

Impact of COVID-19 (Coronavirus) on homelessness and the private rented sector: Generation Rent Response

Summary:

Generation Rent is the national voice of private renters. We campaign for safe, fair and secure rented housing. We have focused our response on the impact of COVID-19 (coronavirus) on the private rented sector. Despite the protection from eviction until late June 2020, renters who have contacted us are extremely concerned about loss of income and their ability to pay the rent. Our response draws on new polling of our supporters' experience of the crisis, as well as existing research conducted since the onset of the coronavirus pandemic.

I. Support provided by MHCLG

Initial evidence suggests patchy awareness of support introduced by MHCLG amongst private renters. Opinion polling conducted in April 2020 found just over half (56%) of renters were aware of the Government's commitment to increase the housing element of Universal Credit to cover the cheapest 30% of rents in an area. However, over 4 in 5 renters were aware that the filing of new eviction proceedings against tenants had been suspended for three months.

Our data suggests that the vast majority of tenants have not been faced with the immediate threat of eviction since March 26, suggesting the temporary ban is working at present. Only a small number of respondents had moved to a new house, suggesting MHCLG guidance on staying home and avoiding all but essential moves had been effectively communicated to renters, landlords and agents.

Tenants have struggled significantly since the outset of the crisis, with 6 in 10 losing income.¹ A quarter of renters are concerned about the effect this will have on their ability to pay rent in the next three months.² While the majority of households have suffered financial hardship as a result of this crisis, renters have fared far worse than homeowners. Research by Standard Life Foundation has found that those who rent are at greater risk of financial difficulty, with 64% of those in serious financial difficulty being renters compared with 31% of homeowners.³

Despite support provided by MHCLG and HM Treasury to those who have lost income through the Government's furlough scheme and an increased rate of LHA, initial figures suggest a significant proportion of rent owed to residential landlords in April 2020 was not paid. Figures collated by Remit Consulting suggest that just 44% of rent was collected on time.⁴ Research published by Citizens Advice this month found 2.6 million renters are behind or are expected to fall behind on rent payments.⁵

Evidence also suggests that those in insecure or poor-quality housing are more likely to contract coronavirus, which is disproportionately concentrated in the private rented sector. Analysis by the New Policy Institute suggests that the five most-crowded areas in the country have seen 70% more coronavirus cases than the five least-crowded. Deprived areas have suffered higher coronavirus deaths than affluent areas, with 55.1 deaths per 100,000 people, compared to 25.3.⁶ Health charity Medact

¹ Guardian / Opinion polling <https://www.theguardian.com/world/2020/apr/13/millions-having-to-choose-between-paying-landlord-or-eating-research-suggests-coronavirus>

² https://yougov.co.uk/topics/lifestyle/articles-reports/2020/04/20/covid-19-quarter-tenants-arent-confident-they-can-?utm_source=twitter

³ <https://www.standardlifefoundation.org.uk/news/latest-news/articles/financial-impact-tracker-april>

⁴ <https://www.remitconsulting.com/blog>

⁵ <https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/debt-and-money-policy-research/near-the-cliff-edge-how-to-protect-households-facing-debt-during-covid-19/>

⁶ <https://www.theguardian.com/world/2020/may/01/covid-19-deaths-twice-as-high-in-poorest-areas-in-england-and-wales>

argues there is a clear relationship in England at the local authority level between social deprivation, housing, and coronavirus, and expand on this in their submission to this Call for Evidence.

2. Immediate concerns

To better understand renters' immediate concerns, Generation Rent surveyed 1560 private and social renters on their experience of the coronavirus crisis so far. Our Covid19 Renter Survey took place between 22 and 30th April 2020. We asked respondents 12 questions, focusing on their housing tenure and circumstances, income and employment status, and housing standards. Two thirds of respondents (66%) were assured shorthold tenants, 20% were social tenants and the remaining respondents were private renters on pre-1997 tenancies, lodgers, licensees, or students in university owned accommodation. The majority of concerns were around ability to pay rent, evictions or moving home, and keeping safe at home. We have included responses from all respondents and just assured shorthold tenants in the analysis below. We encouraged all renters to take part, regardless of their situation, but are aware that an element of selection bias may be present; those with concerns may have been more likely to complete the survey.

Loss of income and arrears

We asked respondents if they were worried about their income and paying their rent, if they had asked their landlord for a rent reduction, and if they relied on benefits for some or all of their rent.

As a whole, 30% were very worried about paying rent, a further 32% were somewhat worried and 15% were already behind. Just 23% of respondents were unconcerned. Renters on Assured Shorthold Tenancies were slightly more likely to be worried about paying the rent than renters as a whole, with 33% somewhat worried, 33% very worried and 15% already behind on rent.

Among the 291 respondents who had lost all their income, 46% were very worried about not being able to pay rent in the next six months and 38% already were behind on rent payments. 575 respondents had lost some income - 17% were already behind on rent and 40% were very worried about not being able to pay. Among the rest who were either still on full pay or were not working before the pandemic, 13% were very worried and less than half were not worried at all. Some of those who are worried fear for their or their family members' jobs.

"My husband is self employed, we won't hear of any help until June but he has already been affected by his lack of work... I am currently £550 short for this month's rent and fear where next month's rent will come from."

"My rent is £200 more than my housing benefit. I have a very good landlady but unfortunately, my son who helps with the rent so I can live somewhere decent (I am 72 and living on state pension) has lost his job because of Coronavirus so he is no longer able to help."

My partner and I have lost 100% of our income due to covid-19. I am not eligible for any government support due to being self employed for less than a year, and I work in live entertainment which may not return "to normal" at any time this year. Our landlord agreed to reduced rent for 3 months but expects full rent to be paid back from June."

Around 27% of renters who have lost income are getting some or all of their rent paid through the benefits system. In comparison 17% of renters still on full income are receiving housing support.

Just 20% of renters who have lost all their income have applied for Universal Credit and are either still waiting, while 8% are ineligible. Nearly half (45%) have not applied for Universal Credit.

Two in five renters who have lost income have asked their landlord for a lower rent, and in just over half of cases the landlord has demanded full rent. In around a quarter of cases, the landlord has agreed

to a lower rent which must be paid back. For just 3% of renters with reduced incomes, the landlord has agreed a lower rent that they do not need to pay back.

More than a third of renters who have lost income (37%) “have not asked and probably won’t ask” for a lower rent. A quarter are still thinking about doing so - experiences of their fellow renters suggest that they should keep their expectations low.

Of renters who have lost all income and have not sought help from either their landlord or the benefits system (39 of 291), comments suggest a variety of reasons, including the respondents’ status as self-employed, a student, elderly or self-isolating as a vulnerable person.

Eviction

We asked respondents how worried they were about being evicted in the next 6 months (April - October 2020.) A quarter (25%) were very worried, a further third (33%) were somewhat worried with just 38% saying they were not at all worried. Among private renters, this was slightly higher, with 29% describing themselves as very worried about eviction, despite the Government’s moratorium. A small minority (2%) were already facing eviction, having been issued a notice prior to the ban, or issued a notice anyway.

Private renters who had asked their landlord for a lower rent were much more likely to feel very worried about eviction (47%) compared to those who had not asked their landlord (22%).

While fear of eviction is constant for many private renters – 24% of those who are not worried about their ability to pay rent are worried about losing their home – 71% of those who are worried about paying rent are also worried about being evicted.

Amongst those who described themselves as very worried, problems reported included uncertainty over their ability to pay rent in future, and mistrust of their landlord.

“It seems the only thing that’s keeping us in a house is the lockdown otherwise they would be getting [an] eviction order.”

“I had received an eviction notice for the 18th of March but had not found anything. Then with the pandemic and the lock down my landlady allowed me to stay; however due to my complete loss of income I am having sleepless nights about what will happen once the lock down is lifted.

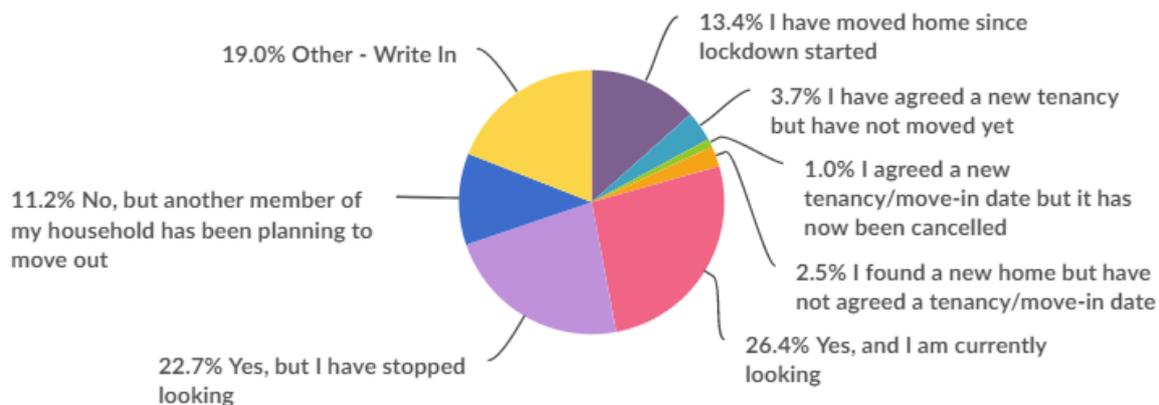
“The uncertainty is a real concern. We won’t have any money after all this so won’t have enough money to be able to take on another tenancy.”

Among those who were not worried, many expressed their gratitude at having an understanding landlord.

“We are one of the lucky ones. Our landlord actually contacted us to make sure we were okay as he hadn’t heard from us and was worrying we were struggling and hadn’t said anything.”

Moving home

We asked respondents if they had been due to move home before lockdown began, and what has happened to them as a result. 379 people told us they had been planning to move home, with a wide variety of responses.



Just over a quarter (26%) of those planning to move home before lockdown are continuing to search for a home, but 22% have stopped looking. 20 people told us they had paid money for a home they had not yet moved into, in the form of rent, a holding deposit or a full deposit.

Safety and health concerns

The majority of respondents (86%) felt confident that they and other members of their household were able to safely follow public health advice at home. 53% felt very confident, with a further 33% feeling somewhat confident. One in 10 (9.6%) did not feel confident, and 4% did not know. This was largely consistent across tenures. However, around a third of respondents in HMOs (living with housemates they did not know well) reported not feeling confident that they could keep their home safe.

Respondents who felt they were not able to follow public safety advice cited overcrowding, poor quality housing and shared accommodation as responsible.

“I don't feel like I am in a stable position, I live in a very small apartment in a shared apartment block in an overcrowded area & don't have a garden area, so would feel very vulnerable & cooped up, I have had to shield my daughter, as she is high risk.”

“There are three adults and one child living in our one bedroom flat. We cannot social distance at home whatsoever [as] there is no room. We are looking for a three bed home but now cannot afford to move as my partner lost his job during lockdown.”

Aside from concerns about their physical health, several respondents reported that their housing situation was causing extreme stress and worry, damaging their mental health.

“The situation has been vomit inducing, the stress is unreal.”

“Having the threat of a section 21 notice hanging over me makes these already stressful times much worse.”

3. Post lockdown impacts

The most pressing concern for renters following the lockdown is rent arrears. Many of those who have lost income do not know when it will be restored. Two thirds of private renters had no savings at the outset of this crisis, and our data indicates that many are already falling behind with rent.

The courts will have a significant backlog of cases as a result of the 3 month eviction suspension, but these renters will be at risk of aggressive debt collection and illegal eviction if further action is not taken. Many landlords are offering payment holidays but with the expectation that missed payments

will be made up at a later date. Given that renters on average pay as much as 40% of their income on rent, for many on low incomes no level of repayment will be affordable.

4. Action required

Further action is urgently required to prevent rising debt, arrears and homelessness once the three month ban is lifted. Renters should be able to stay in their homes and should be protected from eviction as a result of the crisis. Those who have lost income need to be supported by the Government to ensure they are not facing eviction as a result of rent arrears. We recognise that as rent is a contractual obligation, the Government have limited ability to alter the tenant's liability to pay it. However, changes to the legal consequences of failing to pay rent will protect renters from eviction and homelessness, which is the most pressing concern for many renters. Further research is required on the most effective policy to address the arrears that will build up for some renters as a result of the crisis, including methods of suspending or cancelling this debt over the longer term.

Generation Rent has proposed the following measures to ensure that renters are protected from eviction and homelessness.

Protection from eviction

The Government should amend Section 8 of the 1985 and 1988 Housing Acts to ensure that renters cannot be evicted from their homes due to arrears accrued during this period. This could be achieved through consistently amending the definition of rent 'lawfully due' from the tenant which excludes any rent arrears arising in this period, as they will most likely be as a result of the pandemic. This amendment would ensure that no tenant could be evicted under Section 8 for circumstances related to coronavirus and would prevent a rise in homelessness cases once the eviction moratorium is lifted. Rent would still fall due under the tenancy agreement, and the tenant would still be liable, but eviction would not be a legal option. This would remove the most significant consequence of being in arrears for the tenant. We have worked with GM Law Centre on these proposals and more detail can be found in their joint submission to this Call for Evidence.

Further measures should be taken to reduce the harm of any potential debt accrued due to the pandemic. Arrears accrued during this period should not affect a tenant's credit score or reference when securing a new property, and tenants should not be liable for the landlord's legal costs if they make a county court claim.

The Government should permanently abolish Section 21 'no fault' evictions. The Conservative Party committed to abolishing Section 21 in April 2019, in its 2019 Manifesto, and again in the Queen's Speech as part of the Renters' Reform Bill. MHCLG have consulted on this and analysed the results. However, no fault evictions continue to take place and account for around 10% of homelessness cases as recorded by MHCLG. As long as Section 21 remains a valid route for landlords to evict a tenant, all other efforts to ensure security throughout the pandemic will be undermined. Landlords wishing to occupy a property for legitimate reasons would be able to use the existing Section 8 grounds and landlords wishing to sell should sell occupied properties. Generation Rent has outlined our vision for a new tenancy system in our response to MHCLG's consultation, which can be found [here](#). The Government should extend the moratorium on evictions in the interim period, when waiting for a permanent ban to take place.

The pre-action protocol for social landlords should extend to the private rented sector. The abolition of Section 21 would apply to new tenancies, but existing tenancies would likely be unaffected. To help prevent evictions in these cases, we suggest that the Government extend the pre action protocol which prescribes steps that social landlords should follow before issuing possession claims. This could be extended to Section 21 evictions and to Section 8 evictions. The protocol aims to encourage social landlords and tenants to settle out of court, and only issue possession claims as a

last resort. Before applying for possession, the landlord must write to the tenants explaining why they currently intend to seek possession and ask them to notify the landlord in writing of any personal circumstances or other matters which they wish to be taken into account, giving clear time limits for responses. If a tenant is in arrears, the landlord should contact them as soon as possible to discuss the arrears and work together to agree a repayment plan. If the tenant is in receipt of LHA, liaison with the Department for Work and Pensions may be necessary. The same sanctions which apply to social landlords who have not followed the protocol should be extended to landlords in the private rented sector.

Protection from arrears

The Government should restore LHA rates to the median local rent. This would ensure renters' housing costs were covered and would prevent them from facing a shortfall and choosing between essentials such as food, bills and paying rent. The household cap on benefits, and London cap on LHA should be lifted to avoid shortfalls. Research by Shelter suggests that tenants in London face shortfalls of over £1000 as a result of the cap. Anyone who needs it should be able to access LHA, including migrants and those with savings above the current threshold, who may be affected by the crisis for the first time.

The Government should end the 5 week wait for Universal Credit. This could easily be implemented through changing the Universal Credit Advance Payment to a grant rather than a loan. This would prevent renters from falling into arrears while waiting for their first payment.

The Government should restrict in-tenancy rent increases for 12 months. This would prevent landlords from forcing tenants to leave their home as a result of an unaffordable rent hike, giving renters much-needed security. Tenants currently have no option to move so have little power to oppose a rent increase. In normal circumstances, tenants are sometimes able to use their ability to move out (enhanced by the Tenant Fees Act) to persuade their landlord to lower the proposed increase rather than take a chance on a new tenant. Tenants do not have that bargaining chip while lockdown is in place and otherwise have no formal way of asking for a lower rent. Housing Secretary Robert Jenrick stated in his letter to this Committee that "landlords cannot increase rent in general without their tenant's agreement", which is not the case outside of fixed terms. Landlords can issue a section 13 notice to increase the rent. While Section 21 notices can still be served, many tenants will feel pressured to accept a rent increase. Rent rises can be challenged in the Tribunal but there is no guarantee that its decision would be favourable for the tenant.

Given that rents are not currently rising above 1.5%, and that recent estimates suggest rents for new tenancies will fall between 3% and 5%⁷, this would not interfere with what landlords could charge at market rate.

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Generation Rent is the national voice of private renters. We work to ensure the private rented sector is safe, fair and secure.

⁷ Analysis by Hamptons Estates <https://uk.finance.yahoo.com/news/coronavirus-tenants-rent-landlords-london-discounts-hamptons-mortgage-holiday-230011093.html>