National Federation of ALMOs

championing better homes and communities

Impact of Covid-19 coronavirus on homelessness and the private rented sector

HCLG Committee Inquiry

November 2020

- 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?
- What might the impact be of a second wave of coronavirus on homelessness and the private rented sector?
- What estimates or data are available on the number of eviction notices served during the ban on evictions?
- What are the best policy options for helping tenants with rent arrears caused by coronavirus?

Introduction

The National Federation of ALMOs (NFA) is the body which represents all arms-length council housing management organisations (ALMOs) across England. All 29 ALMOs are members and in total they manage nearly 400,000 council homes. Around half of our members deliver homelessness services on behalf of their parent local authority, with many of them recognised for their best practice and innovation.

The NFA published a briefing in September this year which looks at the work that ALMOs and local authorities do to prevent and relieve homelessness, *Can social housing rebalance the homelessness equation?*[1] Within the report, we summarise the sector response to COVID-19, but also look longer term at what is needed to end homelessness. Although COVID-19 has driven a national, coordinated response to rough sleeping on a scale that has not been seen before, it is important to keep in mind that there was a homelessness and housing crisis that existed before COVID-19, and one which will exist afterwards. There are clear structural issues which drive homelessness, including the lack of affordable accommodation and evictions from the Private Rented Sector (PRS). While the Government has put in place plans to get through Winter and early Spring, we need a long-term strategy and funding with affordable housing supply at its heart.

We have responded to the first and fourth Inquiry questions.

1. 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?

The initial response to COVID-19 by the Government through 'Everyone In' has been effective. There was a clear and simple message from the government, which combined with funding, enabled local authorities to act to protect rough sleepers and those made homeless due to the pandemic.

[1] Available at this link: http://almos.org.uk/include/getDoc.php?did=8653&fid=10304

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In a number of areas of the country where our ALMOs work, we have seen that the pandemic has acted as a catalyst for re-thinking partnership working, driving innovation, and working towards a longer-term solution for ending rough sleeping. It has reached people who may never have accessed services or who have rotated through the system unsuccessfully for years, so providing local authorities and ALMOs with an opportunity to work intensively with these people. This is not to say that the response across the country has been the same, as these are best practice areas that already had good partnership working and systems in place that could be built on.

Currently, feedback from members suggests that there has not been a return to the streets of many of the rough sleepers from the first wave of COVID-19 which is really promising and shows that the local response to COVID-19 has been effective in those areas. However, many of the people supported through 'Everyone In' are still living in emergency and short-term temporary accommodation, which is not sustainable longer term.

We do have a few areas of concern:

1. **Affordable Housing**

Without the necessary affordable accommodation for people to move into, it is extremely challenging to keep a flow of people moving through the system and prevent them getting stuck in emergency or temporary accommodation. While there are general affordability problems across the country, there is also an acute shortage of one-bed properties in many places. Since 'Everyone In' is targeted at rough sleepers, it is one-bed properties which are urgently needed. While local authorities can try to mobilise private rented landlords and housing associations to provide move-on accommodation for this wave of people, all the evidence shows that we need a massive investment in new genuinely affordable homes – at least 90,000 to 100,000 a year – in order to clear waiting lists and prevent people falling into homelessness. The Government's current ambition through the Affordable Homes Programme is just not sufficient to deliver this.

It is not just about the bricks and mortar of social housing. Social housing providers, including local authorities and ALMOs, deliver a huge range of housing-related support services for tenants, including tenancy sustainment programmes, training and employability programmes, financial wellbeing support, digital literacy, health programmes. Often these programmes reach those who are furthest from other services, for example mainstream employment programmes. Limiting the amount of social housing has the effect of limiting the impact of these programmes, making it much harder to support people to maintain tenancies, something which is even more needed at the moment.

2. **The Eviction Ban and PRS sector**

Homelessness data through COVID-19 shows that the eviction ban has reduced short-term the number of households facing homelessness due to the end of a PRS Assured Shorthold Tenancy, including lots of families. Our members are working with private landlords and tenants to try and avoid the breakdown of tenancies, but at some point the 'no eviction' policy will have to end, and it is not clear what the Government strategy will be to prevent evictions at that point. The Government pledged to legislate against no-fault evictions and make private sector reforms, and this would be particularly helpful now.

Due to the decline in social housing, the private rented sector now houses many of the people who require subsidised housing (through housing benefit). It is, however, ill-suited to this, since it is insecure, and in many places, unaffordable. The Government has lifted the LHA rates to the 30th percentile and we welcome this, but it is not yet clear whether this will be a long-term uplift. If it is, then it further strengthens the case that Treasury would be financially better off investing in genuinely affordable homes at social rent rather than subsidising private sector rents through housing benefit.

The NFA is a member of the sector-wide #HomesAtTheHeart campaign with Crisis, the LGA, Association of Retained Council Housing (ARCH) and the National Housing Federation. We are calling for new social housing to be at the heart of the recovery from COVID-19.

3. Funding

While we welcome the Government's various funding announcements over the last few months, there is a risk that throwing money at the problem without an overarching strategy will not achieve the anticipated results. Short-term funding pots require a lot of administration to bid for and manage with local partners and mean pilots and projects do not have the time to achieve anything before the funding runs out. Government has put its plans in place for the Winter months, but frontline services need long-term certainty so they can plan to make best use of public money with proven preventative and support programmes. We would like to see the development of a ring-fenced funding model along the lines of the former Supporting People funding which would be flexible enough to deliver both short term interventions and long term support as people needed it. Support should be tied to individuals with a genuine choice of housing options to meet their needs.

This is not just a question of services for rough sleepers and those with no fixed abode; it is about adequate funding for all the wraparound local services: tenancy sustainment services, mental health support, adult and children's social services, drug and alcohol services, and debt and financial advice services, all of which have been massively hollowed out over the last ten years of austerity. These will be particularly needed through COVID-19 and the recovery to stem the tide of people into homelessness and temporary accommodation.

We also have concerns about the ongoing challenges with housing those with no recourse to public funds, which are likely to be exacerbated by the new immigration rules making rough sleeping grounds to cancel or refuse a person's right to be in the UK. It is difficult to argue that 'Everyone In' really means that when there are groups of people who do not have the right to support and will be penalised if they approach local authority services having been rough sleeping.

4. The Benefit Cap

We were pleased to see LHA rates raised to 30% of market rents, however an area of particular concern for London ALMOs is the impact of this without a corresponding lifting of the Benefit Cap. While the Benefit Cap has been affecting households in London since its introduction, numbers have skyrocketed since COVID-19. For example, in Barnet where our member Barnet Homes operates, the number of households capped increased from 1,101 in March 2020 to 2,557 in May 2020 (a 132% increase). Speaking to frontline support services in early Autumn, this has not yet shown itself in homelessness prevention and relief figures (possibly due to furlough and the eviction ban), but they are anticipating it based on their tenant population. A major challenge is that local authorities do not have oversight of the people who have been capped through Universal Credit in the same way they would have done through housing benefit, which means they cannot plan debt relief and preventative services. We need the Government to remove the benefit cap. It is punitive and affects those least able to cope with it, including children in large families and single parents.

The NFA is calling for:

1. At least 90-100,000 new socially rented homes a year to make sure that everyone has a home they can genuinely afford. Building these homes in the social housing sector would also guarantee their residents the wraparound housing support some may need to help maintain tenancies and improve their life chances, so preventing further homelessness.

2. Adjusting regulation of the private rented sector to stop it being a route into homelessness. Section 21 evictions should be banned, and the government should implement their proposed reforms within the PRS.

3. Urgent welfare reform to remove its current triggers of homelessness: permanent lifting of LHA rates to reflect the true cost of rent; scrapping the Benefit Cap; and reform of Universal Credit so that it is not a barrier to maintaining a home.

4. Long-term, sustainable, and sufficient funding to develop prevention and relief strategies, with built-in monitoring and evaluation to show they work. This includes long-term funding for those with complex needs through Housing First projects.

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

The Evictions Ban is a short-term intervention which has been welcome, but is hiding the scale of rent arrears, especially in the private rented sector. Within the social rented sector, rent arrears have built up, but organisations are working with individual tenants to try and control those arrears through their range of support programmes. There is widespread commitment to not take action against households which are engaging with their landlord and have built up arrears caused by coronavirus. For this reason, policy action needs to largely be directed at tenants and landlords in the private rented sector, or at least not be a blanket approach across social and private rented housing.

There are two policy options which would support our members to help tenants:

1. The first is to ensure that the welfare system is not a driver of rent arrears and homelessness. We know from our research with ALMOs and local authorities, that the Universal Credit system needs reform. It is true that the system itself has held up very well during COVID-19 in terms of getting people onto Universal Credit and providing them with the support they need, but there are longer term policy decisions which can be made to make it more effective:

- The 5-week wait for Universal Credit should be removed and it should be paid from the beginning of the claim. Although the Government states that people can get 100% of their claim upfront, the Advance loan system is a workaround of the 5-week wait which adds hardship to claimants over the period that they have to pay it back;
- Improve the functionality of the Landlord Portal.
- Fund effective on-going support for claimants, including personal budgeting and debt management advice. We are keen to see an effective Universal Support across the country.
- LHA rates to remain at 30% of market rents at a minimum.
- Scrapping of the benefit cap which disproportionately affects large families and single parents and leaves them unable to meet their housing costs.
- Scrapping bedroom tax – it is clearly not helping people to downsize in the social sector as the properties are not available, or tenants have good reasons for requiring the additional space.

2. Across the country, ALMOs run a number of programmes to support apprenticeships, build skills, provide qualifications, and support tenants into employment. They also run feeder programmes into jobs in their own organisations and supply chain organisations. These programmes are often targeted at those who are furthest from the jobs market, who require more individualised support than national programmes can reach. They are directly designed to give people the tools they need to maintain tenancies and improve their lives. However, there is a risk that new government funding in this area is just not accessible to social housing providers and smaller local organisations. In March 2020, the APPG on Housing and Social Mobility launched a national inquiry aimed at tackling the employment and earnings gap in social housing. It concluded in September 2020 and the report brings together insights and testimonies from sector experts, housing providers, and residents from across England. The NFA supports the main asks of the Inquiry:
   - Funding continuity and commitment over time
   - Devolve and disaggregate programmes from existing super-regional scale to more functional labour markets
   - Encourage funding bodies like Homes England to ask organisations to demonstrate local labour market connections through procurement, supply chains, apprenticeships, etc.
   - Support a greater use of tailored, joined up one-to-one support which focuses not only on employment opportunities, but also finding out what the individual wants and how to get them into a job.
   - Address the wider issues like affordable childcare; digital access, affordable and accessible public transport, and temporary financial support for people as they transition into work.

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