. For example, one landlord with around 30 properties in West Belfast had reported at

wave one that the uncertainty over payments had prevented him increasing his portfolio. However, he commented at wave two that:

“It’s very good news because I would have probably started to edge my way out. I know you’ll probably speak to people in England who get direct payments. I’m not saying all people would have done it because they wouldn’t. I don’t know what the percentage would have been but it would have been big and you would have been having to take court action to get them evicted and so on.” (large landlord, West Belfast)

We have seen that many landlords said in the interviews that they might live with shortfalls for some of their tenants. This view was borne out in the postal survey, where there was a significant increase in the proportion of respondents in wave two who said that they would consider reducing, or would agree to reduce, the rent if the tenants could no longer afford it due to the LHA changes and they received direct payment as a result. This increased from 17 to 33 per cent** (Table 6.3). This change was more marked among Belfast landlords (an increase from 18 to 34 per cent**) and among large landlords (an increase from 11 to 37 per cent**). We should note, however, that the majority of respondents said they would not take this step, although the widespread prevalence of direct payments anyway makes this less of an inducement in NI than in GB.

Table 6.3: If a tenant could no longer afford the rent following changes to HB/LHA would you agree to lower the rent to a level the tenant could afford, if the LHA was paid directly to you rather than the tenant?

All Landlords			
	Percentage (wave 1)	Percentage (wave 2)	Percentage point change (wave 1-2)
Yes, done this already / would consider in future	17	33	16
Would not consider in the future / Don't know	83	66	-16
Total	100	100	
<i>Base: all LHA landlords (no.)</i>	<i>155</i>	<i>155</i>	

NB Based on cross-tabular analysis.

It was reported that letting private properties was becoming increasingly competitive in Belfast: the recent growth in letting agencies was partly because estate agents had diversified into private lettings and partly because others had set up their own practice. Furthermore, several letting agents believed that the growth in the number of letting agents in Belfast was insufficiently regulated and had lowered standards in the PRS, as exemplified by the call for action from the letting agent quoted below:

“If the government was to introduce a very simple star rating systems for letting agents and one of them would be number of complaints to the council or anybody you choose and how they’re dealt with, to get one of your stars. The public would know there’s a five star man, there’s a no star man, they do it with restaurants, everyone gets it. Do it with letting agents and you’ll find the quality

of the properties that they manage vastly increase. That would weed the cowboys out. I'd gladly be evaluated because I know I'd pass with flying colours and Joe public can't tell that I am the better man and it galls me on a daily basis." (large landlord/letting agent, Greater Shankill)

The recent increase in rent negotiations is reflected in the responses in Table 6.4. This showed a significant increase in respondents referring to current tenants requesting rent reductions (up from 21 to 35 per cent**) prospective tenants asking for rents lower than advertised (up from 19 to 37 per cent**) and in landlords who had already had negotiated a lower rent with tenants (up from 11 to 25 per cent**). There is a significant increase in responses from Belfast landlords on each of these questions (increasing from 25 to 42 per cent**, 22 to 43 per cent** and 13 to 28 per cent** respectively).

Among small landlords there was no change in responses between waves one and two in terms of current tenants requesting reductions, but the proportion of large landlords identifying this as an impact increased from 36 to 61 per cent**. There is an increase from five to 23 per cent** among small landlords and from 41 to 59 per cent* among large landlords in terms of prospective tenants asking for a lower rent than advertised. The proportion of landlords who had actually negotiated a lower rent with tenants increased from 4 to 13 per cent* of small landlords and from 21 to 43 per cent** of large landlords.

Table 6.4 also shows that there was an increase in the proportion of respondents who felt that tenants had moved as they could no longer afford their rents, rising from 18 per cent in wave one to 27 per cent* in wave two. It is interesting to note that the increase in those referring to this impact was significant in Armagh (increasing from 5 to 23 per cent) but not in Belfast, given that on many other indicators the change in impact was more evident among Belfast landlords. There were no significant differences over time in these responses by size of landlord.

There is a change in the proportion of respondents who felt that the LHA reforms had reduced their rental yields - this increased from 21 per cent in wave 1 to 29 per cent in wave 2* (Table 6.4). This change was not significant when considered by area or by size of portfolio. The evidence in terms of arrears and evictions shown in Table 6.4 is considered in the next section.

Table 6.4: Do you think that the current HB/LHA reforms introduced in April 2011 have already affected your role as a landlord/letting/managing agent in ... in any of the following ways?

	All Landlords		
	Percentage (wave 1)	Percentage (wave 2)	Percentage point change (wave 1-2)
Tenants with HB/LHA direct payments to landlord	11	12	1
Current tenants requesting rent reductions/renegeiate rent	21	35	14
Prospective tenants asking for rent lower than advertised	19	37	18
Negotiated lower rent with tenants(s)	11	25	14
Tenants moved as they could no longer afford rent	18	27	9
Action to evict tenants	10	17	7
Not renewing tenancies	15	19	4
Rent arrears	24	44	20
Rental yields (decreased)	21	29	9
Rental voids	11	16	5
<i>Base: all LHA landlords (no.)</i>	<i>147</i>	<i>147</i>	

*Reduced number of options in Wave 2 and re-ordered.
NB Based on cross-tabular analysis.

In terms of changes made by landlords to their rental business between waves one and two due to the LHA reforms, the only measures where there was a significant increase* concerned landlords negotiating rents, with either current or prospective tenants (Table 6.5). However, even then only a small percentage of the overall sample said they had made changes to their business.

Table 6.5: Have you made any of the following changes to your rental business in ... specifically because of the changes to HB/LHA rules introduced since April 2011?

	All Landlords		
	Percentage (wave 1)	Percentage (wave 2)	Percentage point change (wave 1-2)
Expanded my rental business in this local authority	1	0	-1
Reduced the number properties I rent in this local authority	1	2	1
Negotiated a lower rent with a current tenant	3	8	5
Negotiated a lower rent with a prospective tenant	4	11	7
I have expanded the amount of shared accommodation I let	0	3	3
Not renewing tenancies for some HB/LHA tenants	11	9	-2
I no longer let 5 bedroom properties	3	1	-2
I no longer let to HB/LHA tenants	0	0	0
Other	1	1	0
Made changes but not specified	3	1	-2
Not at all affected/Don't know	80	80	0
<i>Base: all LHA landlords (no.)</i>	<i>162</i>	<i>162</i>	

NB Based on cross-tabular analysis.

In the qualitative interviews, several Armagh landlords reported that tenants were now more inclined to try and negotiate on the rent advertised, which led one respondent slightly to increase advertised rents in anticipation.

"They do but I go on the higher end, you put the big price on and they think they're getting something of good value. So if you go at a higher price and then come down there's more room for negotiation. I suppose it's a trick that shouldn't be, but these things happen" (small landlord, Armagh)

Asked about the willingness of landlords to negotiate on rents, one letting agent said that the picture was mixed and largely dependent upon the individual circumstances of landlords, especially the amount of rental income they had to bring in to meet mortgage payments.

"Some do, it depends on the landlord's circumstances. If the landlord has no financial pressure on him he can afford to drop the rent or be negotiable on the rent. If a landlord has a buy to let mortgage on a property he has to get a certain income to cover that...here they're either a buy to let landlord or someone who's been left a property and has inherited, that would be the only two that we would really have." (large letting agent, Armagh)

One Armagh landlord had reduced rents in line with the reduction in LHA entitlement since the reforms. This decision was informed by the fact that the tenants in question were "good" and it was a hassle collecting the top-ups and it could also create tension between the landlord and the tenant. Many landlords also said they were very reluctant to end tenancies or replace existing LHA tenants who were struggling to meet top-up payments, especially where tenants were long-term. There was a sense of an obligation to existing tenants who were faced with LHA cuts or who had fallen on hard times. In many cases the rent would be reduced in line with the new LHA rate, where the reduction was marginal.

"Well tenants tend to be there for years, what do you do with them? You can't just say 'no I don't want you anymore.'" (large landlord, Armagh)

6.3. Rent Arrears and Landlord Responses

Respondents in wave two were asked a series of questions about rent arrears and the actions they had taken to deal with them as landlords. The intention was to ascertain how far any recent increase in arrears, and consequent actions taken by landlords over the tenancies, were due to general market pressures and affordability problems in the PRS or how far they were specifically due to the LHA reforms. A detailed breakdown of responses by area and portfolio size is given in Tables A5 to A14 in Appendix 1. The results show that:

- thirteen per cent of panel respondents in wave two said they received direct payments of HB specifically because their tenants were in arrears
- eight per cent of panel respondents said that some of their non-LHA tenants were in arrears; this compares with 33 per cent who said some of their LHA tenants were in arrears
- twenty eight per cent of respondents said that the number of LHA tenants in arrears had increased since April 2011, compared with 21 per cent of respondents noting that arrears among their non-LHA tenants had increased
- there was a significant increase between waves one and two in the proportion of landlords who felt that rent arrears due to the LHA reforms had affected their role as a landlord/letting agent; this increased from 24 per cent to 44 per cent** of respondents overall (increasing from 10 to 24 per cent* in Armagh and from 29 to 51 per cent** in Belfast)
- when asked about a range of reasons why LHA tenants were currently in arrears and could not afford the rent, two thirds of all wave two respondents either did not know or said their tenants had not been affected by any of the reasons given; of the remaining third, nearly half of this group referred specifically to the LHA reforms as a reason for arrears
- 17 per cent of respondents said they had taken action (eviction, tenancy non-renewal, tenancy closure) because their LHA tenants were in arrears, and 14 per cent said it was because their arrears had increased since April 2011.

It is difficult, of course, to disentangle the reasons for rent arrears, as the responses below testify:

"Yeah it has increased arrears but it'll not be a huge amount. For something like £100 and 200 I might just write it off and say 'let's just start again from now, do it right from now'. Sometimes it's more beneficial both ways to do that than really hounding somebody." (small landlord, Armagh)

"It's hard to put an exact figure on it, it's harder than ever to say it's a direct effect from the housing benefit cuts. It's also as unemployment has risen and people have found it more difficult to get work as well as other factors." (large letting agent, Armagh)

One letting agent suggested that the continued lack of awareness of the LHA reforms among some landlords was causing problems when arrears started to accrue.

"It would create more difficulty for ourselves because it's us who are ringing the landlord explaining why the tenant has fallen into arrears. And so it's the difficulty of us having to explain to the landlord why only a certain amount has gone into their account this month: so it's difficult for landlords as well." (large letting agent, Armagh)

Notwithstanding the inherent difficulties of attribution, the postal survey explored how far actions taken by landlords over tenancies were specifically due to the LHA measures, rather than other factors. The results in Table 6.6 show that 23 per cent of respondents said they had taken action to evict, not renew or end tenancies for tenants receiving LHA, but a slightly higher proportion said they had done so for tenants who were **not** receiving LHA (Table 6.7). Landlords in Armagh said that they usually knew the people they were letting to, which made them more reluctant to serve notice or end tenancies, although a local letting agent reported that there were cases where tenants had eventually been served notice to quit.

Table 6.6: Have you taken action to evict, not renew or end tenancies of any of your HB/LHA tenants since April 2011?

	Armagh	Belfast	All Landlords
	%	%	%
Yes	14	27	23
No	83	70	74
Don't know/not sure	3	1	2
I have not had any HB/LHA tenants since April 2011	0	2	1
Total	100	100	100
<i>Base: all LHA landlords</i>	<i>103</i>	<i>59</i>	<i>162</i>

Table 6.7: Have you taken action to evict, not renew or end tenancies of any of your non-HB/LHA tenants since April 2011

	Armagh	Belfast	All Landlords
Yes	19	28	24
No	81	72	76
Don't know/not sure	0	0	0
Total	100	100	100
<i>Base: all LHA landlords</i>	<i>43</i>	<i>19</i>	<i>62</i>

When asked whether they could attribute their response directly to the LHA reforms, 13 per cent of all landlords did so and a further three per cent were not sure (Table 6.8).

Table 6.8: Have you taken action to evict, not renew or end tenancies of any of your HB/LHA tenants specifically because they can no longer afford their rent because of the HB/LHA reforms introduced in April 2011?

	Armagh	Belfast	All Landlords
Taken action and due to LHA reforms	7	15	13
Taken action but not due to LHA reforms	6	8	7
Taken action but not specified if due to LHA reforms	0	0	0
Taken action but not sure if due to LHA reforms	1	4	3
Not taken action	83	72	75
Not sure if taken action	3	1	2
Total	100	100	100
<i>Base: all LHA landlords (no.)</i>	<i>103</i>	<i>58</i>	<i>161</i>

As stated earlier, the surveys and interviews were undertaken in early 2013, when the measures had only just started to affect some HB/LHA recipients, due to transitional protection measures. Some of the effects will inevitably take some time to work through. It is possible, for example, that households may exhaust ways of economising to meet shortfalls, as the temporary respite of DHPs is ended; some landlords also suggested in interview that they may decide to realign rents to a higher level once tenancies come to an end where shortfalls had previously been accepted. With this in mind, we examine some of the plans and intentions that landlords have for the year ahead in the following chapter.

7

Potential Future Impacts of the Measures

Summary

- nearly nine in ten landlords said they intend to continue to let to LHA tenants in the coming year - similar to wave one
- the main reasons for continuing to let were the overwhelming priority given to getting the rent paid and the practice of granting direct HB payments to landlords
- housing advisers felt that the withdrawal of DHPs would have a negative impact on tenants, in terms of their ability to afford property of reasonable quality
- some landlords expressed concerns about the future impact of Universal Credit, in terms of direct payments being made to claimants, even if the housing element were to continue to be paid to the landlord in most cases
- over a third of respondents in wave two said they might cease letting to under 35 year olds, and over a fifth to LHA tenants
- 28 per cent of respondents, including both small and large landlords, said they might sell up and leave the rental market altogether in the next year.

Whereas previous chapters have examined landlords' and claimants' experiences of the LHA changes so far, the research also explored their perceptions of what might change in the future, especially as some of the LHA measures are likely to have lagged effects on issues such as residential mobility, changing lettings strategies and business priorities. While there may of course be a difference in practice between what respondents say they will do and what they actually do when the time comes, the responses at least provide some indication of their main concerns when they look ahead to the next twelve months.

When asked whether they intended to continue to let to tenants claiming LHA in the next year, the vast majority of landlords in wave two (around 90 per cent) said they would. This is a similar proportion to wave one responses (Table 7.1). When asked to explain the reason for this, the profile of responses (Table 7.2) was very similar in both waves: the fact that respondents did not mind who they let to as long as the rent was paid, and the practice of direct payment of HB to the landlord were the most prevalent reasons. There was a change in the proportion of respondents mentioning that it was 'easy' to find LHA tenants (up from 21 to 30 per cent*), as well as a small

but significant increase* in those referring to HB/LHA tenants moving into the area to find cheaper accommodation. Landlords will continue to let to HB tenants for a mix of pragmatic reasons. However, a sizeable minority would like to exit from the sub-market if they could, as discussed later in this chapter.

Table 7.1: Do you intend to continue to let to tenants who claim LB/LHA ..in the next 12 months

All Landlords			
	Percentage (wave 1)	Percentage (wave 2)	Percentage point change (wave 1-2)
Yes	89	90	0
No	11	10	0
Total	100	100	
<i>Base: all LHA landlords</i>	<i>159</i>	<i>159</i>	

NB Based on cross-tabular analysis.

Table 7.2: Which of these reasons have contributed to your intention to continue letting to tenants who claim HB/LHA in this area over the next 12 months?

All Landlords			
	Percentage (wave 1)	Percentage (wave 2)	Percentage point change (wave 1-2)
Don't mind letting to HB/LHA tenants so long as rent is paid	59	67	8
Direct payment of HB/LHA to landlord	62	57	-5
HB/LHA tenants form a large element of the rental market in this area	53	54	1
Find it easy to get HB/LHA tenants	21	30	9
HB/LHA tenants form a substantial part of my lettings	23	27	4
Increasing numbers of HB/LHA tenants looking to rent in this area	25	26	0
Few alternative supplies of tenants for some of my properties	17	23	7
HB/LHA tenants moving here to find cheaper areas/properties	2	7	5
Changes in HB/LHA rules	1	2	1
Rent yields for HB/LHA tenants	5	1	-5
Other	3	6	4
Don't know/not sure/no particular reason	8	5	-3
Do not intend to continue letting to HB/LHA or Don't Know	11	10	0
<i>Base: all LHA landlords (no.)</i>	<i>159</i>	<i>159</i>	

NB Based on cross-tabular analysis.

In the qualitative interviews, landlords, claimants and housing advisers were all asked to assess the effects of the LHA measures in the future. One small landlord in Armagh, for example, said that changes in LHA rates and circumstances had been so complicated to follow in terms of working out the level of payment that it had put her off letting to LHA tenants in the future:

"It probably has, I would prefer not to let to those (applicants) because different things are happening now...I would be extremely cautious."

However, most landlords in Armagh said they were expecting things to "settle down" and felt that they had survived much of the turbulence associated with the LHA reforms and wider cuts in public expenditure. Most landlords let to people locally and were currently in negative equity but they hoped to be able to raise rents in the near future.

Some landlords who had made untimely investments in the past and were struggling with mortgage payments were likely to face problems, for some time to come, as one housing adviser from Armagh pointed out.

".. talking to landlords, some of them have probably bought the properties when they were given favourable interest rates and now those have come to an end and they're not able to keep up the payments. They can't push the rent up because some of these tenants who are on benefits won't be able to pay it, so they're basically caught. Some of them are handing their keys in without even going to court because they know it's a lost cause...some of them (landlords) are saying they'd love to give it up but there's no market, no-one to buy them. So they're stuck with them. The only one who's taking any of them is the bank."

One experienced letting agent from Greater Shankill believed that withdrawal of DHP would have a significant negative impact on tenants, and that the ongoing reductions in the LHA rate would cause property quality in the PRS to deteriorate:

"No, too many people are losing their jobs and having to rely on it (LHA). If they take away the DHP it's going to make it more difficult for everybody including landlords.....you've got to remember you've got negative equity and you're being pushed on rents going down; are you going to do repairs as quickly? There's no incentive there and there's no incentive between a terraced, old fashioned house and a two bedroom town house in the same area...I met a new landlord yesterdayand he was concerned about the fitness standard and I said 'no it's so much better than it has to be; yes you've got single glazed, your kitchen and bathroom are old fashioned, but they're in really good order, and very serviceable, and you haven't got the money to change it. And you're not going to get more rent, (so) why would you do that?'" (large landlord/letting agent, Greater Shankill)

The phasing out of DHPs was also highlighted by a Belfast housing adviser:

"..don't think we've seen the full effects yet because DHP has propped them up. A lot of these people (will be affected) when things get tighter in your budget and you're having to make these harsh decisions and giving people less and less. Because landlords will not just sit there and take the hit. They can't do, because a lot of them are struggling, particularly those on buy to let mortgages who've maybe got interest only mortgages and are now going onto repayment mortgages. So they're going to have to put rents up, so it's not really stacking up for a lot of them. So I think the worst is still to come."

Although some landlords in West Belfast at wave one said that they wanted to leave the LHA sub-sector, by wave two most landlords believed that renting in the LHA market was still worthwhile financially, and this was still the mainstay of the PRS in most parts of the district. Although there were some anecdotal suggestions that the housing market was starting to pick up, many respondents felt that those landlords with high mortgage repayments would continue to struggle, and that repossessions would remain high in the months ahead. There were several reports of empty properties and 'dilapidation' in lower value PRS, which had not been mentioned in wave one. Some landlords were especially concerned about the impacts on the poorest households:

"The true poor, no family connections, nowhere to go. The immigrants: they've had it rough, they don't understand and they've been caught out by this. The natives have kind of got with the (LHA) programme. All this goes away if you can get a proper job, so why don't you (get one)? Or they move in with mum and dad and give up the property; or if they have a brother or sister or a mate they get them to move in with them; or they give it up. And (then) I don't know where they go." (large landlord/letting agent, Greater Shankill)

A Belfast housing adviser spoke in a similar vein about the effects on the most vulnerable households:

"I think there's a risk that people on benefits are going to be slowly pushed into the bottom end of the market. I was talking to a landlord yesterday and they were saying they had property they completely refurbished, let out. Because they work with us they were saying they wanted to give it to someone in receipt of benefits and advertised it and they got everyone was working, loads of people. She (the landlord) wanted to give somebody a chance but she had to put her rent down to accommodate that, and fair play to her for doing it, and this was an ex-offender and she contacted us to say 'am I taking a huge risk here with this person?' And it's very commendable for her to do that but she had a full suite of people lining up who were working who wanted a very small two bed property on XX Road, which would have traditionally been seen as more (for) people on benefits."

In terms of the wider welfare reform agenda, some landlords expressed concern about the future impact of Universal Credit (UC) and particularly the potential introduction of direct payments to UC recipients, even if the housing element was to be treated differently

"If things stayed as they were now I don't think it would have much more of a detrimental effect, things have more or less balanced themselves out. I can maybe go back and increase those rents a little bit next year too. We've had a number of years of instability now for everyone financially. So all my tenants appear to be looking at long term tenancies....but if universal credit comes in and the direct payments: nightmare!" (small landlord, Armagh)

This theme was developed by a housing adviser from Armagh, who expressed concern that the payment of UC would be made to the main breadwinner, usually the man, and that would adversely affect women's access to an income in their own right. The adviser expressed concerns that were also made by other advisers about the future impact of Universal Credit:

"We understand the rationale for it, obviously it's a money saving exercise with regard to financial administration and processing of payments. But I think's really a catastrophe waiting to happen and will cost more in the long run...we're looking at the number of people who are currently being referred or engaging with social services maybe from a family support point of view where poverty is the predominant factor. So (it is) not classic child protection issues...more and more they're being called upon to provide family support to families where the predominant issue is financial pressure and poverty. So the problem just gets shifted to another area. You take the money out of the pocket of the household

but the problem has to move along the line somewhere else and the children still need to be fed"

The results of Table 7.3 below underline the extent to which the LHA measures will continue to ripple through the housing market and affect the behaviour of landlords. Thus, over a third of wave two respondents thought that they might cease letting to under 35 year olds and nearly a quarter said they might not renew tenancies for LHA tenants. Even more striking is the fact that 28 per cent of respondents said they might sell up and leave the rental market altogether (and there was little difference between small and large landlords here, so it was not just 'accidental' landlords with one or two tenancies). Over a fifth of respondents also said they might cease letting to LHA tenants.

On every measure a higher proportion of Belfast than Armagh landlords said they planned to make changes in the next year. Therefore, among those expecting to make changes in the year ahead, future plans to reduce lettings to specific groups, reduce lettings overall in the local area or exit the LHA market altogether were more prevalent than any plans to adapt and 'work with' the new realities - as illustrated by the smaller increases in the proportion of wave 2 respondents planning to negotiate rents or to expand the amount of shared accommodation they let.

Table 7.3: Do you plan to make any of the following/additional changes in the next 12 months specifically because of the changes to HB/LHA rules introduced since April 2011?

	Armagh	Belfast	All Landlords
Expand my lettings in this local authority	10	11	11
Reduce my lettings in this local authority	11	22	19
Negotiating a lower rent with a current tenant	3	21	16
Negotiating a lower rent with a prospective tenant	3	22	17
Expand the amount of shared accommodation I let	3	14	11
Not renewing tenancies for some HB/LHA tenants*	12	27	23
Cease letting to under 35 year olds*	14	44	35
Cease letting 5 bedroom properties	2	8	7
Cease letting to HB/LHA tenants	8	27	22
Selling up/exiting rental market entirely*	22	31	28
<i>Base: all LHA landlords (no.)</i>	93	55	148

NB Based on cross-tabular analysis. *Only asked in Wave 2 therefore based on frequency tables and not cross-tabular analysis.

Of course, as stated earlier, the responses over future plans may not necessarily foreshadow what actions are actually taken when the time comes, and the majority of respondents did not plan any changes because of the LHA measures. But it does suggest that the general tendency was for landlords to plan to reduce their involvement in the PRS than to embrace the changes brought about by the LHA measures and adapt their business accordingly.

Finally, it should be noted that these predictions of future behaviour were largely based on the assumption that the market would continue to stagnate and perhaps pick up a little in the Belfast area over the next year. Any sharp change in housing market conditions, for example in interest rates, would of course raise a whole new set of questions, as one letting agent pointed out:

“The only thing that I think is saving private landlords at the minute is the interest rate. And as soon as the interest rate moves they’ll be hit big time, because a lot of people are on tracker rates with 0.5%. So we were lucky in that we’re not overly exposed to the banks.” (large landlord, West Belfast)

Conclusion

The wave one report on landlords and tenants in Northern Ireland (Beatty *et al*, 2012) concluded that the follow-up research would provide an opportunity to assess more comprehensively the impacts of the various LHA measures. The overall findings from the second wave of surveys with claimants and landlords, and the depth interviews with landlords and housing advisers suggest that some impacts are indeed more evident. For example, the proportion of those who said they were affected by the increase in the age threshold for the Shared Accommodation Rate increased from 12 per cent in wave one to 26 per cent in wave two, and one in ten landlords said that now they no longer let to under 35 year olds.

The extent of rent negotiations with both prospective and current tenants has also increased, and now affected over a third of all landlords and more than four in ten of landlords with stock in the Belfast case study areas. A minority of landlords had reduced their rents and others had simply not collected rental shortfalls, especially where they wished to retain their tenants. Looking ahead, a third of landlords in wave two said they would consider, or had already planned for, reducing rents over the next year. The lack of alternative PRS markets in the three case study areas clearly gave landlords limited room to switch their business focus. Instead, several were adjusting to a reduced income stream by cutting back on repairs and maintenance, though it is difficult to gauge the scale of this response across the sector from the surveys. However, it is worth noting that the rate of unfitnes in the NI housing stock overall increased recently from 2.4 per cent in 2009 to 4.6 per cent in 2011 (NIHE, 2013:15).

Landlords also noted that more tenants were struggling to meet their housing costs than in wave one. The proportion of landlords feeling their business had been affected by increased rent arrears due to the LHA reforms increased. Furthermore, nearly a quarter of landlords said they had taken action against LHA tenants in the last year, through terminating tenancies or eviction, but this was slightly lower than those taking action against tenants who were *not* receiving LHA. The proportion of landlords who felt that tenants had moved because of the LHA reforms increased from 18 per cent in wave one to 27 per cent by wave two. While most of the LHA impacts were more marked in the Belfast case study areas, a greater proportion of landlords in Armagh perceived that there had been an increase in forced moves for affordability reasons in wave two.

One in seven of the tenants in the survey had moved between waves one and two and none of them cited the LHA changes as a reason for doing so. Furthermore, none of them cited job-related reasons for their move. Patterns of mobility appeared to be shaped more strongly by housing market segmentation along sectarian lines: it was considered by housing advisers to be a prominent influence over housing choices, even if the territorial demarcations were not as acute in the private rented as in the social rented sector. While there was an increase in tenants seeking to renegotiate lower rents, none of the movers, and only two per cent of non-movers, had been successful in their efforts. Contrary to the perceptions of many landlords, there was no increase between waves one and two in the proportion of those tenants finding it difficult to afford the rent, or in the prevalence of rent arrears in this period. However, nearly half of tenants said they were managing poorly and seven in ten said they had often run out of money by the end of the week during the previous year. Although the LHA measures had not brought about large scale changes for tenants between waves one and two, they have caused additional problems for those who are now facing a shortfall who were already finding it difficult to manage due to overall pressures on their budgets in the prevailing climate of 'austerity'. In terms of household type, this problem was prevalent among lone parents, where one in seven of the sample was experiencing a shortfall in their rent by wave two.

However, it is important not to overstate the changes in experiences and perceptions between waves one and two. There is no evidence of any large-scale tenant displacement or of a mass exodus of landlords from the LHA sub-market. Indeed four in ten landlords said that either they did not know what the impact of the measures had been or that their business had not been affected by the changes. Nearly nine out of ten landlords said they would continue to let to LHA tenants in the next year. Set against this, 28 per cent of landlords said they would either 'consider' or 'planned to' sell up and leave the rental market altogether, and this was not confined to 'accidental' landlords but seemed to be related more to general market conditions than the effects of the LHA measures per se. But of course these *potential* responses may not result in eventual behaviour over the next year.

There are several reasons why the effects of the LHA measures may have been relatively muted in Northern Ireland in the period up to mid-2013. The first set of reasons concern the **general macro-economic climate** and the **state of the housing market** in the province. As stated in Chapter 3, the economic and housing market prospects in the province were still very fragile when the research was undertaken, and the early signs of a recovery from the recession during 2013 are not enough to transform the overall picture. Price Waterhouse Cooper has recently estimated that it could be another ten years, for example, before property prices in NI are back to the 2007 position (PwC, 2013b). This means that demand pressures in the private rented market are likely to remain subdued.

This overall picture in NI stands in marked contrast, for example, to trends in the higher demand housing markets of GB, especially in and around London. To illustrate the scale of difference, the reduction in LHA rates in Westminster after April 2011 stood at £177 per week, whereas the maximum reduction for any property type in any BRMA in NI between January 2011 and April 2013 was £15.83 per week (for a four bedroomed property in South BRMA). The *relative* reduction in LHA weekly

rates between January 2011 and April 2013 was 5 per cent in Lough Neagh and 8 per cent in Belfast, compared to 13 per cent in inner north London.

A second and related reason for the reduced impact of the reforms on tenant mobility or displacement is the **limited spatial differentiation** in the NI housing market. The majority of those tenants who had moved between waves one and two had moved within a mile and none of them mentioned the reductions in LHA as reason. The differences in average PRS rents and hence in LHA rates are relatively modest from one BRMA to the next. A further reason relates to the **more 'informal' nature of the PRS** in NI, with a high proportion of landlords owning just one or two properties, often because of difficulties in selling on the open market. Larger landlords, and especially larger letting agents, tended to have a greater awareness of the LHA measures and the implications for their businesses and took a more pro-active approach to tenancy and property management as result. While there was an increase in the proportion of landlords affected by the LHA measures by wave two, a fifth of respondents still said they had not been affected at all as yet. These responses were more marked in the rural housing market of Armagh than in Belfast.

The introduction of a **transitional protection period** and the **use of Discretionary Housing Payments** have also delayed the impact of shortfalls on some households, as intended, but there was little evidence that tenants were responding to any respite these measures gave by scanning the market for alternative, cheaper accommodation, as was also intended. Some of the impacts of LHA may in any case take time to work through, and will only become evident once households run out of other means of trimming their budgets or increasing their income to make ends meet. The decision to move to cheaper rented accommodation elsewhere, for example, may fall into this category.

A final reason for the reduced impact of the LHA reforms was the decision taken to **retain direct HB payments to landlords** as the preferred option for the majority of tenancies. Ninety five per cent of tenants in the wave two survey had their HB paid directly to the landlord. Landlords themselves said they were very reassured by the maintenance of this arrangement in NI, although there remained lingering anxieties about the impact of Universal Credit payments (minus the housing element) being made directly to claimants in the future. The research supported the contention made in NIHE's most recent review that the retention of direct payment '*must be seen as a major contributory factor to ensuring the longer term viability of the sector.*' (NIHE, 2013: 20) Despite this, there was still a significant increase in landlords noting that their business had been affected by increased rent arrears due to the LHA measures, up to 44 per cent by wave two. However a much smaller proportion (13 per cent) said they had not renewed or terminated tenancies, or pursued eviction actions due to the reforms.

Of course, the proviso should be repeated here that the surveys and the interviews are based on three localities in the province and cannot be assumed to be representative of the wider picture. Nevertheless the limited spatial differentiation in the NI housing market noted above means that it would be surprising to find wide local divergences from this general picture. It is more difficult to gauge the future impacts of a continued improvement in the owner-occupied market over the next year and whether landlords will reach a 'tipping point' and decide to place rented

properties back on the open market for sale. This is certainly a latent response in the PRS, with more than a quarter of landlords saying they might sell up and leave the rental market in the next year.

Landlords and tenants are far from homogenous groups, and particular types of landlord and tenant will therefore be affected more markedly by the ongoing, incremental impacts of the LHA changes. For example, those landlords who are highly dependent on rental income to meet their mortgage payments will be more vulnerable, especially given the fact that increases in LHA rates will be capped (at least for the next two years) at one per cent. Many of these landlords seem to have made the provisional judgement that they could 'live with' larger shortfalls in their rents in order to retain 'good' tenants, but the sustainability of such forbearance with tenants is likely to be placed under increasing strain.

Among tenants, the housing options for those single 35 year olds moving out of self-contained accommodation may be particularly constrained. Over a third of landlords in wave two said that they might cease letting to under-35 year olds over the next year, while just eleven per cent said they would consider expanding the amount of shared accommodation they let. The depth interviews with landlords also revealed a marked reluctance to move into, or extend the current level of involvement in, the HMO market for a range of reasons. These examples underline the extent to which the LHA measures will have *ongoing* consequences in the years ahead - effects that will be compounded for many tenants by the introduction of other welfare reform measures in this period.

Overall the LHA measures have undoubtedly stimulated more negotiations between landlords and current and prospective tenants over rent levels. Most landlords are coping with the relatively modest reduction in income and will remain active in the HB market for the foreseeable future, not least given the lack of alternative sources of demand. The retention of the widespread practice of direct HB payment to landlords has helped to reduce anxieties about non-payment, though the proportion of landlords noting an increase in rent arrears has still risen quite sharply during 2012. Furthermore, the compound effects of various policy measures on the budgets of those households who are wholly or partly reliant on state benefits will ensure that problems of affordability in the LHA sub-market will remain, even if the gloom that has enveloped the wider Northern Ireland housing market for the past six years starts, very gradually, to lift during 2014.

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Appendix 1: Additional Survey Results

Table A1.1: Are you a member of a landlords association?

<i>Column percentages</i>	
	LHA Landlords (in both W1 & W2)
Yes	13
No	85
Don't know/not sure	1
Total	100
Base: All landlords	166

Table A1.2: Are you a buy to let landlord?

<i>Column percentages</i>	
	LHA Landlords (in both W1 & W2)
Yes	65
No	29
Don't know/Not sure	6
Total	100
Base: All landlords	162

Table A1.3: Letting of shared accommodation

	<i>Column percentages</i>
	LHA Landlords (in both W1 & W2)
Shared house/flat with joint tenancy agreement	6
Shared house/flat with individual tenancy agreements	12
Bedsits with individual tenancy agreements	0
Resident landlord with tenants	1
Other types of shared tenancy agreements	1
No	83
Don't know/not sure	1
Base: All landlords (excluding letting agents)	164

Table A1.4: Demand for shared accommodation

	<i>Column percentages</i>
	LHA Landlords (in both W1 & W2)
Increased	16
Decreased	2
Stayed the same	14
Don't know/not sure	68
Total	100
Base: All landlords (excluding letting agents)	165

Table A1.5: Do you currently receive direct payments for any of your HB/LHA tenants due to any of the following reasons?

	Armagh	Belfast	All Landlords
Rent arrears	7	16	13
<i>Base: all LHA landlords</i>	<i>100</i>	<i>60</i>	<i>160</i>

Table A1.6: Are you aware of any of your tenants who do not receive HB/LHA currently being in rent arrears?

	Armagh	Belfast	All Landlords
Yes	7	8	8
No	38	24	27
Don't know/not sure	1	0	0
I currently have not got any non HB/LHA tenants	53	68	65
<i>Base: all LHA landlords</i>	<i>86</i>	<i>59</i>	<i>145</i>

Table A1.7: Has the number of non HB/LHA tenants in rent arrears changed since April 2011?

	Armagh	Belfast	All Landlords
Increased	17	23	21
Decreased	0	4	3
Stayed the same	36	46	43
Don't know/not sure	48	27	34
<i>Base: all LHA landlords</i>	<i>42</i>	<i>19</i>	<i>61</i>

Table A1.8: Are you aware of any of your HB/LHA tenants currently being in rent arrears?

	Armagh	Belfast	All Landlords
Yes	23	37	33
No	64	59	60
Don't know/not sure	12	2	5
I currently do not have any HB/LHA tenants	2	2	2
<i>Base: all LHA landlords</i>	<i>102</i>	<i>58</i>	<i>160</i>

Table A1.9: Are you aware of any of your HB/LHA tenants currently being in rent arrears because they can no longer afford the rent for any of the following reasons?

	Armagh	Belfast	All Landlords
The HB/LHA reforms	9	27	22
The tenant didn't specify a reason for the arrears	11	11	11
The tenant could not afford a rent increase	6	8	7
The tenant/partner has lost their job	4	2	3
A change in circumstances (eg divorce)	2	3	3
Other	2	3	3
Don't know/not sure	78	62	66
<i>Base: all LHA landlords</i>	<i>102</i>	<i>57</i>	<i>159</i>

Table A1.10: Has the number of HB/LHA tenants in arrears changed since April 2011?

	Armagh	Belfast	All Landlords
Increased	16	32	28
Decreased	3	2	2
Stayed the same	23	20	21
Don't know/not sure	58	46	49
<i>Base: all LHA landlords</i>	<i>1004</i>	<i>58</i>	<i>158</i>

Table A1.11: Have you taken action to evict, not renew or end tenancies of any of your HB/LHA tenants since April 2011, due to:

	Armagh	Belfast	All Landlords
The tenant was in rent arrears	6	21	17
The tenant's rent arrears had increased	7	17	14
<i>Base: all LHA landlords</i>	<i>103</i>	<i>59</i>	<i>162</i>

Table A1.12: How many of your non HB/LHA tenants are currently in rent arrears?

	Armagh	Belfast	All Landlords
Percentage in arrears	27	66	57
<i>Base: all LHA landlords</i>	107	60	167

Table A1.13: How many of your HB/LHA tenants are currently in rent arrears?

	Armagh	Belfast	All Landlords
Percentage in arrears	62	36	42
<i>Base: all LHA landlords</i>	107	60	167

Table A1.14: Do you think that the current HB/LHA reforms have already affected your role as landlord in any of the following ways?

	Percentage wave 1	Percentage wave 2	Percentage change (wave 1-2)
Rent arrears	24	44	-20
<i>Base: all LHA landlords</i>	147	147	147

NB Based on cross-tabular analysis.



Appendix 2: The Claimant Survey Questionnaire

Doorstep introduction

“Good morning/afternoon/evening, my name is ... I’m from Ipsos MORI, the independent research organisation. We are conducting a short survey about the Housing Benefit system as part of a research project for Government. I’m would like to speak to...

You should have received a letter like this, asking you to take part in the survey to see how things have changed or not changed since we spoke to you in [INSERT DATE OF PREVIOUS INTERVIEW]

The survey should take no more than twenty minutes. As before, all the answers you give will be treated in the strictest confidence and used for research purposes only. It will not be possible for DSD, NIHE, your landlord, or anyone else to identify any individual or address in the results.

INTERVIEWER:

- SEEK TO SPEAK TO NAMED RESPONDENT(S) ONLY OR ARRANGE TIME TO CALL BACK

Survey

HB1

Can I just check, are you currently receiving Housing Benefit? You might know Housing Benefit as the Local Housing Allowance or LHA.

Ask all // SC

1. Yes - **GO TO HB2**

IF NO, READ OUT: Was this because... [READ OUT]

2. No, your claim is still being processed - **GO TO MH1**
3. No, you are no longer claiming Housing Benefit - **GO TO MH1**

HB2

Is that the same claim as when we last spoke to you in [DATE] or a new claim?

Ask if HB1 = 1 // SC

1. The same claim for HB
2. A new claim for HB
3. Don't know/can't remember

HB3

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

Ask HB1=1 // SC

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

Moving Home (MH)

MH1

Since we last spoke to you in [DATE], have you moved home at all?

Ask all // SC

1. Yes, has moved home - **GO TO MH2**
2. Yes, has signed up for a new home, but not yet moved in - **GO TO MH2**
3. No, has not moved - **GO TO SAT1**

MH2

How many times have you moved since we last spoke to you in [DATE]?

Ask if MH1 = 1 or 2 // SC// If MH1 = 2, include the pending move.

1. Once
2. Twice
3. Three times
4. More than three times
5. Don't know

MH3

And have you been homeless, or stayed in temporary accommodation, since we last spoke to you in [DATE]?

Ask if MH1 = 1 or 2 // MC

1. Yes, slept rough
2. Yes, stayed in temporary accommodation (e.g. B&B or hostel)
3. Yes, stayed with friends or relatives temporarily
4. Yes, other (SPECIFY)
5. No

6. Don't know

MH4

Ask if MH1 = 1 Thinking about your move to your current property, what are the two or three most important reasons why you left your previous accommodation?

Ask if MH1 = 2 Thinking about your upcoming move to your new property, what are the two or three most important reasons why you are leaving your present accommodation?

// MC (Maximum of 3 answers) // Do not read out (unprompted)

INTERVIEWER: PLEASE SCROLL DOWN FOR FULL LIST OF CODES

Change in type of accommodation/property

1. Want[ed] a larger house or flat
2. Want[ed] a smaller house or flat
3. Want[ed] self-contained accommodation (i.e. not sharing)
4. Want[ed] shared accommodation
5. Want[ed] an extra room for a (non-resident) son/daughter to stay overnight
6. Want[ed] an extra room for a carer to stay overnight
7. Want[ed] a different type of accommodation (e.g. change from flat to house or top floor to ground floor)

Financial reasons

8. Because Housing Benefit payment (£) was reduced
9. Want[ed] to pay lower rent
10. Decrease in income (excl. reduction in HB)
11. Increase in income
12. Other (non-income) improvement in financial situation (e.g. older child left home)

Tenancy related

13. Asked to leave/evicted – landlord selling the property / needed property for own use
14. Asked to leave/evicted – landlord no longer letting to Benefit claimants
15. Asked to leave/evicted – rent arrears
16. Asked to leave/evicted – other reasons
17. Didn't get on with the landlord
18. End of tenancy agreement

Other reasons

19. To move to this specific area/neighbourhood/town/city
20. To move to a better area/neighbourhood/town/city
21. Property in poor condition (incl. being demolished)
22. For personal or family reasons (e.g. closer to a particular school or friends, to move in with someone/got married, birth of a child, divorce/separation)
23. For job related reasons (e.g. new job)
24. Other (SPECIFY)

MH4a

Ask if MH1 = 1 Can I just check, has your new accommodation got more or fewer bedrooms than your previous place, or the same number?

Ask if MH1 = 2 Can I just check, will your new accommodation have more or fewer bedrooms than your current place or the same number?

// SC

1. More bedrooms
2. Fewer bedrooms
3. The same number of bedrooms

MH4b

What were your reasons for wanting shared accommodation?

Ask if MH4=4 // MC // Do not read out (unprompted)

1. Could only afford shared accommodation
2. Wanted to live with friends or other people
3. Could afford better quality shared than self-contained accommodation
4. Prefer to spend money on other (non-housing) things
5. Other (specify)

MH5

Ask if HB1=1 and MH1 = 1 Some people experience difficulties finding accommodation when renting. Did you face any difficulties, or not, in finding your current accommodation?

Ask if HB1=1 and MH1 = 2 Some people experience difficulties finding accommodation when renting. Did you face any difficulties, or not, in finding your new accommodation?

// SC

IF HB1= 2 or 3 OR MH1=3, GO TO MH7

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

1. Yes – **GO TO MH6**
2. No – **GO TO MH7**
3. Not applicable – **GO TO MH7**

MH6

What difficulties did you face?

Ask if MH5=1 // MC // Do not read out (unprompted)

1. Landlords unwilling to rent to Housing Benefits claimants
2. Competition from / losing out to other HB claimants
3. Competition from / losing out to non-HB tenants
4. Rent generally unaffordable
5. Rent unaffordable (due to low/lower Housing Benefit payments)
6. Lack of the types (e.g. size or layout) of property I need
7. Properties available are in poor condition
8. Hard to understand what Housing Benefit I will receive
9. Couldn't afford properties in better (desirable) areas

10. Other (specify)

MH7

How easy or difficult was it to find somewhere to rent?

// SC

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult
6. Don't know

MH8

Ask if MH1 = 1 How many other properties did you look at before taking this accommodation?

Ask if MH1 = 2 How many other properties did you look at before taking your new accommodation?

// SC

RECORD EXACT NUMBER OF PROPERTIES

1. Don't know / Can't remember
2. Refused

MH9

Ask if MH1 = 1 Is the rent charged for this accommodation lower, higher or about the same, as at your previous one?

Ask if MH1 = 2 Is the rent charged for your new accommodation lower, higher or about the same, as at your current one?

// SC

1. Lower
2. Higher
3. About the same
4. Don't know

MH10

Ask if MH1 = 1 Is this accommodation within the same local area as your previous one or have you moved to another area?

Ask if MH1 = 2 Is your new accommodation within the same local area as your current one or are you moving to another area?

// SC

1. Move[d] within the same local area
2. Move[d] to another area
3. Don't know

MH11

Ask if MH1 = 1 And is this accommodation within the same local council area as your previous one or have you moved to another council area?

Ask if MH1 = 2 And is your new accommodation within the same local council area as your current one or you moving to another council area?

// SC

1. Moved within the same council area
2. Moved to another council area
3. Don't know

MH12

Ask if MH1 = 1 How far did you move from your previous accommodation to your current one?

Ask if MH1 = 2 How far are you moving to your new accommodation?

// SC

1. A mile or less
2. More than a mile but less than 5 miles
3. More than 5 miles but less than 10 miles
4. More than 10 miles but less than 20 miles
5. More than 20 miles but less than 50 miles
6. More than 50 miles
7. Don't know

MH13

Ask if MH1 = 1 Can I check, do you rent your accommodation directly from the landlord or through a lettings or managing agent?

Ask if MH1 = 2 Can I check, is the accommodation you're moving to managed directly by the landlord or by a managing agent?

// SC

1. Directly from [by] the landlord
2. Through [By] a managing agent
3. Other (specify)

Negotiating the Rent (NEGA)

NEGA1

Ask if MH1 = 1 Before you agreed to take your current accommodation did you, anyone in your household or anyone on your behalf, try to negotiate with the landlord over the rent?

Ask if MH1 = 2 Before you agreed to take your new accommodation did you, anyone in your household or anyone on your behalf, try to negotiate with the landlord over the rent?

// SC

1. Yes, respondent – **GO TO NEGA2**
2. Yes, someone else in household – **GO TO NEGA2**
3. Yes, an advice centre or someone else on respondent's behalf (SPECIFY)
4. No – **GO TO NEGA4**
5. Don't know – **GO TO NEGA4**

NEGA2

Ask if NEGA1=1, 2, 3 and MH1 = 1 And did you end up paying more, less, or about the same amount of rent as originally proposed by your landlord?

Ask if NEGA1=1, 2, 3 and MH1 = 2 And will you end up paying more, less, or about the same amount of rent as originally proposed by your landlord?

// SC

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

NEGA3

By how much was the rent increased or reduced as a result of the negotiation?

Ask if NEGA2=1 or 2 // Record exact amount

£

3. Don't know
4. Refused

NEGA3a

For what period does this cover?

Ask all // SC

1. 1 week
2. 2 weeks
3. 4 weeks
4. Calendar month
5. 6 months
6. Year
7. Other (SPECIFY)

NEGA4

Were you receiving housing benefit when you first moved into your current accommodation or not?

// SC

1. Yes - **GO TO NEGA5**
2. No - **GO TO SAT1**
3. I was applying for housing benefit at the time - **GO TO NEGA5**
4. Don't know/ can't remember - **GO TO SAT1**

NEGA5

Ask if NEGA4=1 or 3 and MH1 = 1 Were you aware of how much Housing Benefit you would receive before you moved into your current accommodation, or not?

Ask if HB1=1 or 2 and MH1 = 2 Are you aware of how much Housing Benefit you will receive before you moved into your new accommodation, or not?

// SC

1. Yes
2. No
3. Don't know / can't remember (DO NOT PROMPT)

SAT1

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

// SC // Showcard A

1. Very satisfied
2. Fairly satisfied
3. Neither satisfied nor dissatisfied
4. Fairly dissatisfied
5. Very dissatisfied
6. Don't know / No opinion (SPONTANEOUS ONLY)

SAT2

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

// SC // Read Out // Showcard A

1. Very satisfied
2. Fairly satisfied
3. Neither satisfied nor dissatisfied
4. Fairly dissatisfied
5. Very dissatisfied
6. Don't know / No opinion (SPONTANEOUS ONLY)

ASK IF MH1 = 3 . IF MH1 = 1 or 2, GO TO R1

Negotiating the Rent (NEGB)

NEGB1

Since we last spoke to you in [DATE OF BASELINE INTERVIEW], have you, anyone in your household or anyone on your behalf, tried to negotiate with the landlord over the rent?

Ask MH1 = 3 // SC

1. Yes, respondent – **GO TO NEGB2**
2. Yes, someone else in household – **GO TO NEGB2**
3. Yes, an advice centre or someone else on respondent's behalf (SPECIFY)
4. No – **GO TO R1**
5. Don't know – **GO TO R1**

NEGB2

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

Ask if NEGB1=1, 2, 3 // SC

1. More rent - **GO TO NEGB3A**
2. Less rent - **GO TO NEGB3A**
3. About the same rent - **GO TO R1**
4. Don't know - **GO TO R1**

NEGB3

By how much was the rent increased or reduced as a result of the negotiation?

Ask if NEGB2=1 or 2 // Record exact amount

£

3. Don't know
4. Refused

NEGB3a

For what period does this cover?

// SC

1. 1 week
2. 2 weeks
3. 4 weeks
4. Calendar month
5. 6 months
6. Year
7. Other (SPECIFY)

NEGB4

Did the landlord agree to lower the rent in return for the housing benefit being paid directly to them instead of to you?

Ask if NEGB2=2 // SC

1. Yes
2. No
3. Don't know

Rent (R)

ASK ALL

R1

How much in total does your landlord currently charge your household in rent? [That is, the total amount of rent INCLUDING any Housing Benefit element.]

// Record exact amount

£

1. Don't know
2. Refused

R2

For what period does this cover?

// SC

1. 1 week
2. 2 weeks
3. 4 weeks
4. Calendar month
5. 6 months
6. Year
7. Other (SPECIFY)

R3

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

// Multicode (MC) // Showcard A2

- ~~1.~~ A Rates
2. B Heating bills
3. C Other utility bills
4. D Other (SPECIFY)
5. None of the above
6. Don't know (SPONTANEOUS ONLY)

Housing Benefit

Ask if HB = 1. If HB = 2 or 3, GO TO A1

LHA1

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

Ask if HB=1 // Record exact amount

£

1. Don't know
2. Refused

LHA2

For what period does this cover?

// SC

1. 1 week
2. 2 weeks
3. 4 weeks
4. Calendar month
5. 6 months
6. Year
7. Other (SPECIFY)

LHA3

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

// SC

1. All of the rent
2. Some of the rent
3. Don't know

ARREARS (A)

A1

Taking your answer from this card, how easy or difficult is it to afford the amount of rent that you pay? [That is, the amount you have to pay after Housing Benefit?]

Ask all // SC // Showcard B

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult
6. Don't know / No opinion (DO NOT PROMPT)

A2

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

// SC

1. Up to date – **GO TO SF1**
2. In arrears – **GO TO A3**
3. Don't know – **GO TO SF1**
4. Refused – **GO TO SF1**

A3

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

Ask if A2=2 // SC

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

A4

How long have you been in arrears at this accommodation? Please tell me in years and in months – so, for example, 2 years would be 2 years and 0 months.

// SC

ENTER YEARS AND MONTHS

1. Don't know
2. Refused

A5

By how much are you currently in arrears at this accommodation?

// Record exact amount

£

1. Don't know
2. Refused

A6

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

// SC // Do not read out (unprompted)

1. Loss of income due to redundancy
2. Loss of income due to sickness or disability
3. Loss of income due to relationship breakdown

4. Loss of income due to other reasons (excl reduction in HB)
5. Low income
6. Unexpected expenses
7. Over-committed financially
8. Spent the money on something else
9. Increase in rent since moved into property
10. Rent has always been too high
11. Housing Benefit was reduced
12. Housing Benefit was less than had anticipated
13. Problems with HB administration
14. Depression
15. Mental health problems
16. Drug or alcohol addiction
17. Some other reason (SPECIFY)
18. Don't know (DO NOT PROMPT)

A7

From the possible responses on this card, in which ways, if any, has your landlord (or their agent) responded to your rent arrears? Please just read out the letter.

// SC // Showcard C

1. A Refused to renew the tenancy
2. B Agreed to lower the rent
3. C Asked you to pay back the arrears immediately
4. D Asked you to pay back the arrears gradually over time
5. E Verbally asked you to leave
6. F Served or threatened to serve you with a written notice to quit
7. G Asked to have Housing Benefit paid directly to them
8. H Changed payment methods e.g. arranged direct debit payment
9. I Other (specify) (DO NOT PROMPT)
10. Nothing/none of these

A8

And how easy or difficult would it be to pay back the arrears?

// SC //

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult
6. Don't know

Shortfalls (SF)

ASK IF HB1=1 and LHA3=2. OTHERS GO TO FC1

SF1

You mentioned earlier that the Housing Benefit you receive covers some, but not all, of your rent. Looking at this card, which of these, if any, have you (or your partner) done in the past

12 months to make up the shortfall between your Housing Benefit and rent? Please just read out the letters.

ASK IF HB1=1 and LHA3 = 2 // MC // Do not read out // Showcard F

1. A Spoken to the Housing Executive or other organisation for Housing Benefit advice
2. B Looked at lower rent properties in the private market
3. C Registered on the common Housing Executive / Housing Association waiting list
4. D Applied to the Housing Executive for a discretionary or temporary Housing Benefit payment
5. E Spoken to my landlord about lowering the amount of rent charged
6. F Other (specify)
7. None of these
8. Don't know (DO NOT PROMPT)

SF2

And looking at this different card, which of these, if any, have you (or your partner) done in the past 12 months to make up the shortfall between your Housing Benefit and rent? Please just read out the letters.

// MC // Do not read out // Showcard E

1. A Increased the number of hours worked at current job
2. B Looked for a job
3. C Looked for a better paid job
4. D Looked for an additional (i.e. second or third) job
5. E Used savings
6. F Borrowed money from friends / family
7. G Borrowed money via a loan / credit card
8. H Moved home
9. I Spent less on household essentials (e.g. food, heating)
10. J Spent less on non-essentials (e.g. going out, holidays)
11. K Used income from other benefits
12. L Other (specify)
13. None of these
14. Don't know (DO NOT PROMPT)
15. Refused

SF3

You said that you had looked at lower rent properties in the private market. Did you look only in your local area, only in non-local areas, or in both the local area *and* non-local areas?

Ask if SF1=2 //SC

1. Only in the local area
2. Only in non-local areas
3. In both the local and non-local areas
4. Don't know/can't remember

SF4

And were those non-local areas within the same council area as the one you are [were] or were they in other council areas?

// SC

1. Only within the same council local area
2. Only in other council areas
3. In both the same and other council areas
4. Don't know/can't remember

SF5

You said that you had looked at lower rent properties only in the local area, but not in non-local areas. Can you tell me why you did not look at non-local areas?

INTERVIEWER: PROBE "*WHAT ELSE?*"

Ask if code 1 at SF3 // MC // Do not read out

1. Prefer local area/like living here
2. Always lived here
3. Is a good/friendly neighbourhood
4. Want to remain close to family
5. Want to remain close to friends
6. Want to remain close to schools/good schools
7. Want to remain close to services – GP, hospital etc.
8. More expensive/higher cost of living in other areas
9. Worse quality property in other areas
10. Would be too far away from current job/place of work
11. Worse job opportunities in other areas
12. Other (SPECIFY)
13. Would consider looking at other non-local areas
14. None of these
15. Don't know

SF6

Can I just check, are you receiving a discretionary or temporary housing payment in addition to your Housing Benefit?

Ask if HB1=1 // SC //

1. Yes
2. No
3. Don't know

Financial Capability (FC)

Ask all

FC1

Thinking about the past 12 months, how often have you (and your partner) run out of money before the end of the week or month?

If necessary add: Please include any times when you have run out of money and had to use your credit card, an overdraft or borrow to get by.

Ask all // SC // SHOWCARD – NEW SHOWCARD NEEDED

1. Very often
2. Fairly often
3. Sometimes
4. Hardly ever
5. Never
6. Don't know

FC2

Taking everything into account, how well or poorly are you (and your partner) managing financially these days?

// SC// SHOWCARD – NEW SHOWCARD NEEDED

1. Very well
2. Fairly well
3. Neither well nor poorly
4. Fairly poorly
5. Very well
6. Don't know

FC3

I am now going to read out some things that other people have said about managing money. Thinking about yourself, please tell me how strongly you agree or disagree with the statements.

// SHOW CARD – NEW SHOWCARD NEEDED

“I am impulsive and tend to buy things even when I can't really afford them.”

“I am more of a saver than a spender.”

“I prefer to buy things on credit rather than wait and save up.”

“I am very organised when it comes to managing my money day to day.”

“I am never late at paying my bills.”

1. Agree strongly
2. Tend to agree
3. Tend to disagree
4. Disagree strongly
5. Don't know

Household Characteristics (HC)

HC1

Thinking back to when we last spoke to you in [DATE], have there been any of the following changes in your personal or household circumstances?

Ask all // MC // Do not read out

INTERVIEWER: PROMPT IF NECESSARY “FOR EXAMPLE, ADDITIONS OR LOSSES TO YOUR HOUSEHOLD”

1. Partner (or spouse) left the home
2. Partner (or spouse) moved into the home
3. Birth or adoption of a child
4. Children or stepchildren moved into the home
5. Children or stepchildren left the home
6. Adults (other than your partner or spouse) left the home
7. Adults (other than your partner or spouse) moved into the home
8. Death of a household member (dependent)
9. Death of a household member (partner or spouse)
10. Death of a household member (other household member)
11. Other (specify)
12. No significant household changes
13. Refused
14. Don't know

INTERVIEWER READ OUT: Now I'd like to ask you about each of the people in your household. By household I mean the people living here who share a living/sitting room or share at least one meal a day. As with the rest of the questionnaire, I would like to assure you that your answers are completely confidential.

Starting with yourself...

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

	Name	Age (if exact age not known then banded)	Work status	State benefits or allowances
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

HC2

What was your/ (NAME)'s age last birthday?

Ask all // SC for each person // Record exact age and code by band. If exact age not know, record age band only // Showcard I

1. 0-4
2. 5-9
3. 10-15
4. 16-24
5. 25-34
6. 35-44
7. 45-54
8. 55-59
9. 60-64
10. 65+
11. Don't know
12. Refused

HC3

Which statement on this card applies best to each person aged 16 or over in the household?

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

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

1. A Working full-time (30 hours a week or more)
2. B Working part-time (16-29 hours a week)
3. C Working part-time (Less than 16 hours a week)
4. D On a government training scheme/apprenticeship
5. E Unemployed
6. F At home/not seeking work
7. G Long term sick or disabled
8. H Full-time carer
9. I Full-time education
10. J Fully retired
11. Other
12. Refused
13. Don't know

HC4

Still thinking about each person aged 16 or over, can I just check are you/they receiving any of these state benefits or allowances? Your answers are completely confidential. Please just read out the letters that apply.

Ask all // Showcard K // MC for each person

Yes:

1. A Income support

2. B Job Seekers Allowance (formerly unemployment benefit or Income Support for unemployed people)
3. C State Retirement Pension
4. D Incapacity Benefit or Severe Disablement Allowance
5. E Employment and Support Allowance
6. F Some other benefit for people with disabilities (e.g. Industrial Injuries Benefit)
7. G Working Tax Credit
8. H Child Tax Credit
9. I Child Benefit
10. J ~~Council Tax Benefit~~
11. K Free school meals
12. L Pension Credit (previously Minimum Income Guarantee)
13. M Carer's allowance (formerly Invalid Care Allowance)
14. N Disability living allowance (mobility or care components)
15. O Attendance allowance
16. P Some other state benefit (PLEASE SPECIFY)
17. No, none of these
18. Refused
19. Don't know

HC5

Do you or does anyone in your household have any long-term illness, health problems or disability which limits your/ their daily activities or the work you/ they can do, including any problems which are due to old age?

Ask all // SC

1. Yes
2. No
3. Don't know

HC6

Can I just check, are you, or anyone in this household, currently registered on a Housing waiting list?

Ask all // SC

1. Yes
2. No

HC7

If you are a single person household, can I just check, are you living in self-contained accommodation on your own or sharing the accommodation with other people?

SC //

1. Lives on own in self-contained accommodation
2. Shares accommodation with other people
3. Don't know
4. Not a single person household

Re-contact Questions (RQ)

RQ1

To help improve public services we would like to be able to add information from your housing benefit claim to this survey. If you give your consent, Ipsos MORI will receive this information from DSD.

Ipsos MORI will keep this information and your responses to the survey completely confidential. They will be used for research purposes only and the benefits you receive will not be affected in any way. Once the research analysis has been completed, the data will be fully anonymised.

Are you happy for Ipsos MORI to receive information about your claim from DWP and to add this to your responses to this survey?

Ask all // SC

1. Yes
2. No

RQ2

The Department for Social Development together with its chosen research contractor may want to do further research next year about the issues we have discussed today. Would you be happy to be contacted again as part of this research?

Ask all // SC

1. Yes
2. No

IF YES - contact details to be recorded:

- name
- address
- telephone number
- mobile number; and
- email address (to be entered twice to validate)



Appendix 3: The Landlord Survey Questionnaire

Survey of Private Landlords

REF NO: XXXXX

Thank you for taking part in our previous Private Landlord Survey in 2012. We appreciate the excellent response we had from Landlords to the last survey and we would really like to hear your views again and see whether things have changed over the past year.

Your views count.

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

- own or manage rental properties within the district of [XXX]
- are a landlord or letting/managing agent with only one or a few rental properties
- are a landlord or letting/managing agent with a large rental portfolio
- whether or not you have tenants receiving HB or LHA
- if you were a landlord last time we contacted you but are no longer a landlord

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

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

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

Ease of completion. The questionnaire is shorter this time and it should only take about 15 minutes to fill in. Most of the questions require you to put a cross in a box or are multiple choice. Please keep your cross within the box outline. **If there are any questions that do not apply to you, please leave the response to that question blank and go on to the next one.** You will also have an opportunity to let us know if there is anything else you would like to tell us at the end of the survey.



Please return in the enclosed FREEPOST envelope

OR



You can complete this questionnaire ONLINE at www.XXXXXXXXXX

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

Yours sincerely,

Ian Wilson, Research Fellow



LANDLORDS AND PORTFOLIO

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

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

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

- | | | |
|--|--------------------------|-------------------------|
| I am a landlord | <input type="checkbox"/> | Continue to Question A2 |
| I am both a landlord and letting/managing agent for others | <input type="checkbox"/> | Continue to Question A2 |
| I am a letting/managing agent | <input type="checkbox"/> | Go to Question A5 |
| I am not currently a landlord or letting agent | <input type="checkbox"/> | Go to Question E8 |

A2 Would you describe yourself as a part-time or a full-time landlord?

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

Full-time landlord

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

Part-time landlord

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

A3 How long have you been a landlord for?

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

- | | |
|---|--------------------------|
| Less than 1 year | <input type="checkbox"/> |
| For at least 1 year but less than 2 years | <input type="checkbox"/> |
| For at least 2 years but less than 5 years | <input type="checkbox"/> |
| For at least 5 years but less than 10 years | <input type="checkbox"/> |
| For 10 years or more | <input type="checkbox"/> |

Don't know/not sure

A4 Are you a buy-to-let landlord?

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

Yes

No

Don't know/not sure

A5 Are you a member of a landlords association?

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

Yes

No

Don't know/not sure

A6 In total, how many dwellings do you let?

A dwelling is a self-contained unit of accommodation (normally a house or flat) where all the rooms and amenities (i.e. kitchen, bath/shower room and WC) are for the exclusive use of the household(s) occupying them. For the most part a dwelling will be occupied by one household. However, it may contain none (vacant dwelling) or may contain more than one (House in Multiple occupation or HMO).

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

Dwellings in Northern Ireland

Dwellings in Great Britain

REMOVE?

TOTAL

A7 How many of these dwellings are within [XXX]?

*Please write in the **number** of dwellings
(estimate if you do not know exactly or put 0 if none)*

A8 And how many of these dwellings within [XXX] are let to HB/LHA tenants?

Please write in the **number** of dwellings
(estimate if you do not know exactly or put 0 if none)

A8a Do you have any dwellings you let in the Republic of Ireland?

Dwellings in Republic of Ireland

*Our study is specifically to do with the rental market within [XXX]. The questions refer to **just the properties that you have specified in question A7 which are within [XXX].***

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

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

Increased

Continue to A10

Decreased

Go to Question A11

Stayed the same

Go to Question A12

Don't know/Not sure

Go to Question A12

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

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

Wanted to invest more of my assets in the rental market

Wanted to increase lettings in this locality/local authority

Wanted to maximise my rental income

Changes in Housing Benefit/Local Housing Allowance rules

Availability of cheaper properties to buy

Tenants moving here to find cheaper areas/properties

Rental market strong

Rental yields increasing

Other (please specify in box below)

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

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

I wanted to liquidate some of my assets

Couldn't cover my outgoings on properties

Wanted to increase lettings in another locality/local authority

Too much hassle with rent arrears

Changes in Housing Benefit/Local Housing Allowance rules

Tenants moving elsewhere to find cheaper areas/properties

Finding it difficult to get tenants that can cover the rent

Rental market weak

Rental yields decreasing

Too much bureaucracy/regulations/associated costs for landlords

Other (please specify in box below)

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

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

Increase

Decrease

Stay the same

Don't know/Not sure

B

THE LOCAL RENTAL MARKET

The next question is about the conditions in the local rental market within [XXX]. We are interested in hearing from landlords/letting/managing agents who do or do not have tenants who receive HB/LHA and from landlords with only one or two properties.

B1 In your experience, has the rental market in [XXX] (for all types of tenants) changed noticeably since April 2011 for each of the following factors?

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

	Increased	Decreased	Stayed the same	Not an issue/ Don't know
Tenants in rent arrears	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Number of evictions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Current tenants requesting rent reductions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Prospective tenants asking for rent lower than	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Negotiated lower rent with tenant(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tenants moved as they could no longer afford rent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-renewal of tenancies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand for large properties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Demand for shared accommodation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rental yields	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rent prices in the area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Voids	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



LETTING STRATEGY

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

C1 Thinking of the properties you let within **[XXX]** which of the following types of tenant do you let to?

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

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

C2 Thinking of the properties you let within **[XXX]** which of the following types of household do you let to?

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

- | | |
|--------------------------|--------------------------|
| Single people under 25 | <input type="checkbox"/> |
| Single people aged 25-34 | <input type="checkbox"/> |
| Single people aged 35+ | <input type="checkbox"/> |
| Childless couples | <input type="checkbox"/> |
| Couples with children | <input type="checkbox"/> |
| Lone parents | <input type="checkbox"/> |
| Elderly people | <input type="checkbox"/> |
| Other | <input type="checkbox"/> |

C3 Do you let any shared accommodation?

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

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

C4 Has the demand for shared accommodation changed in [XXX] since January 2012?

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

- Increased
- Decreased
- Stayed the same
- Don't know/not sure

C5 In general, when letting accommodation, do you prefer to let to tenants who are on Housing Benefit/Local Housing Allowance or to those who are not?

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

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

C6 Do you *currently* let to any tenants in [XXX] who claim Housing Benefit/Local Housing Allowance?

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

- Yes Go to Question C8
- No Continue to Question C7
- Don't know/not sure Continue to Question C7

C7 Would you *consider* letting to tenants who are in receipt of Housing Benefit /Local Housing Allowance in this area in the future?

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

- | | | |
|---------------------|--------------------------|-------------------|
| Yes | <input type="checkbox"/> | Go to Question D1 |
| No | <input type="checkbox"/> | Go to Question D1 |
| Don't know/not sure | <input type="checkbox"/> | Go to Question D1 |

C8 Approximately, what proportion of your stock in [XXX] is *currently* let to tenants who claim Housing Benefit/Local Housing Allowance?

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

- | | |
|---------------------------------|--------------------------|
| Less than 10% | <input type="checkbox"/> |
| At least 10% but less than 20% | <input type="checkbox"/> |
| At least 20% but less than 50% | <input type="checkbox"/> |
| At least 50% but less than 75% | <input type="checkbox"/> |
| At least 75% but less than 100% | <input type="checkbox"/> |
| 100% | <input type="checkbox"/> |
| Don't know/not sure | <input type="checkbox"/> |

C9 Do you intend to *continue* to let to tenants who claim Housing Benefit/Local Housing Allowance in [XXX] in the next 12 months?

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

- | | | |
|---------------------|--------------------------|--------------------------|
| Yes | <input type="checkbox"/> | Continue to Question C10 |
| No | <input type="checkbox"/> | Go to Question C12 |
| Don't know/not sure | <input type="checkbox"/> | Go to Question C13 |

C10 Approximately, what proportion of your lettings in [XXX] do you think you will *continue* to let to tenants who claim Housing Benefit/Local Housing Allowance?

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

- | | |
|---------------------------------|--------------------------|
| Less than 10% | <input type="checkbox"/> |
| At least 10% but less than 20% | <input type="checkbox"/> |
| At least 20% but less than 50% | <input type="checkbox"/> |
| At least 50% but less than 75% | <input type="checkbox"/> |
| At least 75% but less than 100% | <input type="checkbox"/> |
| 100% | <input type="checkbox"/> |

Don't know/not sure

C11 Which of these reasons have contributed to your intention *to continue* letting to tenants who claim Housing Benefit/Local Housing Allowance in this area over the next 12 months?

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

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

Now go to question C13

C12 Which of these reasons have contributed to your intention *not to continue* letting to tenants who claim Housing Benefit/Local Housing Allowance in this area over the next 12 months?

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

- Requests to re-negotiate rents
- Reduction in rent yields for HB/LHA tenants
- Too much hassle with rent arrears
- HB/LHA tenants moving elsewhere to find cheaper areas/properties
- Find it difficult to get HB/LHA tenants that can cover the rent
- Changes in Housing Benefit/Local Housing Allowance rules
- Does not stack up financially
- Prefer not to let to HB/LHA tenants
- I have an alternative supply of tenants
- Don't know/not sure/no particular reason
- Other *(please specify in box below)*

C13 Do you currently receive direct payments for any of your Housing Benefit/Local Housing Allowance tenants in this area?

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

- Yes, for all of them
- Yes, for the majority of them
- Yes, for some of them
- No, do not receive direct payments
- Don't know/not sure

C14 Do you currently receive direct payments for any of your HB/LHA tenants in this area due to any of the following reasons?

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

Tenants with rent arrears

I reduced the rent in return for direct payments

Other *(please specify in box below)*

C15 If a tenant could no longer afford the rent following changes to HB/LHA would you agree to lower the rent to a level the tenant could afford if the LHA was paid directly to you rather than the tenant?

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

Yes, I have done this already

Yes, I would consider it in the future

No, I am not willing to do this

Don't know/not sure

D RENT ARREARS, TENANCY RENEWALS AND EVICTIONS

The next set of questions are about tenants with rent arrears, renewals of tenancies and evictions with regards to your lettings in [XXX]. The questions are about tenants you may have who are not on HB/LHA as well as those you may have who are on HB/LHA.

Questions D1-D5 are specifically about any tenants you might have in [XXX] who do not receive HB/LHA

D1 How many non-HB/LHA tenants do you have in [XXX]?

Please write in the **number** of non HB/LHA tenants
(estimate if you do not know exactly or put 0 if none)

D2 Are you aware of any of your tenants who do not receive HB/LHA in [XXX] currently being in rent arrears?

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

Yes

Continue to Question D3

No

Go to Question D4

Don't know/not sure

Go to Question D4

I currently have not got any non HB/LHA tenants

Go to Question D6

D3 How many of your non-HB/LHA tenants are currently in rent arrears?

Please write in the **number** of non HB/LHA tenants in arrears
(estimate if you do not know exactly or put 0 if none)

D4 Has the number of non HB/LHA tenants in rent arrears changed in [XXX] since April 2011?

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

Increased

Decreased

Stayed the same

Don't know/not sure

D5 Have you taken action to evict, not renew or end tenancies of any of your non HB/LHA tenants since April 2011?

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

Yes

No

Don't know/not sure

Questions D6-D13 are specifically about any tenants you might have in [XXX] who do receive HB/LHA

D6 How many HB/LHA tenants do you have in [XXX]?

*Please write in the **number** of HB/LHA tenants
(estimate if you do not know exactly or put 0 if none)*

D7 Are you aware of any of your HB/LHA tenants in [XXX] currently being in rent arrears?

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

Yes

Continue to Question D8

No

Go to Question D10

Don't know/not sure

Go to Question D10

I currently have not got any HB/LHA tenants

Go to Question D11

D8 How many of your HB/LHA tenants are currently in rent arrears?

*Please write in the **number** of HB/LHA tenants in arrears
(estimate if you do not know exactly or put 0 if none)*

D9 Are you aware of any of your HB/LHA tenants currently being in rent arrears because they can no longer afford the rent due to any of the following reasons:

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

The tenant or their partner have lost their job

A change in their household circumstances (e.g. divorce, separation)

The HB/LHA reforms introduced since April 2011

The tenant could not afford a rent increase

The tenant didn't specify reason for arrears

Other (please specify)

D10 Has the number of HB/LHA tenants that you let to who are in rent arrears changed in [XXX] since April 2011?

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

Increased

Decreased

Stayed the same

Don't know/not sure

D11 Have you taken action to evict, not renew or end tenancies of any of your HB/LHA tenants since April 2011?

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

Yes *Continue to D12*

No *Go to Question E1*

Don't know/not sure *Go to Question E1*

I have not got any HB/LHA tenants *Go to Question E1*

D12 Have you taken action to evict, not renew or end tenancies of any of your HB/LHA tenants since April 2011 due to any of the following reasons:

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

- The tenant was unable to afford the current rent
- The tenant was unable to afford a rent increase
- The tenant was in rent arrears
- The tenant's rent arrears had increased
- A difficult tenant
- Damage to the property
- Decided not to rent the property to anyone any more
- Decided not to rent the property to HB/LHA tenants any more
- Decided to sell the property
- Other (please specify)

D13 Have you taken action to evict, not renew or end tenancies of any of your HB/LHA tenants specifically because they can no longer afford their rent because of the HB/LHA reforms introduced in April 2011?

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

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

E

LOCAL HOUSING ALLOWANCE

The next section is about Local Housing Allowance (LHA). We are interested in hearing views from landlords and letting/managing agents who currently do or do not have tenants who receive HB/LHA. **E1 Thinking of your lettings located within [XXX], have any of the HB/LHA reforms introduced in April 2011 affected you so far?**

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

- | | | |
|--------------------|--------------------------|-------------------------|
| Yes, a lot | <input type="checkbox"/> | Continue to Question E2 |
| Yes, a fair amount | <input type="checkbox"/> | Continue to Question E2 |
| Not very much | <input type="checkbox"/> | Continue to Question E2 |
| Not at all | <input type="checkbox"/> | Go to Question E3 |
| Don't know | <input type="checkbox"/> | Go to Question E3 |

(please see Question E2 overleaf for a list of the reforms)

E2 Which specific elements of the HB/LHA reforms have affected you so far?

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

- | | |
|--|--------------------------|
| 5-bedroom LHA rate abolished | <input type="checkbox"/> |
| Capping maximum weekly LHA rates by property size (i.e. number of bedrooms) | <input type="checkbox"/> |
| Setting LHA rates on the 30 th percentile of rents in an area as opposed to the median | <input type="checkbox"/> |
| Removing the £15 weekly excess payment available to some claimants | <input type="checkbox"/> |
| Increasing the age limit for the Shared Accommodation Rate for PRS tenants from 25 to 35 from January 2012 | <input type="checkbox"/> |
| Freezing LHA rate since April 2012 | <input type="checkbox"/> |
| Restricting future LHA rate increases to increases in the Consumer Price Index (CPI) | <input type="checkbox"/> |
| Increasing the rate of non-dependant deductions | <input type="checkbox"/> |
| Don't know/Not sure | <input type="checkbox"/> |

E3 Do you think that the current HB/LHA reforms introduced in April 2011 have already affected your role as a landlord/letting/managing agent in [XXX] in any of the following ways?

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

	Increased	Decreased	Stayed the same	Don't know/	Not sure
Tenants with HB/LHA direct payments to landlord	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Current tenants requesting rent reductions/renegotiate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Prospective tenants asking for rent lower than	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Negotiated lower rent with tenant(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tenants moved as they could no longer afford rent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Action to evict tenants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Not renewing tenancies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rent arrears	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rental yields	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rental voids	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

E4 Thinking of your rental properties located within [XXX], have you changed your letting strategy since April 2011?

(please put a cross in one box only)

- Yes *Continue to Question E5*
- No *Go to Question E7*
- Don't know/not sure *Go to Question E7*

E5 Have you changed your letting strategy in [XXX] since April 2011 specifically because of the reforms to the HB/LHA system?

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

Yes

Continue to Question E6

No

Go to Question E7

Don't know/not sure

Go to Question E7

E6 Have you *made* any of the following changes to your rental business in [XXX] specifically because of the changes to HB/LHA rules introduced since April 2011?

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

Expanded my rental business

Reduced the number of properties I rent

Negotiated a lower rent with a current tenant

Negotiated a lower rent with a prospective tenant

I have expanded the number of shared accommodation I let

Not renewing tenancies for some HB/LHA tenants

I no longer let to under 35 year olds

I no longer let 5 bedroom properties

I no longer let to HB/LHA tenants

Selling up/exiting rental market entirely

Other *(please specify in box below)*

E7 Do you plan to make any of the following/additional changes in the next 12 months specifically because of the changes to HB/LHA rules introduced since April 2011?

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

	Not consider	Considered	Plan to	Don't know/	Not an issue
Expand my lettings in this local authority	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduce my lettings in this local authority	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Negotiating a lower rent with a current tenant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Negotiating a lower rent with a prospective tenant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Expand the number of shared accommodation I let	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Not renewing tenancies for some HB/LHA tenants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cease letting to under 35 year olds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cease letting 5 bedroom properties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cease letting to HB/LHA tenants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Selling up/exiting rental market entirely	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

THANK YOU VERY MUCH FOR YOUR PATIENCE IN FILLING IN THIS SURVEY.

PLEASE USE THE FOLLOWING PAGE TO ADD ANY FURTHER COMMENT YOU HAVE ON THE IMPACTS OF THE LHA REFORMS ON YOU AND YOUR RENTAL BUSINESS

PLEASE ALSO FILL IN YOUR DETAILS ON THE FINAL PAGE TO TAKE PART IN THE PRIZE DRAW

E8 Please write in the box below any further views you have on the impacts of the reforms to HB/LHA introduced in April 2011 to you and your rental business.

If you are no longer a landlord please also give the three key reasons you are no longer a landlord

Thank you for taking part in this survey

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

We may conduct another survey next year to see how the reform of the HB/LHA system have affected landlords over time. We may send you another questionnaire at that time but you are under no obligation to take part again if you do not wish to do so.

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

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

YES

NO

If yes please provide contact details below:

Name:.....

Address:

Phone number:.....

Mobile:

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

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

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

YES

NO

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

SAME AS
ABOVE

Name:.....

Address:

Phone number:.....

Mobile:

Appendix 4: Note on Research Methods

Overview of the face-to-face claimants' survey

During the Stage 1 survey of claimants in Northern Ireland, a total of 254 successful interviews were conducted with Local Housing Allowance (LHA) claimants between February and March 2012. Interviews were conducted across 3 case study areas – West Belfast, Shankill and Armagh – with at least 80 interviews being conducted in each area.

The aim of the follow-up survey was to try and ascertain participants' experience of the changes to the LHA. As had been done in Britain, a face-to-face, in-home methodology was employed. The methodology was kept consistent with that of the Stage 1 survey to maximise the comparability of the data - and therefore the ability to detect change since the stage 1 ('baseline') survey the previous year.

The sample for follow-up survey was based on all tenants who had taken part in the Stage 1 survey and had consented to being re-contacted for future research on this topic.

In total, a sample of 233 tenants had agreed to be re-contacted for the follow-up survey. In order to ensure the maximum possible response, a 'keeping in touch' exercise took place in January 2013. This exercise consisted of a 'newsletter' that was emailed or posted to all 233 tenants, depending on the details held. This thanked claimants for their participation in Stage 1, advised them as to where they could find the Stage 1 report, reminded them that they had agreed to be re-contacted and asked them to let us know if any of their details had changed (or were expected to change before fieldwork began). Following the end of the panel maintenance exercise, details of 232 claimants were issued to Ipsos MORI interviewers.

Interviewers were provided with a contact sheet for each claimant, doorstep introduction, hard copy and CAPI (Computer Assisted Personal Interviewing) versions of the questionnaire and showcards. Interviewers were also supplied with local authority contact details for the case study area in which they were working in case a respondent requested information about the changes, or had concerns, which interviewers were unable to answer.

Ipsos MORI interviewers were briefed by a combination of written instructions and telephone conference-call briefings. A key point was that only the same tenant as who took part in the Stage 1 survey was interviewed. Interviews were encouraged to make use of telephone numbers provided by tenants at Stage 1 to call ahead of visiting the address. In addition, interviewers were required to make a minimum of 4 visits to each address issued (including 1 in the evening and 1 at the weekend). If tenants had moved, then interviewers were asked to obtain, where possible, the new address. Within reason, interviewers were then asked to visit the new address and attempt to conduct an interview.

In an attempt to aid response rates and maximise the productivity of the remaining sample, a £20 incentive (conditional on taking part in an interview) was offered to every tenant taking part in the follow-up survey (issued in the form of a B&Q voucher).

A total of 174 interviews were achieved, distributed across the three case study areas as shown in Table 4.1. This represents an unadjusted response rate of 75 per cent of the eligible sample of 233 tenants who agreed to be re-contacted and 69 per cent of the total number of tenants interviewed in the baseline survey.

Table A4.1: Achieved interviews by case study area

Case study area	Number	Per cent
West Belfast	58	45
Greater Shankill	52	26
Armagh	64	30
<i>Base: All tenants</i>	<i>174</i>	<i>100</i>

Note: all sample percentages in the report are based on weighted data; absolute numbers are unweighted.

The interview data was captured using CAPI (Computer Assisted Personal Interviewing). This allowed for accurate routing of questions and the questionnaire script included a number of logic checks. CAPI also reduced the need for manual data entry of returned questionnaires and, thus, improved accuracy.

The data was checked and cleaned and entered into an SPSS datafile. Data was weighted following editing. As with Stage 1, the weighting scheme was devised to reflect the principal research objective to generate statistical measurements in three purposively selected areas as distinct from undertaking a Northern Ireland-wide survey of claimants. The weighting scheme accounted for age group, household type (single or multi-person) and claimant type (New or Existing¹⁰). The weighting variable

¹⁰ As detailed in the technical note for Stage 1 - at the time of sampling for Stage 1, 'new' claimants had already moved on to the new rules relating to Local Housing Allowance (LHA) and Housing Benefit (HB) in the private rented sector in the United Kingdom i.e. their previous claim elapsed *after* 1 April 2011 or they had claimed for the first time after this date. 'Existing' claimants had not yet moved on to the new rules.

does not account for the variation in these variables within the three areas (West Belfast, Shankill and Armagh) - but does take into account the overall spread of achieved interviews across these three areas, matching this back to the achieved, weighted, profile from Stage 1.

A sample, and not the entire population of claimants across the three areas, has been interviewed. As a result, all results are subject to sampling tolerances (referred to as confidence levels or 'margins of error'). The variation between the sample results and the "true" values can be predicted from knowledge of the sample sizes on which the results are based and the number of times that a particular answer is given. The confidence with which we can make this prediction is usually chosen to be 95%, that is, the chances are 95 in 100 that the "true" values will fall within a specified range.

Sampling tolerances also mean that not all differences between sub-samples – for example between claimants in the individual study areas and elsewhere – are statistically significant.

The variation between the sample results and the 'true' values (the findings which would be obtained if everyone in the county had taken part in the study) can be predicted from knowledge of the sample sizes on which the results are based and the number of times that a particular answer is given. The confidence with which we can make this prediction is usually chosen to be 95%, that is, the chances are 95 in 100 that the 'true' values will fall within a specified range.

Table 4.2 below illustrates the predicted ranges for different percentage results at the "95% confidence interval": assuming a normal distribution.

Table A4.2: Sampling tolerances

Approximate sampling tolerances¹¹ to percentages at or near these levels			
	10% or 90%	30% or 70%	50%
	±	±	±
173 interviews (all claimants)	4.5	6.8	7.5
52 interviews (Shankill) vs 64 (Armagh)	11.1	16.9	18.5

¹¹ The calculation of these figures assumes a pure random sample. As the sampling approach employed on the survey was not purely random, these figures are indicative only.

The tolerances usually quoted for surveys assume a pure random sample with no stratification or clustering and no weighting. In fact, the imposition of weighting had

limited impact on the data and the design effect¹² according to our analysis of some key variables but, as with any weighting, its imposition widened confidence intervals.

Finally, throughout this report, where percentages do not sum 100 this may be due to computer rounding, the exclusion of ‘don’t know’ categories, or multiple response answers. An asterisk (*) denotes any value less than half a per cent but greater than zero. Note that the absolute numbers in the report are unweighted and the percentages are based on the weighted data.

Methodology for the Private Landlord Survey

During wave one of the research a postal survey of private landlords and letting or managing agents with LHA tenants was carried out in three areas between February and March 2012. The three areas covered were West Belfast, Shankill and Armagh. A total of 422 completed questionnaires were returned in the first wave of the survey.

The second wave of this longitudinal postal survey of private landlords and letting or managing agents was carried out between February to March 2013. All landlords who had returned a completed questionnaire in the first wave of the survey were asked to take part in the survey again. Some minor amendments and additions were made to the questionnaire, but the methodology was kept as consistent as possible with that of the wave one survey to maximise the comparability of the data - and therefore the ability to detect change since wave one the previous year.

The aim of the survey was to gauge **attitudes and perceptions of landlords** in relation to the changes being made to the Local Housing Allowance (LHA) system and whether these attitudes had changed over the past year. Landlords were asked about whether they felt that the changes had affected them so far, whether they had altered their letting strategy specifically because of the changes underway and their intentions with regard to their lettings portfolio in the future.

The new rules for LHA had been in force for new tenants since April 2011 - a period of 22 months - by the time the follow-up survey was conducted. All claimants of HB under the LHA system would have been subject to the new LHA rules at the time of the survey. This contrasted with the first wave of the survey, when the nine-month transitional period was still in force for many existing tenants.

A wide range of small and large landlords, letting or managing agents with lettings within the three case study areas were sent questionnaires. In total 187 respondents completed a questionnaire. Of these **167 respondents** had LHA tenants at both wave one and wave two of the survey and they have been included in the analysis presented here. Questions about LHA were asked specifically in relation to lettings held within the relevant case study areas. The data for responses from LHA landlords have been weighted to reflect the distribution of LHA caseload across the three case study areas.

¹² When a survey is stratified (i.e. the target population is split up into sub-groups and each is sampled separately as in the survey of claimants), clustered or where weighting is used, this can affect the statistical margin of error. This difference between the margin of error for a survey as designed and the margin of error in a pure random sample of the same size is called the "design effect".

Where relevant, data on the characteristics of the landlords who took part in a comparable survey in GB have been referred to. The landlord questionnaires were almost identical in the GB and NI studies.

Sampling frame and response rates

The original sampling frame in wave one was drawn directly from Housing Benefit records for all claimants within the three case study areas. All landlords for these claimants were contacted to take part in the survey. The size of the sampling frame available in wave two of the survey varied across the three case study areas reflecting area level response rates to the first wave of the survey and the geographic coverage of the areas which covers a larger caseload within West Belfast and Armagh than in the Greater Shankill area.

The overall response rate for the second wave of the survey from three mail outs was 43 per cent. The response rate varied across the three areas, ranging from 33 per cent in West Belfast to 46 per cent in Armagh and Greater Shankill (Table A4.3).

Table A4.3: Response rates for postal survey of landlords

	Total Sample	Ineligible or invalid cases	Valid Sample	Total Responded	Response rate
Armagh	251	19	232	107	46%
Greater Shankill	64	7	57	26	46%
West Belfast	107	5	102	34	33%
Total	422	31	391	167	43%

The questionnaire

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

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

A full copy of the questionnaire is provided in Appendix can be found at the end of this Appendix.

Data processing and weighting

The data have been weighted to take account of the uneven sample sizes available by area, and variation in response rates at the local level, to provide estimates which reflect the three case study areas as a whole and the known distribution of LHA claimants across them. The weighting reflects that areas with more LHA tenants also have more landlords as the rental market tends to be dominated by small landlords with ten or less properties. In practice the weighting made minimal difference to the percentages reported.

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

Confidence intervals

A sample, and not the entire population of landlords and letting agents across the three areas, was drawn for the survey. As a result, all results are subject to sampling tolerances (referred to as confidence levels or "margins of error"). The variation between the sample results and the "true" values can be predicted from knowledge of the sample sizes on which the results are based and the number of times that a particular answer is given. The confidence with which we can make this prediction is usually chosen to be 95%: that is, the chances are 95 in 100 that the "true" values will fall within a specified range. Sampling tolerances also mean that not all differences between sub-samples are statistically significant.

The analysis is based on a longitudinal panel of LHA landlords and therefore the second sample is not independent of the first. A McNemar statistical test has been employed to indicate whether the differences in the results for the panel over the two waves are statistically significant.

It is also worth remembering that this survey, like all surveys, deals with perceptions, recalled behaviour and anticipated behaviours at the time the survey was conducted and these may, or may not, necessarily reflect actual or future behaviour.