

A just recovery for renters

This briefing, based on recent YouGov polling from February 2021, shows renters facing lower incomes and struggling to keep afloat.

Renters are at increased risk of losing their homes as a result of COVID-related rent arrears and debt, unless they are thrown a lifeline with further targeted support.

There is strong public support for a just approach to repaying COVID debt, with those struggling being asked to repay only what they can afford, and governments and creditors stepping in to help.

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Recommendations:

The next Scottish Government should:

- Establish a new hardship fund for tenants, offering non-repayable grant support to renters not covered by existing schemes.
- Undertake a rapid review of the existing loan and grant funds to help shape and target the new fund, alongside those it will help, and ensure it is fit for purpose.
- Support tenants seeking help to access independent advice, to ensure they get the most appropriate financial help and avoid eviction or homelessness.

A just recovery for those who rent their homes

COVID-19 has impacted everyone but those on low incomes have been hit particularly hard. Our polling has shown that the public support measures to ensure that those who have built up debt during the pandemic are not locked in poverty. This recovery must maximise the role housing can play in reducing poverty and inequality.

Over one million people live in poverty in Scotland. Almost two thirds of them are renting their homes. As we await the outcome of the Scottish election, voters are looking for the next Government to show how they will loosen the grip of poverty.

Strengthen support for those who need it now

Since this polling was completed, and just before the end of the Parliamentary Session, the Scottish Government published their 20-year strategy 'Housing to 2040' that prioritises 100,000 new affordable homes by 2032 (70% for social rent). We are looking forward to working with the next Scottish Government, housing providers, tenants, and allies, to further develop and deliver this long-term vision.

We welcome this long-term ambition to ensure everyone can realise their right to a home that is warm, safe, secure, and genuinely affordable. In the short-term, though, we must also work to strengthen support for those who need it now.

Our findings

Renters are under increasing financial stress

Research published by JRF in July 2020¹ showed that people who rent their homes had been disproportionately affected by the pandemic. At the start of the pandemic, renters had fewer savings and were considerably less able to cope with these changes to their income.

Our latest polling² suggests that while welcome steps have been taken by both UK and Scottish Governments, many renters are facing challenging circumstances. Anxiety levels have increased since the start of the pandemic, particularly for people whose incomes have reduced and who sought support from the social security system.

33% of renters reported a decrease in their income since March 2020. For many, this is having an impact on their ability to cover living costs and is causing rising anxiety.

42% of private renters said they are more worried about being able to pay their rent than they were last March. This is a higher proportion than social renters (27%) and mortgage holders (26%).

40% of people aged 16 to 24 who do not live rent or mortgage free³ are more worried about being able to pay their rent or mortgage than they were last March.

43% of adults who have experienced a negative income event⁴ are more worried about paying their rent or mortgage now compared to last March.

Renters are most likely to struggle paying debts

Over one third of those in the private rented sector (35%) and 29% of those in the social rented sector who have reported a loss of income since the start of the pandemic have resorted to borrowing⁵ (for example from a bank, family or friends, or other source) to make up for a loss of income, underscoring the lack of any spare capacity in their household budgets.

The latest data from the Scottish Housing regulator⁶ shows that total arrears in the social sector are still more than £160 million (up from £146.8 million in March 2020). While total rent arrears appear to be stabilising (at just over 6%), many social tenants remain at risk of losing their homes or facing debt recovery action.

For social tenants in February 2021, our poll found that:

- 12% were in arrears with their rent,
- 17% were struggling with council tax arrears,
- 8% were behind on their gas and electricity bills.

If scaled to the whole population, this would suggest approximately 70,000 social-renting households are currently in arrears with their rent.

Private renters also face a growing risk of eviction

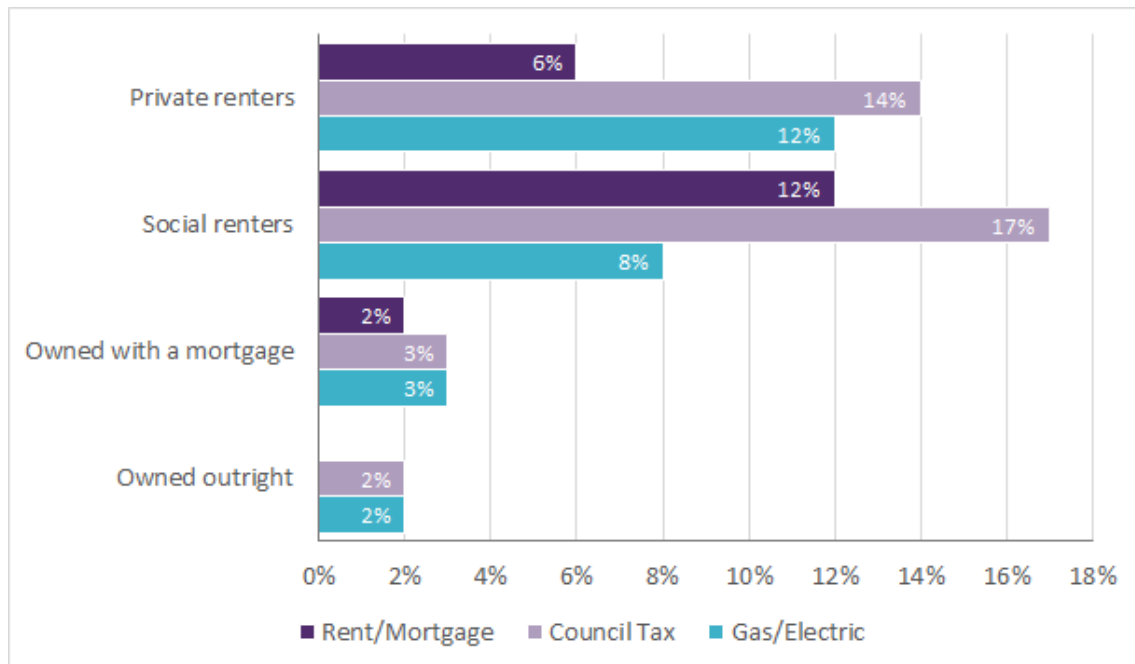
A previous poll JRF conducted with You Gov in June 2020 found that 3% of private renters reported being in arrears with their rent; 7% of private renters were behind on their council tax and 9% were behind on their gas and electricity².

For private renters in February 2021, our poll found that:

- 6% were in arrears with their rent,
- 14% were struggling with council tax arrears,
- 11% were behind on their gas and electricity bills.

If scaled to the whole population, approximately 20,000 private-renting households are currently behind on their rent, with many more struggling to meet the cost of essentials.

Figure 1: Renters are more likely to have fallen into arrears on housing costs and bills. Just over 1 in 20 private renters, compared with 1 in 10 social renters, are behind with their rent.



Source: JRF Analysis of YouGov polling 16 to 22 February 2021.

Note: Question asked of respondents was "Which, if any, of the following types of payment are you currently in arrears on?". This chart excludes those that responded, "Don't know", "Prefer not to say" and "Not applicable - I have not gone into any arrears since the start of coronavirus".

The latest findings suggest that arrears and debts are a major concern, despite both the UK and Scottish Governments' on-going support, and echo similar findings in recent research from the Resolution Foundation⁷.

A high level of Council Tax arrears amongst low-income households has been identified by Citizens Advice Scotland (2021)⁸ as a key risk as we emerge out of this pandemic. JRF research previously found that harsh recovery of public debts can tip people living on low incomes into destitution⁹.

Specific action to protect renters and those struggling with unmanageable debts is needed as we build the recovery and start to roll back UK and Scottish Government support schemes. Previous JRF briefings have shown that renters are particularly vulnerable to the ‘triple threat of unemployment, rent arrears and evictions’ (Earwaker and Baxter, March 2021)¹⁰ arising from the pandemic.

Renters are not aware of the support currently available to them

We found that renters had very low awareness of specific protections:

- Just 29% of renters were aware that notice periods had been extended to six months in most cases.
- Only 19% were aware that tribunals hearing eviction cases had some discretionary powers.
- Only 17% were aware there was financial help available to address arrears.

Of the six specific protections we presented to our poll participants, over half of renters simply didn’t know whether that support was in place, or not.

Given the complexity of some of the protections, this might not be surprising. But it indicates the urgent need for continued awareness-raising and clear, effective communication.

We must make greater efforts to reach people likely to be in financial difficulty, particularly in the private sector, before these protections are withdrawn.

The support available needs to be strengthened

The increased funding available through the Scottish Welfare Fund and Discretionary Housing Payments (DHP), in response to the pandemic, was welcome. As were funds set aside more recently to help with, for example, fuel costs¹¹ (a key worry for those living on very low incomes).

There are concerns, however, that there have been fewer DHP awards than we might have anticipated¹² and that – given their discretionary nature – these are not reaching everyone that needs them.

Guidance around the use of Discretionary Housing Payments should be made clearer and more consistent.

However, there are people who can’t access DHPs who will need help because they do not qualify for Universal Credit or other benefits. For example: students, those with earnings that are above the threshold¹³, and people with no recourse to public funds.

The Tenant Hardship Loan Fund isn’t working

The Scottish Government established a zero-interest loan fund (the £10 million Tenant Hardship Fund) for tenants struggling to pay their rent costs but unable to access other forms of assistance, such as Discretionary Housing Payments.

There has been low take-up of these loans and large numbers of people rejected for tenant-hardship funding on the grounds of poor credit scores or being unable to afford the repayments¹⁴ (only about 16% of applications were successful, as of March 2021). This underlines that an alternative approach, including non-repayable help, is urgently needed before current eviction, enforcement and income protections end.

More affordable credit may well have a key role to play for low and modest earners in future, to help strengthen their financial resilience once the economy recovers. For now, though, the priority must be to ensure that those who are struggling are able to access the help they need.

Keep track of outcomes

It is concerning to hear that significant numbers of people approaching the loan funds have already been served notices to quit¹⁵. It is not clear what the outcomes are for people when they are refused loan finance – are they losing their homes?

This emphasises the need for far better published data and intelligence on:

- the circumstances of people seeking help,
- the reasons for rejection,
- action to fill gaps in support,
- ways to improve follow-up.

The peak of unemployment and financial distress is still to come, so we must ensure adequate support is in place as a matter of urgency and track outcomes for those seeking help.

Support people to access the right help

The Scottish Government has indicated that applicants are signposted to alternative sources of help, that they can follow up for themselves. But JRF research¹⁶ has highlighted how important more actively supporting people to access the right assistance is, especially for people in vulnerable circumstances.

The next Scottish Government should undertake a rapid review of the operation of all funds and the best available data on arrears and debts. They should redesign the support so that people are actively enabled to access the right advice and the most appropriate relief for them.

This review should determine both the extent of and reason for current arrears, and also assess how many tenants are likely to be facing on-going shortfalls between their costs and their incomes. This may require a different approach including, for example, topping-up housing costs support to cover average costs longer-term (beyond discretionary funding); this should inform the new Renters Strategy.

The public support a just and proportionate approach to debt recovery

We found strong support for a just and proportionate approach to tackling debt; we asked people whether they thought that debts caused by the COVID-19

pandemic should be repaid in full, in part (based on what people could afford) or not at all.

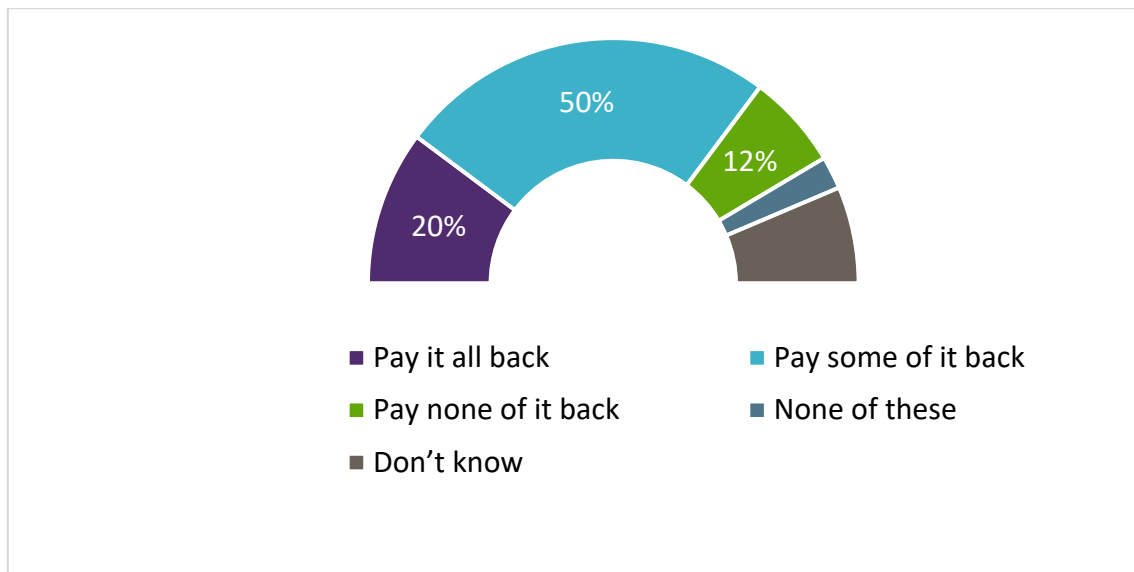
Of people polled, 50% thought that people in debt should only be asked to pay back what they could afford. Only 20% of people thought that all debts should be repaid in full.

Of those who felt that none or only some of any debt accrued during the pandemic should be repaid:

- 58% felt that the UK Government should take responsibility for the remaining debt.
- 46% felt that the Scottish Government should take responsibility.
- 49% felt that the organisation which was owed the debt should take responsibility.

Only 13% of this group felt it was up to Local Authorities to take responsibility for this debt.

Figure 2: Half of adults in Scotland felt that those who fell into debt because of the pandemic should only be asked to pay some of it back, depending on what they can afford



Source: JRF Analysis of YouGov polling 16 to 22 February 2021.

Note: the question asked was "Which, if any, of these comes closest to your view on those who have fallen into debt because of the coronavirus pandemic?". Options were "People who have fallen into debt because of the coronavirus pandemic should pay it all back" (shown as "Pay it all back" in the chart), "People who have fallen into debt because of the coronavirus pandemic should only be asked to pay some of it back, depending on what they can afford" (shown as "Pay some of it back" in the chart), "People who have fallen into debt because of the coronavirus pandemic should not have to pay any of it back" (shown as "Pay none of it back" in the chart), "None of these" and "Don't know".

Recommendations

The UK Government must:

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- **Keep the £20 uplift to Universal Credit and Working Tax Credits** and extend it to legacy benefits.
 - **Reverse the decision to freeze the Local Housing Allowance rates;** make sure these cover at least the bottom 30% of rents and keep up with actual costs in the future.

The next Scottish Government must:

- **Establish a new hardship grant fund for tenants.** This should complement existing support by offering non-repayable grants and should be established quickly before protections end.
- **Review the loan funds and Discretionary Housing payments.** This review should identify, with applicants and support agencies, where and why existing support is not working and guide the targeting of new grant support. The Scottish Government must make sure that people seeking help are actively supported to the most appropriate help and remedies.
- **Work with local partners to increase awareness of the full range of available help.** Local partners could include: Local Authorities, landlords, schools and housing providers. Explore how to effectively reach out to people who may be in financial difficulty or at risk (particularly in the private sector).
- **Deliver a balanced approach to other public debt repayment.** Work with money and debt advice agencies, public sector partners (housing and council tax particularly) to agree this approach. This should include debt management and appropriate write-offs over the next year, before income and eviction protections are ended.
- **Ensure that people can access high-quality financial advice and support.** Invest in independent advice capacity and build on the announcement of Welfare Advice and Health Partnerships – those taking steps to address arrears and repay what they can afford should not be subject to recovery action¹⁷.

Review and, if appropriate, retain and strengthen elements of the emergency legislation in the next Parliamentary term. The Government must ensure these have the intended impact when income and eviction protections are lifted. In particular, the extended notice periods, pre-action protocols for the Private Rented Sector and the use of discretionary powers.

A genuinely preventative approach to all evictions on the grounds of arrears should be embedded as standard.

Notes

1. McCormick, J and Hay, D (2020) A stronger Scottish lifeline in the economic storm. [Online] Available at: <https://www.jrf.org.uk/report/stronger-scottish-lifeline-economic-storm> [Accessed: 12 April 2021].
2. Our most recent poll conducted in February 2021 is not directly comparable to our poll conducted in June 2020 due to differing sampling methods.
3. We excluded those who answered that they lived in a property that they 'owned outright' and those that 'live rent-free with my parents, family or friends' as they do not have rent or mortgage costs and a larger proportion of 16 to 24-year-olds are living rent-free with their parents, family or friends than found in the population as a whole.
4. Someone who has experienced a negative income event includes anyone who has been furloughed, is working reduced hours, lost their job, been made redundant, experienced a permanent company closure or, if self-employed, has worked less hours, has had a decrease in business or no business at all.
5. The figures presented here represent all respondents who said they used at least one form of borrowing to deal with a loss of income. Because the question we asked allowed selection of multiple responses, some respondents will have indicated that they resorted to multiple forms of borrowing. Therefore, the figures presented will be different to the sum of respondents using.
6. Scottish Housing Regulator (2021) March 2021 dashboard. [Online] Available at: <https://www.housingregulator.gov.scot/landlord-performance/national-reports/monthly-covid-19-dashboards/march-2021-dashboard> [Accessed: 06 May 2021].
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11. Scottish Federation of Housing Associations (2021) £2m fuel poverty fund for social landlords [Online] Available at: <https://www.sfha.co.uk/news/news-category/sfha-news/news-article/2m-fuel-poverty-fund-for-social-landlords> [Accessed: 12 April 2021].
12. Private Rented Sector Resilience Group (January 2021) Minutes: DHP applications in November 2020 are still only 6% higher than those in November 2019, and amount spend only 13% higher. [Online] Available at:

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- <https://www.gov.scot/publications/private-rented-sector-resilience-group-minutes-25-january-2021/> [Accessed: 12 April 2021].
13. Resolution Foundation (16 February 2021) Covid-19 crisis has seen 450,000 additional families fall behind on their housing payments [Online] Available at: <https://www.resolutionfoundation.org/press-releases/covid-19-crisis-has-seen-450000-additional-families-fall-behind-on-their-housing-payments/> [Accessed: 29 March 2021].
 14. McMillan, S (Greenock and Inverclyde) (SNP) (Thursday 25 February 2021) Meeting of the Parliament (Hybrid) To ask the First Minister how much the tenant hardship loan fund has paid out to date to support tenants who are struggling with rent arrears [Online] Available at: <https://www.parliament.scot/parliamentarybusiness/report.aspx?r=13153&mode=pdf> [Accessed: 19 March 2021].
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 16. Sinclair, J (2017) Building Connections: Co-locating advice services in GPs and job centres. [Online] Available at: https://www.gcph.co.uk/publications/745_building_connections_co-locating_advice_services_in_gps_and_job_centres [Accessed: 12 April 2021].
 17. Scottish Housing News (June 2020) CIH Scotland issues policy solution for government and landlords to avoid post-COVID spike in evictions - complying with plans to repay arrears should ensure tenant is not subject to eviction proceedings [Online] Available at: <https://www.scottishhousingnews.com/article/cih-scotland-issues-policy-solution-for-government-and-landlords-to-avoid-post-covid-spike-in-evictions> [Accessed: 12 April 2021].

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,016 adults. Fieldwork was undertaken between 16 and 22 February 2021. The survey was carried out online. The figures have been weighted and are representative of all Scotland adults (aged 16+).

About the Joseph Rowntree Foundation

The Joseph Rowntree Foundation is an independent social change organisation working to solve UK poverty. Through research, policy, collaboration and practical solutions, we aim to inspire action and change that will create a prosperous UK without poverty.

We are working with private, public and voluntary sectors, and people with lived experience of poverty, to build on the recommendations in our comprehensive strategy - [We can solve poverty in the UK](#) - and loosen poverty's grip on people who are struggling to get by. It contains analysis and recommendations aimed at the four UK governments.

All research published by JRF is available to download from www.jrf.org.uk

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