

Policy Paper

Using the Private Rented Sector to discharge the statutory duty to homeless households

November 2020

when everyone has a 

1.0 INTRODUCTION

Housing Rights is Northern Ireland's leading independent provider of specialist housing advice. For over 50 years we have been helping people to find and keep a home. We believe that prevention is better than the cure, and work to prevent homelessness wherever possible.

Housing Rights' policy work is based on the views and experience of the people who contact us for advice, a disproportionate number of whom live in the Private Rented Sector (PRS). Housing Rights recognizes this is a particularly diverse sector of the housing market which includes many well managed and high quality dwellings. These dwellings are typically occupied by young professionals and higher income households who value the flexibility which it provides. The experience of our clients however, who tend to be on low incomes, is that within this tenure a sub sector exists which is characterized by poor standards, insecurity of tenure and problems of affordability for those who live there.

1.1 Department for Communities 2017 Proposal

In their 2017 Fundamental Review of Social Housing Allocations, the Department for Communities set out the following proposal:¹

Proposal 4: The NIHE can meet their duty to homeless applicants on a tenure-neutral basis, provided that the accommodation meets certain conditions

We propose that the NIHE could, where appropriate, meet its homelessness duty by securing suitable accommodation in the private rented sector, subject to certain safeguards. This means, in line with practice in other areas of the United Kingdom, that reasonable accommodation could include private rented sector accommodation. This would enable the NIHE to meet its homelessness duty on a tenure-neutral basis, provided the accommodation that it offers:

- *is reasonable for the household to occupy;*
- *is of the appropriate standard; and*
- *is available for a reasonable period of time, e.g. a 12-month tenancy.*

1.2 Housing Rights' Position

Given the lack of available social housing, Housing Rights appreciates the need for urgent action to address the growing waiting list for social housing and, in particular, the needs of people who are experiencing homelessness and waiting for unacceptably long periods for a new home. **Housing Rights believes however that the sub sector of the private rented sector which would typically be accessible to homeless households provides neither an appropriate nor reasonable response to this problem. Indeed, over recent years loss of rented accommodation has consistently been one of the top three causes of homelessness in Northern Ireland.²**

¹ <https://www.communities-ni.gov.uk/sites/default/files/consultations/communities/AW-041017%200641%20Housing%20Consultation%20Review%20of%20Social%20Housing%20Allocation.pdf>

² <https://www.communities-ni.gov.uk/system/files/publications/communities/ni-housing-stats-18-19-full-copy.PDF>
Note, this has no longer been the case since April 2020 due to COVID-19 specific protections that have been put

The “New Decade New Approach” document which accompanied the restoration of the Assembly placed a welcome focus on ensuring every household in NI has access to a **‘good quality, affordable and sustainable’ home that is appropriate for its needs.**³ Housing Rights further welcomes the recent proposals outlined by the Minister for Communities to enhance the standards and regulation of the PRS.⁴ **We believe however, that until the following recommendations are implemented, this sector of the housing market fails to meet this commitment and will remain unfit for the purpose of providing long term homes for people who are homeless in NI:**

- The review of the current **Housing Fitness Standard** should be completed, and the required improvements executed.
- The Landlord Registration scheme should be further developed into a system of **Landlord Licensing**. This should include a fit and proper person test, suitable management and financial arrangements and mandatory compliance with all relevant legislation.
- The underlying **insecurity of tenure** which is associated with the PRS in NI should be addressed in order to prevent a pattern of recurring homelessness.
- The provision of **tailored management services** to assist people to sustain their tenancy. These should include access to financial packages and other practical support initiatives including access to services for those experiencing health and social care issues.
- The UK Government should:
 - **Realign the Local Housing Allowance Rate** to cover the cheapest 50% of market rents.
 - **Remove the Shared Accommodation Rate.**
 - **Abolish the Universal Credit 5 week wait.**
- The focus of **Discretionary Housing Payments** should be agreed as the prevention and alleviation of homelessness, and this fund should be extended and targeted to help provide an effective safety net for those threatened with losing their home.
- The Department for Communities should ensure **Universal Credit Housing Cost payments** are made directly to landlords in the PRS.

Housing Rights further recommends that consideration be given to conversion schemes and long term leasing options within a discussion on how to meet the needs of homeless households in a reasonable and appropriate manner.

in place to support private renters, and due to the exacerbation of other issues, such as breakdown in relationships, as a result of the pandemic.

³ New Deal, New Approach, January 2020

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/856998/2020-01-08_a_new_decade_a_new_approach.pdf (Accessed on the 30th October 2020)

⁴ 03/11/20 Plenary Session, Minister for Communities statement on Housing Policy

<http://aims.niassembly.gov.uk/officialreport/report.aspx?&eveDate=2020/11/03&docID=3129>

2.0 ACCESS TO A GOOD QUALITY HOME

2.1 Department for Communities’ proposal

In their 2017 Fundamental Review of Social Housing Allocations, the Department stated that the Housing Executive will only be permitted to discharge into the PRS if ‘the accommodation is of the appropriate standard.’

Housing Rights believes there is a need for clarification on how the “appropriate standard” will be defined and also on what mechanisms will be in place to ensure accommodation is fit for purpose. Housing Rights believes the current standard of fitness for PRS properties in Northern Ireland is outdated and does not ensure tenants are provided with a good, quality home. Furthermore, we do not believe that the PRS is sufficiently regulated to drive the required improvement in standards within the sector.

2.1.1 The standard of fitness in Northern Ireland.

The fitness standard for private housing in Northern Ireland is set out in the Housing (NI) Order 1981. It was amended under schedule 5, s46 of the Housing (NI) Order 1992.⁵

The fitness standard for PRS properties in Northern Ireland is based on a pass/fail standard that other parts of the United Kingdom and the Republic of Ireland have moved away from. Please see table below for comparisons.

| England | Wales | Scotland | Republic of Ireland | Northern Ireland |
|----------------------------------|--|---|--|--------------------------------|
| Housing Act 2004 | Housing Act 2004 | Housing (Scotland) Act 2006 | Housing (Standards for Rented Houses) Regulations 2017 | Housing (NI) Order 1981 |
| Housing Health and Safety System | Homes (Fit for Human Habitation) Act 2018 | The tolerable standard and the repairing standard | The Housing (Standards for Rented Housing) Regulations 2019 | Pass/Fail Standard of fitness |
| | Housing Health and Safety System | | Minimum standard of fitness | |

⁵ A house in the private rented sector is suitable for occupation if it is structurally sound; free from serious disrepair; free from dampness that is prejudicial to the health of the occupant; have adequate provision for lighting, heating, ventilation, wholesome water; adequate facilities for cooking of food, hot and cold water; suitably located water closet; bath, shower and hand wash basin and an effective system for the draining of foul, waste and cold water.

In 2016, Housing Rights responded to the Department's consultation on the statutory minimum Housing Fitness Standard for all tenures and dwellings. In our response we highlighted significant concerns both with the current low level of this Standard, and at levels of disrepair in the PRS.⁶ Housing Rights has called for the current standard of fitness to be replaced by the Housing Health and Safety System. In the absence of a functioning Assembly for the three - year period to January 2020, the Department's review has not been progressed. Four years later, our client experience continues to highlight that issues with poor standard housing are disproportionately high in the PRS. Indeed, between April 2019 and March 2020, Housing Rights dealt with over 2,700 issues relating to housing conditions: 72% of these originated in the PRS, compared to 22% in the social rented sector.

The Northern Ireland Housing Executive's House Condition Survey 2016, which reported on the number and proportions of non-decent homes found that the PRS had the higher proportion of non-decent homes⁷ (10.7% of PRS properties, equating to 14,300 properties), compared to 3.1% of social sector properties.⁸

The experience of Housing Rights' PRS clients highlights the significant inadequacies in the current Housing Fitness Standard, which fails to ensure that people are living in housing of a decent minimum standard.

Sharon is a young person in her 20s with severe mental health issues. After spending a few months in different hostels, she managed to secure a private rented tenancy. After moving into her new home, it transpired that the windows on the property were single glazed and the heating system was extremely old. The age of the system made it expensive to heat. A neighbor informed Sharon that the last tenant moved out as the property was "unbearably cold" in the winter. Even during the summer, Sharon had to wear blankets in the house because the house was of such a poor standard. Sharon told Housing Rights that she is dreading the coming winter months.

Under the current Fitness Standard, the stipulation for 'adequate provision for heating' can, in practice, be satisfied by the presence of an electrical socket into which the tenant can plug an electric heater. Our client therefore had no legal or statutory recourse to remedy their situation.

⁶ Review of the Statutory Minimum Standard for all tenures and dwelling, Housing Rights, June 2016 https://www.housingrights.org.uk/sites/default/files/policydocs/HousingRights_fitness_review_response_June2016-1.pdf (accessed 30th October 2020)

⁷ The NIHE House Conditions Survey looks at the Decent Homes Standard. This standard is based on the Health, Housing Health and Safety System in England. The HHSS standard does not apply to Northern Ireland.

⁸ NIHE Housing Condition Survey 2018 <https://www.nihe.gov.uk/Documents/Research/HCS-2016-Main-Reports/HCS-Main-Report-2016.aspxm> (accessed on the 30th October 2020)

Given that the Local Housing Allowance is based on the bottom 30% of local private rents, it is in this lower end of the market where homeless households are likely to be placed. Housing Rights notes with concern the findings of the 2016 NIHE Housing Condition Survey that low-income households were among the most likely to live in property that fell below the Decent Homes Standard.⁹

Poor fitness standards often exacerbate the affordability issues faced by private renters. Many of the respondents to Housing Rights' recent research highlighted significant issues with poor energy efficiency (heating and insulation issues).¹⁰ This resulted in the respondents' spending excessive amounts on heating their homes which, in turn, affected their ability to pay bills, rent and manage their household expenditure. Indeed, the NIHE Housing Condition Survey 2016 also reported that, "The tenure with the highest proportion in fuel poverty in 2016 was the private rented sector."¹¹

2.2 Department for Communities' proposal

In their 2017 consultation, the Department stated that when the proposal to permit discharge into the PRS was originally consulted on in 2010, "stakeholders welcomed this proposal provided there was greater regulation of the private rented sector...." It was further noted that the Department, 'has worked on such improvements such as introducing the.... Landlord Registration Scheme...."

2.2.1 Landlord Registration

While the introduction of Landlord Registration was an important first step towards landlord regulation, this scheme is essentially a database. To register as a landlord, the landlord must pay a fee. Following this, the landlord's details are put on to the register. One can search for a landlord using the online system.¹² There are no assessments conducted or standards to comply with in order to obtain access to the register. It is also difficult to accurately confirm how many landlords within Northern Ireland have failed to comply with this legislation and remain unregistered.

In a recent comparative study of the UK's PRS regulatory systems the UK Centre of Collaborative Evidence (CaCHE) recorded concerns about the scope and effectiveness of the landlord registration scheme in Northern Ireland. The

⁹ NIHE Condition Survey 2-16, p.g 16 <https://www.nihe.gov.uk/Documents/Research/HCS-2016-Main-Reports/HCS-Main-Report-2016.aspx> (Accessed on the 30th October 2020)

¹⁰ Dr Martina McAuley, Preventing Homelessness and Sustaining Tenancies in the Private Rented Sector: Scoping Project, September 2020, <https://www.housingrights.org.uk/sites/default/files/policydocs/Preventing%20Homelessness%20and%20Sustaining%20Tenancies%20in%20the%20PRS.pdf> (Accessed on the 30th October 2020)

¹¹ Northern Ireland Housing Executive Conditions Survey 2018, p.g 16 <https://www.nihe.gov.uk/Documents/Research/HCS-2016-Main-Reports/HCS-Main-Report-2016.aspx> (accessed on the 30th October 2020)

¹² Landlord Registration Scheme Online Search System <https://www.nidirect.gov.uk/articles/landlord-registration-scheme> (accessed on the 30th October 2020)

report recommends that, “The Northern Ireland Assembly should consider whether the national registration scheme as currently configured is fit for purpose.”¹³

2.2.2 Improving regulation in the PRS

To improve standards in the PRS, Housing Rights would encourage the Department to consider using the Landlord Registration database as a basis for development of a full landlord licensing scheme. The potential use of the PRS to discharge the statutory duty to homeless households further highlights the need for such regulation. Licensing could provide an effective and valuable means to help ensure quality accommodation for homeless households.

Licensing has already been introduced in Northern Ireland for Houses in Multiple Occupation¹⁴. HMO Landlords must satisfy the ‘fit and proper person’ test before being eligible for an HMO license. Every landlord granted an HMO license must undertake compulsory training.

In moving towards landlord licensing for the PRS, Northern Ireland would reflect practice across the United Kingdom, as outlined in the table below:

| England | Scotland | Wales | Northern Ireland |
|--|--|--|---|
| Selective licensing in certain Council areas | Antisocial Behavior etc. (Scotland) Act 2004 Compulsory Landlord licensing | Housing (Wales) Act 2014 Mandatory landlord registration, licensing and training for all landlords | Houses in Multiple Occupation Act (Northern Ireland) 2016 Landlord licensing for Houses in Multiple Occupancy |

2.3 Recommendations: Quality of Accommodation

Before any proposal to discharge the statutory duty to homeless households by securing accommodation in the PRS is considered, Housing Rights recommends:

- **The review of the current Housing Fitness Standard should be completed, and the required improvements executed.**

¹³ UK Collaborative Centre for Housing Evidence: Improving Compliance with Private Rented Sector Legislation, August 2020, p. g 20 <https://housingevidence.ac.uk/publications/improving-compliance-with-private-rented-sector-legislation/> (Accessed on the 30th October 2020).

¹⁴ Houses in Multiple Occupation Act (Northern Ireland) 2016

- The Landlord Registration scheme should be further developed into a system of Landlord Licensing¹⁵. This should include a fit and proper person test, suitable management and financial arrangements and mandatory compliance with all relevant legislation. Landlords should be required to bring their properties up to the proper fitness standard before being issued with a license.

3.0 ACCESS TO A SUSTAINABLE HOME

3.1 Department for Communities' proposal

In their 2017 consultation, the Department stated that when the proposal to permit discharge into the PRS was originally consulted on in 2010, "stakeholders welcomed this proposal provided there was ... greater security of tenure within it." The Department further stated that the Housing Executive should only be permitted to discharge into the private rented sector where the tenancy is available for a "reasonable period of time, e.g. a 12-month tenancy."

Housing Rights does not believe the level of security afforded by a fixed term 12-month tenancy is long enough to provide sufficient stability and security to adequately meet the needs of a homeless household.

3.1.1 Tenancy Duration in Northern Ireland

Compared to jurisdictions like Scotland and the Republic of Ireland, the level of security of tenure afforded to private tenants in Northern Ireland is very poor (see *table overleaf*). Tenancies in Northern Ireland vary in length. Tenants are provided with a default term of six months under the Private Tenancies (NI) Order 2006 but some tenants sign contracts for a finite term which may be longer. Many tenants have 'periodic' tenancies which run month to month.

Most tenancy contracts in Northern Ireland state that the tenancy can only be ended by either party issuing a notice to quit if there is a breach of contract or 4 weeks before the end of the contractual term. However, if the tenancy runs month to month (i.e if it's a periodic tenancy), either party can terminate by issuing a notice to quit at any time and without giving a reason.

¹⁵ See previous Housing Rights briefing paper on Landlord licensing. <https://www.housingrights.org.uk/sites/default/files/policydocs/Policy%20Briefing%20Landlord%20Licensing%20in%20the%20PRS%20November%202016.pdf>. (Accessed on the 30th October 2020).

| England | Wales | Scotland | Republic of Ireland | Northern Ireland |
|--|--|---|--|---|
| <p>Housing Act 1988</p> <p>Assured Shorthold tenancies are usually for 6-12 months.</p> <p>There are Assured Tenancies but these are rare</p> | <p>Housing Act 1988</p> <p>Assured Shorthold tenancies are usually for 6-12 months.</p> <p>There are Assured Tenancies but these are rare</p> | <p>Private Housing (Tenancies) (Scotland) Act 2016</p> <p>All new tenancies are indefinite.¹⁶</p> | <p>Residential Tenancies Act 2004</p> <p>Four-year term after six months</p> <p>Six-year term if tenancy started after the 24th December 2016</p> | <p>Private Tenancies (NI) Order 2006</p> <p>6-month default term</p> |

If homeless households are housed in PRS properties with a guaranteed tenancy term of 12 months, they could become homeless again within 12 months. This is in stark contrast to the social housing sector where tenants are guaranteed a secure tenancy for life if they pay their rent and abide by their tenancy terms.

Unlike the social housing sector, private landlords do not have to follow a pre-action protocol before commencing legal action to bring a tenancy to an end. There is no legal requirement for private landlords to look at alternative options for resolving the issue which has arisen before ending a tenancy.¹⁷

Notably, landlords in Northern Ireland are also not obliged to provide any tenancy agreement. In Housing Rights' experience this can contribute to insecurity of tenure.

Eoin signed a 12-month tenancy agreement with his landlord. He lived in his house with his two young children. There was a clause in the contract that allowed the landlord to terminate the contract at any time by giving four weeks' notice. The clause did not give the tenant a similar right. The tenant received a notice to quit and a letter from the landlord's solicitor letter. Housing Rights was able to mount a challenge based on consumer law and argued that the clause was unfair. The tenant was able to retain his tenancy. If the client had not contacted Housing Rights he would have been evicted from his home and had to present as homeless to the NIHE.

Housing Rights strongly supports the measures and the steps the Scottish government have taken to improve security of tenure for private rented

¹⁶ Private Housing (Tenancies) (Scotland) Act 2016

¹⁷ In June 2020, the Minister of Housing, Communities and Local Government in England announced that the government is working on introducing a pre-action protocol into the private rented sector.

tenancies. Under the Private Housing (Tenancies) (Scotland) Act 2016, new private rented tenancies have an indefinite term and can only be brought to an end on proscribed grounds.

3.1.2 Support for PRS Tenants to sustain their tenancy

Unlike social housing tenants, private tenants do not readily have access to comprehensive housing management services or to additional specialist support on areas such as mental health/financial exclusion. These can be invaluable in helping people to effectively manage difficulties which may arise and to sustaining their tenancy in the longer term. In other UK jurisdictions there are several access schemes which support tenants in the PRS (many of these are social enterprises) which are designed to provide tailored management services and higher levels of support to tenants living in the private rented sector.

3.1.3 Recommendations: Sustainability of Accommodation

Before any proposal to discharge the statutory duty to homeless households by securing accommodation in the PRS is considered, Housing Rights recommends:

- **The underlying insecurity of tenure which is associated with the PRS in NI is addressed in order to prevent a pattern of recurring homelessness.**
- **The provision of tailored management services to assist people who have previously been homeless to sustain their tenancy. These should include access to financial support packages offering help with deposits and a range of other practical support initiatives including access to specialist services for those experiencing health and social care issues.**

4.0 ACCESS TO AN AFFORDABLE HOME

4.1 Department for Communities' Proposal

In its 2017 consultation, the Department proposes that the NIHE discharge its homelessness duty on a tenure-neutral basis provided that, "...the accommodation that it offers...is reasonable for the household to occupy."¹⁸

Affordability is a key factor in determining whether private rented sector accommodation is "reasonable to occupy." As a result of reduced help with

¹⁸ A Fundamental Review of Social Housing Allocations, September 2017 <https://www.communities-ni.gov.uk/consultations/fundamental-review-social-housing-allocations>. (Accessed 30th September 2020)

housing costs, the private rented sector is an increasingly unaffordable option for many families and individuals in Northern Ireland. Indeed, in Northern Ireland there are significantly more households at-risk-of-poverty after housing costs in the PRS than in the social rented sector (SRS).¹⁹

Housing Rights is concerned about the proposal to discharge the statutory duty to homeless households by accommodating them in the PRS while persistent and growing problems of affordability exist. This presents real challenges both in the supply and quality of accommodation available and for the ability of the household to sustain the tenancy in the longer term.

4.1.1 Reduced Help with Housing Costs

As detailed in Housing Rights recent research,²⁰ cuts to the Local Housing Allowance rate over the past decade have made it increasingly difficult for low income private renters to meet their housing costs.²¹ Set in the context of rising rents, Housing Rights research in 2018 found that almost 9 out of 10 private rental properties in Northern Ireland are out of reach for those relying on housing benefit to cover the cost of their rent.²² The impact of these cuts can be seen in the experience of Housing Rights' Helpline where one of the most frequent areas of enquiry is affordability concerns among low income private renters.

A positive step taken by the Chancellor in response to the Covid crisis has been the restoration of the LHA rate to cover the cheapest 30% of market rents.²³ While this was a very welcome intervention, there continues to be a significant shortfall for many.²⁴ There are also ongoing issues with sufficiency. In particular, there is a lack of affordable one- and two-bedroom properties in most BRMA areas in Northern Ireland, which is an issue of concern given the predominance

¹⁹ There are close to 34,000 households at-risk-of-poverty after housing costs in the private rented sector, compared to just over 29,000 households in the social rented sector. P MacFlynn and L Wilson, 'Housing Provision in Northern Ireland and its Implications for Living Standards and Poverty' (April 2018) p27

²⁰ Dr Martina McAuley, 'Falling Behind: Exploring the gap between Local Housing Allowance and the availability of affordable private rented sector accommodation,' October 2019 <https://www.housingrights.org.uk/policy/falling-behind-local-housing-allowance-research>. (Accessed on 30th October 2020)

²¹ When it was first introduced in 2008, the LHA rate was set at the 50th percentile of local rents. The LHA rate was subsequently reduced in 2011 to cover the cheapest 30% of properties in the local area. In 2012 the Shared Accommodation Rate was applied to all single adult claimants under 35. From 2015-2020, LHA rates were subject to a freeze.

²² The same research found that since 2009 there had been a 75% reduction in properties available within the LHA budget.

²³ The Social Security (Coronavirus) (Further measures) Regulations 2020

²⁴ In 2018/19 NIHE BRMA research confirmed that the average shortfall was £28.00 per week before the LHA rate was adjusted to the 30th percentile. Housing Rights calculated the average difference between the LHA rate and the 30th percentile in 2018/19 to be £5.89 per week. We can therefore estimate that there is still a significant shortfall for many households despite the rise in the LHA rate.

[https://www.nihe.gov.uk/Documents/Research/Welfare-reform-BRMA/northern-ireland-broad-rental-market-areas-sco-\(1\).aspx](https://www.nihe.gov.uk/Documents/Research/Welfare-reform-BRMA/northern-ireland-broad-rental-market-areas-sco-(1).aspx)

of single people and small families in homelessness presentation statistics (NIHE).²⁵

4.1.2 The Shared Accommodation Rate

The above figures are even more concerning when one considers that single tenants under the age of 35 are only entitled to the Shared Accommodation Rate (SAR) of LHA. The SAR is significantly lower than the full LHA rate and calculated on the cost of renting a room in a shared house or flat, even if the applicant is living in a self-contained property.

Recent research from Housing Rights and Crisis indicates that the Shared Accommodation Rate is a barrier to renting in the PRS, making it unaffordable for single people under the age 35.²⁶

4.1.3 Universal Credit

The affordability issues faced by low income private renters have been aggravated by the introduction of Universal Credit (UC). This has led to a significant rise in arrears for Housing Rights' clients as a result of:

- The five week wait before people receive their first UC payment
- The removal and weakening of housing benefit safety nets, such as income shock, death protection and overlap payments
- UC Housing Cost payments going directly to tenants in 47% of cases despite tenants being told this element will be paid directly to their landlords²⁷

Even within the social sector, NIHE has reported that the introduction of UC, has had a significant impact on arrears levels.²⁸ This rise in arrears has even more serious implications for UC claimants in the PRS given that most private landlords in NI only own one or two properties²⁹ and are therefore much less likely to be able and willing to withstand these arrears than social landlords.

²⁵ Dr Martina McAuley, 'Falling Behind,' October 2019 p.g 21
<https://www.housingrights.org.uk/sites/default/files/policydocs/Falling%20Behind%20LHA%20full%20research%20Oct%202019.pdf>. (Accessed on the 30th October 2020)

²⁶ Dr Martina McAuley, Preventing Homelessness and Sustaining Tenancies in the Private Rented Sector: Scoping Project, September 2020, p.g 44.
<https://www.housingrights.org.uk/sites/default/files/policydocs/Preventing%20Homelessness%20and%20Sustaining%20Tenancies%20in%20the%20PRS.pdf> (Accessed on the 30th October 2020); Crisis Cover the Cost: How gaps in the local housing allowance are impacting homelessness, May 2019, p.g 2017;
https://www.crisis.org.uk/media/240377/cover_the_cost_2019.pdf (Accessed on the 5th November 2020)

²⁷ Department for Communities Universal Credit Bulletin, May 2020 <https://www.communities-ni.gov.uk/system/files/publications/communities/dfc-ni-uc-stats-may-2020.pdf>

²⁸ NIHE Annual Report 2018-2019, pg 15
<https://www.housingrights.org.uk/sites/default/files/policydocs/Falling%20Behind%20LHA%20full%20research%20Oct%202019.pdf>. (Accessed on the 30th October 2020)

²⁹ According to the Department for Communities' Landlord Registration Scheme, 84% of private landlords in Northern Ireland own 1 or 2 properties.

Housing Rights recently carried out research into barriers to accessing tenancies in the PRS which highlighted further issues associated with affordability. These included:

- People being refused PRS tenancies due to being in receipt of benefits.
- Landlords and Letting agents placing onerous requirements on prospective tenants in terms of guarantors, for example requiring a minimum salary of £27K and being a home owner.
- Tenants who cannot provide a guarantor being asked to pay several months' rent in advance and/or a higher deposit.
- Tenants being charged illegal letting fees.

Claire rented a property in the private rented sector with her husband and three children under the age of 10. Claire received a notice to quit from her landlord. She contacted Housing Rights for advice because some estate agents were refusing to accept her as a tenant because she was on Universal Credit. She said that no further explanation was given.

In addition to being refused a tenancy because she was on Universal Credit, Claire had faced another barrier to renting in the private sector. She had found one estate agent willing to offer a tenancy to her and her family. However, the estate agent informed Claire that her guarantor must earn £27K and own their own home. Claire thankfully had a friend willing to help her out. When the guarantor contacted the estate agent, they were advised that they had to submit three month's bank statements, a credit check and forward personal references from their employer. The checks were onerous and off putting to the guarantor. Claire was unable to proceed with the tenancy. Claire was considering presenting as homeless to the NIHE because she and her family could not find suitable accommodation.

Each of the above barriers would be particularly difficult for homeless households to overcome as they are more likely to be on lower incomes and/or in receipt of benefits and less likely to have access to the money or networks necessary to meet requests for deposits and/or fulfil onerous guarantor requirements.

4.1.4 Recommendations: Affordability of Accommodation

Before any proposal to discharge the statutory duty to homeless households by securing accommodation in the PRS is considered, Housing Rights believes there is a need to ensure that the persistent affordability issues within this sector are addressed. To help achieve this Housing Rights recommends:

- **The UK Government should:**
 - ***Realign the Local Housing Allowance Rate to cover the cheapest 50% of market rents.***
 - ***Remove the Shared Accommodation Rate.***
 - ***Abolish the Universal Credit 5 week wait.***

- **The focus of Discretionary Housing Payments should be agreed as the prevention and alleviation of homelessness, and this fund should be extended and targeted to help provide an effective safety net for those threatened with losing their home in the private rented sector.**
- **The Department for Communities should urgently address the issues which prevent a significant number of UC Housing Cost payments being made directly to the landlords in the PRS.**

5.0 AN ALTERNATIVE SOLUTION?

Housing Rights believes there is a compelling need to increase the supply of social housing to effectively tackle the problem of homelessness in NI. Recently both the Chartered Institute of Housing³⁰ and the Affordable Housing Commission³¹ have also proposed long-term leasing and conversion schemes as a way to address housing need.

While conversion schemes could bring private housing back into public ownership, long term leasing also offers potential to provide families and households with an affordable, sustainable home. Housing Rights agrees that these options could be attractive to both tenants and landlords and believes they merit further consideration within a discussion on how to meet the needs of homeless households in a timely and appropriate manner.

5.1 Long Term Leasing

Under the long-term leasing model, the social landlord takes a lease from a private landlord and manages the property. The model is distinct from the 'Single Let' model. The landlord is guaranteed an income for a set number of years and it is paid by the social landlord.

Edinburgh City Council already runs a successful long-term leasing scheme³² although this only provides temporary accommodation for homeless households. Another scheme is currently being piloted by the Welsh government. In November 2019, the Welsh government announced that it would be trialing a 'long lease' scheme in Wales.³³ Under the scheme, it's proposed that local councils will manage PRS properties on behalf of landlords. In return, the landlords receive guaranteed income at the local housing allowance level rate for five years. Landlords will also receive some financial

³⁰ Chartered Institute of Housing Northern Ireland: Rethinking Social Housing in Northern Ireland: The Next Steps, 2020, p.g 17

<http://www.cih.org/resources/PDF/NI%20policy%20docs/0239%20RSH%20NI%20Next%20Steps%20V1.pdf>
(Accessed 30th October 2020)

³¹Affordable Housing Commission. A Report: A National Conversion Fund: buying properties to boost affordable housing supply, p. g 21. <https://www.affordablehousingcommission.org/news/2020/9/23/report-a-national-housing-conversion-fund-buying-properties-to-boost-affordable-housing-supply>. (Accessed 30th October 2020)

³² <https://linkhousing.org.uk/what-we-do/more-than-a-landlord/private-sector-leasing/>. The scheme provides homeless households with temporary accommodation.

³³ Record of Plenary Session of the Welsh Assembly, para 236
<https://record.assembly.wales/Plenary/6039#A54187>

assistance to help bring the property to a required standard. Any damage caused by tenants is repaired by the Council and the scheme will also provide support to vulnerable tenants.

5.2 Conversion Schemes

The Affordable Housing Commission (in England) has called for a National Conversation Fund to, “address the chronic undersupply of affordable housing by converting private housing into low-cost, good quality homes to rent.”³⁴ The Commission is advocating for a fund for social landlords to buy up private rented sector property and bring them into public ownership.

6.0 CONCLUSION

Homeless households are in acute housing need and contain some of the most vulnerable applicants on the waiting list for social housing. This paper outlines the problems which continue to exist within the private rented sector with regards to standards, security of tenure and affordability in particular. Housing Rights believes that, without significant intervention, this sector is not fit for the purpose of discharging the statutory duty owed to those people who are homeless within NI.

Rather than providing a solution, a short-term policy response which proposes to offer 12-month tenancies in the private sector will, in our view, almost certainly lead to repeat cycles of homelessness for many of these households. The NI Audit Office estimates that £262 million was provided to deal with the cost of homelessness in Northern Ireland between 2012 and 2017.³⁵ Housing Rights believes the implementation of this policy proposal will not only cause further distress and disruption to homeless people and families, it will exacerbate the problem and add to the cost of addressing this issue in the longer term.

Formulated in 2017, this is a proposal which clearly fails to fulfil the 2020 commitment contained in the NI Executive’s “New Decade, New Approach” document to “*ensure every household has access to a good quality, affordable and sustainable home that is appropriate for its needs*”.

³⁴ Affordable Housing Commission: A Report: A National Conversion Fund: buying properties to boost affordable housing supply, p. g 21. <https://www.affordablehousingcommission.org/news/2020/9/23/report-a-national-housing-conversion-fund-buying-properties-to-boost-affordable-housing-supply> (Accessed 30th October 2020).

³⁵ Homelessness in Northern Ireland, NI Audit Office, November 2017
https://www.niauditoffice.gov.uk/sites/niao/files/media-files/Homelessness%20in%20Northern%20Ireland%20Full%20Report_0.pdf