

Greater Manchester Combined Authority response to Housing, Communities and Local Government Committee

Impact of COVID-19 on homelessness and the private rented sector

Summary

- 1 This submission is made on behalf of the Greater Manchester Combined Authority (GMCA) by Paul Dennett, City Mayor of Salford and GMCA portfolio lead on Housing, Homelessness and Infrastructure. It discusses:
 - ‘Everyone In’ in a Greater Manchester context and the measures necessary to sustain a safe and humane approach to the COVID-19 crisis in the short term
 - The risk of a second wave of homelessness as restrictions lift and Government support to help prevent and relieve homelessness and rough sleeping
 - Changes to the welfare system needed to cope with the impacts of the pandemic of Greater Manchester residents
 - The need to sustain private rented tenancies by supporting tenants and landlords
 - Building back better, including the case for accelerated delivery of social housing using modern methods of construction
- 2 The COVID-19 emergency situation has highlighted the enormous humanitarian crisis facing our communities. As the impact has worsened, it is those in most acute housing need that are among the most vulnerable to infection. In Greater Manchester we have been working on an urgent response to house more than 1,000 people who were rough sleeping, or living in temporary shared/congregated accommodation under the Government’s ‘Everyone In’ policy. People have been provided with alternative self-contained accommodation and essential services to help them during the coronavirus crisis. However, due to the funding pressures this policy places on local authorities, it is not a long term solution to protect people from infection and transmission. Transition out of this emergency accommodation will be a real challenge, one that needs the support of long term investment into both temporary and truly affordable housing to support those in the most acute housing need now and over the next months and years.
- 3 Besides those needing immediate accommodation to protect from COVID-19, there are ongoing and increasing pressures on those in temporary and settled accommodation who are facing new levels of social and economic hardship that will require enhanced support from local authorities to protect and safeguard.
- 4 Within Greater Manchester, we are looking at recovery in three phases:
 1. Lifting lockdown 0-2 months
 2. Living with COVID-19 2-12 months
 3. Building back better 12 months+

While our immediate focus is now mainly on stages 1 and 2, we also need to consider the longer term implications of the decisions and actions we take now and in the next 12 months.

'Everyone In' and dealing with a second wave of homelessness

- 5 We commend the Government's decision to ask local authorities to bring 'Everyone In' (people rough sleeping and those living in shared accommodation such as shelters) into self-contained accommodation as a matter of extreme urgency to protect life. We also commend the instruction to include people with No Recourse to Public Funds. This aligns with the wider objectives of our own 'A Bed Every Night' programme¹ which has been running for the last two years, and recognises rough sleeping as a humanitarian crisis and risk to life. Under COVID-19 this risk is heightened further.
- 6 To date (28 April), 1,300 people have been provided with alternative accommodation under 'Everyone In' in Greater Manchester. Demand is ongoing, with a further 172 remaining to be accommodated, including entrenched rough sleepers refusing accommodation offers, those who have accepted accommodation offers and abandoned or been evicted, and those new to the streets. These people continue to be at severe risk of contracting and spreading COVID-19 and urgently require a suitable self-contained housing solution such as Housing First.
- 7 Outreach support and accommodation support have never been more important. We are working hard to help those brought in to emergency self-contained accommodation to maintain access to support, treatment, and medication, and we are grateful for the support of our partners across wider public services, the voluntary and community sector, and social housing providers to achieve this.
- 8 Despite this, we have real concerns about the next few weeks and months. The announcement of a new Taskforce chaired by Dame Louise Casey to lead the immediate policy response is welcome, however we need action and funding certainty fast.
- 9 Having worked so hard to get 'Everyone In' it is wholly wrong to take a step back and put people at heightened risk once more. In the short to medium term COVID-19 will not be going away, so we need policy that helps us live with it. The people we have housed and those who continue to rough sleep remain extremely vulnerable and a high risk in public health terms.
- 10 We are working as hard as possible to ensure step down and move on from hotels into settled or sustainable temporary accommodation. However, without further funding and a follow on or continuation of the 'Everyone In' policy, this will result in an increase in rough sleeping and return to unsafe living conditions that threaten the lives of people at risk from fatal infection.
- 11 In that context, we would see a set of minimum asks of Government as follows:
 - a. Government's Rough Sleeper Initiative should be immediately boosted to recognise the increasing role of outreach to provide lifesaving advice and guidance. It should be enhanced to prevent an increased flow onto the streets, and ensure that those who rough sleep have access to essential services via advocacy and support

¹ See here for more information on 'A Bed Every Night': <https://bedeverynight.co.uk/>

- b. The Everyone In policy needs to be maintained along the lines of A Bed Every Night with ongoing support to local authorities to provide accommodation and support for anyone who is rough sleeping or at imminent risk of rough sleeping; this must include funding to procure and sustain supported accommodation for this group
- c. Expansion of Housing Benefit budgets and further increases in Local Housing Allowance (LHA) rates to enable expansion of temporary accommodation estate to meet these requirements in a more sustainable way once hotels and other short-term solutions begin to return to their long-term uses
- d. A package of humanitarian support for people with No Recourse to Public Funds to meet the minimum public health requirement that everyone has self-contained accommodation during the COVID-19 pandemic
- e. Rapid expansion and longer term funding for Housing First pilots to provide a realistic and supported route to accommodation for the most complex and excluded people experiencing homelessness.

12 We should use this opportunity, though it comes to us as a result of crisis, to address the wider drivers of homelessness and rough sleeping, their links to the welfare system, the labour market, the operation of the criminal justice system, and the rights to housing that we enshrine in legislation. We need to think systematically about how we live with COVID-19 and at the same time help those individuals most at risk in a more coherent way. We would welcome a Scottish style review of housing legislation in particular the application of 'Priority Need' and Rapid Re-housing approach.

13 We also face a second wave of homelessness in the coming weeks and months, as a result of the foreseeable consequences of the pandemic and the lockdown measures currently in place, including from:

- NASS evictions when restrictions are lifted
- Private rented sector evictions when restrictions on possessions are lifted
- Relationship breakdown due to social and economic pressures
- Domestic abuse due to confinement and social pressures
- Rent and mortgage arrears due to economic impacts of COVID-19 leading to homelessness

14 Local authorities will rightly again be at the forefront of a collaborative effort to safeguard people facing homelessness as a result of these pressures and their compounded impact on the limited supply of both temporary and accommodation and long-term homes. If we are to protect them and the wider community from COVID-19, we must be equipped to prevent and relieve homelessness. We cannot allow any increase in rough sleeping. In that context, a further set of minimum asks of Government are as follows:

- a. A 'Living with COVID' settlement for statutory homelessness services which recognises the increased demand from a pre-COVID 'business as usual' state which Government has itself recognised as a housing crisis
- b. A 'Living with COVID' Housing Benefit settlement for homelessness services that recognises the subsequent required increase in the temporary accommodation estate to house those under both Housing Act and Localism Act legislation

- c. Relaxation of property size restrictions for those claiming housing benefit, to offer afford local authorities and social housing providers some flexibility in finding housing solutions for at risk households as we deal with the ongoing crisis and live with COVID-19 in coming months.

COVID-19 and the welfare system

- 15 The Government's decisions to lift the freeze on Local Housing Allowance and subsequently to restore the link to the 30th percentile of local market rents are welcome steps and allow claimants of the housing element of Universal Credit and Housing Benefit to receive more money towards their rent. However, the unprecedented circumstances of the pandemic threaten to undermine the intent and logic of aspects of the welfare system, and further urgent changes are required if we are to prevent a further round of unintended, unnecessary and unhelpful consequences for impacted households and for the wider community.
- 16 We are deeply concerned about the continued application of the Benefit Cap in the context of COVID-19. The value of the benefit cap remains unchanged since 2016, and has not been adjusted to take account of COVID-19 related increases. This risks jeopardising many households in previously secure family homes (rented or owner occupied) who will find their housing costs unmet by capped benefits – we know that 55% of households receiving LHA in Greater Manchester included children.
- 17 Before the COVID-19 emergency, 69,000 households in GM were claiming Local Housing Allowance to support their housing costs and 3,765 of these households were benefit capped, of which an estimated 1,393 were families living in the private rented sector. This means almost 1,400 households, of which 50% are working, and almost 50% have children, may not be able to cover their rent and living expenses with the benefit payments they receive.
- 18 With the increase in Universal Credit and LHA rates coming into force last month it is known that more families will be subject to the benefit cap and therefore will not benefit from these increases. Our modelling suggests that the majority of households in the private rented sector with more than three children will not be able to access the new LHA rates without hitting the benefit cap – even if rents do not increase further. In the Broad Rental Market Areas of Central Greater Manchester and Southern Greater Manchester, this would extend to those with two children.
- 19 The COVID-19 pandemic also exposes the unjust and arbitrary nature of the crude two-child limit to Universal Credit. Many more families will need to rely upon Universal Credit as the impact of COVID-19 continues, however they will receive no support for their third or subsequent child if that child was born after April 2017, when the policy came into effect. It is unfair that families affected by the two-child limit are being left with too little to meet their needs. The policy should be scrapped to prevent families falling into real hardship as a consequence of COVID-19.
- 20 However, COVID-19 will substantially increase the number of households impacted. For new claimants who had previously been working, it is likely that their rents would have been at a higher rate than rents paid by Housing Benefit or Universal Credit. While a 9-month 'grace' period will offer a short-term safety net for some new

claimants, with more claimants expected to come forward as the economic impacts of COVID-19 continue, we fear this at best will only delay the true impact of the crisis on these households. We are potentially lining ourselves up for a dual set of cliff edges – one when the current COVID-19 related ban on possessions is lifted for those who don't qualify for the grace period, and another in nine months' time for those who do. The potential for huge additional pressure on the housing system is clear, as households reach the point where they are unable to make their rent or mortgage payments.

21 It is clear that the underlying assumptions behind the adoption of a benefit cap, the application of the two child limit, and the restriction of LHA to the 30th percentile of local market rents, are fundamentally challenged by the COVID-19 crisis and the economic impact that follows. This is far beyond the scope of measures such as Discretionary Housing Payments (Government contribution just £7.4 million for Greater Manchester authorities in 2019-20) to fill the growing gaps in the system. In the context of an imminent and foreseeable step change in the number of households facing extreme challenges in meeting their housing costs, we would strongly urge Government to:

- Remove the benefit cap
- Remove the two child limit to Universal Credit
- Consider a further increase in LHA rates, perhaps restoring the link to the 50th percentile as was the case prior to 2011

COVID-19, the private rented sector and the wider housing system

22 We welcome and endorse the action Government has taken to prevent possession claims proceeding through the courts, and the broader application of the pre-action protocol for possession claims. We support the encouragement to landlords and tenants to stay in contact and try to deal with difficulties in paying rent through agreement. These are necessary and appropriate short term tools to get us through the immediate public health crisis.

23 However, and as suggested above, we have real worries about the situation as and when these measures are lifted. Inevitably, there will be increased rent arrears, increased actions for possession, and increased pressures on homeless and housing options services. We know in Greater Manchester the single biggest cause of homelessness is eviction from a private tenancy, and while Government has previously made known that it intends to end Section 21 'no fault' evictions, it seems unlikely that this will have happened when the emergency measures are lifted.

24 There is as yet very little data available on the impact on the PRS as a direct or indirect result of COVID-19 (on rent levels, availability, turnover, void levels or rent arrears). With the emergency measures in place, it is too soon to understand the true level of arrears or potential pent up number of actions seeking possession that may emerge as measures are relaxed. At the time of writing, for most PRS tenants there has only been one rent payment day since lockdown. We understand that landlord associations are finding landlords anticipating negative impacts including rent arrears and increasing void periods, with demand for advice on how to support tenants losing jobs and requesting payment holidays. There are also practical concerns about dealing safely with repairs and maintenance during lockdown, including difficulties sourcing

contractors. It appears likely that, in the absence of effective support to tenants and landlords, demand to pursue possession will grow as time progresses. This in turn will place extreme pressure on councils' homelessness & housing options services.

- 25 Further to all of the above, landlords remain able to increase rents and service charges, even with the restrictions in place to prevent evictions and discourage households from moving home as we seek to limit the spread of the virus. In the absence of controls on rents, Government could guarantee to cover any shortfall in rental payments of private tenants unable to pay them due to COVID-19 – including those with no recourse to public funds. This could be achieved by setting aside LHA rates for those who are affected by COVID-19. As has been noted by the Mayor of London, by working in combination with Government's existing measures, the already announced abolition of section 21 evictions and adjustment to the rules around section 8 evictions, this would provide a much more secure position for renters, and comfort to landlords that they should not face significant arrears from tenants relying on support from the welfare system to pay their rent.
- 26 The scale and duration of the impact of the pandemic on economic activity and employment is far from clear at this point, but it we are in unprecedented territory, with the OBR's reference scenario based on only a 3-month lockdown suggesting a 13% drop in GDP for 2020. The Institute for Fiscal Studies commented that "Should the lockdown last for longer than 3 months or the economy fail to bounce back, the picture would worsen further. We will need a complete reappraisal of economic policy once the current economic dislocation is behind us."
- 27 But we know that Greater Manchester residents already faced widespread in-work poverty, with 43% of LHA Housing Benefit claims coming from working households and over a quarter of residents relying on tax credits to support their incomes. The growth of the gig economy, flexible contracts and zero-hours working, combined with diminished supply of social housing leading to a greater reliance on private renting, contribute to a precarious lifestyle for growing numbers of households in Greater Manchester², as elsewhere. The city region's industrial past and the operation of the housing market has led to spatial concentrations of poverty and disadvantage which are severe when measured at the national and regional level. Analysis of household income data shows that Greater Manchester has 20.5% more low income households (below £25k) than the English average. These economic and welfare issues mean a significant proportion of households cannot afford even the lowest rents available in Greater Manchester. Prior to the recent welcome uplift in LHA rates, modelling suggested that 20% of households could not afford a social rent, and 31% of households could not afford a lower quartile private rent. It is this combination of factors which left households having to choose between paying rent, buying food and heating their homes. Given the impact of COVID-19 on important sectors for Greater Manchester such as retail, entertainment, transport, tourism, sport and leisure, it is

² See for example Scullion, L., Gibbons, A., Martin, P. (2018) 'Precarious Lives: Exploring lived experiences of the private rented sector in Salford' here: <https://www.salford.gov.uk/media/391791/precarius-lives-exploring-lived-experiences-of-the-private-rented-sector-in-salford.pdf>

clear that the numbers for whom that precarious existence could tip into crisis are substantial.

- 28 Both tenants and landlords risk significant loss of income as a result of COVID-19, raising concerns that the market for a significant percentage of properties may become unsustainable, especially for smaller landlords unable to spread their risk over a wider portfolio. If this situation is allowed to materialise and the number of tenants with rent arrears in the private rented sector increases, more landlords will feel that they have no choice but to take action for re-possession of their property once the current suspension is lifted. Households being made homeless as a result of possession proceedings were on the rise across the country prior to the pandemic. Given the similar treatment now applied to private and social landlords in terms of the pre-action protocol, we would also suggest that private rented tenants should be able to agree direct payment of rents to their landlords from DWP.
- 29 Ultimately, our challenge is that the supply of social housing has been reduced over previous decades to the point where we necessarily rely on the private rented sector as a primary source of housing for low income households. Even before COVID-19 struck we were already struggling to find solutions for the 30,000 households in urgent housing need on our Housing Registers. We must urgently suspend the Right to Buy which has seen the sale of over 90,000 social homes with very few ever replaced. We need to embark as a priority on an accelerated programme of building of new social housing, using the opportunity to adopt modern methods of construction to drive innovation, sustainability and quality in the homes we build and for the construction sector as a whole. This, together with an urgent investment in retrofitting our existing homes to respond to the climate emergency we all face, would be a powerful early step on the route to economic recovery.
- 30 We are concerned by the latest data from ONS, which shows considerably higher death rates from COVID-19 in more deprived areas than in more affluent areas, and by the clear evidence that black and minority ethnic communities are also suffering disproportionately from this pandemic. Sadly, this echoes the findings of the recent (and pre-COVID-19) update of the Marmot Review³ about the longstanding and growing health gap between wealthy and deprived areas, and poses a real challenge to the Government's 'levelling up' objectives. We must ensure that resources are applied to address those impacts where they land. We are worried therefore by the methodology applied for the second tranche of COVID-19 funding, which appears to be driven by simple population numbers rather than levels of deprivation, significantly reducing overall allocations to Greater Manchester, and therefore our ability to respond to need on the ground.
- 31 In summary, we should begin from two shared objectives - that no one will be left homeless as a result of COVID-19, and that as we recover we can 'build back better'. We would urge Government:

³ Health Equity in England: The Marmot Review 10 Years On, Health Foundation (2020)
<https://www.health.org.uk/publications/reports/the-marmot-review-10-years-on>

- To honour the pledge made to cover the additional costs to local authorities of the necessary and continuing steps taken to deal with the COVID-19 emergency, including the extraordinary measures put in place to bring 'Everyone In'
- To bring in extra protection for private renters and landlords, combining increased welfare support, greater protection for tenants who fall into arrears, systems to reduce the risk of mounting arrears arising as a result of COVID-19, and the urgent scrapping of "no fault" evictions
- To invest further in accelerating the delivery of additional truly affordable housing, both to add to the limited supply of new lettings for those unable to afford market housing, and to directly contribute to the economic recovery including through the adoption of modern methods of construction to provide high quality, low carbon homes for the future
- To suspend the Right to Buy to protect those social housing assets we have available to deal with this unprecedented crisis.