

# **Z2K's response to the Housing, Communities and Local Government Select Committee's inquiry into the impact of COVID-19 (Coronavirus) on homelessness and the private rented sector**

## **Update submission 27 November 2020**

Z2K is an anti-poverty charity providing advice and support to around 1,000 low-income Londoners every year to prevent homelessness and enable them to access the Social Security benefits and housing they are entitled to. We use evidence from this work to campaign for the changes needed to end poverty and restore fairness and dignity to the Welfare State.

We work with rough sleepers, homeless people, and vulnerable tenants in the private rented sector (PRS) in a number of ways. Firstly, we provide advice and casework to those facing homelessness, whether as the result of a sudden loss of income, a stoppage of their benefits, or eviction by their landlord. We support them to resolve their benefits problems, negotiate with their landlord, or make a homeless application, and to challenge negative decisions, including where a local authority has decided it has no duty to accommodate someone.

Z2K responded to the Select Committee's inquiry in May 2020 into the Government's response to the impact of the Covid-19 crisis on homelessness, rough sleeping and the PRS. We welcomed the series of strong recommendations in the committee's interim report and were disappointed with MHCLG's response. Some of those have been acted upon subsequently, but often belatedly and in a very short-term way. Our clients are among those most affected by this and our evidence draws directly from their experiences to bring their voice into the discussion of what needs to happen.

- **How effective has the support provided by the Government been in addressing the impact of COVID-19 on tenants, landlords, rough sleepers and the homeless?**

As we said in May, the Government's emergency measures to support tenants and homeless people were very welcome, especially in relation to the *Everyone In* scheme. However, several of the most important of those were time-limited and their beneficial impact has withered as protections were ended and funding has run low. The belated reinstatement of some of those measures meant some tenants and homeless people have fallen through the cracks. The hand-to-mouth nature of additional central Government funding has made it difficult local authorities to plan and for those voluntary sector organisations supporting to anticipate needs.

That said, the past eight months has shown what a positive impact a relatively small amount of additional funding and modest expansion of legal protections can do in addressing London's homelessness crisis. It provides a good basis for lasting solutions for the future.

## Rough sleepers

The funding provided by Government to local authorities to deal with the rise in homelessness remains insufficient. This has created some intense budget pressures within Housing Options Services, especially within London Boroughs. Piecemeal funding, for example the most recent extra £15 million for rough sleepers during the second lockdown makes it very difficult for those services to plan budgets. Partly as a result, we are still seeing some authorities manage the level of need by “gatekeeping” in different forms – i.e. preventing people from approaching, or turning them away when they do.

For example, in some boroughs Z2K has seen, the sole or primary way for a homeless person to access support, i.e. to make a Homeless Person’s Application, is via an online application. In some cases either no telephone number is on the website, or there is a generic council contact centre number but all housing options given lead to an automated message directing the caller to the website before ending the call. Rough sleepers, those who do not read written English, or others with support needs are thereby excluded from access. Those contacting via a general number may be turned away incorrectly.

James\* is homeless and unable to access the internet. He did not know that there was online application for housing support, however he found a telephone number for the local authority, which he called and explained that was homeless and needed help with housing. The staff member responding asked James about his situation but instead of transferring him to the housing service to make a Homeless Person’s Application, told him that because he is earning an income he would be “above the threshold” for housing support. No such threshold exists, but James was still prevented from getting support.

Until local authorities are provided with sufficient resources to meet the rising levels of need, this kind of “gatekeeping” will continue and may even increase.

On the 26 March, MHCLG wrote to local authorities asking them to “*focus on people who are, or are at risk of, sleeping rough*” by taking a series of actions including “*urgently procuring accommodation for people on the streets*” and providing support for those people once in the accommodation.<sup>1</sup>

In May Z2K submitted that the response to this has been mixed, differing from one Borough to another. This remains true, and one of the problems that has emerged is that it is unclear what this guidance gives rise to in terms of a local authority’s legal obligations. For example, a client of Z2K’s made a Homeless Person’s Application and been placed in Emergency Accommodation. The outcome of the investigation into their circumstances was that they were found not homeless and therefore there was no further duty. Z2K assisted them to request a review, and to ask for accommodation pending the outcome of that review. This

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<sup>1</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/876466/Letter\\_from\\_Minister\\_Hall\\_to\\_Local\\_Authorities.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/876466/Letter_from_Minister_Hall_to_Local_Authorities.pdf)

was turned down in spite of the national Lockdown being in effect. In this instance, it is not clear whether this is a breach of the authority's obligation given the guidance quoted above.

### **Private Rental Sector**

The Coronavirus Act 2020 extension of the eviction notice period, initially from two to three months, and subsequently to six, allows tenants more time to look for alternative accommodation and therefore offers them a small amount of protection. However without other measures in place it is insufficient. Z2K is still seeing landlords issue shorter notices in spite of it, alongside illegal evictions wherein a tenant is forced or pressured to leave regardless of the notice given.

The longer notice period can also cause problems for tenants trying to access support: Z2K has seen at least one instance of an authority refusing to offer support in spite of the landlord giving the tenant much less than six months' notice, claiming that as legal notice period is six months, the tenant is not at risk of eviction within 56 days.

The subsequent stay on possession proceedings was unnecessarily complex and failed to provide comprehensive protection to renters. The extension of original protections until next March gives the Government the chance to bring forward the long-awaited Renters Reform Bill to end "no fault" evictions and get it onto the Statute Book.

The increase in LHA rates is hugely positive. However, the rate remains insufficient. Z2K has clients who had higher paying jobs prior to Lockdown, whose high rents were affordable to them at that income level. For them, housing costs paid at 30 per cent of market rates does not cover their rent. While they can look for alternative accommodation they are building up substantial arrears, which make it very difficult to move, as landlords often do not accept new tenants with arrears to a previous landlord.

Similarly, those with 'No Recourse to Public Funds' as part of their immigration conditions are unable to access any rent support, and accrue arrears as a result. If evicted, they will be unable to access housing assistance and are therefore particularly likely to become street homeless. Z2K's client Sana\* has been in this position and has built up several months' rent arrears. Her landlord has been understanding and has not given her notice yet, but he has also lost out from her lack of access to benefits.

Many of those who can claim Universal Credit are unable to access the higher LHA rate because they are affected by the Benefit Cap.

Moreover the nine month grace period for applying the Benefit Cap is not sufficient to support people who may have lost their jobs as the criteria is very tight: claimants need to have consistently earned at least £604 per month for the past 12 months in order to qualify. Many of those who were previously in work with fluctuating earnings, such as zero hour contracts, or the self-employed, may find they are not eligible for the grace period because they didn't meet the earnings threshold for just one of the previous 12 months.

Mary\* lost her job and applied for Universal Credit. However, the nominal housing element does not fully cover her rent, and this is made even worse by the Benefit Cap, which means

there is a substantial gap between her actual rent and the amount covered by her benefits. She requested her landlord temporarily lower the rent given the circumstances but he refused.

The Government increased funding for Discretionary Housing Payments (DHP) to £179 million in last year's one-off spending round. Z2K welcomed this move as it meant that local authorities are able to support more people like Mary whose benefits do not cover their rent. However, this sum was determined before the pandemic. In May Z2K argued that the funding provided would not be sufficient for the huge increase in the number of potential claimants. This has proved to be the case and we are now seeing Boroughs turn down claimants in need, or limiting them to very short awards.

Mary experienced exactly this. She applied for a DHP but was turned down, with the authority explaining that although they appreciated that the current circumstances are incredibly difficult, they had a "*limited budget*" and did not believe that Mary would suffer "*deprivation or exceptional hardship*". Mary has applied for jobs but currently has no other way to pay her rent, and no money for a new deposit, so she will continue to accrue arrears for the time it takes to evict her and in the meanwhile it will get harder and harder for her to find alternative accommodation.

- **What might the impact be of a second wave of coronavirus on homelessness and the private rented sector?**

### **Rough sleepers**

If councils are unable to meet demand, or unable to provide the level of support some people need, then rough sleepers will struggle to get help, and will be left on the street. If this continues over the colder months, there is likely to be a rise in deaths among homeless people.

### **Private Rented Sector**

The impact of a second wave of coronavirus on the PRS is likely to be an increase in evictions, a dramatic rise in rent debt, and a heightening of the crisis in housing that existed long before Covid-19 arrived.

A second wave will therefore see a rise in demand on local authority and non-government advice services. Without extra funding for councils, "gatekeeping" will increase, and councils will assess more people as 'non priority' in an attempt to limit the support they are required to offer. Early advice prevents evictions and if those services are overstretched they will be unable to do that.

Z2K anticipates that those needing higher levels of support from councils will be hit hardest. This includes people with no access to the internet, English as a second language, communication difficulties that make it hard to use the phone or internet, physical and mental health issues, and those who would only have accessed help from face-to-face services and now are unable to get it at all.

Evictions will increase largely as a result of tenants' inability to pay rent due to job losses and sickness. Landlords may illegally evict, as we described above, or they may wait out the six month notice period and evict at the end of it, but either way, there will be a rise in people losing their housing.

The second wave will see tenants accrue debt in the form of rent arrears they cannot repay. People who lost their jobs due to Covid-19 and whose rent is above the Benefit Cap or Local Housing Allowance are already in debt. With more job losses, their numbers will increase. Given that many pay rents worth substantial portions of their income, landlords may never get back the rent they are owed, and tenants will find it very difficult to move as a new landlord will not want to accept someone with high levels of rent arrears. As time goes on tenants in rent debt will be at increasing risk of eviction.

The Chancellor's decision in this week's Spending Review to retain the higher LHA rates for another year is welcome as far as it goes, but it still leaves far too many facing significant benefit shortfalls that can't be made up out of other benefits. With arrears building-up, these tenants are at risk of eviction in the spring.

COVID-19 will continue to heighten the impact of a pre-existing crisis. In May we submitted that high rents, Low benefit levels, poor quality housing, and a lack of regulation of the PRS meant that many of Z2K's clients were self-isolating unsuitable and dangerous conditions. At the time we felt that those in temporary accommodation, as well as overcrowded or unsuitable accommodation, would be de-prioritised and left there throughout lockdown; this has been the case and they remain there six months later.

Halima\* was made homeless as a result of domestic violence. She approached her council for help and she and her young daughter were placed in private rental accommodation. They have had problems with the flat from the beginning: a rat infestation, a leaking toilet and bathroom, and serious mould on the walls. She asked the landlord to repair it, but the lack of security of tenure or landlord accountability in the PRS makes it difficult to force a landlord to act and she spent two years in this condition before a flood finally forced the landlord to act. At the end of last year he sent in contractors who removed the floors from the property, but the work then seemed to slow down, and by March there were still no floors. The landlord repeatedly promised they would be replaced but this did not happen until September, meaning that Halima and her daughter spent the entire of Lockdown isolating in a property in a state of constant disrepair.

Without reform of the private rental sector, an end to Section 21 evictions and the introduction of mandatory licensing, a second lockdown will see tenants like Fatima remain trapped in poor conditions with unaccountable landlords for months longer.

### **Homeless families in BnBs**

In the first submission we talked about the need for "guidance for local authorities to move all these homeless families into self-contained temporary accommodation as quickly as possible and provide additional funding to facilitate these moves". That need remains.

- **What are the best policy options for helping tenants with rent arrears caused by coronavirus?**

### **1. Enable the benefits system to properly support people**

- Make the rise in LHA rates permanent and commit to increasing the level to the median of market rents

As we submitted in May, prior to the rise in LHA, it was at just the 13<sup>th</sup> percentile of market rents and for most private renters it did not cover rent. The rise to the 30<sup>th</sup> percentile is a huge improvement. Even at the higher rate, LHA still falls short of covering rent for many tenants, and in the long run the support available to tenants through the benefits system should cover average rents.

- Increase the level of Shared Accommodation Rate and reduce the age threshold to 25yrs

Tenants in receipt of the Shared Accommodation Rate would benefit by increasing the level of SAR. This is particularly important in light of the fact that young workers are more likely to be on zero-hours contracts and therefore less likely to be benefitting from the Government employment furloughing scheme.

- Scrap no recourse to public funds to allow everyone to access housing costs support

The 'Everyone in' policy extended support to those with no recourse to public funds, on the grounds that protecting them from Covid-19 was both the moral decision, and the right decision from a public-health perspective. Similarly, allowing everyone to access support to pay their rent prevents tenants with no recourse from becoming street homeless in a second wave, thus increasing their own and others' risk from Covid.

- Lift the Benefit Cap or increase the Benefit Cap rate to reflect the cost of rent or exclude housing costs from the Cap

The Benefit Cap hugely undermines the positive impact of increasing the LHA rate by preventing many tenants from accessing that increase. The Government has recognised the need for increased levels of support and responded well with an increase in LHA, now is the time to make the policy consistent by removing this barrier to access.

It is clear that relying on Discretionary Housing Payments as a back-up for those affected is not a sustainable alternative as these payments are always time limited and given that many tenants may not find work for some time due to Covid-19 related job losses, particularly in the likely event of a second wave, DHPs will not provide long term relief.

### **2. Free renters of existing and future Covid-related arrears**

- Rent arrears accrued during the last or current lockdown should not be liable to contribute to the two months' rent arrears period required for a mandatory Section 8 notice of eviction.
- We support Generation Rent's 'Coronavirus [Home Retention Scheme](#)' which proposes making £750 million of support available to cover lost income and end rent debt.

If a tenant is in arrears due to coronavirus and LHA does not cover some or any of the debt, allowing landlords to apply for up to 80 percent of their monthly income (up to a maximum of £2,500 per month) will protect tenants from accruing unsustainable and unpayable debt, and from being evicted as a result, while offering landlords, particularly those placed at risk by a drop in rent income, the same support.

### **3. Increase the level of funding provided to councils to respond to need**

Local Authorities must be adequately funded to respond to an inevitable and long-term rise in the level of housing need. This should include funding to house and support all rough sleepers, regardless of their immigration status or level of priority, and to provide hardship support to tenants in need. Without this, the “gatekeeping” we are currently seeing will only increase.

### **4. Bring forward reform of the Private Rented Sector**

- End Section 21 ‘no fault’ evictions

The Government has consulted on ending Section 21 evictions<sup>2</sup> and committed to implement that in the Renters Reform Bill. This should be taken forward immediately to prevent evictions during a second wave and we were disappointed with MHCLG’s refusal to accept the committee’s recommendation in May that this should be “accelerated”.<sup>3</sup> We understand the need to ensure meaningful legislative scrutiny, but other Bills are progressing through Parliament and we are not persuaded the Renters Reform Bill cannot be too. We urge the committee to press MHCLG on this again.

- Bring in effective licensing to deal with the conditions in the PRS

The problems of tenants trapped by Covid in poor conditions are endemic to the private rented sector, and now is the time to deal with this. As a second wave of Covid looks likely, and even with a vaccine Covid-19 looks set to last, the Government needs to find long-term solutions to the poor quality of the PRS. Landlord licensing schemes will ensure decent quality housing, and to make these effective, the Government needs to either to make licensing mandatory, or in ensure local authorities make use of existing powers and to provide ring-fenced funding to enable them to do so.

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<sup>2</sup> <https://www.gov.uk/government/consultations/a-new-deal-for-renting-resetting-the-balance-of-rights-and-responsibilities-between-landlords-and-tenants>

<sup>3</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/894922/CCS207\\_CCS0620724508-001\\_SC\\_Report\\_Protecting\\_Rough\\_Sleepers\\_and\\_Renters\\_Web\\_Accessible.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/894922/CCS207_CCS0620724508-001_SC_Report_Protecting_Rough_Sleepers_and_Renters_Web_Accessible.pdf)