

HOUSING AND CORONAVIRUS: RESPONDING AT SCALE

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This short briefing is part of the RSA's series on how to respond to the coronavirus now and build bridges to a better future as part of the recovery. For more information, [see here](#).

Key points:

- **Housing is critical to both tackling coronavirus and recovering from it;** we need to recognise the issues facing renters in particular, and the inter-section between housing and economic security.
- **One in six (16%) of people we asked said they seriously feared becoming homeless due to missing a rent or mortgage payment as a result of coronavirus.** This was more acute amongst renters, (26%), young people under 35 (22%), and those in insecure work (33%).
- In the short-term, **Universal Credit should be reformed to help people more quickly and better reflect the reality of local rent levels.** Long-term, we must radically reform the rental sector to provide much more security than today.
- **Public support for greater housing cost protection is high,** with 83% in favour of a government guarantee of rent and mortgage payments.

The coronavirus outbreak has quickly revealed the fragility of our rental market, as it has many other parts of how we live and work.

The importance of housing in a crisis

Colleagues across the RSA [have this week set out ideas](#) to respond at scale to coronavirus, and to build a bridge to the future. Discussed are essential policy considerations in times of crises alongside wider systemic changes that should be prioritised as we emerge from the peak of this pandemic.

Many of the recommendations aim to support and solidify citizens' economic security through employment and income protections. But this is just one part of the equation and housing is another essential consideration; housing costs make up the lion's share of monthly outgoings and feeling secure in your home is a considerable aspect of a wider sense of personal security and wellbeing.

Our survey of full and part time workers revealed that for 41%, Coronavirus has had a direct effect on mental health or anxiety due to money worries. This rises to 55% amongst private renters.

Any government response to this crisis needs to place value on helping people to stay in their homes for the sake of their mental health.

Secure housing is essential to the recovery from Coronavirus

We asked full and part time workers about their housing concerns in the midst of the coronavirus crisis. One in six (16%) of those we asked said they seriously feared becoming homeless due to missing a rent or mortgage payment as a result of coronavirus. This was more acute amongst renters, (26%), young people under 35 (22%), and those in insecure work (33%).

Coronavirus threatens a short and long term impact on the ability of individuals affected to meet their housing costs through loss of income, hours or work altogether. We can't afford to have people who feel they have no choice but to continue to go out to work even if they are unwell.

In our survey, 43% of renters and 40% of mortgage holders said they would feel obliged to work if they become unwell with it, due to needing the income.

The current government response fails to support those with the lowest security of employment and tenure. Under the current government proposals – though this may change in the coming days – it is the self-employed, who are part of this group of insecure workers, who stand to lose the most. Just £94 per week of their income has been guaranteed. This will barely cover living costs for many, let alone cover housing costs too.

For those facing an enforced period of leave as their place of work temporarily closes, their income is assured up to 80% and capped at £2,500. And for those who lose their jobs, a move to Universal Credit will likely present a drop in income, and still includes a five week wait for payments – longer than most rent cycles. Across a range of experiences, making rent or mortgage payments could become incredibly hard, incredibly quickly.

At the time of publication, the government's Coronavirus Bill has offered both mortgage payers and renters a three month grace period in the face of this crisis; homeowners can apply for a three month 'mortgage holiday' during which time they will continue to accrue interest but can spread the unpaid money over the rest of their mortgage term, whilst private renters are protected from eviction for three months to prevent them from losing their home if they cannot pay their rent.

Beyond shared timeframes, these offerings provide wildly different securities to those they are designed to support. A rent holiday for a renter is not the same as a mortgage holder; many tenants remain in their home for just a year or two, vastly reducing the opportunity to spread the debt accrued.

Details on the substance of this commitment reveal that this assurance is simply an extension of eviction notices from 2 months to 3 months. That is, renters can still be evicted, and some will be evicted as soon as this period comes to an end. A delay has been offered, not a solution.

And for those faced with eviction notices this week - and until the legislation comes to pass – no protection is offered, risking a rush from landlords to push through evictions from tenants they perceive to be at risk of falling short on rent.

For private renters, this deal falls far short of any assurance that individuals will be able to stay in their home in the long term.

More needs to be done to support renters in and out of work during the Coronavirus crisis

Our survey of full and part time workers revealed large scale support for increased financial aid from the government; 67% supported a universal basic income of £50 per week, 80% supported a suspension of utility bills and 77% supported an abolition of the 5 week wait.

But it was a government guarantee of housing costs that was the most popular financial support package in our survey, with 83% of those we asked supporting the measure. Across all age groups support for this was above 80%, and even amongst those who owned their home outright this policy was supported by 77% of respondents.

Whilst announcements to date are welcome and represent an unprecedented financial response, clearly there are still a number of provisions citizens need to support their perceived and actual economic security, and which would be positively received by the British public.

At the very least, the support package to those who are self-employed needs to be drastically improved as it is this group who are most at risk of lost income. As discussed in the RSA's [recent policy briefing](#), the RSA supports a Universal Basic Income to allow all citizens to better meet their housing and living costs.

Using the current tax system to administer payments, we propose a one-off payment of £1,500 for all citizens, and monthly payments of £450. This is on top of existing payments through the benefit system such as Universal Credit and Local Housing Allowance.

Beyond this, measures for support through the benefit system will require more than the current adjustments to Local Housing Allowance which so far has increased maximum payments from the 30th percentile of rents in 2016, to the 30th percentile of current rents in local areas. This is an admission that rates before this crisis were not high enough to cover housing costs, but one that still does not go far enough.

In order to prevent an increased risk of homelessness, there need to be a range of financial and housing assurances made to citizens, and in particular renters:

- The housing element of Universal Credit – Local Housing Allowance – needs to be increased even further to at least median rents, rather than the proposed 30th percentile. This will ensure that those currently in a tenancy but needing to apply for Local Housing Allowance will better be able to meet their housing costs. It is also a level that has historically been held by the payment.
- For the same reason, the Shared Accommodation Rate limit - which restricts most childless claimants under 35 years old to a payment scaled to rent for shared accommodation rather than a one bed or more – should be removed to ensure that new claimants can afford to stay in their current homes during this crisis.
- Universal Credit claimants should supported to apply for advance payments to remove the five-week wait. During this time, this payment should be a grant, not a loan.

Changes made now should build bridges to the future

Announcements from the government in response to Coronavirus are meeting demands that charities and campaigning groups have been making for years; to unfreeze the Local Housing Allowance and matching it to contemporary not historic rents and to increase the value of Universal Credit payments. These policies need to survive beyond the current crisis.

We also need to reflect on the systemic changes that will build greater resilience. Clearly, addressing economic and housing securities is a priority when we begin to emerge from the crises.

In *Making Home*, a recent report from the RSA on young people's housing experiences and options, we found that over the past two decades it is young people who have had the biggest hit to their access to social housing, with a fall of 30%.

We need to ensure that the next generation have the same opportunities to access affordable social housing as those before them. Shelter's recommendation to build 1.17 million social homes for 'trapped renters', such as young people unable to save to buy, should surely now be viewed as critical¹.

Alongside this, we need to ensure that housing costs in the private sector becomes more affordable and accessible. In *Making Home* we also discuss the introduction of Rental Pressure Zones that would designate small local areas as in need of temporary rental caps. By placing these in line with inflation, or otherwise, tenants would be protected from rent hikes in times of crises.

We also need to rebalance the power between landlord and tenant to ensure that renters are secure in their home and cannot be removed without valid reason. Coronavirus has revealed the breadth of reasons some landlords are willing to cite, even in the face of a crisis, and we need a system that is resilient to this. Government commitments to remove Section 21 'no fault evictions' needs to be fulfilled.

There was already a pressing need to address the breadth of housing insecurities experienced across England, coronavirus has just shone a light on this. Citizens should feel secure in their home whether they rent or own it, and regardless of their source of income.

As we look to embedding the Coronavirus Bill and setting out how we will respond in the months and years to come, there is an opportunity to build in greater equity in our housing system. To understand that housing security supports our wider economic and personal security, as well as our wellbeing.

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https://england.shelter.org.uk/media/press_releases/articles/three_million_new_social_homes_key_to_solving_housing_crisis2