

## No Home at Risk: Ending the rent debt crisis

September 2020

**The economic shock of the pandemic has meant that hundreds of thousands of private tenants have built up rent arrears and are therefore at risk of being evicted and being made homeless.**

**If no action is taken by Government, 30,000 private renter households could be made homeless as a result of the pandemic, costing councils an additional £117m this year in temporary accommodation and other support.<sup>1</sup>**

- Rent arrears in the private rented sector have doubled since the onset since the pandemic – with an estimated 322,265 households in debt to their landlords.<sup>2</sup>
- The Government’s stay on possession proceedings has not prevented debt building up, or eviction notices being served.
- As a result, hundreds of thousands of renters across the country risk losing their homes after the stay on court proceedings lifts on 20 September.

This briefing sets out the scale of the rent debt crisis, alongside the social and financial implications if this is not addressed. **The Government must act now to end the rent debt crisis and deliver on their promise that no renter would lose their home due to Covid-19.**

### Evictions

- Court proceedings have been on hold since 27 March, which has saved thousands from homelessness in the midst of a public health crisis. This ban is set to lift on 20 September. Renters will have no protection against mandatory Section 21 ‘no fault’ evictions and Section 8 evictions for rent arrears when the ban ends. An estimated 33,000 unresolved cases will be in the courts once the stay is lifted.<sup>3</sup>
- MHCLG introduced 6-month notice periods for notices served after 29 August. **But an estimated 64,000 private renter households have already been served notice and will not be able to take advantage of the new notice periods.<sup>4</sup>**
- The judiciary introduced new Civil Procedure Rules that courts must follow when hearing eviction cases. Landlords must submit a ‘reactivation notice’ including information on how the tenant has been affected by coronavirus, to restart an eviction claim. **However, these Rules do not allow judges to consider individual circumstances and suspend evictions. If correct procedure is followed, evictions will go ahead.**

### The rent debt crisis

- An estimated 322,265 households have fallen into arrears since the onset of the pandemic.
- Private renters have fallen through the gap in Government support schemes.

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<sup>1</sup> [https://www.generationrent.org/coronavirus\\_rent\\_arrears\\_analysis](https://www.generationrent.org/coronavirus_rent_arrears_analysis)

<sup>2</sup> [https://england.shelter.org.uk/\\_data/assets/pdf\\_file/0005/1934591/Post-ban\\_PRS\\_briefing\\_19082020.pdf](https://england.shelter.org.uk/_data/assets/pdf_file/0005/1934591/Post-ban_PRS_briefing_19082020.pdf)

<sup>3</sup> GR analysis of MoJ figures on possession cases <https://www.gov.uk/government/collections/mortgage-and-landlord-possession-statistics>

<sup>4</sup> GR analysis of YouGov survey, 2 August

<https://docs.cdn.yougov.com/jit4pxr9kw/Renting%20survey%20results.pdf>

**Around 200,000 private renters were unable to access the furlough schemes<sup>5</sup>, and 280,000 have no recourse to public funds and are unable to claim benefits.<sup>6</sup>**

- 31% of renting families report difficulties in keeping up with rent payments since the start of the coronavirus crisis.<sup>7</sup>
- The benefits system is failing to cover renters' housing costs.

**Generation Rent research found that just 18% of renters who had applied for UC since the pandemic were able to pay their rent without issues.<sup>8</sup>**

### **Private renting and homelessness**

- Private sector evictions are a leading cause of homelessness. High housing costs, benefits failing to cover the cost of rent, and discrimination against those in receipt of housing benefit make it difficult for renters facing eviction to find a new home. Generation Rent research found that 59% of renters searching for a new home in August were struggling to find anywhere suitable.<sup>9</sup>

**If no action is taken by Government, 30,000 households could be made homeless as a result of the pandemic. This increase in homelessness would cost councils an additional £117m this year in temporary accommodation and other support.<sup>10</sup>**

### **We are calling on the Government to:**

1. **Introduce emergency legislation to prevent evictions for rent arrears related to coronavirus.** This could be done through amending Section 21 and Section 8 of the 1988 Housing Act and would ensure that renters who have lost income due to the coronavirus crisis do not also lose their home.
2. **Ban increases until March 2021** to prevent landlords from forcing a tenant to move.
3. **Introduce a new Coronavirus Home Retention Scheme** making £750 million of grant funding support available to cover lost income and end rent debt. This scheme would allow landlords to claim for discretionary payments to cover up to 80% of lost income.
4. **Ensure the benefits system covers housing costs**, to prevent further arrears from building up. This could be done through restoring Local Housing Allowance to the median rent, removing the benefit cap, expanding eligibility, and scrapping no recourse to public funds.
5. **End Section 21 'no fault' evictions.** This could be done by bringing forward the Renters' Reform Bill this Autumn.

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<sup>5</sup> [https://publications.parliament.uk/pa/cm5801/cmselect/cmtreasy/454/45403.htm#\\_idTextAnchor000](https://publications.parliament.uk/pa/cm5801/cmselect/cmtreasy/454/45403.htm#_idTextAnchor000)

<sup>6</sup> <https://www.citizensadvice.org.uk/about-us/how-citizens-advice-works/media/press-releases/citizens-advice-reveals-nearly-14m-have-no-access-to-welfare-safety-net/>

<sup>7</sup> YouGov <https://docs.cdn.yougov.com/jit4pxr9kw/Renting%20survey%20results.pdf>

<sup>8</sup> Generation Rent Coronavirus Survey August 2020

[https://www.generationrent.org/struggling\\_renters\\_are\\_running\\_out\\_of\\_options](https://www.generationrent.org/struggling_renters_are_running_out_of_options)

<sup>9</sup> As above

<sup>10</sup> [https://www.generationrent.org/coronavirus\\_rent\\_arrears\\_analysis](https://www.generationrent.org/coronavirus_rent_arrears_analysis)