

Housing Rights

The 'Perfect Storm':

The impact of Covid-19 on private renters in Northern Ireland

Executive Summary

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Housing Rights is Northern Ireland's leading provider of independent specialist housing advice. For over 50 years we have been working to prevent homelessness.

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Introduction

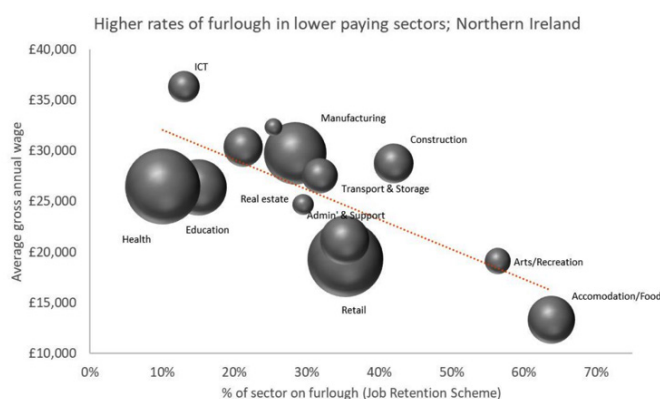
Northern Ireland currently has a greater proportion of households living in private rented accommodation than at any time in the last few decades. A sector which has been ‘lightly regulated’¹ and which, whilst fit for many who choose to live in the private rented sector (PRS) because of flexibility and choice, is proving to be largely unfit to house low income households, particularly those in insecure employment². The pandemic has served to highlight the need for suitable and secure shelter as a means to provide safety for entire communities. Public policy interventions in housing in response to the pandemic have placed the intersection of housing and public health on the agenda³ and exposed the impact of austerity on both the social security system and housing.

With that in mind, this paper explores the impact of Covid-19 and the subsequent lockdown measures, as well as the resulting policy interventions, on private tenants in Northern Ireland. The analysis focuses on the time period between the beginning of March and the end of June 2020⁴. The research uses data from Housing Rights case records, exploring the volume of cases and issues raised alongside a detailed qualitative focus on case studies which illustrate the lived experiences of Housing Rights’ PRS clients⁵ during what was effectively the first phase of the pandemic.

Economic Context

Recent research has shown that low income households are more likely to be affected by job losses as a result of the pandemic and the resulting lockdown⁶. The industries which were likely to be hardest hit going into the pandemic and lockdown (e.g. hospitality) were those with a larger proportion of low income, temporary and seasonal workers. Recent analysis of NI labour market data showed that those in employment sectors which were traditionally lower paid (including accommodation and food) were more likely to be furloughed (Figure 1)⁷.

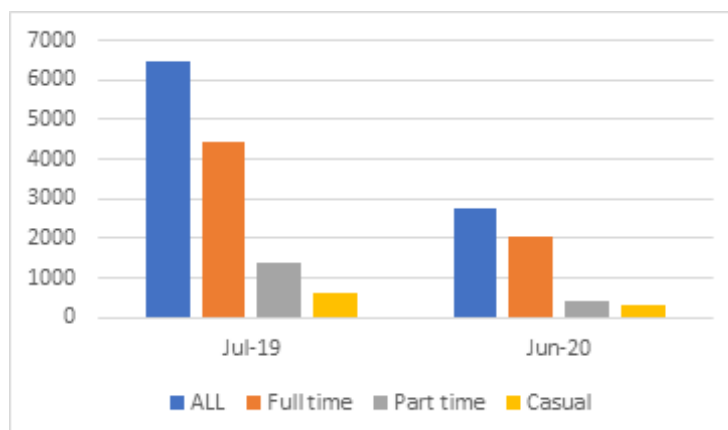
Figure 1 Workforce sectors in NI affected by furlough



Source: J Buchanan, PropertyPal analysis of ONS Business Impact of Covid-19 Survey

By June 2020 240,000 workers in NI had been furloughed (out of a total workforce of around 790,000).

Figure 2 Job Vacancies in NI 2019-2020



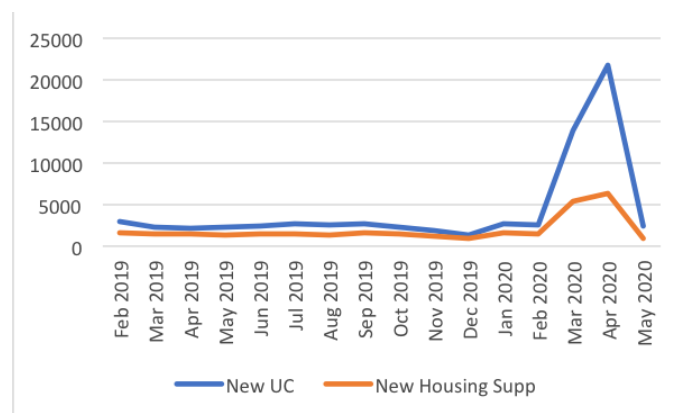
Source: NI Labour Market Review tables September 2020

In July 2019 there were 6,467 job vacancies reported to DfC in NI, including 1,404 part time job vacancies and 648 casual jobs. By June 2020, there were only 2,777 job vacancies reported, including only 443 part-time jobs and 304 casual job vacancies (Figure 2). This reduction in available work, particularly part-time and casual work will undoubtedly have a huge impact on the student population, who traditionally rely on such work to supplement their student loans and help pay for their accommodation, as well as on other young workers and women in the workforce (who may depend on part-time work if they are also primary caregivers for their children and/or elderly relatives).

According to figures released by DfC in September 2020⁸, **the claimant count almost doubled in only 3 months** (from 65,190 in February to 127,310 in May). There were 38,200 households with new claims for Universal Credit (UC) between March and May 2020, including 12,660 claims for support for housing costs (Figure 3).

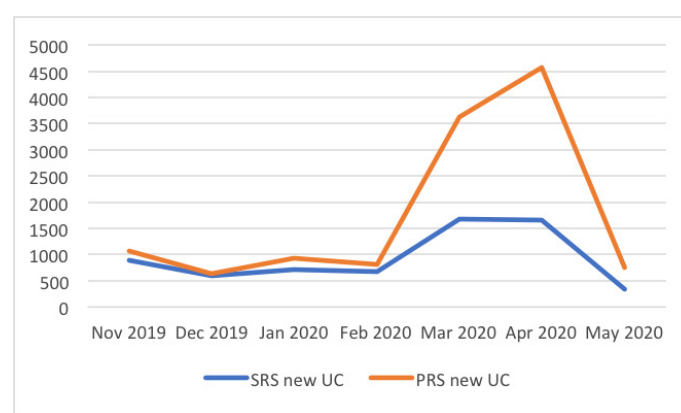
However, when we break the new claims for housing costs down by tenure, we can see that **the vast majority of claims for support for housing costs came from private rented sector** tenants as can be seen in Figure 4 below:

Figure 3 New claims for UC and new claims for UC Housing Support



Source: Author's own calculation of DfC Universal Credit Statistics

Figure 4 New UC support for housing by Social and Private tenants



Source: Author's own calculation of DfC Universal Credit Statistics

The proportion of new claims for support for housing costs were on average 15% higher among PRS tenants than social tenants in the year leading up to the pandemic. However, **between March and May the rate of new claims from PRS tenants was more than double that of social tenants.**

The Research

Any one of the issues highlighted by this research should be of concern, but taken together, these issues represent a potential 'perfect storm' particularly for low income PRS tenants in NI, many of whom may also be in precarious employment. The pandemic and lockdown have exposed the fragility of the housing system as well as the welfare support system, which many more individuals and households have had to turn to since the onset of the pandemic.

The aim of this research is to make use of evidence of the impact which Covid19 and the subsequent lockdown has had on individuals and households who have contacted Housing Rights, some of whom have had to rely on benefits for the first time in their lives, to address systemic issues which have been put into stark relief by the pandemic.

This paper explores the impact of the response to the pandemic on private renters who contacted Housing Rights during the period March-June 2020. The research uses data from Housing Rights case records relating to PRS tenants from 2019 (pre-Covid) and compares those with cases arising during lockdown (Covid era) as well as comparing issues arising for tenants in social and private rented housing.

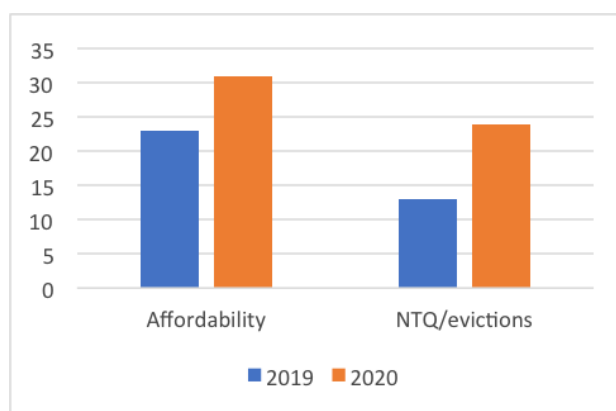
A selection of these cases was chosen to illustrate the experiences of clients in the categories which were identified as being representative of clients with similar experiences. **All names have been changed in order to protect clients' identities.**

Key Findings

Comparison with 2019

- PRS contacts related to affordability issues were 30% higher in March-June 2020 than the same period in 2019.
- Issues relating to NTQ/evictions almost doubled in 2020 compared to the same period in 2019.

Figure 5 Percentage of PRS cases which related to Affordability and NTQ/evictions 2019 and 2020



Source: Housing Rights Case Records

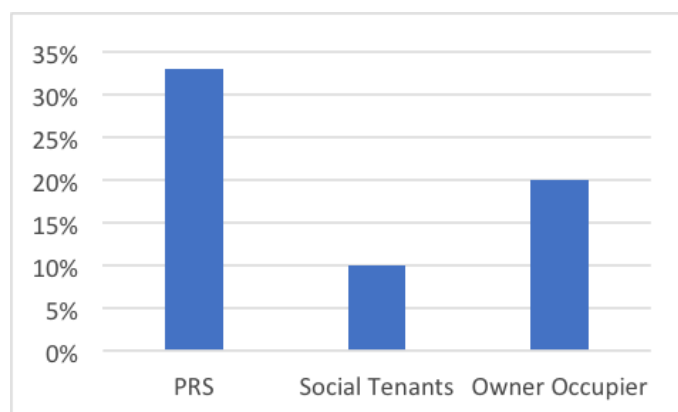
This would suggest that the pandemic and lockdown between March and June 2020 has had a significant impact on PRS tenants who contact Housing Rights for advice.

Comparison by housing tenure

During the period 1st March to 30th June 2020, 1 in 5 of all cases recorded on Housing Rights case recording system related primarily to Covid19.

As Figure 6 below shows, 1 in 3 PRS tenants who contacted Housing Rights during this period were seeking advice on an issue which was primarily related to Covid19, compared to 1 in 10 social tenants and 1 in 5 homeowners.

Figure 6 Proportion of Clients in Each Housing Tenure Seeking Advice Relating to Covid-19



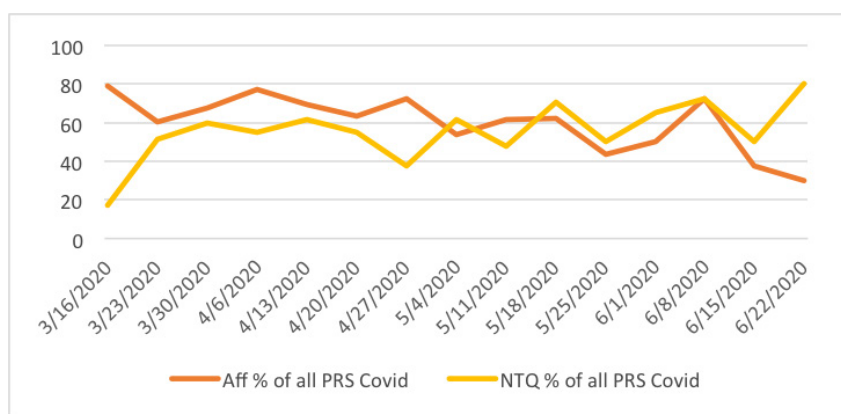
Source: Housing Rights Case Records March-June 2020

PRS Clients affected by pandemic and lockdown

Most prevalent issues for PRS clients contacting Housing Rights March-June 2020 because of being affected by the pandemic or lockdown:

- affordability and arrears
- evictions and/or notice to quit (NTQ)
- timing of lockdown

Figure 7 PRS Cases affected by Covid-19 related issues



Source: Housing Rights Case Records

There was a downward trend for affordability issues compared to an upward trend for issues relating to notice to quit between March and June 2020. These trends likely reflect the impact of policy interventions such as the Coronavirus Job Retention Scheme (CJRS) and the Self Employed Income Support Scheme (SEISS) and the extension of the notice to quit (NTQ) period (potentially leading to more queries as clients sought to clarify their position vis-a-vis their tenancy).

Issues raised by PRS clients affected by Covid-19 and subsequent lockdown

Affordability and Arrears

- Almost two thirds of the PRS cases which were to do with the pandemic and lockdown had affordability issues (61%)
- 4 in 10 feared eviction at some point in the near future.
- Over a quarter (28%) reported having been laid off and 1 in 5 of these were students and 1 in 10 were foreign nationals.
- Around half of the cases reviewed regarding affordability issues provided information regarding the type of work which clients engaged:
 - Over half were self-employed
 - 34% were working in hospitality.
 - The remainder worked in construction, leisure, retail and transport (delivery).
- For those with affordability issues:
 - Average rent was £554 per month
 - For those in receipt of help with their housing costs, the average support was £385 per month.
 - Average arrears by the end of the period under consideration (end of June 2020) were £974.
- Out of those who were experiencing affordability issues, only 5% had managed to negotiate a reduction in their rent and half had asked for a reduction but were refused by their landlord or agent⁹.

Affordability issues linked to Furlough Scheme (CJRS)

- Around 1 in 10 clients reported having been furloughed over this period and still had affordability issues, with a further 1 in 10 who were self employed with no work and no income. This included clients who were working in the arts (including musicians and tattoo artists), personal care (hairdressers, barbers and personal trainers), and also those who were working through an agency and were not furloughed¹⁰ (including those working in the NHS and other frontline services).
- Even for those clients who were able to avail of the furlough scheme (CJRS), many were on low contracted hours and so their furlough payment was based on 80% of their contracted hours, which made it impossible for them to be able to meet their housing costs – which had been affordable previously.

Neil found that his furlough payment was based on his contracted hours, which amounted to 2 days per week, however he usually worked 5 days per week, leading to a situation where he was receiving 32% of his usual pay, rather than 80%.

Jo worked in a small café and the owner was not in a financial position to continue to pay staff while applying for government support and so Jo, who was usually paid weekly, had had no income for over a month by the time she contacted Housing Rights.

Issues relating to reduced income/hours of work

- Although many clients were helped by the furlough scheme, for others there was no such support even though they experienced reduced income because of being on low contracted hours or zero hour contracts and getting to work fewer hours per week.

Connor was neither laid off nor furloughed but was working significantly fewer hours each week and unable to keep up with his rent payments. Connor was becoming increasingly stressed about the potential for eviction as he was accruing arrears and his landlord was calling round unannounced to inquire about the status of his unpaid rent.

Eve faced a similar situation when the reduction in hours worked left her with half of her usual take home pay, and was not enough to cover her rent and other expenses. Eve had moved into the property three weeks before lockdown and contacted Housing Rights in June, when her landlord was demanding she pay the one month's arrears she had accrued and was threatening to evict her.

Major issues for students

- Many of those who contacted Housing Rights in the first month or two were students who were seeking a way to get out of their PRS contracts as they were no longer living at their term time address.
- Half of the students were concerned about affordability and two thirds of those students had lost part-time work altogether or were furloughed on low contracted hours. Many of these students were no longer able to afford their PRS tenancy, which had been affordable previously due to their income from part time work.
- Their experiences were compounded by restricted access to benefits and for many, the only source of assistance was the university hardship funds.
- Some students worried about their guarantors being liable for their rent for the remainder of their tenancy.

Sam was worried about his parents who were guarantors – who were themselves struggling financially having also been affected by reduced income and would be unable to afford to pay for his rent as well as their own housing costs.

Issues relating to Universal Credit

- Many of those clients contacting Housing Rights for help who were applying for UC for the first time were disheartened to learn of the level of support that was available for them in meeting their rent payments. None of them had expected to need state support for their rent payments and they had rented properties which were affordable for them given their income at the time they moved in.
- As the pandemic and lockdown progressed, enhanced support for private renters was made available. However, many of those PRS clients who were contacting Housing Rights about housing affordability issues were not aware of the additional support that they could avail of during the pandemic, such as the extra support available due to changes to Discretionary Housing Payments¹¹ (DHP) which were brought in in response to the challenges which PRS tenants were facing as a result of the pandemic.
- The impact of the five week wait for the first UC payment was very stressful for many clients.

Carl was laid off due to Covid back in March and fell into the ‘new starter furlough’¹² loophole – which meant that he was not able to be furloughed as he had only recently started working for the company. He had applied for UC at the time he was laid off and was awarded an amount towards his rent which left him with a shortfall of £270 per month. Whilst he made a successful application for a DHP which had been backdated to April, he was told that he did not get the additional 13 week protection to which he was entitled originally, as he had not applied for it in time (within 4 weeks of his change of circumstances)¹³.

Sharon is self-employed and was unable to avail of the 13 week protection because of being on UC prior to losing her income. She was not eligible for the SEISS either as she had only recently started her business and as she was under 35, she was only eligible for the shared accommodation rate of LHA and was facing a shortfall of £260 per month even after being awarded a DHP of £100 per month.

Clients with ‘pre-existing conditions’

Many of the clients contacting Housing Rights during this period were already struggling or experiencing financial difficulties prior to the pandemic.

Matthew was dealing with significant debts prior to the pandemic and had been just about managing before being laid off as a result of the pandemic. When Matthew contacted Housing Rights in May he was in dire straits, had nothing left to live on and had no means to pay for his rent at the end of the month.

Lucy had been trying to get her life back together after her marriage breakdown and loss of her business. As the pandemic hit, she had just moved into an unfurnished property. Lucy was finding the UC system difficult to navigate, but had managed to get a loan from Discretionary Support, which amounted to just over £100. This was all that she had to live on until her first UC payment and obviously not enough for her to be able to provide the furniture and other things that she needed to be able to stay in the property. With nowhere else to go, Lucy was at her wits end when she contacted Housing Rights and she felt ‘abandoned’ by the system.

Issues faced by couples and families

There were several cases where clients were living with their partner and one or both had been affected by reduced income, leaving them unable to afford rent for the first time.

Kevin and Joan were in just this position after Joan lost her job as a result of the pandemic and they were not able to afford rent on Kevin’s income alone, whilst his income was enough to bring them above the threshold for support for their rent, Joan was advised that she may be able to apply for contributory JSA via UC. Even with this support, their rent, which was previously just about manageable, was no longer affordable.

Nicki's partner was self-employed and contacted Housing Rights regarding any support that might be available to help the family to cover their rent in the short term until he was able to avail of the SEISS. Nicki worked full time but they were not able to support their family on her income alone, and like many households in NI⁴, they had no savings to rely on in the meantime.

Issues affecting foreign nationals

- Common to see job losses (without furlough) for one or both partners.
- Lack of family support to help with childcare when schools closed.
- Housing issues faced by foreign nationals were often complicated due to language issues which served as a barrier for them accessing support.
- Unregistered/rogue landlords common for clients contacting Housing Rights who are foreign nationals – including threats of illegal eviction.

Alicia is a Spanish citizen who had moved to NI from GB in January to take up work here. She is a single parent with two small children and had been able to support her family on her earnings prior to the pandemic. Whilst she was not laid off, when schools closed, she found that she had no one to help with childcare and had no option but to leave her new job to take care of her children.

Charles had been living in NI for some time when he lost his job as a result of the pandemic. He was concerned to find out that his landlord was not registered¹⁵ and had not protected his deposit. He was particularly concerned about the implications of falling into arrears and being evicted and how that might affect his visa status or could have repercussions for him further down the line.

Issues with landlords including unregistered and/or 'rogue' landlords

- Discovering that a landlord was not registered or that a deposit was not protected was common for clients who had recently moved to Northern Ireland but also in general across many cases, making the process of applying for UC more difficult.
- In some cases clients were helped by their landlord reducing or waiving rent payments, but even with these cases there were repercussions as rents could be increased in future to account for the reduction during the pandemic.

Nancy had never claimed benefits before but her landlord refused to provide details to help her claim UC. Nancy had been asked to pay rent in cash when she moved in to her rental property and had then discovered that her landlord was not registered¹⁶, so was finding it difficult to prove her liability for rent and rates without the cooperation of her landlord.

Richard, who is a self-employed tradesman, contacted Housing Rights after he was notified by his landlord that he would waive rent for three months, but that his rent would increase after that by £150 per month, which would be unaffordable for him.

Clients facing Notice to Quit and the threat of eviction

- Fear of evictions was a major concern for clients particularly from May onwards, and prior to the housing market opening up after lockdown (15th June), with many clients worried that they would face eviction without having another property to move into.
- Landlords preparing to sell their properties was a common theme with regard to cases relating to NTQ.

Mary and her partner, both key workers, were issued with a NTQ at the end of April as their landlord had decided to sell the property. They were unable to access homeownership due to falling between the income limit for co-ownership but not earning enough to be able to save for a deposit to buy a home of their own and were faced with the difficulty of finding alternative accommodation as the NTQ was issued during the full lockdown.

Christina and her family were given three weeks to vacate their property which their landlord had already sold! This was in April, long before the market for PRS properties was allowed to open up again. At the time, the NTQ extension legislation had not come into effect and Christina's landlord was entitled to provide only 4 weeks NTQ, which still left the family in a hugely precarious situation, having no means to find alternative accommodation at such short notice.

Conclusion

It has been clear since the onset of the Covid-19 pandemic that 'home' has been central to the response, with phrases such as 'everyone in', 'shelter in place', 'stay at home' and 'work from home' becoming commonplace in the effort to protect ourselves and others from the deadly virus. However, it is also clear from the evidence presented in this research that the ability to maintain and make use of our homes during this pandemic has been impacted by the economic shock as well as the position vis-a-vis our home which we were in prior to the onset of the pandemic.

For those fortunate enough to be able to work from home (including having access to the space and facilities to do so) and able to juggle caring responsibilities, the economic impact has likely been minimal (physical and mental health implications aside). However, for those who have been impacted financially and with ongoing financial commitments relating to their housing (rent and mortgage as well as rates and maintenance), the increased stress caused by worrying about how to manage those commitments has undoubtedly added to the stress brought about by living through a pandemic.

Affordability

- Almost two thirds of the cases reviewed for this research were PRS clients who had experienced affordability issues as a result of the pandemic, which was much higher than those recorded for social tenants or homeowners.
- Almost half of those who had affordability issues were fearful of being evicted as a result of the arrears which they were accruing. A high proportion of those affected worked in hospitality or were self-employed.
- Although the support for incomes made available as a result of the CJRS and the SEISS were undoubtedly a lifeline for many people during the period explored, many of the clients who contacted Housing Rights during this time had been furloughed but were still experiencing financial difficulties due to the nature of their employment and/or the implementation of the scheme by their employers.
- Students who contacted Housing Rights were particularly affected by lay-offs and reduced hours (and income) at work, many of whom relied on their income from part-time work to pay for their rent, with little or no alternative support available to them. The support provided for many employees and the self-employed was indeed a lifeline, but it is important to remember that it did not reach everyone affected.

Universal Credit

- New claims for UC were particularly high among PRS tenants, as evidenced by the dramatic increase in UC claims between March and May.
- Additional support for rent payments for new UC claimants via DHPs for 13 weeks to cover the shortfall between rent and support available for rent under UC (LHA) has been vital for those who were able to receive the support.
- However, there were many clients who were affected by loss of income from the start of the pandemic who were not able to avail of this support because they were already in receipt of UC or HB.
- Many people were applying for benefits for the first time in their lives during this period and clients reported finding the system difficult to navigate and elements of the system (such as the five week wait for first UC payment) difficult to cope with.
- They were also experiencing issues with fulfilling the requirements for applying for support to pay for their rent and rates.
- All of the clients who contacted Housing Rights and who were applying for benefits for the first time as a result of the pandemic, had rented their properties at a time when they were able to afford to pay the rent. Finding that the support they were able to receive was for properties at the cheapest end of the market (based on LHA at the 30th percentile of rents), was disheartening. The additional support via DHP for 13 weeks was all the more important for these households.

Landlord registration

There were many clients who discovered that their landlord was not registered as a result of seeking help from Housing Rights during this time. This had implications for ease of application to UC for support to pay their rent and rates as well as for their ability to avail of services which could have helped them to negotiate with their landlord (such as Housing Rights Mediation Service).

Security of tenure

- The extension of NTQ was also a major relief for many clients during this period.
- Whilst the market opening in June brought some relief for those who were able to find alternative accommodation, there were many PRS tenants who would find it difficult to get access to a new tenancy because of their changed employment and income status. This will have further implications for many PRS tenants down the line, particularly for those who will have to rely on benefits going forward.

Weathering the storm

More than anything, this research has shown that the pandemic and subsequent lockdown has affected households in all manner of ways, but that those living in the PRS have been disproportionately affected. In part this may be due to the increasing proportion of low income households in the PRS and as such a policy change in favour of social and affordable housing will be key to a post Covid-19 recovery (AHC 2020¹⁷). The research has also shown that the support that many households received has been immensely helpful, but it has also shown us that it is important to remember that we may all be in the same storm, but we are definitely not in the same boat.

Endnotes

¹Soaita, A.M., Munro, M. and McKee, K (2020) Private Renters' Housing Experiences in Lightly Regulated Markets. Collaborative Centre for Housing Evidence (Cache)

²See for example Danny Dorling (2014) 'All that is Solid: The great housing disaster of our times and what we can do about it'. Penguin.

³Vilenica, A., McElroy, E., Ferreri, M., Fernandez, M., Garcia-Lamarca, M. and Lancione, M. (2020) 'Covid-19 and housing struggles: The (re)makings of austerity, disaster capitalism, and the no return to normal'. Radical Housing Journal 2 (1).

⁴Whilst the effects continue to affect PRS tenants, this time period was chosen in order to provide a comparison with previous years and for the purpose of expediency.

⁵All names were changed in writing up the case studies and any identifying information removed.

⁶Hastings, A (2020) Are We 'All in this Together?' <https://housingevidence.ac.uk/are-we-all-in-this-together-reflecting-on-the-continuities-between-austerity-and-covid-19-crises-in-the-uk/>

⁷Jordan Buchanan (2020) The NI economy and property market: Navigating Covid-19. PropertyPal (Unpublished).

⁸<https://www.communities-ni.gov.uk/publications/universal-credit-statistics-may-2020>

⁹This is obviously not a statistically representative sample of PRS tenants however, as it is unlikely that those who had agreed a reduced rent with their landlord which helped them to stay in their rental property would need to contact Housing Rights.

¹⁰Agency workers could avail of furlough, but it was at the discretion of the agency.

¹¹DHPs are available to all PRS tenants who are in receipt of Housing Benefit or UC Housing Costs Element and are targeted to address the gap between the amount of support to which claimants are entitled and their contracted rent. They are discretionary and time limited. PRS tenants who had been granted Universal Credit 'Help with Housing Costs' and were not already in receipt of UC prior to being impacted by the pandemic were able to apply for a DHP to fully cover the gap between the Local Housing Allowance to which they were entitled, and their contracted rent, which could be paid for 13 weeks under certain circumstances.

¹²A national campaign for 'New Starter Justice' was formed in response to this cohort of workers being left out of employment protections (the furlough scheme).

¹³Carl was subsequently awarded the full 13 week protection as a result of advocacy by Housing Rights.

¹⁴Previous research has shown that NI households have lower average incomes than other parts of the UK and traditionally fewer savings as well (e.g. Tinson, et al (2016) Economic Inequality in Northern Ireland, NICVA https://www.nicva.org/sites/default/files/d7content/attachments-resources/economic_inequality_in_northern_ireland.pdf)

¹⁵Like many of those who travel to NI for work or study, they turned to local networks for accessing accommodation – this landlord was well known in Charles' community for providing PRS rentals.

¹⁶The scale of unregistered or 'rogue' landlords is unknown in NI. Projects and organisation which exist to help landlords to understand their rights and obligations and to operate within regulations are offered to registered landlords only, which means that it is not possible to engage with Housing Rights' Mediation Service, for example, which could have helped Nancy in this situation.

¹⁷AHC (2020) 'Making Housing Affordable After Covid-19: a follow up report from the Affordable Housing Commission'. Affordable Housing Commission.



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